



cablebahamas

CABLE BAHAMAS GROUP CHARTER OF AUDIT & RISK COMMITTEE

MANDATE

The mandate of the audit committee is to provide a structured, systematic oversight of the Group's risk management and internal control practices. The committee assists the board and management by providing advice and guidance on the adequacy of the Group's initiatives for:

- a) Risk management.
- b) Internal control framework and Oversight of the internal audit activity, external auditors, and other providers of assurance.
- c) Financial statements and public accountability reporting.

In broad terms, the audit committee reviews each of the items noted above and provides the board with independent advice and guidance regarding the adequacy and effectiveness of management's practices and potential improvements to those practices.

Risk management

To obtain reasonable assurance with respect to the Group's risk management practices, the audit committee will:

1. Annually review the Group's risk profile.
2. Obtain from the Chief Audit Executive an annual report on management's implementation and maintenance of an appropriate enterprise-wide risk management process.
3. Provide oversight on significant risk exposures and control issues, including fraud risks and other matters needed or requested by senior management and the board.
4. Review and provide advice on the risk management process established and maintained by management and the procedures in place to ensure that they are operating as intended.

Fraud

To obtain reasonable assurance with respect to the Group's procedures for the prevention and detection of fraud, the audit committee will:

1. Oversee management's arrangements for the prevention and deterrence of fraud.
2. Ensure that appropriate action is taken against known perpetrators of fraud.
3. Challenge management and internal and external auditors to ensure that the entity has appropriate anti-fraud programs and controls in place to identify potential fraud and ensure that investigations are undertaken if fraud is detected.

Compliance

The audit committee will:

1. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
2. Review the observations and conclusions of internal and external auditors and the findings of any regulatory agencies.
3. Review the process for communicating the code of conduct to the Group's personnel and for monitoring compliance.
4. Obtain regular updates from management and the Group's legal counsel regarding compliance matters.

Internal Controls and Oversight of the internal audit activity, external auditors, and other providers of assurance.

1. Review and assess the adequacy and effectiveness of the Group's system of internal control and management information systems through discussions with management and the external auditors to ensure that the Group maintains:
 - a. the necessary books, records, and accounts in sufficient detail to reflect the Group's transactions accurately and fairly.
 - b. effective internal control systems; and
 - c. adequate processes for assessing the risk of material misstatement of the financial statement and for detecting control weaknesses or fraud.
2. Periodically assess the adequacy of such systems and procedures to ensure compliance with regulatory requirements and recommendations.

Internal Audit

1. Review and approve the **internal audit charter** at least annually. The charter should be reviewed to ensure that it accurately reflects the internal audit activity's purpose, authority, and responsibility, consistent with the mandatory guidance of the IIA's International Professional Practices Framework and the scope and nature of assurance and consulting services, as well as changes in the financial, risk management processes of the Group.
2. Review and provide input on the **internal audit activity's strategic plan**, objectives, performance measures and outcomes. Review and approve proposed risk based internal audit plan and make recommendations concerning internal audit projects.
3. Review and approve the **internal audit plan and engagements work programme**, including reviewing internal audit resources necessary to achieve the plan. Review the internal audit activity's performance relative to its audit plan.
4. Review **internal audit reports** and other communications to management.

