



## Audit and Risk Management Committee

## **Constitution**

The Board hereby resolves to establish a Board committee to be known as the Audit & Risk Management Committee.

## **Membership**

The committee shall be appointed by the Board. All committee members shall be independent non-executive directors of the company. The committee shall consist of at least three members. The Audit Committee shall not include the chairman of the Board of the JUTC, the Managing Director (MD), and preferably not include the chairperson of the Finance or Procurement Committees.

The committee chairman shall be appointed by the Board from among the non-executive directors.

A quorum shall be two (2) members.

## **Attendance at Meetings**

The Deputy Managing Director (DMD) – Finance & Corporate Planning, head of internal audit, legal officer and a representative of the external auditors shall attend meetings at the invitation of the Committee.

The Board chairman, MD, and other Board members shall attend if invited by the committee.

Meetings shall be held at least four times a year, and where appropriate should coincide with key dates in the company's financial reporting cycle.

There shall be at least one meeting a year, or part thereof, where the external auditors attend without management present. The external auditors may also request a meeting if they consider that one is necessary.

The Company Secretary shall be the secretary of the committee.

## **Authority**

The committee is authorised by the Board to:

1. Investigate any activity within these terms of reference.
2. Seek any information that it requires from any employee of the company and all employees are directed to cooperate with any request made by the committee; and
3. Obtain outside legal or independent professional advice, and such advisors may attend meetings as necessary.

## **Responsibilities**

The committee's responsibilities shall be to:

1. Audit
  - Consider the appointment of the external auditor, assess independence of the external auditor, ensure that key partners are rotated at appropriate intervals and any questions of resignation or dismissal of the external auditors.
  - Recommend the audit fee to the Board and pre-approve any fees in respect of non-audit services provided by the external auditor and ensure that the provision of non-audit services does not impair the external auditors' independence or objectivity.
  - Ensure the tenure of service for Engagement Partners is limited to a maximum contractual period of seven years with follow-on renewals prohibited.
  - Discuss and agree on the nature and scope of the audit with the external auditor before it commences.
  - Oversee the process for selecting the external auditor and make appropriate recommendations through the Board to shareholders to consider at the annual general meeting (AGM).
  - Review the internal audit programme, ensure co-ordination between the internal and external auditors and ensure that the internal audit function has adequate resources and maintain an appropriate standing within the Company.
  - Consider findings of internal investigations and management's response.
  - Approve the appointment or dismissal of the head of internal audit.
  - Review the Company's procedures for handling allegations from whistleblowers.
  - Review the submission to the board in relation to any audited accounts, focusing particularly on:
    - any changes in accounting policies and practice.
    - major judgmental areas.
    - significant adjustments resulting from the audit.
    - the going concern assumption.

- compliance with accounting standards (and in particular accounting standards adopted in the financial year for the first time).
- compliance with regulatory and legal requirements.
- Discuss problems and reservations arising from audits (internal and external) and any matters the auditors may wish to discuss in the absence of management where necessary.
- Review the external auditor's management letter and management's response.
- Review, on behalf of the board, the system of internal control (including financial, operational compliance and risk management) and make recommendations to the Board.
- Review the proposed statement on the directors' review of internal control (including financial, operational compliance and risk management) prior to endorsement by the Board.
- Review the Company's operating, financial and accounting policies and practices.
- Advise the board on practices and procedures which will promote productivity and the quality and volume of service.
- Advise the board on the extent to which the objects of the Company are being achieved.
- Review and assess the performance of internal audit against the audit plan and work programme and against performance indicators detailed in the strategic plan.
- Monitor developments in the audit field and standards issued by professional bodies and other regulatory authorities.
- Review and monitor the response(s) to and implement audit recommendations contained in the Auditor General's report and audit memoranda.
- Provide necessary arbitration in the event of a dispute involving internal or external audit recommendations.
- Establish compliance letter regarding governance and use of Company Values/Mission/Customer Service Charter.
- Review policies on sensitive issues and areas such as conflict of interest, misconduct and fraud.

## 2. Risk Management

- Oversee and approve the risk management, internal compliance and control policies and procedures of the Company.
- Review and recommending to the Board in conjunction with management, proposed aggregate loss limit targets.
- Review the Company's risk management infrastructure and control systems to ensure adequacy to enforce the Company's risk policies.
- Ensure that management develops a comprehensive risk management program.

