

- h. To perform such other duties and responsibilities as may be assigned by the SSC.

5. **AUDIT COMMITTEE** - The Audit Committee<sup>24</sup> shall consist of a Chairperson and not exceeding four (4) members to be appointed by the SSC from among the members and who shall serve for a term of one (1) year. The Chairperson of the AC shall be designated from among its members by the SSC. The Chairperson shall have an audit, accounting or finance background. The SSC may designate a non-voting member who shall be a Certified Public Accountant from among the officials of the SSS upon recommendation of the President and Chief Executive Officer (PCEO), and whose term shall be coterminous with the regular members.

**Duties and responsibilities of the Committee:**

- a. Promote transparency and public accountability of the SSS and strengthen corporate governance by evaluating and improving processes through which goals are established, communicated, accomplished and monitored where stakeholders' support is guaranteed and values preserved;
- b. Ensure efficiency, effectiveness and relevance in the implementation of all SSS programs<sup>25</sup> through measures and remedial actions, if required, that can be implemented immediately resulting in the efficient, effective and economical use of resources;
- c. Assist the Commission in its oversight of the integrity of the SSS' financial statements, compliance with legal and regulatory requirements, the qualifications and independence of the external auditors and the performance of the SSS' internal audit staff and external auditors as well as coordination with the Commission on Audit (COA);
- d. Review and approve audit plans with regard to adequacy and completeness, scope and frequency, the quarterly, semi-annual and annual financial statements before submission to the Commission, focusing on changes in the accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, going concern assumptions, compliance with accounting standards, inputs from Management, key performance indicators (KPIs) and compliance with tax, legal, regulatory and COA requirements;
- e. Review the organizational structure and scope of functions of the Internal Audit Service (IAS) including its performance, and recommend to the Commission for approval changes/revisions as regards the Internal Audit Charter, structure and scope of the IAS including internal auditing policies and procedure in order to improve the quality of the internal audit function;
- f. Oversee, monitor and evaluate the adequacy and effectiveness of the SSS internal control system that will ensure the integrity of internal control activities throughout the SSS through a procedures and policies handbook that will be used by the entire organization;
- g. Ensure that internal auditors have free and full access to all SSS records, properties and personnel relevant to and required by its function and that the internal audit activity shall be free from interference in determining its scope, performing its work and communicating its results;
- h. Recommend measures and remedial actions, if necessary, to ensure that the audit plans are carried out completely and effectively;
- i. Receive and review reports of internal and external auditors and regulatory agencies, and ensure that Management takes appropriate corrective actions, in a timely manner in addressing control and compliance functions with regulatory agencies;

<sup>24</sup> Section 16.2.2, *Id.*

<sup>25</sup> 3.1.1, 3.1.2, 3.1.3, SSS Internal Audit Charter.

- j. Review management actions or commitment on audit findings and recommendations. The AC may invite Management to provide pertinent information as may be necessary; and
- k. Evaluate the effectiveness of the risk management processes on the risk exposure of SSS operations including the categories of risk the SSS faces, risk concentrations and risk interrelationships as well as the likelihood of occurrence and the potential impact of those risks and mitigating measures, based on the risk assessment report conducted by the IAS.

**Section 17. Annual Performance Evaluation and Review of Committees and their Composition** - The SSC shall conduct an annual performance evaluation and review of the number and composition of committees to determine whether there is a need to add, combine or reorganize such committees that best serve the interest of SSS, or to comply with the rules and regulations prescribed by its Supervising Agencies.

**Section 18. Annual Performance Evaluation of the Board** - The SSC shall comply with systematic evaluation process of the board formulated by the GCG as a necessary tool in enhancing its professionalism and as a useful incentive for the Commissioners for them to devote sufficient time and effort to their duties. The evaluation should also be instrumental in developing effective and appropriate induction and training programs for new and existing members of the SSC.<sup>26</sup>

The performance evaluation shall cover all Appointive Members of the SSC as basis for the determination of whether they shall be recommended for reappointment. It shall also cover the *Ex-Officio* Member or his/her Alternate for purposes of being able to report to the President of the Republic of the Philippines the performance of such *Ex-Officio* Member, as well as to allow the GCG to develop and evolve a good governance system for *Ex-Officio* Members/Directors in the GOCC Sector.<sup>27</sup>

The SSC shall also represent the SSS in entering into Performance Agreements with the State, through the GCG, for each fiscal year.<sup>28</sup>

### **SSS MANAGEMENT AND ITS RESPONSIBILITIES**

**Section 19. The SSS Management** - The SSS Management is the body given the authority to implement the policies determined by the SSC<sup>29</sup> and is tasked with directing the day-to-day activities of the SSS by translating the targets approved by the SSC into concrete plans, programs and strategies.<sup>30</sup> This is headed by the President and Chief Executive Officer.

The SSS Management is responsible to the SSC for the success of the implementation of the SSS infrastructure through the following mechanisms in its organization as set by the SSC: organizational structures that work effectively and efficiently in attaining the goals of SSS; useful planning, control, and risk management systems that assess risks on an integrated cross-functional approach; information systems that are defined and aligned with an information technology strategy and the business goals of SSS; and a plan of succession that formalizes the process of identifying, training, and selecting successors in key positions in SSS.<sup>31</sup>

<sup>26</sup> Section 17, GCG-MC No. 2012-07.

<sup>27</sup> Section 2, GCG-MC No. 2014-03.

<sup>28</sup> Article 27.1, GCG-MC No. 2012-06.

<sup>29</sup> Adopted from SEC Memorandum Circular No. 2.

<sup>30</sup> Adopted from Section 18, GCG-MC No. 2012-07.

<sup>31</sup> Section 18, GCG-MC No. 2012-07.