CONDUCTING EFFECTIVE AUDIT COMMITTEE MEETINGS

GOJ AUDIT COMMISSION CONFERENCE 2015
Objectives of the Presentation

- Meeting Trends
- Policies and Procedures
- Meeting Process
- Reasons for Meeting
- Sample Agenda and Action Plan
Meeting Trends

The annual audit committee reports for the financial year 2014-2015 noted the following:

- 10 audit committees had only 3 or less meetings for the year
- 13 members attended less than one meeting for the year
- One committee had no meetings
- Only 4 committees submitted their meeting reports
• **Objective:** To provide a standardized method of conducting audit committee meetings which will assist in the effective execution of critical meeting tasks.

**Policies on Conducting AC meetings**

FAA (Amendment) Act 2009:

- Audit committee shall meet at least quarterly (4 times) for the year
- Chairman may at any time, call a special meeting and cause the meeting to be held within seven (7) days of a written request
- Members’ appointment can be revoked for failing to attend 3 consecutive meetings without reasonable excuse
Policies and Procedures

- **Policies on Conducting AC meetings**
- **Audit Committee Policy 2007:**
  - The **quorum** for a meeting shall be **three (3) members**
  - Committees should submit their **meeting reports** to the Accounting Officer and Commission’s Office **2 weeks after** the meeting was held.
  - The chairman shall request the Accounting Officer of the entity to provide a secretary for the committee, or may appoint one of its members to be secretary of the committee... The secretary shall assist the chairman in:
    - Preparing the agendas for meeting
    - Draft minutes and annual report
    - Collect and disseminate information
Meeting Process

- Prepare
- Follow-up
- Run
Meeting Process

- **PREPARE:**
  - Place, time and schedule of meeting be decided and agreed on by members
  - *Formulate an outline of the purpose of the meeting - An Agenda*
  - Define the goals and objectives you wish to accomplish in the meeting to other members of the committee.
  - Circulate the agenda, action plan, minutes of the last meeting and other relevant documents (e.g. audit report) at least **One week before** the meeting.
  - Be specific and punctual with the timing of the meeting
  - Begin on time and once the **quorum of 3** is achieved start the meeting.
Meeting Process

RUN:
- Invite, in advance, critical persons (Senior Manager, CIA, etc) who can contribute successfully to the meetings and who within their authority, can resolve issues raised.
- Discuss the agenda, exchange information on how to resolve and implement management responses and other audit related matters.
- Follow the agenda and make sure that discussion on any one agenda item is pertinent to that specific agenda item. Don't allow getting off track. Stop it early!
- Encourage full participation, remember it is a team effort.
- Hold executive / private as necessary
- All members can vote. However, if the matter being voted on has a direct relations with a member on the committee, then they should excuse themselves from voting or taking part in such decision.
Meeting Process

• **RUN:**
  - Ensure that concise minutes of the deliberations and decisions are taken.
  - Chair should review/correct minutes and agenda before circulation.
  - Keep meeting participants focused and manage time. Regular meetings should have standard start and end times and not exceed 2-2 ½ hours normally.
  - Pay keen attention to preparation and submissions of report.
Meeting Process

- **FOLLOW-UP:**
  - Define the roles and responsibilities for each member, for instance, who will do what and by when. *Action Plan for the next meeting*
  - Date/time of the follow up report or action should be identified - even if it is a status report instead of the final report.
  - Clarify next steps while together, therefore, prepare agenda for subsequent meeting.
  - Set the date for the next meeting. Dates should be fixed and agreed on, so as to ensure that members can plan around each meeting.
  - Communicate regularly with members (e mails, phone calls etc)
Reasons for Meeting

- Review audit reports
- Analyze and discuss audit issues
- Evaluate the adequacy of recommendations and responses of the auditee
- Review financial statements
- Evaluate the effectiveness of IAUs
## Sample Agenda

### Meeting Agenda

<table>
<thead>
<tr>
<th>Items</th>
<th>Presenter</th>
<th>Time allotted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Welcome</td>
<td>Chairman</td>
<td>5 mins.</td>
</tr>
<tr>
<td>Confirmation of Minutes of previous</td>
<td>Chairman</td>
<td>10-15mins</td>
</tr>
<tr>
<td>meeting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Matter Arising from Minutes (Use action</td>
<td>Taken from action plan</td>
<td></td>
</tr>
<tr>
<td>plan)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Business / Any other Business</td>
<td>All members</td>
<td></td>
</tr>
<tr>
<td>Termination of Meeting</td>
<td>Chairman</td>
<td></td>
</tr>
</tbody>
</table>
### Sample Action Plan

#### Audit Committee Name

#### Meeting Held (insert date)

#### Action Items

<table>
<thead>
<tr>
<th>No</th>
<th>Action Items</th>
<th>Responsible Person(s)</th>
<th>Deadline</th>
<th>Comments/Updates</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Account Payables Finding and Recommendations</td>
<td>CIA/Committee Member</td>
<td>November 22, 2015</td>
<td>Both persons should follow-up with PFO to ensure that overpayment of $ was recovered.</td>
</tr>
<tr>
<td>2</td>
<td>Human Resource Findings and Recommendations</td>
<td>Committee Members</td>
<td>November 22, 2015</td>
<td>Invite Director of HR to the next meeting</td>
</tr>
</tbody>
</table>
Audit committees play a significant role in improving and providing transparency around governance, risk management, and internal control practices of public sector organizations. Therefore, how a meeting is conducted, what is discussed at each meeting and the frequency of the meetings will indicate whether the AC is effective in executing its role.