



**Valley Golf and Country Club Inc.**

# **Audit Committee Charter**

[Document subtitle]

## Audit Committee Charter

### Table of Contents

	Description	Page no.
I. Organizational Principles		
A. Introduction		2
B. Purpose and Mandate		2
C. Authority		2
D. Composition of the Audit Committee		3
E. Chairman of the Audit Committee		3
F. Term of Office		3
G. Quorum		3
II. Operational Principles		
A. Audit Committee Values		4
B. Communications		4
C. Work Plan		4
D. Meeting Agenda		4
E. Information Requirement		4
F. Executive Sessions		4
G. Preparation and Attendance		4
H. Conflict of Interest		4
I. Orientation and Training		4
III. Operational Procedures		
A. Meetings		5
B. Minutes		5
C. Required Attendance		5
D. Secretariat Services		5
E. Remuneration of Committee Members		5
F. Responsibilities		5
IV. Oversight of Internal Audit Activity and other Assurance Services		
A. Internal Audit Activity		7
B. External Auditors		8
C. Financial Statements and Public Accounting Reporting		9
D. Related Party Transactions		10
E. Other Responsibilities		11
F. Reporting on Audit Committee Performance		11

**Valley Golf and Country Club Inc.  
Audit Committee Charter**

**I. ORGANIZATIONAL PRINCIPLES**

**A. Introduction**

The audit committee plays an important role in providing oversight over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. This oversight mechanism also serves to provide confidence in the integrity of these practices. The audit committee performs its role by providing independent oversight to the Board of Directors.

This charter was established on November 2021. The charter which governs the work of the committee shall be reviewed and updated every three (3) years.

**B. Purpose and Mandate**

The purpose of the audit committee is to provide a structured, systematic oversight of the organization's governance, risk management, and internal control practices. The committee assists the board and management by providing advice and guidance on the adequacy of the organization's initiatives for:

- Values and ethics.
- Governance structure.
- Risk management.
- Internal control framework.
- Oversight of the internal audit activity, external auditors, and other providers of assurance.
- Financial statements and public accountability reporting.

In broad terms, the audit committee reviews each of the items noted above and provides the board with independent advice and guidance regarding the adequacy and effectiveness of management's practices and potential improvements to those practices.

**C. Authority**

The audit committee charter sets out the authority of the audit committee to carry out the responsibilities established for it by the board as articulated within the audit committee charter.

In discharging its responsibilities, the audit committee will have unrestricted access to members of management, employees, and relevant information it considers necessary to discharge its duties. The committee also will have unrestricted access to records, data, and reports. If access to requested documents is denied due to legal or confidentiality reasons, the audit committee and/or chief audit executive (CAE) will follow a prescribed, board approved mechanism for resolution of the matter.

The Audit Committee is entitled to receive any explanatory information that it deems necessary to discharge its responsibilities. The organization's management and staff should cooperate with audit committee requests.

The Audit Committee may engage in independent counsel and/or other advisors it deems necessary to carry out its duties.

The Audit Committee is empowered to:

- Appoint, compensate, and oversee all audit and non-audit services performed by auditors, including the work of any registered public accounting firm employed by the organization.
- Resolve any disagreements between management and the auditor regarding financial reporting and other matters.
- Pre-approve all auditing and non-audit services performed by auditors.
- Engage independent counsel and/or other advisors it deems necessary to carry out its duties.
- Receive any explanatory information that it deems necessary to discharge its responsibilities. The organization's management and staff should cooperate with audit committee requests.

**D. Composition of the Audit Committee**

The Audit Committee shall be composed of at least three (3) appropriately qualified non-executive directors, one of whom should be an independent director who shall be the Chairperson. All of the members of the committee must have relevant background, knowledge, skills and/or experience in the areas of accounting, auditing and finance. The members should collectively possess sufficient knowledge of audit, finance, specific industry knowledge, IT, law, governance, risk and control. Because the responsibilities of the audit committee evolve in response to regulatory, economic, and reporting developments, it is important to periodically re-evaluate members' competencies and the overall balance of skills on the committee in response to emerging needs.

**E. Chairman of the Audit Committee**

The board will designate the chair of the audit committee and appointment of committee members. The Chairperson of the Audit committee shall not be the Chairperson of the Board or of any other committees.

**F. Term of Office**

The term of office for an audit committee member shall be based on the approved Board Resolution/ Manual of Corporate Governance of Valley Golf & Country Club Inc.

**G. Quorum**

The quorum for the audit committee will be a majority of the members.

## II. OPERATIONAL PRINCIPLES

### A. Audit Committee Values

The audit committee will conduct itself in accordance with the code of values and ethics of the organization and the applicable governing bodies as required. The audit committee expects that management and staff of the organization will adhere to these requirements.

