



# Audit Committees





# Introduction

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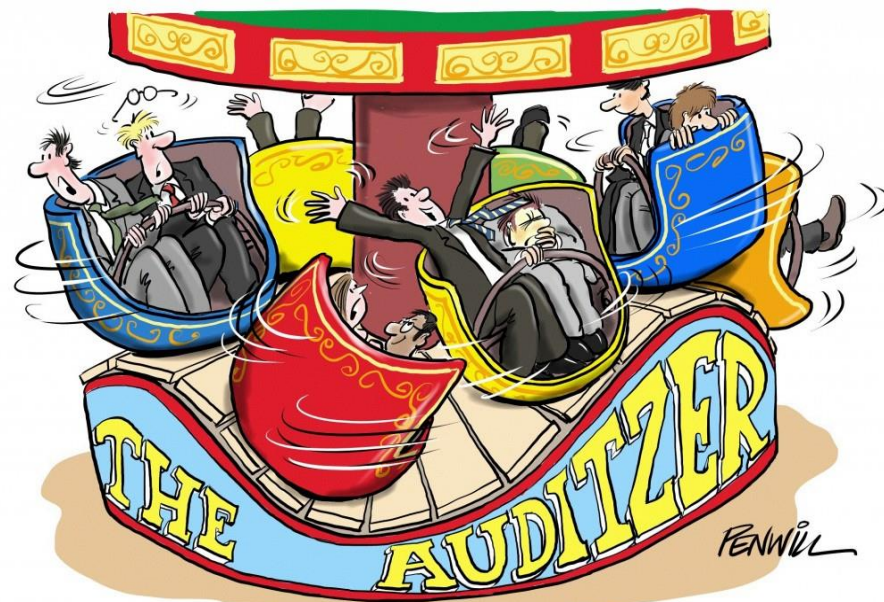
# Audit Committees (AC's)

## AC's for central government in Holland

AC's for all ministeries  
Regulated since 2012  
Regulation/Act on AC's

**Based on better practice guide  
for Public Sector AC's**

Australian National Audit Office  
Highly recommended as tool and guideline



THE AUDIT MERRY-GO-ROUND, AS IMPROVED BY RECENT REGULATORY INTERVENTION



# Why regulation?

## Main goals:

- Strengthen position and independence of AC's
- Strengthen position of external members
- Harmonize functioning and tasks of AC's
- Introduce risk management as important new task for AC's

## What about your experiences with AC's for central government?

AC's already existing for ministries / local government?

Plans for establishing AC's?

No plans for AC's yet?





# Best Practice Guide AC's Australia

## Principles and practices compared to Dutch regulation on AC's

1. AC's functions and responsibilities
2. Membership of the AC's
3. Relationship with key stakeholders
4. Conduct of the AC
5. Assessment of the AC's performance





# 1. AC functions and responsibilities

**Provide independent assurance and advice on:**

- Risk management
- Internal control
- Financial statements
- Compliance requirement
- Internal and external audit



**Dutch regulation on AC's in central government:**

Provide independent advice to the SG on:

- quality of operational support and financial statements
- the annual audit plan of the internal auditor
- the policy on risk management and identified risks
- recommendations of the internal and external auditor



## 2. Membership of the AC

**Having an independent Chair and AC members (at least one external) with an appropriate mix of skills and experience relevant to the entity's responsibilities is the key to an AC's effectiveness.**

### **Dutch regulation on AC's in central government:**

- AC consists of at least two independent external members, in addition to the members of the Board of the ministry
- The minister appoints one of the members of the AC as Chair
- Director FEAD and director CGAS support the AC as experts
- Court of Audit is agenda member and can request to visit the AC meetings
- A profile is made to recruit external members (objective selection)
- External members (re)appointed and dismissed by the minister concerned
- One external member must have public financial expertise
- External members are sworn to secrecy



# 3. Relation with key stakeholders

**AC's develop and maintain relationships through the AC meetings and working with key stakeholders outside of committee meetings.**

**Key stakeholders: Chief Executive Board, senior management, internal and external audit.**

**Dutch regulation on AC's in central government:**

- External member get support and access to the information they consider necessary for their duties
- External member may request to speak to officials within the ministry, in particular director FEAD and director CGAS
  
- We promote external AC members to interact with (senior) management and officials within the ministry besides attending the AC meetings







## 4. Conduct of the AC

**Having an effective chair, secretarial arrangements, meetings planned (at least 4/year), members having appropriate access to entity's staff and information.**



### **Dutch regulation on AC's in central government:**

- AC meets at least 4 times a year and planned in line with important moments in the planning and control cycle
- Additional meetings requested by Chair or by other AC members
- AC appoints a secretary, who will set the agenda after all members are invited to propose topics
- A written report of each meeting will be made, including dissenting views of external members. Reports are made available for the minister concerned.
- Access to officials and information (see above)
- Financial compensation for external AC members on SG-level



## 5. Assessment AC's performance

**A structured and formal evaluation of an AC's performance to enlarge its contribution to the Board. The evaluation may be self-assessment with input from key stakeholders or review by external party**

### **Dutch regulation on AC's in central government:**

- AC conducts a self-assessment at least every two years on its performance
- Results will be presented by the minister concerned.
- Regulation on AC's will be evaluated after 2 year by the Minister of Finance
- The AC activities and results of evaluation are listed in the annual report of the ministry concerned.





# Evaluation regulation AC's

**Ministry of Finance and Dutch Court of Audit evaluated the regulation on AC's last year.**

## **Main results:**

- Regulation has met its goals
- All ministeries comply with the regulation
- Harmonization is required for:
  1. Maximum term of (re)appointment external members: 4 years
  2. Maximum financial compensation for external AC members: 8.000 euro/year (100 hours on SG-level)





Questions?  
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