



HOME DEVELOPMENT MUTUAL FUND BOARD AUDIT COMMITTEE CHARTER

I. PURPOSE

The Board Audit Committee is established to assist the Board of Trustees in the oversight of the integrity of the Fund's financial reporting, internal control and risk management process, and evaluate the performance of Internal Audit.

II. COMPOSITION

The Board Audit Committee shall consist of five (5) Trustees who shall be selected from among its ranks. The Committee shall be composed of a Chairman, a Vice-Chairman, and three members. The Chairman shall preferably have audit, accounting, or finance background.

III. RESPONSIBILITIES AND DUTIES

The Audit Committee shall have the following duties and responsibilities:

1. Financial Reporting

Review the financial statements and all related disclosures and reports certified by the Vice-President of Finance Group with timely analysis of significant / critical financial reporting focusing on changes in accounting policies and practices, alternative accounting treatments and major judgmental areas, significant adjustments resulting from the audit, going concern assumptions, compliance with accounting standards, tax legal and regulatory requirements.

2. Internal Audit

- a. Review and approve the Internal Audit Charter and subsequent revisions thereto;
- b. Review and approve the Annual Internal Audit Work Plan, and ensure that internal audit examinations cover at least the evaluation of adequacy and effectiveness of controls encompassing the Fund's operations, information systems, to include the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets and compliance with laws, rules and regulations;
- c. Direct the conduct of corporate wide review of systems and procedures (covering the areas of operations, finance, and support / administration) and submit appropriate recommendations to the Board of Trustees;
- d. Review and discuss the audit findings of the Internal Audit Service Group (IASG) ensuring that management is taking appropriate corrective actions in a timely manner, including addressing internal

control and compliance issues and submit recommended actions to the Board of Trustees;

For this purpose, the IASG should report functionally to the Board through the Board Audit Committee and administratively under the Office of the President or Chief Executive Officer.

3. External Audit

Review the reports of the regulatory agencies including the Commission on Audit, where applicable, and ensure that management is taking appropriate corrective actions in a timely manner, including addressing control and compliance issues.

The Audit Committee does not exercise any professional auditing and does not interfere with the management affairs. It gains a view of the organization, the efficiency and the findings of the IASG, reaction of management and submits an annual report to the Board.

4. Risk Management

Review the adequacy of the Fund's enterprise-wide risk management process. To this end, the Board Risk and Capital Committee shall provide the Committee with the results of management's annual risk assessment exercise and other information on risk exposures and risk management activities determined by the Committee which requires close monitoring.

IV. MEETINGS

The Committee will meet at least monthly, every 3rd Thursday of the month, and may convene additional meetings, as circumstances may require. The Secretariat shall, upon consultation with the Chairman and Senior Management, prepare an agenda in advance of each meeting. Three (3) members present shall constitute a quorum.

The Vice-Chairman shall preside at the meeting of the Committee in the absence of the Chairman.

As and when appropriate, the HDMF Chief Executive Officer and/or other members of management may be requested to attend the Committee meetings.

V. FUNCTIONAL AND SECRETARIAT SUPPORT

The Internal Audit Service Group shall support the BAC in the rendition of its functions, through:

1. Provision of secretariat support to the Committee;
2. Attendance by assigned personnel to Committee meetings and responsibility for recording the minutes of the meeting; and
3. Safekeeping of minutes of meetings as well as reports received from management and/or other sources, and making these available for inspection by any member of the Committee or the Board, as and when needed.

VI. REPORTING

The Chairman of the Committee may report its activities to the full Board on a regular basis and to make such recommendations with respect thereto and other matters as the Committee may deem necessary or appropriate.

VII. CHARTER REVIEW

The Board Audit Committee shall review and reassess the suitability of this Charter at least once a year, or when necessary, to align with the annual plans and targets to the Fund.

VIII. EFFECTIVITY

This Charter shall take effect upon its approval.