1. Preface

The Audit Committee's role shall flow directly from the Board of Trustees' function of overseeing trust governance, which holds the Management accountable to the Board and the Board accountable to the stakeholders. Acting as a catalyst in helping the Foundation achieve its objectives, the Audit Committee's review function will include the financial reporting process, the system of internal control, the audit process and the Foundation's process for monitoring compliance with laws and regulations and the Code of Conduct. The audit committee should also ensure accurate, timely and proper disclosures and the transparency, integrity and quality of financial reporting.

2. Authority

2.1. To investigate any activity within its charter/terms of reference
2.2. To seek information from any employee or trustee
2.3. To obtain outside legal or other professional advice from time to time
2.4. To secure attendance of outsiders with relevant expertise, if considered necessary
2.5. To have full access to information contained in the records of the Foundation

3. Composition

3.1. The committee shall comprise a minimum of three members, all of whom should be independent trustees. All members of the Audit Committee shall be financially literate and at least one member shall have accounting or related financial management expertise.

3.2. They should be diligent, knowledgeable, dedicated, interested in the job and willing to devote a substantial amount of time and energy to the responsibilities of the committee, in addition to Board of Trustees responsibilities.

3.3. The members of the committee shall be elected by the Board of Trustees and shall continue until their successors are duly elected.

3.4. The duties and responsibilities of a member are in addition to those applicable to a member of the Board of Trustees.

3.5. In recognition of the time factor associated with the service and with a view to bringing in fresh insight, the committee may consider limiting the term of the audit committee service, by automatic rotation or by other means.

3.6. One of the members shall be elected as the Chairperson, either by the full Board of Trustees or by the members themselves, by majority vote.
4. Meetings

4.1. The committee shall meet periodically, but at least four times a year and not more than four months shall elapse between two successive meetings.

4.2. One meeting shall be held before the annual accounts and quarterly/half yearly accounts are presented to the Board.

4.3. The quorum shall be either two members or one-third of the members of the Audit Committee, whichever is higher.

4.4. The Chairman or the Vice-Chairman, the Finance Controller and a Representative of the External Auditor should be invited to be present as invitees for the meetings of the Audit Committee.

4.5. The Audit Committee may invite such executives, branch auditors and branch operations managers as it considers appropriate, to be present at the meetings of the Committee. The Audit committee may also on occasions meet without the presence of any executive of the Foundation.

4.6. The committee may meet separately with the Vice Chairman and the Finance Controller of the Organisation at such times as are appropriate to review the financial affairs of the Foundation. The audit committee will meet separately with the independent auditors and branch auditors of the Organisation, at such times as it deems appropriate (but not less than quarterly) to fulfill the responsibilities of the audit committee under this charter.

4.7. Meeting agenda will be prepared and provided in advance to members, along with appropriate briefing materials.

4.8. Minutes of every meeting will be maintained.

5. Responsibilities

The committee shall carry out the following responsibilities:

5.1. Financial Reporting Process
5.2. System of Risk Management
5.3. System of Internal Control
5.4. Branch Audit Process
5.5. External Audit of the Financial Statements
5.6. Organisation’s Processes for Monitoring Compliance
5.7. Special Investigations and Whistleblower Mechanism
5.8. Audit Committee Management and Reporting Responsibilities
5.9. Related Party Transactions
5.10. Others
5.1. **Financial Reporting Process**

5.1.1. Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.

5.1.2. Review with management, the external auditors, and the branch auditors the results of the audit, including any difficulties encountered.

5.1.3. Review all significant adjustments proposed by the external financial statement auditor and by the branch auditor.

5.1.4. Review all significant suggestions for improved financial reporting made by the external financial statement auditor and by the branch auditor.

5.1.5. Review with the General Counsel the status of legal matters that may have an effect on the financial statements.

5.1.6. Review the annual financial statements before submission to the Board for approval, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles. Review should be done with specific reference to:

5.1.6.1. Changes, if any, in accounting policies and practices and reasons for the same.

5.1.6.2. Major accounting entries involving estimates based on the exercise of judgment by management.

5.1.6.3. Significant adjustments made in the financial statements arising out of audit findings.

5.1.6.4. Compliance with any legal requirements relating to financial statements.

5.1.6.5. Disclosure of any related party transactions.

5.1.6.6. Qualifications in the draft audit report.

5.1.7. Review other sections of the annual report and related regulatory filings before release and consider the accuracy and completeness of the information.

