

RATIONALE FOR AUDIT COMMITTEES

Presentation by:

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The Presentation Outline



- ☐ Definitions and Setting the Scene; Rationale
- ☐ The Legal Perspective
- ☐ The Corporate Perspective
- ☐ A Case Study
- ☐ The Practices of a Healthy BAC
- ☐ The Success of a Healthy BAC
- ☐ Modern Trends
- ☐ Summary & Parting Shot
- ☐ Interactive session

Definitions



- ☐ What is the rationale for BAC?
- ☐ Internal Audit
- ☐ Internal Controls
- ☐ External Audit
- ☐ Financial accounting
- ☐ Compliance
- ☐ Risk Management
- ☐ Accounts review

CASE STUDY



- ☐ My experiences
- ☐ Composition/skill sets/commitment
- ☐ Agenda- whose agenda? How is it set?
- ☐ Regularity-/effectiveness
- ☐ External Auditors/relationships
- ☐ Relationship with Main Board/mangement.
- ☐ Successes

The Challenges Facing BACs



1. Founder Syndrome/Paternalism-
2. Family Culture/conservatism
3. No succession planning (JK example/IM)
4. Lack of talent and training/Capacity “We agree”
5. Poor Communication lead to confusion/crisis
6. Weak Internal Auditors
7. Lack of clear vision & strategy/disjointed agendas
8. Chair/Management control

Challenges (Cont.)



8. Lack of balance of skills/roles
9. Informality and lack of good business practices
10. No clear Mandate/charter
11. Inward focus vs global best practices
12. Continuous Training (IT threats, Audit, Risk)
13. Conflict & vested interest?

The Practices of a Healthy BAC



1. Selection based on skills/merit (GOK/CBK/NS)
2. Diversity in Board-skill, sex, talent, (I M)
3. Diversity in Management/Professional (PDL)
4. Train, Induct, and train (make it part of PE)
5. Plan & Strategize (Nomination)
6. Delegate and seek accountability
7. Involve Auditcom -value them and show it
8. Compensate your board members
9. Goals-oriented (Strategy based)/unity of purpose
10. Technology aligned (Board papers etc)

The Practices of a Healthy BAC (Cont.)



Good faith/integrity

12. Informed

13. Measure own effectiveness/evaluation

14. Committed to good governance

15. Value stakeholders-Internal/External

16. Effective/timely meetings/engaged members

Modern Trends



1. BAC separate from BRC
2. Full Delegation
3. Board Ethics Committee
4. Competitive selection vs old boys club
5. Business insights/innovation/Tech
6. BAC appointed at AGMs vs indepedence
7. Risk Management –reactive vs anticipative
8. Cyber and disruption will shape future

Interactive Session

