



**OFFICE OF THE CORPORATE SECRETARY**

**EXACT COPY OF RES. NO. 33 ADOPTED BY THE GSIS BOARD OF TRUSTEES IN ITS MEETING NO. 5 HELD ON 9 MARCH 2021**

**Approval of the Amended Audit Committee Charter<sup>1</sup>**

**RESOLUTION NO. 33**

WHEREAS, the Audit Committee Charter was last updated through Board Resolution No. 79 dated 11 August 2020;

WHEREAS, the Corporate Secretary proposed several revisions to the said Charter in view of the following considerations:

1. To address one of the issues raised by the Governance Commission for GOCCs in their 2019 Corporate Governance Scorecard Assessment stating that while the Charter indicates that the Audit Committee has functional authority over the Internal Audit Services Office, it “does not explicitly state that the Committee has the authority to appoint and remove the internal auditor”; and
2. To institutionalize existing practices and to update certain provisions, particularly on the conduct of virtual meetings;

WHEREAS, the Audit Committee, in a memorandum dated 2 March 2021, endorsed the amended Audit Committee Charter for Board approval;

RESOLVED, to **APPROVE** and **CONFIRM** the amended Audit Committee Charter, as endorsed by the Audit Committee.

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<sup>1</sup> Classification: Internal Use

A copy of the amended Audit Committee Charter is made an integral part of this Resolution.

CERTIFIED CORRECT:

**ORIGINAL SIGNED**  
**ATTY. LUZ VICTORIA F. REYES-MORANDO**  
Corporate Secretary

CONFIRMED:

**ORIGINAL SIGNED**  
**LUCAS P. BERSAMIN**  
Chairman

**ORIGINAL SIGNED**  
**ROLANDO L. MACASAET**  
Vice Chairman

**ORIGINAL SIGNED**  
**WILFREDO C. MALDIA**  
Trustee

**ORIGINAL SIGNED**  
**JOCELYN DE GUZMAN CABREZA**  
Trustee

**ORIGINAL SIGNED**  
**ALAN R. LUGA**  
Trustee

**ORIGINAL SIGNED**  
**NINA RICCI A. YNARES-CHIONGBIAN**  
Trustee

**ORIGINAL SIGNED**  
**ANTHONY B. SASIN**  
Trustee

**ORIGINAL SIGNED**  
**KAHAR H. MACASAYON**  
Trustee

**ORIGINAL SIGNED**  
**CARLO ANTONIO B. ALMIRANTE**  
Trustee

GOVERNMENT SERVICE INSURANCE SYSTEM  
BOARD OF TRUSTEES  
**AUDIT COMMITTEE CHARTER**

(as amended on 9 March 2021)

The Audit Committee Charter establishes the purpose, membership and qualifications, authority, functions and responsibilities of the Audit Committee to serve as guide in the performance and conduct of its operations.

**1. GENERAL PURPOSE**

The Audit Committee shall assist the Board in fulfilling its responsibilities for policy formulation and for oversight of GSIS's financial reporting process, the system of internal control, the audit process, and the process for monitoring compliance with laws, rules, regulations, and code of conduct.

**2. REPORTING**

The Audit Committee shall work under the direction of and report to the GSIS Board of Trustees.

The Audit Committee reports to the Board its annual accomplishment through the submission of a Committee Report.

The Audit Committee, through its Secretariat, shall maintain appropriate records of its deliberations and decisions (minutes of meetings, directives, and resolutions). Such records shall document the Audit Committee's fulfilment of its responsibilities and facilitate the assessment of the effective performance of its functions.

**3. MEMBERSHIP**

Except for the President and General Manager, all of the Trustees are members of the Audit Committee.

The Audit Committee Chairperson must have basic understanding of accounting, auditing and/or financial management.

The Audit Committee Chairperson shall be selected by a majority of the members present in a Board Meeting called for that purpose upon reaching

a quorum.

The presence of a majority of the members of the Committee shall constitute a quorum.

#### 4. MEETINGS

The Audit Committee shall meet at least once a month or more frequently as may be necessary.

The presence of a majority of incumbent Trustees shall constitute a quorum, where majority is defined as 50% of the total number of incumbent Trustees plus one (1).

Meetings may be conducted or members may participate in the meetings via physical attendance, teleconference, videoconference, or other virtual means capable of recording and recognizing the participation of the members and of recording and storing the proceedings of such meetings, including the date and time of meeting.

#### 5. SCOPE OF AUTHORITY

The authority vested under this Charter shall be construed liberally as to allow the Audit Committee to effectively perform its functions, taking into consideration constantly changing business and regulatory requirements.