### B. Communications

The audit committee expects that all communication with management and staff of the organization as well as with any external assurance providers will be direct, open and complete.

### C. Work Plan

The audit committee chair will collaborate with senior management and the CAE to establish a work plan to ensure that the responsibilities of the audit committee are scheduled and will be carried out.

### D. Meeting Agenda

The chair will establish agendas for audit committee meetings in consultation with audit committee members, senior management and the CAE.

### E. Information Requirement

The audit committee will establish and communicate its requirements for information, which will include the nature, extent, and timing of information. Information will be provided to the audit committee at least one (1) week prior to each audit committee meeting.

### F. Executive Sessions

The audit committee will schedule and hold if necessary, a private session with the chief executive officer (CEO), the chief financial officer (CFO), the CAE, external assurance providers, and with any other officials that the audit committee may deem appropriate at each of its meetings.

### G. Preparation and Attendance

Audit committee members are obliged to prepare for and participate in committee meetings.

### H. Conflict of Interest

Audit committee members should adhere to the organizations code of conduct and any values and ethics established by the organization. It is the responsibility of audit committee members to disclose any conflict of interest or appearance of a conflict of interest to the committee. If there is any question as to whether audit committee member(s) should recuse themselves from a vote, the committee should vote to determine whether the member should recuse himself or herself.

### I. Orientation and Training

Audit committee members will receive formal orientation training on the purpose and mandate of the committee and on the organization's objectives. A process of continuing education will be established.

### III. OPERATIONAL PROCEDURES

#### A. Meetings

The Audit Committee will meet at least once a month or as frequently as the committee deems necessary.

#### B. Minutes

Minutes will be prepared in accordance with applicable law, regulation, bylaw, policy, procedure, and/or other applicable requirements. Meeting minutes will be provided in draft format at least two weeks after the audit committee meeting.

#### C. Required Attendance

The CAE and members of the committee are required to attend all audit committee meetings.

#### D. Secretariat Services

The Internal Audit Head will facilitate and coordinate meetings as well as provide ancillary support to the committee, as time and resources permit.

#### E. Remuneration of Committee Members

Committee members will be given green fee coupon (subject to the policies and procedures of the company) on each meeting.

#### F. Responsibilities

It is the responsibility of the audit committee to provide the board with independent, objective advice on the adequacy of management's arrangements with respect to the following aspects of the management of the organization:

##### 1. Values and Ethics

To obtain reasonable assurance with respect to the organization's values and ethics practices, the audit committee will:

- a. Review and assess the policies, procedures, and practices established by the governing body to monitor conformance with its code of conduct and ethical policies by all managers and staff of the organization.
- b. Provide oversight of the mechanisms established by management to establish and maintain high ethical standards for all of the managers and staff of the organization.
- c. Review and provide advice on the systems and practices established by management to monitor compliance with laws, regulations, policies, and standards of ethical conduct and identify and deal with any legal or ethical violations.

##### 2. Organizational Governance

To obtain reasonable assurance with respect to the organization's governance process, the audit committee will review and provide advice on the governance process established and maintained within the organization and the procedures in place to ensure that they are operating as intended.

##### 3. Risk Management

To obtain reasonable assurance with respect to the organization's risk management practices, the audit committee will:

- a. Annually review the organization's risk profile.
- b. Obtain from the CAE an annual report on management's implementation and maintenance of an appropriate enterprise wide risk management process.
- c. Provide oversight on significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the board.
- d. Provide oversight of the adequacy of the combined assurance being provided.
- e. Review and provide advice on the risk management process established and maintained by management and the procedures in place to ensure that they are operating as intended.

4. Fraud

To obtain reasonable assurance with respect to the organization's procedures for the prevention and detection of fraud, the audit committee will:

- a. Oversee management's arrangements for the prevention and deterrence of fraud.
- b. Ensure that appropriate action is taken against known perpetrators of fraud.
- c. Challenge management and internal and external auditors to ensure that the entity has appropriate anti-fraud programmes and controls in place to identify potential fraud and ensure that investigations are undertaken if fraud is detected.

5. Control

To obtain reasonable assurance with respect to the adequacy and effectiveness of the organization's controls in responding to risks within the organization's governance, operations and information systems, the audit committee will:

- a. Consider the effectiveness of the organization's control framework, including information technology security and control.
- b. Review and provide advice on the control of the organization as a whole and its individual units.
- c. Receive reports on all matters of significance arising from work performed by other providers of financial and internal control assurance to senior management and the board.