- Review management's determination of key balance sheet and off-balance sheet risks.
- Receive and acting on compliance and internal audit reports that are relevant to the risk function.

### 3. Asset Management

- Initiate audit of bus fleet and other operating assets as necessary.
- Consumption and stock items shall be performed semi-annually, and a report shall be provided to the Board.
- Review and recommend annual capital programme/budget.
- Review assets register annually.
- Review policies/procedures and measurable performance standards for properties.
- Properties shall hereafter include all categories of fixed assets and consumables such as stationery, office supplies and provisions, which are generally utilised within one year of acquisition.
- Review the adequacy and effectiveness of the Company's internal controls in relation to the:
  - o location of assets
  - o maintenance of assets
  - o security of assets
  - o transfer of assets
- prevention of the abuse of assets/improper use of assets
- disaster preparedness
- Review status of regulatory compliance (i.e., determine whether reports and other deliverables are submitted on time).
- Assign at least one representative of the Committee to perform an unannounced visit to physically inspect the property s/he is responsible for on a semi-annual basis and report the results to the Committee.
- Review capital transfers, needs assessments, replacement reserves studies, disposals and capital budgets.
- Ensure that property and fixed asset management concerns are suitably addressed in the pre-development stage of all new projects and in the transition from development/construction to ownership/occupancy.
- Review the appropriateness of policies and procedures relating to the management of vehicles owned and/or operated by the Company and assess the level of compliance.
- Review policies and procedures relating to the acquisition and disposal of assets and assessing the level of compliance.
- Consider applications and make recommendations for the disposal of assets costing over Ten Thousand Dollars (\$10,000).
- Assess the cost effectiveness of the operation of vehicles owned and/or operated by the Company.

- Examine the end of year report on fixed assets and the adequacy of insurance coverage.
- Review and make recommendations for the update of the committee Terms of Reference.

#### 4. Corporate Governance

- Assist the Board of Directors to determine, understand and work within the legal, cultural, and institutional frameworks that affect the goals and direction of the JUTC and advise on matters of corporate governance. Consider any request that will assist the board in meeting its responsibilities regarding corporate governance matters, including adherence to any government statutes and/or guidelines or rules established by applicable regulatory authority such as Ministry of Finance & Planning.
- Provide structures that Directors, Management and Staff can utilize to effectively direct, administer and achieve the objectives of the JUTC.
- Assist the Board in clarifying the aims of the company, then deciding on the best methods by which to achieve these aims.
- Assist the Board in maintaining transparency in structure and decision-making.
- Advise the Board on issues of conflict of interest for individual directors that may come to their attention and actively manage these conflicts of interest, particularly by the directors as a whole and individually.
- Make sure the board fully understands its role and responsibilities.
- Ensure Board Members are familiar with and understand the Company's Articles of Association and Memorandum of Association.
- Assist the Board in ensuring that planning is inclusive, goals fit with the purpose of the corporation, and plans are implemented, monitored and reviewed regularly.
- Annually review each Board Committee with the Board Committee Chair against their terms of reference.
- Set and monitor minimum attendance guidelines for Board of Directors and committee meetings.
- Develop in conjunction with the Chairman of the Board and the Managing Director annual Board goals or improvement priorities.
- Give full consideration to succession planning of the Company, considering the challenges and opportunities being faced and projected requirements of skills and expertise.
- The committee shall prudently employ any powers delegated to it by the Board of Directors for the purpose of carrying out these duties or fulfilling its purpose.

## 5. Procurement

- Approve purchases within internal limits and recommend those requiring external approval at the Ministry, Contracts Committee, or Cabinet level.
- Review and make recommendations for the update of Terms of Reference of the Procurement Committee.

## **Reporting Procedures**

1. The committee members shall conduct an annual review of their work and these terms of reference and make recommendations to the Board
2. The committee's duties and activities during the year shall be disclosed in the Company's Annual Report as a subset of the report on Corporate Governance.
3. The committee chairman shall attend the AGM and shall answer questions, through the chairman of the Board, on the audit committee's activities and their responsibilities.