



**Simbag sa Emerhensya asin Dagdag Paseguro
Mutual Benefit Association, (SEDP MBA) Inc.**

Audit Committee Charter

BOARD AUDIT COMMITTEE CHARTER

BACKGROUND

The Audit Committee is being set up and organized towards ensuring and improving good corporate governance at all levels of the institution.

DEFINITION OF TERMS

As used herein, the following terms shall have the following respective meanings:

1. Audit Committee – shall mean the Simbag sa Emerhensya asin Dagdag Paseguro Mutual Benefit Association (SEDP MBA), Inc. Board Audit Committee.
2. Board – shall mean the Simbag sa Emerhensya asin Dagdag Paseguro Mutual Benefit Association (SEDP MBA), Inc. Board of Trustees
3. Internal Audit – shall mean the Internal Audit Office (IAO) of Simbag sa Pag-Asenso Inc. which performs the internal audit functions/services in SEDP MBA. It submits reports directly to the Audit Committee of SEDP MBA.

COMPOSITION

The Audit Committee shall refer to the governance body of the Board of Trustees that is in-charge with the oversight of organization's audit and control functions, financial management activities, and compliance with existing policies, procedures, laws and regulations. It shall be composed of a Chairman and two (2) members to be selected from among the members of the Board of Trustees and other members of the organization.

The office of the Corporate Secretary shall function as the Secretariat of the Audit Committee.

PURPOSE

The Audit Committee shall assist the Board of Trustees in its oversight responsibilities regarding:

1. The SEDP MBA compliance with legal and regulatory requirements,
2. The management's compliance with existing policies and procedures, and
3. The performance of the internal audit function.

OBJECTIVES

A. General Objectives

1. To promote the efficiency, effectiveness, transparency and public accountability of the SEDP MBA programs and its administration.
2. To strengthen the SEDP MBA good corporate governance.

B. Specific Objectives

1. To improve the quality of the internal audit functions.
2. To enhance professional relationship among the Board of Trustees, the Management and the Internal Audit towards enhanced policies and implementation.
3. To evaluate the risk management controls relating to SEDP MBA operations and support processes.

RESPONSIBILITIES

The Audit Committee shall have the following responsibilities:

1. Review and approve audit programs, policies and strategies including selection/termination of external auditor.
2. To ensure that SEDP MBA has a comprehensive coverage to meet the risk and demand posed by its current and planned activities in accordance with the objectives.
3. Monitoring, tracking & where necessary providing discipline to ensure effective & timely response by Management to correct control weakness & violation of law or regulation as noted in the internal audit report or management letter.
4. To exercise independent judgment, act judiciously and observe confidentiality on classified information.
5. To provide oversight and supervision of the internal audit functions.
6. To provide oversight of the financial reporting processes.
7. To ensure the continuing soundness, effectiveness and adequacy of the SEDP MBA internal control environment.
8. To ensure compliance with existing policies, procedures, and applicable laws, rules and regulations.
9. To foster free and open communication.
10. To submit the minutes of all meetings of the Audit Committee to, and report the Audit Committee's actions to the Board from time to time (but at least quarterly) or as requested by the Board.

FUNCTIONS

The Audit Committee shall have the following functions:

1. The Audit Committee or at least its Chairman should meet with the management quarterly to review the SEDP MBA financial statements and effectiveness of the internal control system.
2. The Audit Committee should meet periodically with management and the internal auditors in separate executive sessions to discuss any matters that the Audit Committee believes should be discussed privately.
3. Perform oversight financial management functions specifically in the areas of operational, legal and other risks of SEDP MBA.
4. Review the quarterly, semi-annual and annual financial statements before submission to the Board.
5. Monitor and evaluate the adequacy and effectiveness of the internal control system.
6. Assess compliance with existing policies and procedures and applicable laws, rules and regulations.
7. Review internal audit reports where applicable and monitor the status of the recommendations and their implementation.
8. Review and approve the annual internal audit plans and programs and ensure its accomplishment.

MEETING REQUIREMENTS

The Audit Committee shall meet quarterly or as necessary, to enable it to fulfill its responsibilities. The Audit Committee shall meet at the call of its Chairman, preferably in conjunction with regular Board Meetings. A majority of the members of the Audit Committee shall constitute a quorum. The Audit Committee shall act on the affirmative vote of a majority of members present at a meeting. Without a meeting, the Audit Committee may act by unanimous written consent of all members.

The Secretariat shall attend Audit Committee meetings and prepare minutes which shall be available two (2) weeks after the meeting. The Audit Committee shall keep written minutes of its meetings, which shall be recorded or filed with the books and records of SEDP MBA, Inc.