AUDIT COMMITTEE CHARTER

I. Objective & Scope

The Audit Committee's role is to oversee PPSTA's governance, internal control procedures, and accountability systems in a methodical and structured manner. The Committee offers counsel and direction to the Board of Trustees and Management regarding the suitability of PPSTA's programs for:

- Upholding morals and principles.
- The governing system is being strengthened.
- Preventing fraud and managing risks.
- The basis for internal control.
- Supervision of external auditors, the Internal Audit Office, and other assurance suppliers.
- For the advantage of PPSTA members, financial accounts and public accountability reporting must be accurate.

In general, the Audit Committee examines these areas, finds possible changes, and gives the Board objective opinion and suggestions about the suitability and efficacy of Management's procedures.

II. Good Governance Principles

The PPSTA Manual of Corporate Governance and other relevant rules of the Insurance Commission and other regulatory bodies' good governance and transparency standards will be followed by the Committee.

III. Authority

The Board of Trustees has given the Audit Committee permission to perform the duties outlined in this Charter.

It will have unfettered access to management, staff, and pertinent data needed to carry out its responsibilities. A Board-approved procedure must be followed by the

Committee and/or the Head of Internal Audit in the event that access to specific documents is refused for legal or confidentially reasons.

The Committee anticipates candid and open communication with management, employees, and outside assurance providers, and may enlist independent counsel or other consultants as needed.

IV. Resources

The Committee will have the resources and power necessary to carry out its duties, including the exclusive right to hire, retain, and fire independent consultants as needed or beneficial to the Committee's work. The Committee will also be able to set the terms and fees for hiring these consultants, which will be covered by the Association.

V. Responsibilities

A. Values and Ethics
- Examine procedures and policies to make sure they adhere to PPSTA's Code of Conduct and moral principles.
- Oversee the systems that encourage all officials, staff, and members involved in PPSTA activities to uphold the highest ethical standards.
- Examine the mechanisms put in place to keep an eye on adherence to rules, laws, and moral principles.

B. Organizational Governance

-Examine and offer guidance on PPSTA's governance procedures to make sure they function as planned.

C. Risk Management
- Review and provide advice on Management's risk management processes, including those related to teachers' welfare funds, insurance operations, and other member-benefit programs.

-Examine and offer guidance on Management's risk management procedures, such as those pertaining to insurance operations, teacher welfare funds, and other member-benefit initiatives.

D. Fraud Prevention

-Oversee the measures taken by management to prevent fraud.
-Make sure that those who commit fraud are dealt with appropriately.
- Demand that management and auditors attest to the existence of appropriate antifraud procedures.

E. Internal Control

-Examine the efficacy and sufficiency of PPSTA's internal controls, especially those pertaining to financial reporting and IT.
- Get updates on substantial findings from regulators and assurance providers.

F. Compliance

- Review PPSTA's adherence to tax laws, Insurance Commission rules, and other legal obligations.
- Examine punitive measures and investigate noncompliance concerns.

G. Internal Audit

- Every year, review and approve the Internal Audit Charter.
- Suggest to the Board the Head of Internal Audit's hiring, performance review, and remuneration.
- Accept the risk-based internal audit strategy and examine the findings and suggestions of the internal audit.
- Make certain that internal audit quality evaluations are carried out on a regular basis.

H. External Audit

- Make recommendations to the Board regarding the appointment, reappointment, or dismissal of PPSTA's Insurance Commission-accredited external auditor.
- Examine the external audit's findings, independence, and breadth.
- Make sure that the external audit firm is rotated at least every two years.
- To avoid conflicts of interest, review non-audit services.

I. Financial Statements & Accountability

- Prior to board approval, examine the annual and interim financial statements, paying particular attention to adherence to legal and accounting requirements.
- Review management's replies and supervise the resolution of audit findings.
- Assure PPSTA members and regulators of accurate reporting.

J. Reporting Responsibilities

Every year, the Board of Trustees will receive a report from the Audit Committee that summarizes its work, conclusions, and suggestions. To guarantee openness and accountability to PPSTA members, reports may also be given during the Annual General Membership Meeting.

VI. Membership

- Five (5) members of the Board of Trustees, the majority of whom should be independent, will make up the Committee.
- The committee's chairman will be an independent trustee.
- Members must possess the necessary training and experience in law, accounting, finance, auditing, or governance.

VII. Meetings

- Prior to Board meetings, the Committee will convene at least every three months or more frequently as needed.
- When necessary, resource people (such as the head of finance, an internal auditor, or an external auditor) may be invited.
- Minutes must be accurately documented and kept up to date.

VIII. Conflict of Interest

Members of the committee are required to declare any prospective or current conflicts of interest and to abstain from participating on matters involving them.

IX. Technical Working Group (TWG)

To offer technical support, conduct assessments, and guarantee the accuracy of reports and risk assessments for PPSTA, a Technical Working Group (TWG) made up of Internal Audit personnel and other support officers may be established.

X. Orientation and Training

Committee members will get ongoing training on audit and risk management as well as orientation on PPSTA's governance structure.

XI. Board Assessment

Periodically, the Audit Committee's performance will be assessed using PPSTA's Performance Management System.

XII. Charter Review

Subject to board of trustee approval, this charter will be reviewed at least every two years or more frequently as needed.