

**GUIDELINES FOR THE SELF- ASSESSMENT WORKSHEET OF AUDIT COMMITTEE PERFORMANCE**

**I. Purpose:**

SEC Memorandum Circular No. 4 Series of 2012 sets the guidelines for the assessment of the performance of audit committees (AudCom) of companies listed on the exchange. The assessment can be made whether or not the Audit Committee has performed its duties based on provisions of the Charter and the records of activities and operation of the AudCom.

**II. Policy Guidelines:**

1. Adopt an Audit Committee Charter
2. Provided for the Self- Assessment, the basis thereof is the Audit Committee Charter
3. Required to do annual self-assessment. Initial assessment to commence next year.

**II. Procedure:**

1. A self assessment worksheet shall be provided to each member of the AudCom to accomplish for the assessment of performance of the AudCom.
2. The self assessment worksheet shall be accomplished every January of each year and collated by the Corporate Secretary.
3. The summary of the results shall be submitted to the Chairman of the Governance Committee.
4. The self-rating criteria shall be in accordance with the following:
  - A. There are 3 columns provided for the Assessment, the answer in the first column should be Yes or No only;
  - B. For the 2<sup>nd</sup> Column, answer should be Yes or No, if answer is Yes, the reference document should be cited.
  - C. If answer in the 2<sup>nd</sup> column is No, the 3rd column should be answered by stating the actions needed.

## Self Assessment Worksheet of Audit Committee's Performance

Responsibilities under the Code	Specific Areas/Dimensions (Non-exclusive List)	ASSESSMENT		
		Is this part of the Audit Committee's Charter? (Yes or No)	Has this been Implemented? (If yes, cite reference document)	Follow-up Actions Needed
<b>Setting of Committee Structure and Operation</b>	<ol style="list-style-type: none"> <li>1. Committee size</li> <li>2. Independence Requirement</li> <li>3. Qualifications, skills, and attributes of members and Chair</li> <li>4. Financial knowledge of members</li> <li>5. Succession plan for members and Chair</li> <li>6. Meetings (frequency, etc.)</li> <li>7. Reporting to the Board and issuance of certifications on critical compliance issues</li> <li>8. Evaluations</li> <li>9. Resources including access to outside advisors</li> <li>10. Training and education</li> </ol>			
<b>Oversight on Financial Reporting and Disclosures</b>	<ol style="list-style-type: none"> <li>1. Extent of understanding of the company's business and industry in which it operates</li> <li>2. Compliance with financial reporting regulations</li> <li>3. Recognition of management's responsibility over the financial statements</li> <li>4. Appropriateness of accounting policies adopted by management</li> <li>5. Reasonableness of estimates, assumptions and judgments used in the preparation of financial statements</li> <li>6. Identification of material errors and fraud, and sufficiency or risk controls</li> <li>7. Actions or measures in case of finding of error or fraud in financial reporting</li> <li>8. Review of unusual or complex transactions including all related party transactions</li> <li>9. Determination of impact of new accounting standards and interpretations</li> <li>10. Assessment of financial annual and interim reports as to completeness, clarity, consistency and accuracy of disclosures of material information including on subsequent events and related party transactions</li> <li>11. Review and approval of management representation letter before submission to external auditor</li> <li>12. Communication of the AudCom with legal counsel covering litigation, claims, contingencies or other significant legal issues that impact financial statements</li> <li>13. Fair and balance review of financial reports</li> <li>14. Assessment of correspondence between the company and regulators regarding financial statement filings and disclosures</li> </ol>			
<b>Oversight on Risk Management and Internal Controls</b>	<ol style="list-style-type: none"> <li>1. Obtaining management's assurance on the state of internal controls</li> <li>2. Review of internal auditor's evaluation of internal controls</li> <li>3. Evaluation of internal control issues raised by external auditors</li> <li>4. Assessment of control environment including IT systems and functions</li> </ol>			

	<ol style="list-style-type: none"> <li>5. Setting a framework for fraud prevention and detection including whistle-blower program</li> <li>6. Deliberation on findings of weaknesses in controls and reporting process</li> <li>7. Understanding and assessment of identified risks</li> <li>8. Evaluation of sufficiency and effectiveness of risk management processes and policies</li> <li>9. Preparation and implementation of a <i>Business Continuity Plan</i></li> <li>10. Promotion of risk awareness in the organization</li> </ol>			
<b>Oversight on Management and Internal Audit</b>	<ol style="list-style-type: none"> <li>1. Evaluation of compliance with the Code of Conduct for management</li> <li>2. Communication with management and internal auditor</li> <li>3. Assessment of adequacy of resources and independence of internal auditor</li> <li>4. Qualifications of an Internal Auditor</li> <li>5. In-house or outsource internal audit function</li> <li>6. Compliance with International Standards on the Professional Practice of Internal Auditing</li> <li>7. Review and approval of internal audit annual plan</li> <li>8. Extent and scope of internal audit work</li> <li>9. Reporting process</li> </ol>			
<b>Oversight on External Audit</b>	<ol style="list-style-type: none"> <li>1. Assessment of independence and professional qualifications and competence of external auditor</li> <li>2. Engagement and rotation process of external auditor or firm</li> <li>3. Review and approval of scope of work and fees of external auditor</li> <li>4. Assessment of non-audit services</li> <li>5. Understanding disagreements between the auditor and management</li> <li>6. Actions on the findings of external auditor</li> <li>7. Management's competence regarding financial reporting responsibilities including aggressiveness and reasonableness of decisions</li> <li>8. Evaluation of performance of external audit-reappointment and resignation</li> <li>10. Compliance of external auditor with auditing standards</li> <li>9. Completeness and timeliness of communication with external auditor as to critical policies, alternative treatments, observations on internal controls, audit adjustments, independence, limitations on the audit work set by the management, and other material issues that affect the audit and financial reporting.</li> </ol>			

Comments:

Accomplished by: \_\_\_\_\_

Date: \_\_\_\_\_