



**Audit and Risk Management Committee,
(to incorporate Asset Management, Corporate Governance and Procurement)**

Terms of Reference

Purpose

The purpose of the Committee is to assist the Board in monitoring:

a) Audit

- The integrity of the Company's financial statements;
- The independent auditors' qualifications, independence, and performance
- Management's responsiveness to the external auditors' findings
- The performance of the Company's internal audit function

b) Risk Management

The Company's risk policies including risk tolerances consistent with the Risk Management Programme.

c) Asset Management

The effective management of Government's significant investment in the assets of the Company

d) Corporate Governance

- The compliance by the Company with legal and regulatory requirements.
- The development and regular assessment of the company's approach to corporate governance issues.

e) Procurement

- Monitor compliance with the Government procurement policy for both capital and recurrent expenditure.

Membership

The members of the Committee shall be three non-executive directors.

The Chairman of the Committee shall be selected by the Chairman of the Board.

The quorum of the Committee shall be two members.

Invitees include the respective Department Heads plus other members of the Executive and Managers as required.

Secretary

The secretary of the company shall be the secretary of the Committee.



Frequency of meetings

The Committee will meet at least four times a year. In order to discuss audit related matters meetings will be held at the commencement and conclusion of the annual external audit process.

At least once a year the Committee shall meet the external auditors without executive officers present.

The external auditors may also request a meeting if they consider that one is necessary.

Minutes

The minutes of meetings of the Committee shall be circulated to all members of the board.

Duties and responsibilities

Audit

- Consider the appointment of the external auditor, the audit fee, and any questions of resignation or dismissal of the external auditors:
- Discuss and agree with the external auditor before the audit commences the nature and scope of the audit:
- Review from time to time the cost effectiveness of the audit and the independence and objectivity of the external auditor:
- 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 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 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 the major findings of internal investigations and management's response;
- 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 also 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.

Risk Management

- Reviewing and recommending to the Board in conjunction with executive officers, proposed aggregate loss limit targets.
- Reviewing 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
- Reviewing management's determination of what constitutes key balance sheet and off-balance sheet risks.
- Receiving and acting on compliance and internal audit reports that are relevant to the risk function

Asset Management

- Initiate audit of bus fleet and other operating assets twice/year e.g. generator, compressor;
- Consumption and stock items to be performed semi-annually and report be provided to the Board;
- Review and recommend annual capital programme/budget;
- Review asset 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:
 - location of assets
 - maintenance of assets
 - security of assets
 - 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.

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.
- To assist the Board to be transparent 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, taking into account 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.

Procurement

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

General

- Consider other matters as defined by the board;
- Report on all of the above matters to the board.