



Praxis Fides Mutual Benefit Association, Inc.

Praxis Fides MBAI Bldg., 35 Paseo del Congreso, Catmon, Malolos City of Bulacan

Website: www.praxisfides.webs.com *E-mail Add. praxisfides@gmail.com

Telephone: (044) 791-3558; (044) 662-4288; (044) 662-4019

AUDIT COMMITTEE CHARTER

I. INTRODUCTION

The Audit Committee has been formed to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.

II. OBJECTIVES

The Committee shall provide internal audit service, monitor the adequacy and effectiveness of the internal control manual of the Association and they shall report to the Annual General Meeting.

III. STRUCTURE

A. Membership

1. The Audit Committee membership is to be composed of three (3) non-executives and headed by an independent trustee.
2. All members having the ability to read financial reports, and preferably with accounting background.
3. The Chairman of the Audit Committee is not Chairman of the Board or of any other committee.

B. Meetings

1. Meetings shall be held at a frequency determined by the Audit Committee but in any event not less than four (4) times a year. Special meetings may be convened by the Chairman as needed;
2. A quorum shall constitute more than half the number of members of the Audit Committee;

3. A resolution shall constitute the majority votes by committee members present during the meeting;
4. The Audit Committee may invite other officers/personnel or representatives of management as well as other members of the workforce (Area Coordinators and Area Representatives) responsible for any matter related to the meeting agenda to provide representation in the meeting;
5. The Secretary of the Audit Committee shall arrange the meeting schedule and prepare the agenda. The Secretary shall provide copies of the meeting agenda, risk management reports, minutes of previous meeting, and other necessary documents to all committee members as soon as practicable before each meeting.

IV. Duties and Responsibilities

- a. The Audit Committee shall oversee the financial and disclosure process including the performance of the internal audit and external audit functions; and provide first-instance review of reports coming from these sources.
- b. Monitor accounting policies and principles, as well as risk management policies and practices and ensure that such are always adequate, effective and enforce.
- c. Monitor, coordinate and facilitate compliance with existing laws, rules and regulations.
- d. Act as internal audit arm of the company.
- e. Recommend appointment or removal of the company's external auditor.
- g. Create guidelines and policies for non-audit services of external auditor.

Policies and Guidelines on Non-Audit Services

Praxis Fides MBAI's approach to engaging the external auditor for the performance of non-audit and other services ensures that those services:

- a) Are approved by appropriate levels of Praxis Fides MBAI's management.
- b) Do not impair the independence of the external auditor.
- c) Are regularly reported to the Association's Audit Committee.

Independence considerations

The Board of Trustees must satisfy themselves that the services provided by the external auditor do not compromise external auditor independence. Factors that the directors should consider include:

- a) The level of fees paid for the provision of other services as a proportion of total fees paid to the external auditor.
- b) Whether the audit fees are sufficient to adequately compensate the external auditors or whether the audit fees are at a level that could increase the need for the external auditor to perform other services to make the external audit commercially viable.
- c) The external auditor's independence declaration which is required to identify whether there have been any contraventions of external auditor independence requirements.

Reporting

- a.) All non-audit services provided by the external auditor must be reported to the audit committee by the external auditor.
- b.) Details of fees paid to the external auditor must be disclosed in the annual report as specified by applicable financial reporting standards and corporate governance codes.

Approval process

The Association protects the independence and objectivity of the external auditor by mandating an approval process for engaging the external auditor. The audit committee has defined the services that may not be provided by the external auditor. The audit committee has identified specific types of services that are considered to be pre-approved