



SEDP – SIMBAG SA PAG-ASENSO, INC.
(A MICROFINANCE NGO)
AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER
Revised 2020

PURPOSE

The Audit and Risk Management Committee shall assist the Board of Trustees in its oversight responsibilities over SEDP-Simbag’s financial reporting, internal control system, risk management, internal and external audit processes, and compliance with applicable laws and regulations.

DUTIES AND RESPONSIBILITIES

The Audit and Risk Management Committee shall have the following duties and responsibilities:

Internal Audit Function

1. Monitor and review the activities of the Internal Audit;
2. Ensure that the Internal Audit is adequately resourced;
3. Ensure the independence of Internal Audit;
4. Review and approve Internal Audit’s annual plan and findings; and
5. Ensure Internal Audit recommendations are implemented.

External Audit Function

1. Appoint the external auditor and oversee the organization’s relations with them;
2. Recommend the audit fee to the Board and approve any non-audit services provided by the external auditor;
3. Discuss with the external auditor the nature and scope of the audit and review the auditor’s quality control mechanism; and
4. Review and discuss significant findings and audit report with the auditor.

Internal Control and Risk Management

1. Maintain a comprehensive internal control framework;
2. Identify key risks, evaluate probability, assess control framework and prioritize areas of concerns;
3. Develop risk management strategies based on priority areas and determine cost to mitigate;
4. Monitor the effectiveness of risk management strategies and periodically report updates to the Board; and
5. Ensure the presence of a risk management policy document.

Compliance

1. Review regulatory changes that may affect compliance regime;
2. Review all regulatory examination findings;
3. Review all disciplinary actions against corporate officers found to have violated standards of ethical conduct; and

4. Review any waivers of the organization's Code of Ethics.

Reporting

1. Review significant reporting issues and accounting policies;
2. Review SEDP-Simbag's semi-annual and annual financial statements;
3. Review primary regulatory returns filed and disclosures made by the organization;
4. Review the going concern assumption of the organization; and
5. Report to the board, identify any matters that need action or improvement, and make recommendations.

ORGANIZATION

a. Membership and Composition

The Audit and Risk Management Committee shall be composed of at least three (3) members of the Board who are non-executive. One member shall serve as the Committee Chair. At least one member of the Committee should have relevant knowledge, skills and/or experience in social welfare and in areas of accounting, auditing and finance.

The President, Chief Financial Officer, and/or Treasurer, or officers holding equivalent positions shall not be appointed as members of the Audit and Risk Management Committee.

b. Appointment and Term

The Governance Committee of the Board shall nominate the Chair and other members of the Audit and Risk Management Committee and shall serve for a term of three (3) years. The full Board shall approve the nomination.

c. Duties of Chair

The Chair shall preside at all meetings of the Audit and Risk Management Committee and perform any duties as may be assigned by the Board from time to time.

d. Secretary of Committee

The Secretary of the Audit and Risk Management Committee shall come from the Board Secretariat. The Secretary is not necessarily a member of the Board, and if he or she is not, such Secretary must be an employee of SEDP-Simbag or any of its subsidiaries.

e. Resignation

Any member of the Audit and Risk Management Committee may resign effective upon approval by the Chairman of the Board, unless approval of the effectivity of the resignation specifies a later time.

f. Vacancies

Any vacancy in the Audit and Risk Management Committee other than by expiration of term shall be filled by appointing any of the Board members, subject to nomination by the Governance Committee. The member so appointed to fill a vacancy shall serve only the unexpired term of his/her predecessor.

g. Meetings

The Audit and Risk Management Committee shall meet at least two times per year at such time and place the Chairman shall determine. The Committee shall report regularly about its activities to the Board.

Committee meetings shall be presided over by the Committee Chair or by his/her designated Acting Chair and may be attended upon invitation by any members of the Management or other persons requested to provide pertinent information.

Every decision consented to by majority of the Committee members present in a meeting at which a quorum is declared shall constitute an act of the Committee.

h. Minutes

The Secretary of the Committee shall keep the minutes and other relevant records of the meetings and activities of the Committee. The minutes shall be available for review by the Board and by any regulatory institution having jurisdiction over the affairs of SEDP-Simbag. In the event of any meeting or Executive Session where the Secretary is not present, the Chair shall act as the Secretary or designate an Acting Secretary for the purpose of recording the minutes and actions taken at the meeting or Executive Session.

i. Special Meeting

Special meetings of the Audit and Risk Management Committee may be called at any time by the Chair of the Committee, or by any two voting members of the Committee, or by the President and CEO of SEDP-Simbag, or by a majority of the Board.

j. Assessing Committee Performance

The Audit and Risk Management Committee shall annually evaluate its own performance using Board-approved performance evaluation tool and report such assessment to the full Board.