- 5.1. Conduct investigations on any matter within the scope of its responsibilities. It shall likewise be vested with the authority to obtain assistance from accounting, legal, or other consultants in carrying out its functions.
- 5.2. Exercise functional authority over the Internal Audit Services Office (IASO).
- 5.3. Review, evaluate, or rate the performance of the head of IASO.
- 5.4. Recommends to the Board the appointment and termination of appointment of the head of IASO.
- 5.5. Review the business cases for new projects, programs, and activities of the IASO, Controller Group, Operations Group, and Security Department.
- 5.6. Review policies and procedural guidelines pertaining to or affecting

the financial statements of GSIS.

- 5.7. Review any other reports that relate to the Audit Committee's responsibilities
- 5.8. Require, through the Office of the President and General Manager, GSIS officers or employees to attend its meetings and to provide pertinent information and/or assistance as may be necessary.

## 6. FUNCTIONS AND RESPONSIBILITIES

The Committee shall have the following duties and responsibilities:

### A. Financial Reporting

1. Review the monthly, quarterly, half-year and annual GSIS financial statements prior to their presentation to the Board, focusing particularly on:
  - a. Management's certification as to the reliability of the financial statements;
  - b. Significant financial reporting issues and judgments made in connection with the preparation of the financial statements;
  - c. Any proposed or actual change/s in accounting policies and practices;
  - d. Significant adjustments resulting from audit; and
  - e. Compliance with accounting standards and applicable laws, rules and regulations.
2. Review significant accounting and reporting issues, including complex or unusual transactions as well as recent professional and regulatory pronouncements, and understand their possible impact on GSIS financial statements.
3. Review, with the management, regular or special audit of its financial statements, including the scope of auditors' activities or access to information, any audit report setting forth significant financial reporting issues and judgements made in connection with the preparation of GSIS financial statements, as well as any difficulties encountered during the conduct of audit and any significant disagreements of the auditors with the management.
4. Review press releases on earnings and other financial reports or information against accounting standards and regulatory requirements.

## B. Internal Control System

5. Evaluate and monitor the adequacy and effectiveness of the GSIS's internal control system, including information technology security and control, by reviewing management disclosures about significant deficiencies in the design or operation of internal controls and making recommendations to the Board to ensure compliance with applicable laws, rules and regulations or standards.
6. Examine the scope of the internal and external auditors' review of GSIS's internal control system as well as reports setting forth significant audit findings, together with management's responses to such findings.

## C. Internal Audit

7. Exercise functional authority over the IASO and provide oversight of GSIS's internal audit function.
8. Reviews, evaluate, or rate the performance of the head of IASO. (n)
9. Recommends to the Board the appointment and termination of the head of IASO.
10. Review with management and the IASO the internal audit charter, annual plan, activities, staffing and organizational structure, which shall include recommending the appointment, replacement, reassignment or dismissal of internal audit personnel.
11. Require the head of the IASO to render to the Board (through the Committee) and the President and General Manager (PGM), an annual report on the IASO's activities and performance relative to the audit plan and strategies approved by the Committee.

Such annual report should include significant risk exposures and control issues, and other matters as the PGM, the Committee, or the Board may deem necessary. The head of the IASO shall also report that the internal audit activities are conducted in accordance with the generally accepted international standards in internal auditing for the government sector.

12. Ensure that the internal auditors have free and full access to all GSIS records, properties and personnel relevant to the internal audit activities and that the internal audit activities shall be free from interference in determining the scope of internal auditing

examinations, performing work, and communicating results.

13. Receive and review the regular internal reports prepared by the IASO and management's response thereto to ensure that management is taking appropriate corrective actions.
14. Review periodically with the internal auditors any restriction on scope, disagreement with management, or significant difficulties encountered in the course of internal audit, or any other matters which the Audit Committee or the IASO believes should be discussed.

#### D. External Audit

15. Review the results of regular and special audits of the COA and satisfy itself that the management's responses are adequate and that management is taking appropriate corrective actions.

#### E. Other Responsibilities

16. Institute and oversee special investigations relating to audit and internal control system matters.
17. Confirm annually that all responsibilities outlined in this Charter have been carried out.
18. Perform any other activities consistent with this Charter, the GSIS Charter, and applicable laws and regulations, as the Board or the Committee may deem necessary or appropriate.

In performing its functions, the Audit Committee shall encourage adherence to, and continuous development of policies, procedure and practices in accordance with applicable laws, regulations and code of ethics.

### 7. OTHER PARTIES' RESPONSIBILITIES

Notwithstanding the authority and responsibilities of the Audit Committee set forth in this Charter, the Management shall remain primarily responsible for the preparation, presentation, integrity, and correctness (*vis-à-vis* Philippine Financial Reporting Standards and other generally accepted accounting principles) of the GSIS financial statements. The Management shall also remain primarily responsible for ensuring that the

GSIS's internal control systems and procedures promote efficiency and effectiveness of operations and compliance with accounting standards and applicable laws and regulations.

#### 8. CHARTER REVIEW

The Audit Committee shall assess the adequacy of this Charter every year, or as often as may be necessary, and recommend to the Board amendments and updates whenever there are significant changes therein.

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