



Audit and Risk Management Committee Charter

1. ESTABLISHMENT

- 1.1 The Board of the Spectrum Management Authority "the Authority" had established the Audit and Risk Management Committee of the Board (hereinafter called the Committee) with all the powers and duties set forth in this charter and subsequent resolutions of the Board.
 - 1.1.1 The Committee shall prudently employ any powers delegated to it by the Board of Directors for the purpose of carrying out its duties or fulfilling its purpose.

2. PURPOSE

- 2.1 The Audit and Risk Management Committee of the Spectrum Management Authority (the SMA) exercises an independent review function to assist the Board of Directors in fulfilling its oversight responsibilities. The Committee evaluates and monitors the adequacy of and compliance with internal controls pursuant to statutory requirements, Board policies, applicable Government policies and internal policies.
- 2.2 The Committee acts to ensure that the SMA adheres to its Corporate Governance mandate in the specific areas of enterprise risk management, accounting policies, internal controls, compliance systems and procedures as well as financial reporting practices.
- 2.3 With the enactment of the Public Bodies Management and Accountability (Amendment) Act 2011 (PBMAA), the Audit and Risk Committee is required to act as an advisor to the Board of Directors. This has also been articulated in the Corporate Governance Framework for Public Bodies (revised September 2012) at Principles 13 and 14.
- 2.4 The Committee provides a critical service to the Board by bringing to its attention pertinent information raised by Internal and External Audits. The Committee shall be entitled to rely on the integrity and expertise of those persons (e.g. the Internal Auditor, Risk Manager, Process Owners, et al) providing information to the Committee and on the accuracy and completeness of such information.

The risk oversight role also includes ensuring that the business is being run in alignment with the company's risk appetite.



Audit and Risk Management Committee Charter

2.5 The Committee reports directly to the Board on its assessment of the entity's financial, operational, risk and administrative accountability, and provides advice and guidelines to the entity's Board on matters brought to the Committee's attention or on its own volition.

3. MEMBERSHIP

3.1 The members of the Committee shall be no fewer than four (4) non-executive directors of the Board, to include a Chairman. The Chairman of the Board shall appoint the Chairman of the Committee who should be an independent non-executive director. ¹A Director will not be considered to be "independent" if any of the following conditions exist at the time of determination or existed at any time during the preceding five-year period:

- The Director is employed by the SMA or the portfolio Ministry;
- An immediate family member of the Director is employed as an officer of the SMA;
- The Director is employed by or affiliated with the SMA's independent auditor;
- An immediate family member of the Director is employed as a partner, principal or manager by the SMA's independent auditor; or
- An executive officer of the SMA serves on the Board of Directors of a company that employs the director or employs an immediate family member of the director as an officer;
- For purposes of the above, "immediate family member" includes spouse, parents, children, siblings, mothers-in-law, fathers-in-law, sons-in-law, daughters-in-law, brothers-in-law, sisters-in-law and other persons living in the director's home (not including employees of the Director).

3.1.1 ²The majority of the members of the Committee should be financially literate and at least one member of the Committee should be a qualified accountant

¹ Page 24; Term and Definition: The GOJ Policy Guidelines for the Nomination, Selection and Appointment of the Boards of Public Bodies

² Corporate Governance Framework for Public Bodies (2012) Principle 13 (1)



Audit and Risk Management Committee Charter

registered under the Public Accountancy Act or should have significant, recent and relevant financial experience and knowledge.

3.1.2 ³The Committee should not include the Chairman of the Board and where possible Chairman of the Finance and Procurement Committee.

3.1.3 The Internal Auditor and Risk Manager shall be invitee to all meetings of the Committee.

3.2 *Co-opted Members and Invitees*

3.2.1 The Chairman of the Committee shall with the approval of the Board, co-opt or invite to its meetings, any individual who is not a member of the Board but who possesses the necessary skills and qualifications to assist the Committee to adequately perform its functions.

3.2.2 Co-opted members shall not be more than two (2). ⁴Every co-opted individual shall have all rights and responsibilities of the other members of the Committee with respect to the work of the Committee.

3.2.3 Invitees also include the head of entity, respective department heads and immediate support staff. Invitees are not allowed to vote and cannot be counted for purposes of a quorum.

4. QUORUM

4.1 The quorum for meetings consists of three (3) members of the Committee of which two (2) must be a member of the Board.

