

INTERNAL AUDIT AGENCY

AUDIT COMMITTEE TRAINING

CONDUCT OF AUDIT COMMITTEE MEETINGS

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OBJECTIVE OF THE MODULE

- This module is intended to expose participants to the skills, attitudes and experiences needed to use the Audit Committee meeting platform as an effective tool for the delivery of their mandate.

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OUTLINE

1. The Concept of Meeting
2. Preparing for an AC Meeting
3. Audit Committee Meeting Planner
4. Holding an AC Meeting
5. Risks to an effective AC Meeting
5. Meetings of Members of the AC
7. Organising Effective Meetings
8. Recommended Guidance
9. Other Considerations
10. Conclusion

AUDIT COMMITTEE MEETINGS

Types of AC Meetings:

1. Inaugural Meetings
2. Ordinary Meetings
3. Emergency Meetings
4. Special Meetings (Entry and Exit Meetings with External Auditors)

OBJECTIVES OF AN AUDIT COMMITTEE MEETING

- To ensure closure of Audit/M&E findings.
- To approve documents.
- To Share information.
- To make decisions
- To solve Problems

PREPARING FOR AN AC MEETING

Meeting is a major tool for the AC.

To have an excellent meeting, the AC chair should;

- Determine the Agenda of the meeting.
- Ensure purpose of meeting is clear to members.
- Prepare to lead the meeting.
- Ensure meeting starts on Time

PREPARING FOR AN AC MEETING

- ❖ Audit Committees should have a Meeting Planner.
- ❖ The Meeting Planner guides the AC Chair (with input from management and Auditors) in:
 - Developing a detailed agenda for each meeting.
 - Keeping lines.

PLANNING AC MEETINGS

AC MEETING PLANNER

Calendar

1

- ▶ Audit committees should, at the beginning of the year, develop a calendar that outlines what will be covered during each meeting over the course of the year.
- ▶ Quarterly meetings could be planned.

Meeting Agenda

2

- ▶ Once the annual calendar is established, the chairman and management can create meeting agendas that focus on critical risks and priority areas.
- ▶ The agendas should be flexible enough to address any issues that may arise during the year and allow time for critical discussion by committee members.
- ▶ The chairman should consider how to prioritize agenda items so the committee allocates appropriate time to high-priority topics.

Meeting Materials

3

- ▶ As the demands on audit committees increase, it is important for meeting materials to contain information that facilitates discussion and effective decision making.
- ▶ Advance materials should be provided to the audit committee well ahead of meetings and include executive summaries that help members understand risks and issues.
- ▶ Materials should clearly identify the actions to be taken by the committee.

PLANNING AC MEETINGS

AC MEETING PLANNER

Meeting attendees & discussions

4

- ▶ Each attendee should have a role and contribute to the overall goals of the meeting.
- ▶ Critical discussion and engagement in meetings should be encouraged by the chairman and members should come prepared, having read all advance materials and prepared questions for management.
- ▶ The chairman should keep the discussion focused on important topics and reprioritize the agenda if necessary.

Executive Sessions

5

- ▶ Executive sessions allow the audit committee to meet privately with key members of management (e.g., the Principal Spending Officer), the internal auditors etc.
- ▶ They provide an opportunity to discuss sensitive issues that may not be appropriate in a larger meeting.
- ▶ This practice helps keep the lines of communication open between the audit committee and its stakeholders.

HOLDING AN AC MEETING

Important areas for the Committee members to consider.

- ❖ Chairman
- ❖ Quorum
- ❖ Co-opted members
- ❖ Decisions of the Committee

HOLDING AN AC MEETING

Regulation 227 of the PFM Regulations gives guidance on meetings of the AC as follows:

- Quorum is three members including the chair;
- Principal Spending Officer/Head of CE is co-opted to attend.
- Decisions of the AC shall be by a majority of members present and voting.

HOLDING AN AC MEETING

Duties of the AC Chair

- ❖ Plan the opening of the meeting.
- ❖ Encourage open Discussion.
- ❖ Refuse to dominate - speak last and conclude.
- ❖ Keep meeting on track and press for closure.
- ❖ Summarize at the end of each discussion and at the end of the meeting decisions and conclusions.

HOLDING AN AC MEETING

Duties of AC Members

- Prepare
- Speak up early
- Contribute to make comments, observations and suggestions
 - ✓ Be an active participant-Use body language and encourage others when they are speaking.
 - ✓ Be a player. Compliment the chair and other members and contribute to the issues being discussed.
- Be smart ,knowledgeable and take your responsibilities seriously

RISKS TO EFFECTIVE AC MEETINGS

- Group thinking - Tendency to move quickly to a conclusion
- Let us All Get Along syndrome - Desire to avoid conflict.
Uncontrollably Louder and Faster
- Meeting High jacking
- “Politics” in Decision Making

MINIMUM CONTENT OF AN AC MINUTES

- 1) Audit finding/Issue
- 2) Discussions
- 3) Decisions (Action Memo)
- 4) Responsible Persons
- 5) Timelines

KEYACTORS IN AN AC MEETING

1. Chair
2. Members
3. Co-opted Members (PAH, PSO, HIA, HoF)
4. Secretary
5. Any other person invited by the AC

RECOMMENDED GUIDANCE FOR AC MEMBERS

- ❖ Care and be sincere
- ❖ Focus on risk and control issues
- ❖ Be collegial
- ❖ Have leadership
- ❖ Probe/be inquisitive
- ❖ Step back and look at the bigger picture

RECOMMENDED GUIDANCE FOR AC MEMBERS

- ❖ Have private sessions
- ❖ Spend time outside meetings with:
 - Internal Auditor
 - External Auditors
 - Members of Management team
- ❖ AVOID becoming a “RUBBER STAMP” for management
- ❖ Recognize role of CEO and management but advise them
- ❖ Know when to ENGAGE and when to DIRECT
- ❖ Be worthy ambassadors of your nominating Institution

RECOMMENDED GUIDANCE FOR HEAD OF IAU

- ❖ Be a Trusted advisor to the Committee
- ❖ Be well Prepared for the defence of your observations
- ❖ Be Meticulous on Audit Follow-ups
- ❖ Be a Working Partner
- ❖ Be Accessible
- ❖ Be Professional
- ❖ **Be Prepared to admit you do not know**
- ❖ **Be Bold when you are right**

OTHER CONSIDERATIONS

Other important areas for the Committee members to consider.

❖ Members in attendance

❖ Secretary

❖ Conflict of interest

❖ Monitoring

CONCLUSION

Meeting is a major tool for ACs, and we expect the key players especially, the AC Chairpersons, AC members Co-Opted Members and AC Secretaries to develop and acquire key attributes and skills that will ensure effective running, participation and decision making in such meetings to make our respective ACs great.

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Thank you!

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