

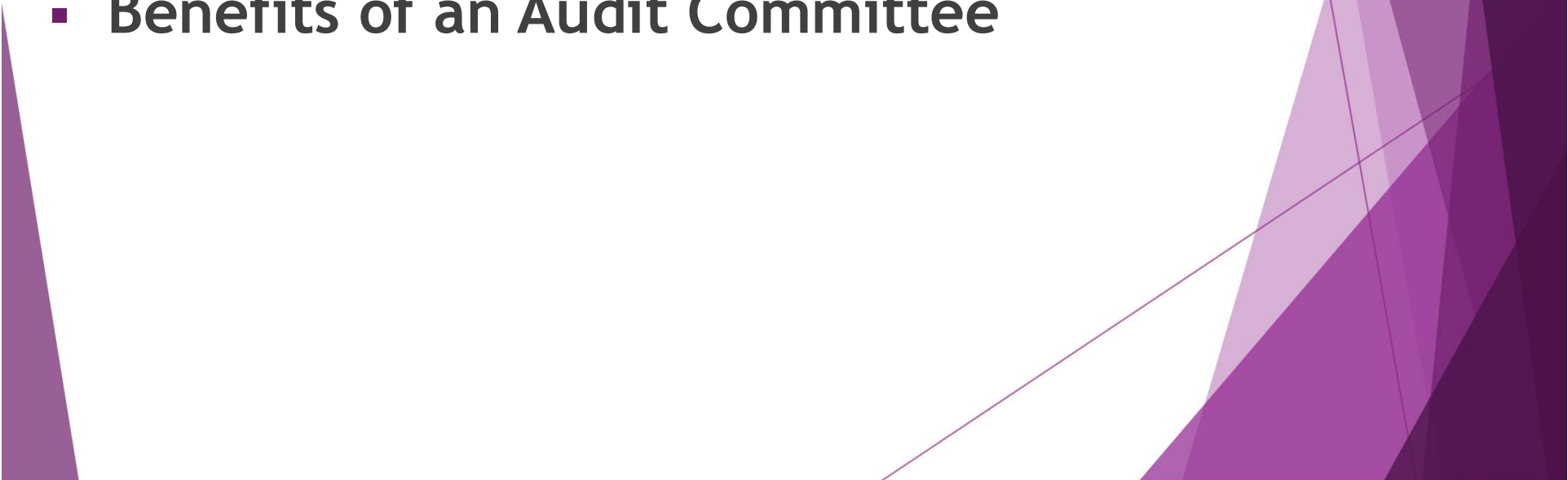


ICPAK's TAX AND PFM SEMINAR - NORTHERN
BRANCH- 26th - 28th MARCH 2019

TOPIC: THE ROLE OF AUDIT COMMITTEE
IN ENHANCING ACCOUNTABILITY

PRESENTATION BY
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Introduction

- **What is an Audit Committee?**
 - **Why an Audit Committee?**
 - **Benefits of an Audit Committee**
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- Decorative purple geometric shapes, including a triangle on the left and a large complex polygon on the right, are positioned at the bottom of the slide.

PILLARS OF GOOD CORPORATE GOVERNANCE

- ◆ Board of Directors (Management)
- ◆ The internal auditors
- ◆ The audit committee
- ◆ The external auditors

Role of The Audit Committee

- ❑ a committee of the **board** that plays a key role in assisting the board to play its **oversight responsibilities** in areas such as:
- ❑ An entity's financial reporting,
- ❑ Internal controls systems,
- ❑ Risk management systems and
INTRODUCTION CONT'
- ❑ The internal and external audit functions

Oversight of financial reporting and internal controls

- The audit committee, management and the independent auditor all have distinct role in financial reporting
- Management prepares the financial statement, establishes and maintains adequate internal controls over financial reporting(ICFR)
- The external auditor expresses an independent opinion on the integrity of the FS

Oversight of financial reporting and internal controls

- ◆ To oversee ICRF successfully, the audit committee should be familiar with the processes and controls that management has put in place
- ◆ The audit committee is responsible for overseeing the entire FR process. They should be familiar with the processes to determine whether they were designed effectively
- ◆ It should monitor the management's assessment of ICFR to help oversee the prevention and detection of financial statement fraud

RISK MANAGEMENT OVERSIGHT

- ◆ Which board committee is responsible for various aspects risk governance and structures
- ◆ How do the various committees oversee risk. Is there appropriate coordination and communication between the various stakeholders
- ◆ Does management provide the board the information needed to oversee risk management
- ◆ What are the companies policies and processes in identifying, assessing and monitoring the major financial risk exposures
- ◆ What measures have the management put in place to mitigate financial risk

OVERSIGHT OF INTERNAL AND EXTERNAL AUDIT FUNCTION

- ◆ The audit committee is directly responsible for the appointment, compensation and the oversight of the independent auditor
- ◆ Meet at least quarterly with the independent auditor to discuss company's financial reporting, internal controls and audit from planning to conclusion of the audit
- ◆ Review with the independent auditor any audit problems or difficulties and management response

OVERSIGHT OF THE INDEPENDENT AUDITOR

- ◆ The audit committee should review a report by the independent auditor describing its quality controls, results of investigations and independence
- ◆ Evaluate the auditor's qualifications, performance and independence
- ◆ Take into account the opinions of the management and the company's internal auditors

OVERSSEING COMPANY'S ETHICAL & COMPLIANCE PROGRAMS

- ◆ Honest and ethical conduct including the ethical handling of actual or apparent conflicts of interest
- ◆ Compliance with applicable laws, rules and regulations
- ◆ Prompt internal reporting of violations to parties identified in the code
- ◆ Accountability for adherence to the code

BENEFITS OF AN AUDIT COMMITTEE

- ◆ Improve financial priorities and reporting
- ◆ Help prevent fraud
- ◆ Develop internal audit function
- ◆ Enhance the external audit
- ◆ Protects and preserves the shareholder's equity and interest

AUDIT COMMITTEES IN THE PUBLIC SECTOR

- ◆ A requirement in all Ministries, Department and agencies, County governments, Parliament, Independent offices and Commissions including public schools
- ◆ At least one member must have relevant qualifications and expertise in audit financial management or accounting with experience in public service or devolved system of governance and knowledge in risk management and a member of professional body and in good standing

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► THANK YOU!