5. DUTIES AND RESPONSIBILITIES

5.1 The roles and responsibilities of the Audit and Risk Committee are as follows:

5.1.1 advise the Board on:

- practices and procedures which will promote productivity, improved quality and increase volume of service;
- the extent to which the objectives of the Board are being achieved;

³ Corporate Governance Framework for Public Bodies (2012) Principle 13 (2)

⁴ Public Bodies Management and Accountability Act: Section 8 (8)



Audit and Risk Management Committee Charter

- the adequacy, efficiency and effectiveness of the accounting, internal control & risk management structure and systems of the Board;
- 5.1.2 review and advise the Board on the audited financial statements that are to be included in the annual report of the SMA;
- 5.1.3 oversee any internal audit of the SMA;
- 5.1.4 review and advise the Board on the External Auditor's report;
- 5.1.5 conduct investigations on behalf of other Board committees;
- 5.1.6 in the case of the SMA undergoing a special audit or examination, review and advise the Board with respect to the report of that audit or examination;
- 5.1.7 perform such other functions as are assigned to it by the Board.
- 5.2. **RISK ASSESSMENT, INTERNAL CONTROLS AND FINANCIAL REPORTING**

The Committee shall:

- 5.2.1 Consider the adequacy of risk management and internal controls as well as the accuracy of financial reporting through reviewing (inter alia) the:
 - mechanisms for the assessment and management of risk;
 - plans and results of internal audit activities;
 - plans and results of external audit activities;
 - adequacy of management's response to issues identified by all audit activities.

5.3 External Audit

The Committee shall:

- 5.3.1 review the audit engagement letter, audit plans, timing and scope of the external audit, identify special areas of concern to the External Auditors;
- 5.3.2 review any written reports made by the External Auditors;



Audit and Risk Management Committee Charter

- 5.3.3 review the contents of the management representation letter to the External Auditors;
 - 5.3.4 review the annual audit report and audited financial statements with the External Auditors prior to their recommendation to the Board;
 - 5.3.5 review all recommendations of the External Auditors and, where appropriate, recommend or ascertain that necessary corrective actions have been taken;
 - 5.3.6 review with management and the External Auditors any significant litigation, claim or contingency which could have a material effect on the financial position of the SMA;
 - 5.3.7 review and discuss all reports from and to the Auditor General;
 - 5.3.8 review and discuss all reports from and to the Integrity Commission;
 - 5.3.9 recommend the appointment of External Auditors to the shareholders and Board;
 - 5.3.10⁵ ensure the tenure of service for engagement partners is limited to a maximum contractual period of seven years with follow-on renewals prohibited.
 - 5.3.11⁶ ensure there is mandatory rotation of the engagement partner of the External Auditors;
- 5.4 **Internal Auditor**
- 5.4.1 The Internal Auditor reports to the Board through the Audit Committee. To preserve the independence of the internal audit function, management, through the Managing Director, must first submit suggestions, recommendations concerning change of personnel (whether through suspension, termination, transfer or resignation) to the Audit Committee.

⁵ Corporate Governance Framework for Public Bodies (2012) Principle 13 (7)

⁶ Corporate Governance Framework for Public Bodies (2012) Principle 13 (8)



Audit and Risk Management Committee Charter

5.4.2 The Committee shall:

- review and approve the annual audit plan and all major changes to the plan;
- review the Internal Auditor's activity and performance relative to plan;
- ensure there are no unjustified restrictions or limitations on the internal audit function;
- schedule periodic meetings with the Internal Auditor, without management, to discuss any matters that the Committee or the Internal Auditor believes should be discussed privately;
- initiate internal audits, if required;
- review the reports prepared by the Internal Auditor and the response or determination of management with respect to any findings or recommendations;
- ensure that the Internal Auditor reports directly to the Audit Committee Chairman and administratively to the Managing Director;
- evaluate the performance of the Internal Auditor;
- endorse the selection and termination of the Internal Auditor.

5.5 Risk Manager

The Risk Manager reports directly to the Managing Director and shall provide a quarterly report to the Committee at its meeting. The risk management responsibilities of the Committee shall include, but not be limited to:

- reviewing and recommending the Enterprise Risk Management (ERM) Policy and Framework for Board approval after recommendation for approval by the Corporate Governance and Human Resources Committee;
- approving the SMA's risk appetite statements after recommendation by the Risk Manager;
- ensuring that appropriate resources are in place (including ERM templates, and tools) for the effective execution of the ERM process across the entity;
- ensuring that the risk management system is implemented by the Managing Director with support from the Risk Manager, and that ERM gets embedded in the strategic planning process and daily operations;
- obtaining reports through the Risk Manager and challenges management on the status of the High and Very High Risks on various risks affecting the organisation (e.g. operational, reputational, compliance, strategic and emerging risks) – status to include the budget spent against budget to mitigate the risk, reasons for risk mitigation plans that are behind and revised implementation dates where dates have been missed.