5.1.8. Review with management and the external auditors all matters required to be communicated to the committee under generally accepted auditing Standards.

5.1.9. Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement.

5.1.10. Review interim financial reports with management and the external auditors before filing with regulators/publishing them, and consider whether they are complete and consistent with the information known to committee members.

5.1.11. Review the statement of management responsibility for and the assessment of the effectiveness of the internal control structure and procedures of the organisation for financial reporting. Review the attestation on this management assertion by the financial statement auditor as part of the financial statement audit engagement.

5.2. **System of Risk Management**

5.2.1. Ensure that the Foundation has a comprehensive policy on risk management.

5.2.2. Consider the effectiveness of the Foundation's risk management system, including risks of information technology systems.

5.2.3. Consider the risks of business relationships with significant vendors and consultants.

5.2.4. Reviews management's reports on management's self-assessment of risks and the mitigations of these risks.

5.2.5. Understand the scope of branch auditor's and external auditor's review of risk management over financial reporting.
5.2.6. Understand the scope of the branch auditor's review of risk management over all other processes, and obtain reports on significant findings and recommendations, together with management's responses.

5.2.7. Understand the scope of any other external auditor's or consultant's review of risk management.

5.2.8. Hire outside experts and consultants in risk management as necessary.

5.3. **System of Internal Control**

5.3.1. Ensure that the Foundation has a comprehensive policy on internal control and compliance.

5.3.2. Review periodically the policy on ethics, code of conduct and fraud policy.

5.3.3. Consider the effectiveness of the Foundation's internal control system, including Information Technology security and control.

5.3.4. Consider any internal controls required because of business relationships with significant vendors and consultants.

5.3.5. Understand the scope of branch auditor's and external auditor's review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

5.3.6. Understand the scope of the branch auditor's review of internal control over all other processes, and obtain reports on significant findings and recommendations, together with management's responses.

5.3.7. Review the role of the branch auditor's involvement in the Trust governance process, including trust governance documentation and training.

5.3.8. Ensure that contracts with external service providers contain appropriate record-keeping and audit language.

5.3.9. Direct employees to cooperate with the committee's requests, or the requests of internal or external parties working for the audit committee. These parties include the internal auditors, all external auditors, consultants, investigators and any other specialists working for the audit committee.

5.4. **Branch Audit Process**

5.4.1. Assure and maintain, through the organisational structure of the organisation and by other means, the independence of the branch audit process.

5.4.2. Ensure that branch auditors have access to all documents, information and systems in the organisation.

5.4.3. Receive and review all branch audit reports and management letters.

5.4.4. Review the responsiveness and timeliness of management's follow-up activities pertaining to any reported findings and recommendations.

5.4.5. Discussion with branch auditors with respect to the coverage and frequency of branch audits as per the annual audit plan, nature of significant findings and follow up thereof.

5.4.6. Receive periodic notices of advisory and consulting activities by branch auditors.
5.5. **External Audit of the Financial Statements**

5.5.1. Review the external auditor’s proposed audit scope and approach, including coordination of audit effort with internal audit.

5.5.2. Review the performance of the external financial statement audit firm, and exercise final approval on the request for proposal, and the appointment, retention or discharge of the audit firm. Obtain input from management and other parties as appropriate.

5.5.3. Define the services that the external financial statement auditor is allowed to perform and the services that are prohibited.

5.5.4. Pre-approve all services to be performed by the external financial statement auditor.

5.5.5. Review the independence of the external financial statement audit firm by obtaining statements from the auditors on relationships between the audit firm and the Foundation, including any non-audit services, and discussing these relationships with the audit firm. Obtain from management a listing of all services provided by the external audit firm. Obtain information from the Chief Audit Executive and other sources as necessary.

5.5.6. Review and approve the audited financial statements, associated management letter, attestation on the effectiveness of the internal control structure and procedures for financial reporting, other required auditor communications, and all other auditor reports and communications relating to the financial statements.