6. Compliance

The Audit Committee will:

- a. 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.
- b. Review the observations and conclusions of internal and external auditors and the findings of any regulatory agencies.
- c. Review the process for communicating the code of conduct to the organization's personnel and for monitoring compliance.
- d. Obtain regular updates from management and the organization's legal counsel regarding compliance matters.
- e. Oversight of the internal audit activity and other assurance providers

#### IV. OVERSIGHT OF INTERNAL AUDIT ACTIVITY AND OTHER ASSURANCE PROVIDERS

##### A. Internal Audit Activity

###### 1. Internal Audit Charter and Resources

- a. Review and approve the internal audit charter at least annually. The charter should be reviewed to ensure that it accurately reflects the internal audit activity's purpose, authority, and responsibility, consistent with the mandatory guidance of the The IIA's International Professional Practices Framework and the scope and nature of assurance and consulting services, as well as changes in the financial, risk management, and governance processes of the organization and reflects developments in the professional practice of internal auditing.
- b. Recommends the approval of the Internal Audit Charter to the Board of Directors. The charter formally defines the responsibilities, powers and authority of the IA Department, the audit plan of the IA, as well as oversees the implementation of the IA Charter.
- c. Performs oversight functions over the corporation's Internal Auditors and ensures their independence and unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions taking into consideration relevant Philippine professional and regulatory requirements;
- d. Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he shall directly report to the Audit Committee.

###### 2. Chief Audit Executive Performance

- a. Advise the board regarding the qualifications and recruitment, appointment, and removal of the CAE.
- b. Provide input to management related to evaluating the performance of the CAE.
- c. Recommend to management or the governing body the appropriate compensation of the CAE.
- d. Oversees the IA Department and recommends the appointment and removal of IA head as well as his qualifications, and grounds for appointment and removal. The Audit Committee shall also approve the terms and conditions for outsourcing internal audit services, if applicable.

###### 3. Internal Audit Strategy and Plan

- a. Review and provide input on the internal audit activity's strategic plan, objectives, performance measures and outcomes.
- b. Review and approve proposed risk based internal audit plan and make recommendations concerning internal audit projects.



- c. Review and approve the internal audit plan and engagements work program, including reviewing internal audit resources necessary to achieve the plan.
- d. Review the internal audit activity's performance relative to its audit plan.

4. Internal Audit Engagement and Follow Up

- a. Review internal audit reports and other communications to management.
- b. Monitors the Management's responsiveness to the Internal Auditor's findings and recommendations.
- c. Review and track management's action plans to address the results of internal audit engagements.
- d. Review and advise management on the results of any special investigations.
- e. Inquire of the CAE whether any internal audit engagements or non audit engagements have been completed but not reported to the committee; if so, inquire whether any matters of significance arose from such work.
- f. Inquire of the CAE whether any evidence of fraud has been identified during internal audit engagements and evaluate what additional actions, if any, should be taken.

5. Standards Conformance

- a. Inquire of the CAE about steps taken to ensure that the internal audit activity conforms with The IIA's International Standards for the Professional Practice of Internal Auditing (Standards).
- b. Ensure that the internal audit activity has a quality assurance and improvement program and that the results of these periodic assessments are presented to the audit committee.
- c. Ensure that the internal audit activity has an external quality assurance review every five years.
- d. Review the results of the independent and external quality assurance review and monitor the implementation of the internal audit activity's action plans to address any recommendations.
- e. Advise the board about any recommendations for the continuous improvement of the internal audit activity.

**B. External Auditors**

- 1. The Audit Committee shall observe a robust process for approving and recommending the appointment, re-appointment, removal and fees of the external auditor. The appointment, re-appointment, removal and fees of the external auditor shall be recommended by the Audit Committee and approved by the Board of Directors and the shareholders. For the removal or change in the external auditor, the reasons for removal or change shall be disclosed to the Commission, the shareholders, and the public through the company website and other required disclosures.
- 2. To obtain reasonable assurance with respect to work of the external assurance providers, the audit committee will meet with the external assurance providers

during the planning phase of the engagement, the presentation of the audited financial statements, and the discussion of the results of engagements and recommendations for management.

3. The audit committee will:
  - a. Review the performance of the external auditors, and exercise final approval on the appointment or discharge of auditors.
  - b. Obtain statements from the external auditors about their relationships with the organization, including non-audit services performed in the past, and discuss the information with the external auditors to review and confirm their independence.
  - c. Have regularly scheduled exclusive meetings with external auditors to discuss any sensitive matters.
  - d. Monitor management's progress on action plans.
  - e. To obtain reasonable assurance that management has acted on the results and recommendations of internal and external audit engagements, the audit committee will regularly review reports on the progress of implementing approved management action plans and audit recommendations resulting from completed audit engagements.
  - f. Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to identify proper coverage and minimize duplication of efforts;
  - g. Evaluates and determines the non-audit work, if any of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid and the corporation's overall consultancy expenses. The Audit Committee shall disallow any non-audit work that will conflict with the duties of an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, shall be disclosed in the corporation's Annual Report and Annual Corporate Governance Report.

