

THE AUDIT AND OVERSIGHT / RISK MANAGEMENT COMMITTEE



CHARTER

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1. Purpose

The purpose of the Audit and Oversight / Risk Management Committee is to assist the Board in discharging its duties relating to the functioning of the (i) Internal Control System; (ii) Internal Audit Division; (iii) Enterprise Risk Management; (iv) Ethics and Integrity Management; (v) Internal Affairs Division and (vii) Scope and results of the External Audit.

2. Membership

- (i) The Committee shall consist of three members including one Chairperson. The members and the Chairperson are to be appointed by the Board.
- (ii) The Chairperson of the Board and the Director General should not be members of the Audit Committee.
- (iii) The Board shall have the power at any time to remove any members from the Committee and to fill any vacancies created by such removal.
- (iv) The Chairperson and members of the Audit Committee should be skilled and experienced in financial matters.
- (v) Members of the Committee should not perform any management functions or assume any management responsibilities.

3. Secretary

- (i) The Board shall appoint a Secretary to the Committee.
- (ii) The Secretary will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

4. Quorum

The quorum necessary for the transaction of business shall be any two members of the Committee present throughout the meeting of the Committee.

5. Frequency of Meetings

- (i) The Committee shall meet at least four times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.

(ii) The Board or any member thereof, including members of the Committee, the External Auditors, the Director, Internal Audit and the Director, Internal Affairs may call further meetings.

6. Notice of Meetings

- (i) Meetings of the Committee shall be convened by the Secretary of the Committee.
- (ii) Notice of each meeting with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Committee and any other person required to attend, not later than five working days before the date of the meeting.
- (iii) Given the nature of investigation works carried out by the Internal Affairs Division, meetings can be called at very short notice.
- (iv) The Director of Internal Audit, Director Internal Affairs or/and External Auditor in charge shall be in attendance at meetings of the Committee and shall have unrestricted access to the Chairperson or any other member of the Committee as is required in relation to any matter falling within the remit of the Committee.

7. Minutes of Meetings

The Secretary shall circulate not later than ten working days draft minutes of Committee meetings to all members of the Committee.

8. Reporting Responsibilities

- (i) Once approved, minutes should be circulated to all other members of the Board unless it would be inappropriate to do so in the opinion of the Committee Chairperson.
- (ii) The Committee Chairperson shall report to the Board on its proceedings on all matters within its duties and responsibilities and on how it has discharged its responsibilities.
- (iii) The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

9. Responsibilities of the Committee

9.1 Internal Control and Internal Audit

With respect to Internal Controls and Internal Audit, the responsibilities of the Committee shall be to:

- (i) Review and approve the Internal Audit Charter, including objectives and independence of the Internal Audit function;
- (ii) Ensure the function has the necessary resources and access to information to enable it to fulfill its mandate, and is equipped to perform in accordance with appropriate professional standards for Internal Auditors;
- (iii) Review the Internal Audit function's compliance with its mandate as approved by the Committee;
- (iv) Review and assess the Annual Internal Audit Plan and ensure that risk areas of the Authority's operations are covered in the scope of the internal audit;
- (v) Review the operations, performance and effectiveness of the Internal Audit function;
- (vi) Receive a report on the results of the Internal Auditor's work on a periodic basis and review significant matters reported;
- (vii) Review Management's responsiveness to the Internal Auditor's findings and recommendations;
- (viii) Review significant differences of opinion between Management and the Internal Audit function;
- (ix) Ensure the Director Internal Audit has direct access to the Board Chairperson and to the Committee Chairperson, and is accountable to the Committee;
- (x) Meet with the Director Internal Audit at least once a year without the presence of management;
- (xi) Approve the appointment or termination of the Director of the Internal Audit function;
- (xii) Review the co-operation and co-ordination between the Internal and External Audit functions and coordinate the formal Internal Audit Plan with External Auditors to avoid duplication of work;
- (xiii) Review the effectiveness of the Authority's systems of internal control, including internal financial control;

- (xiv) Safeguard the Authority's assets against unauthorized use or disposals;
- (xv) Monitor and review the effectiveness of the overall Risk Management System.

9.2 External Audit

With respect to External Audit, the responsibilities of the Committee shall be to:

- (i) Make suggestions as to problem areas that the audit can address;
- (ii) Review the management letter and management's response to the Auditor's findings and recommendations;
- (iii) Consider whether any significant operations are not subject to external audit;
- (iv) Obtain assurance from the External Auditor(s) that adequate accounting records are being maintained;
- (v) Meet with the External Auditor at least once a year, without management being present, to discuss the auditor's remit and any issues arising from the audit;
- (vi) Consider any accounting treatments, significant unusual transactions, or accounting judgements, that could be contentious.

9.3 Ethics and Integrity

With respect to Ethics and Integrity, the responsibilities of the Committee shall be to:

- (i) Review the adequacy and security of the organisation's arrangements for its employees and stakeholders to raise concerns, in confidence, about possible wrongdoing;
- (ii) Monitor the ethical conduct of the Authority and its employees/officers and compliance with the requirements of the Code of Ethics and Conducts;
- (iii) Identify any violations of ethical conduct and the investigation of same;
- (iv) Review the effectiveness and assisting in developing any frameworks / programmes /standards for managing and monitoring ethical standards at the Authority;
- (v) Safeguard the Authority's image against unethical and unprofessional behaviours;
- (vi) Review systems and controls for the prevention of bribery and receive reports on non-

compliance;

(vii) Evaluate the independence, performance and effectiveness of the Internal Affairs Division and the adequacy of the available Internal Affairs resources;

(viii) Review the objectives and the operations of the Internal Affairs function;

(ix) Review the Internal Affairs function's compliance with its mandate as approved by the Committee;

(x) Consider the appointment and dismissal of the Director, Internal Affairs;

(xi) Review and approve the Internal Affairs plans and Internal Affairs reports/conclusions with regard to investigations;

(xii) Review significant matters reported by the Internal Affairs function and the adequacy of action taken in response to significant findings and recommendations;

(xiii) Make recommendations on any potential conflict of interest or questionable situations of a material nature.

10. Authority of the Committee

In the exercise of its responsibilities, the Committee has the authority to:

(i) Investigate any activity within its Terms of Reference;

(ii) Require other employees/officers of the Authority to attend meetings or parts of meetings;

(iii) Consult with and seek any information it requires from any employees/officers, and all employees/officers shall be required to co-operate with any request made by the Committee in the course of its duties;

(iv) Obtain such outside or other independent professional advice as it considers necessary to carry out its duties subject to the terms of reference being approved by the Board;

(v) Invite other Directors and the Director General to attend and to be heard at meetings of the Committee.

11. Committee's Evaluation

The Committee shall arrange for periodic reviews of its own performance and its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board.