5.5.7. Review and approve all other reports and communications made by the external financial statement auditor.

5.5.8. Review the responsiveness and timeliness of management’s follow-up activities pertaining to any reported findings and recommendations.

5.5.9. On a regular basis, meet separately with the external financial statement audit firm to discuss any matters that the committee or auditors believe should be discussed privately.

5.5.10. Provide guidelines and mechanisms so that no member of the audit committee or organisation staff shall improperly influence the auditors or the firm engaged to perform audit services.

5.5.11. Ensure production of a report of all costs of and payments to the external financial statement auditor. The listing should separately disclose the costs of the financial statement audit, other attest projects, agreed-upon-procedures and any non-audit services provided.

5.5.12. Obtain and review a report by the independent auditor describing the firm’s internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm and assess the auditor’s independence;

5.6. **Organisation’s Processes for Monitoring Compliance**

5.6.1. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management’s investigation and follow-up (including disciplinary action) of any instances of noncompliance.

5.6.2. Review the findings of any examinations by regulatory agencies, and any auditor observations, including investigations of misconduct and fraud.

5.6.3. Review the process for communicating to all affected parties the ethics policy, code of conduct and fraud policy to Foundation personnel, and for monitoring compliance therewith.

5.6.4. Obtain regular updates from management and Foundation legal counsel regarding compliance matters.

5.6.5. Monitor changes and proposed changes in laws, regulations and rules affecting the Foundation.
5.7. **Special Investigations and Whistleblower Mechanism**

5.7.1. Institute and oversee special investigations, as needed.
5.7.2. Provide an appropriate confidential mechanism for whistleblowers to provide information on potentially fraudulent financial reporting or breaches of internal control, to the audit committee.

5.8. **Audit Committee Management and Reporting Responsibilities**

5.8.1. Regularly report to the Board of Trustees about all committee activities, issues, and related recommendations.
5.8.2. Perform other activities related to this charter as requested by the Board of Trustees, and report to the Board.
5.8.3. Provide an open avenue of communication between branch audit, the external financial statement auditors, other external auditors, management and the Board of Trustees.
5.8.4. Review any other reports that the organisation issues that relates to audit committee responsibilities.
5.8.5. The committee charter should be published in the Annual Report once every three years and also whenever any significant amendment is made to the charter.
5.8.6. Confirm annually that all responsibilities outlined in this charter have been carried out. Report annually to the Board and beneficiaries, describing the committee’s composition, responsibilities and how they were discharged, and any other information required by rule, including approval of non-audit services.
5.8.7. Evaluate the committee's and individual member's performance on a regular basis, and report to the Board.
5.8.8. Review and assess the adequacy of the committee charter annually, requesting Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.

5.9. **Related Party Transactions**

5.9.1. Review and approve all related party transactions in the Foundation.
5.9.2. A statement of all transactions with related parties, including their basis shall be placed before the Committee for formal approval / ratification with explanations where there are interested transactions.
5.9.3. Details of individual material transactions with related parties which are not in the normal course of business or are not on an arm’s length basis shall be placed before the Committee, together with the Management’s responses.
5.10. **Others**

5.10.1. Consider and, if deemed fit, pre-approve all permitted non-auditing services to be provided by the independent auditor to the Organisation. For the purpose of this clause, “non-auditing services” shall mean any professional services provided to the Organisation by the independent auditor, other than those provided to the Organisation in connection with an audit or a review of the financial statements of the Organisation and includes (but not limited to):

a) Book-keeping or other services related to the accounting records of financial statements of the Organisation
b) Financial information system design and implementation
c) Appraisal or valuation services, fairness opinions, or contribution-in-kind reports
d) Actuarial services
e) Internal / Branch audit outsourcing services
f) Management functions or human resources
g) Broker or dealer, investment advisor, or investment banking services
h) Legal services and expert services unrelated to the audit
i) Any other service that the Board of Trustees determines impermissible

6. **Delegation of authority**

The Committee may sub-delegate any or all of its powers and authority as it thinks fit, including, without limitation, the establishment of sub-committees from each party to analyse particular issues or themes and to report back to the Committee.

The committee may delegate to one or more designated members of the committee the authority to pre-approve audit and permissible non-audit services, provided such pre-approval decision is presented to the full audit committee at its scheduled meetings.