



MEMO

To: Board of Directors
From: Company Secretary
Subject: **AUDIT COMMITTEE – ANNUAL MEETING PROGRAM**

Being an ASX-listed company obliges us to have an Audit Committee. However, in my opinion, the Committee does not go about its business in a very structured way.

Therefore, I set out below a proposed “annual activities program” for the Committee, based on 4 meetings per year (with a 30 June annual balance date), which covers off some key points to be looked at and considered each quarter and spreads the workload over the year:

October Meeting

- Debriefing with CFO and external auditor on the preparation of the annual report and the activities of the previous year;
- Review Committee Charter and consider plans for the coming year;
- Presentation by insurance officer and broker of insurance plan for the current year;
- Consider matters raised by the external auditors in their management letter and management’s response. Consider implementation of new controls arising from the letter;
- Review reports on certain aspect of the company’s superannuation plan and compliance with relevant laws and regulations;
- Review policies on sensitive issues or practices such as environmental issues; and
- Consider reports of internal audit arising from their activities for the quarter. Ensure action has been taken by management to address any internal control weaknesses identified.

February meeting

- Review of the operation and effectiveness of internal controls;
- Meet with external auditor to discuss next year’s audit plan and budget;



- Consider and assess the performance of financial management;
- Consider and approve the half-yearly profit announcement in conjunction with the CFO and external auditors;
- Meet with the external auditor to review the results and findings of the audit/review, to discuss the adequacy of internal financial controls, and to monitor the implementation of any recommendations made;
- Review of half-year financial statements; and
- Consider reports of internal audit arising from their activities for the quarter. Ensure action has been taken by management to address any internal control weaknesses identified.

May Meeting

- Annual identification of business risks facing the entity and assessment of the adequacy of internal controls;
- Presentation by senior management on the adequacy of systems of internal control;
- Consideration of financial issues which will impact the annual report;
- Consider reports of internal audit arising from their activities for the quarter. Ensure action has been taken by management to address any internal control weaknesses identified; and
- Annual consideration of the Corporate Code of Ethics and procedures in place to ensure compliance.

August meeting

- Review of related party transactions;
- Reassess the company's main corporate governance practices and consider content of the Corporate Governance Statement for inclusion in the annual report;
- Consider and approve the pro-forma preliminary final statement in conjunction with the CFO and external auditors;
- Meet with the external auditor to review the results and findings of the annual audit, to discuss the adequacy of internal financial controls, and to monitor the implementation of any recommendations made;
- Review of annual financial statements; and



- Consider reports of internal audit arising from their activities for the quarter. Ensure action has been taken by management to address any internal control weaknesses identified.

DISCLAIMER

The comments in this memo reflect some commercial aspects and observations on the matter experienced or observed by the writer in practice as he understands them. The information is given as a guide only and does not represent a definitive or legal view of any of the issues raised, covered or referred to and the reader is urged to seek his own professional advice on all aspects of, or pertaining to, this and any related matter.