5. Inquire of the CAE whether any evidence of fraud has been identified during internal audit engagements.

External Audit

1. Review the performance of the external auditors, including the lead partner of the independent auditor's team and recommend to the Board the external auditors to be nominated for the purpose of preparing or issuing an audit report or performing other assurance services for the Group and the compensation of the external auditors.
2. Oversee the work of the external auditors with respect to any assurance services for the Group, including the resolution of issues between management of the Group and the external auditors.
3. Review the results of the external audit and the report thereon including, without limitation, a discussion with the external auditors as to the quality of accounting principles used, any alternative treatments of financial information that have been discussed with management of the Group, the ramifications of their use as well as any other material changes. Review a report describing all material written communication between management and the auditors such as management letters and schedule of unadjusted differences.
4. Discuss with the external auditors their perception of the Group's financial and accounting personnel, records and systems, the cooperation which the external auditors received during the audit and availability of records and other requested information and any recommendations with respect thereto.
5. Review the independence of the external auditors, including a written report from the external auditors respecting their independence and consideration of applicable auditor independence standards.
6. Review annually a report from the external auditors in respect of their internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review of the external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors, and any steps taken to deal with any such issues.
7. Pre-approve all non-audit services to be provided to the Group by its external auditors or by the external auditors of such subsidiary entities.

The audit committee will regularly review reports on the progress of implementing approved management action plans and audit recommendations resulting from completed audit engagements.

Financial statements and public accountability reporting.

1. Review and recommend to the Board for approval, the quarterly financial statements, management discussion and analysis, financial reports, and any public release of financial information through press release or otherwise.
2. Review and recommend to the Board for approval, the audited annual financial statements, including the auditors' report thereon, management discussion and analysis and financial reports.
3. Review and recommend to the Board for approval, where appropriate, financial information contained in any prospectuses, annual information forms, material change disclosures of a financial nature and similar disclosure documents.
4. Review with management of the Group and with external auditors significant accounting principles and disclosure issues and alternative treatments under international financial reporting standards ("IFRS") all with a view to gaining reasonable assurance that financial statements are accurate, complete, and present fairly the Group's financial position and the results of its operations in accordance with IFRS.

MEMBERSHIP AND PROCEDURES

1. The Committee will be comprised of three directors each of whom will be independent and financially literate. The Board may remove or replace a member of the Committee at any time. The Group adopts: (a) the meaning of independence described in Multilateral Instrument 52-110 *Audit Committees* (the "Instrument"); and (b) the provisions of Sections 3.3 to 3.5, inclusive, of the Instrument relating to certain membership requirements.
2. The Board will appoint the Chairman of the Committee. The Secretary of the Group will act as the secretary at meetings of the Committee, or, in his/her absence, the Chairman of the committee may appoint any member or any other person to act as secretary. The secretary will keep minutes of the proceedings at any meeting of the Committee setting out in reasonable detail the business conducted at such meeting. Minutes of the meetings of the Committee will be distributed by the Secretary to the members of the Committee and to the Board.
3. Meetings of the Committee will be held at such times and places as the Chairman may determine, but in any event not less than four times per year. Twenty-four (24) hours notice of each meeting will be given to all members of the Committee and to the external auditors of the Group. Notice of a meeting may be waived if all members of the Committee are present at a meeting and waive notice or if a member who is not present waives notice before or after such meeting.
4. A majority of members of the Committee will constitute a quorum and decisions of the Committee will be by an affirmative vote of the majority with the Chairman having a deciding vote in the event of a tie.

5. At the request of the external auditors of the Group, the Chief Executive Officers or the Chief Financial Officer of the Group or any member of the Committee, the Chairman will convene a meeting of the Committee.
6. The Committee has the authority to:
 - a. engage independent counsel and other advisors as it determines necessary or desirable to carry out its duties.
 - b. set and pay the compensation for any advisors engaged by the Committee; and
 - c. communicate directly with internal and external auditors.
 - d. Direct management on the implementation of required controls and actions to protect the assets and operations of the group.

OVERSIGHT FUNCTION

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Group's financial statements are complete and accurate or are in accordance with IFRS and applicable rules and regulations. These are the responsibilities of Management and the external auditors. The Committee, its Chair and any Committee members identified as having accounting or related financial expertise are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Group, and are specifically not accountable or responsible for the day-to-day operation or performance of such activities. Although the designation of a Committee member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and Board in the absence of such designation. Rather, the role of a committee member who is identified as having accounting or related financial expertise, like the role of all Committee members, is to oversee the process, not to certify or guarantee the internal or external audit of the Group's financial information or public disclosure.