Audit and Risk Management Committee Charter

6. RESOURCES AND AUTHORITY:

- 6.1 The Committee shall have the resources and authority to discharge its responsibilities, including the authority to the extent it deems necessary or appropriate, to retain independent financial, legal or other advisors under the company's procurement guidelines. The Company shall provide funding, for payment of compensation to any independent advisors or administrative support employed for such purposes.

7. MEETINGS

- 7.1 The Audit and Risk Management Committee shall meet quarterly and have the authority to convene additional meetings, as may be required. A meeting may be called by the Chairman or by the majority of the members of the committee.

The Committee shall keep detailed records of its meetings and such records shall be made available to the External Auditors and any examiner of the SMA during any external audit or examination. The Company Secretary will be the custodian of all minutes of the meeting.

The Committee may meet by video conference or telephone conference call if its members so decide.

- 7.2 Meeting agendas and documents will be prepared for each meeting and provided at least five (5) calendar days prior to the date of the Committee meeting along with appropriate briefing materials.

8. AUTHORITY

- 8.1 The Committee has the authority to:
- conduct investigations into any matters within its scope of responsibility.
 - seek any information it requires from employees, all of whom are directed to cooperate with the Committee's requests;
 - meet with officers, external auditors or independent counsel as necessary;
 - recommend to the Board that independent counsel, experts and other advisors be retained to advise the Committee or assist in the conduct of an



Audit and Risk Management Committee Charter

investigation. The SMA shall make annual budgetary provisions to enable such engagement.

9. ACCESS

- 9.1 The Internal and External Auditors shall have direct access to the Audit and Risk Committee at any time. Either Auditor shall have the right to contact the Chairman of the Audit and Risk Committee to request a special meeting.
- 9.2 The Committee is authorized to review internally and externally generated complaints and concerns regarding internal operations, controls, general policy and procedure which have been brought to the attention of management.

10. REPORTING RELATIONSHIPS

- 10.1 The Committee shall report directly to the Board on the work and findings of the Internal and External Auditors.

11. RESPONSIBILITY OF MANAGEMENT TO THE COMMITTEE

- 11.1 The management of the SMA is directly responsible for the SMA's accounting, financial operational and administrative processes, including the organization and maintenance of appropriate internal controls designed to safeguard assets, and establishing the reliability of accounting, financial, operational and administrative information and ensuring adherence to approved policies.

12. COMMITTEE SECRETARY/MINUTES

- 12.1 The Secretary for the Committee shall be the Company Secretary who shall appoint a recording secretary to take the minutes of the meetings.
- 12.2 The Company Secretary is required to:
- circulate the notices, agenda and minutes of the Committee meetings;
 - maintain the records of the Committee's meetings



Audit and Risk Management Committee Charter

13. CONFLICT OF INTEREST:

13.1 Where there is a conflict of interest, the Committee Member so affected shall declare his/her interest to the Committee Chairman, and the details of the conflict are to be recorded by the Secretary. That member shall not participate in the deliberations on the particular matter and will recuse himself/herself from the discussion in respect of those interests during the period of discussion of the matter.

14. REMUNERATION

14.1 Members of the Committee will be compensated for meetings attended as per the guidelines of the Ministry of Finance.

15. REVIEW

The Charter shall be reviewed every two (2) years or at such intervals as the Committee/Board may require.

Title:	<i>Spectrum Management Authority Audit and Risk Committee Charter</i>
Recommended By:	<i>Audit and Risk Committee</i>
Date of Recommendation:	<i>May 12, 2023</i>
Reviewed By:	<i>Corporate Governance and Human Resources Committee</i>
Review Date:	<i>May 16, 2023</i>
Approved By:	<i>Board of Directors</i>
Date Approved:	<i>June 7, 2022</i>
Managed By:	<i>Company Secretary</i>

A handwritten signature in black ink, appearing to read 'F. Z. Abdolmoham', written over a horizontal line.

Chairman of the Board of Directors

A handwritten signature in blue ink, appearing to read 'D. Ghone', written over a horizontal line.

Company Secretary