### **C. Financial Statements and Public Accounting Reporting**

1. The audit committee is responsible for oversight of the independent audit of the government entity's financial statements, including but not limited to overseeing the resolution of audit findings in areas such as internal control legal, regulatory compliance, and ethics.
2. The audit committee will:
  - a. Review with management and the external auditors the results of audit engagements, including any difficulties encountered.
  - b. Reviews and approves the Interim and Annual Financial Statement before their submission to the Board, with particular focus on the following matters:
    - i. Any change/s in accounting policies and practices
    - ii. Areas where a significant amount of judgement has been exercised
    - iii. Significant adjustments resulting from audit
    - iv. Going concern assumptions
    - v. Compliance with accounting standards;

- vi. Compliance with tax, legal and regulatory requirements
- c. Review the interim and annual financial statements, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.
- d. Review other sections of the annual report and related regulatory filings and consider the accuracy and completeness of the information before it is released.
- e. Review with management and the external auditors all matters required to be communicated to the audit committee under generally accepted external auditing standards.
- f. Understand strategies, assumptions and estimates that management has made in preparing financial statements, budgets, and investment plans.
- g. Understand how management develops interim financial information and the nature and extent of internal and external auditor involvement in the process.
- h. Review interim financial reports with management and the external auditors before filing with regulators, and consider whether they are complete and consistent with the information known to committee members.
- i. Performs oversight functions over the corporation's External Auditors and ensures their independence and unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions taking into consideration relevant Philippine professional and regulatory requirements;
- j. Recommends to the Board any appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements shall be prepared and presented to the shareholders;

#### **D. Related Party Transactions**

1. Evaluates on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, the Related Party Registry is updated to capture subsequent changes in relationship with counterparties (from non-related to related and vice-versa);
2. In case of the absence of a Related Party Transactions (RPT) Committee, evaluates all RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the company are misappropriated or misapplied;
3. In case of the absence of an RPT Committee:
  - Determines any potential reputational risk issues that may arise as a result of or in connection with RPTs. In evaluating RPTs, the Committee takes into account, among others, the following:
    - a. The related party's relationship to the company and interest in the transaction;

- b. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
- c. The benefits to the corporation of the proposed RPT;
- d. The availability of other sources of comparable products or services; and
- e. An assessment of whether the proposed RPT is undertaken on terms and conditions that are comparable to the terms generally available to an unrelated party under certain circumstances. The company shall have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs.
- f. Ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the company's RPT exposures, and policies on potential and/or actual conflicts of interest. The disclosure shall include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the company's affiliation or transactions with other related parties;
- g. Reports to the Board of Directors on a regular basis, the status and aggregate exposure to each related party, as well as the total amount of exposures to all related parties;
- h. Ensures the transactions with related parties, including write-off of exposures that are subject to a periodic independent review or audit process;
- i. Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

#### **E. Other Responsibilities**


- 1. Coordinates, monitors and facilitates compliance with laws, rules and regulations;
- 2. Perform other activities related to this charter as requested by the governing body.
- 3. Institute and oversee special investigations as needed.
- 4. Regularly evaluate its performance and that of its individual members. [Note: Annual assessments are recommended.
- 5. Performs the functions of the Board Risk Oversight Committee, in the absence thereof;
- 6. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;

#### **F. Reporting on Audit Committee Performance**


- 1. Meets internally and with the Board at least once every quarter without the presence of the CEO or other Management team members, and periodically meets with the head of the IA
- 2. The audit committee will report to the Board at least once every quarter, summarising the committee's activities and recommendations. The report may be delivered during an audit committee meeting attended by the board or during a regularly scheduled meeting of the board.
- 3. The report shall include:

- a. A summary of the work the audit committee performed to fully discharge its responsibilities during the preceding year.
- b. A summary of management's progress in addressing the results of internal and external audit engagement reports.
- c. An overall assessment of management's risk, control, and compliance processes, including details of any significant emerging risks or legislative changes impacting the governing organization.
- d. Details of meetings including the number of meetings held during the relevant period and the number of meetings each member attended.
- e. Provide information required, if any, by new or emerging corporate governance developments.
- f. The committee may report to the governing body at any time regarding any other matter it deems of sufficient importance.

Approval/Signatures:

General Manager:  Dan Salvador III Date: 5/19/22

Audit Committee Chair:  Dir. Jose Razon Date: \_\_\_\_\_

President:  Pres. Carlo Carpio Date: 01 JUNE 2022