

Audit Committees in the Public Sector

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Presentation of the Draft Knowledge Product

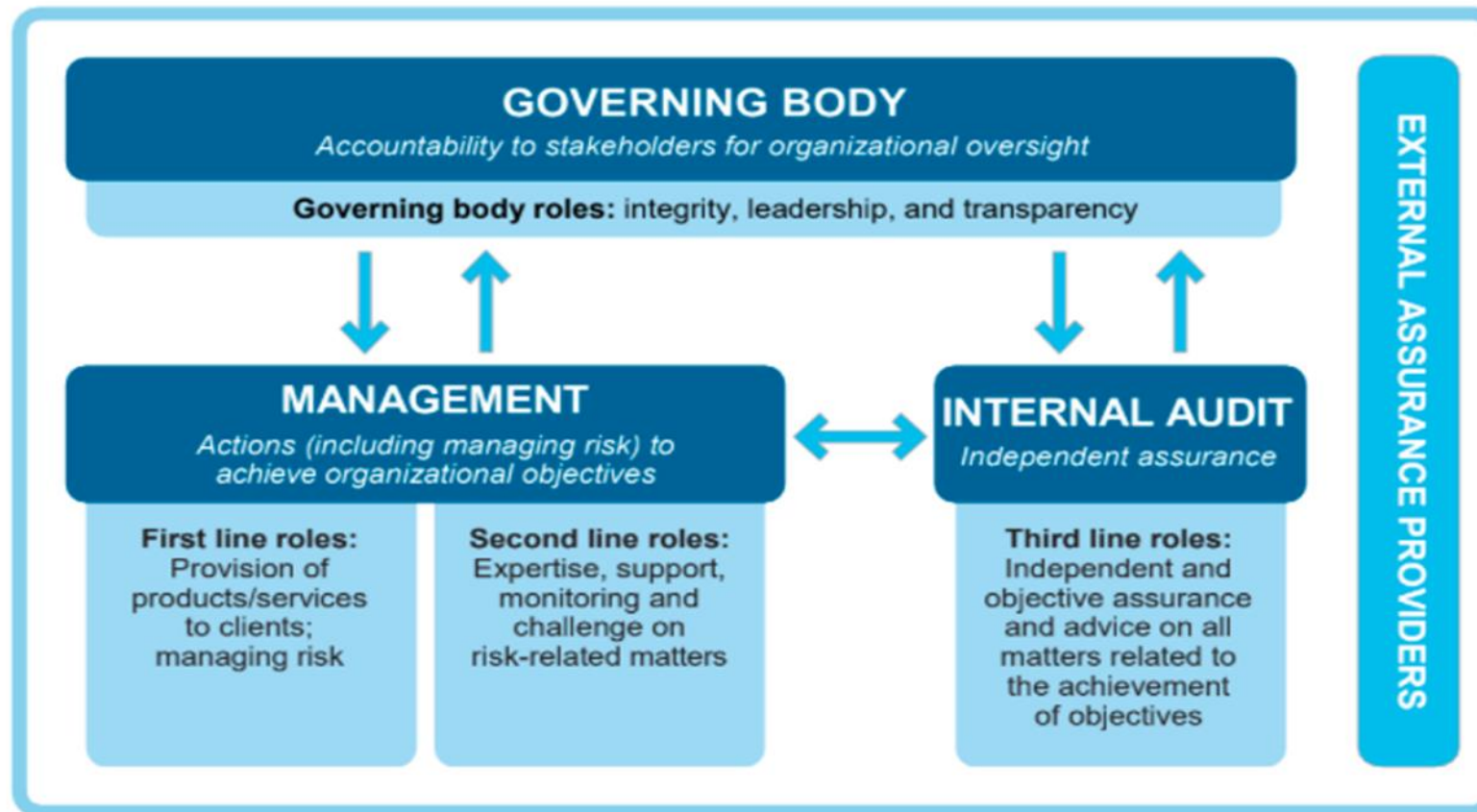
- Position of the audit committee
- Mandate and responsibilities of the audit committee
- Composition of the audit committee
- Reporting line of the audit committee



Position of the audit committee

Position of the audit committee

The IIA's Three Lines Model



KEY: ↑ Accountability, reporting ↓ Delegation, direction, resources, oversight ↔ Alignment, communication coordination, collaboration

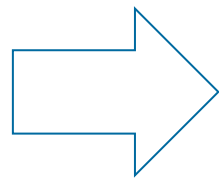


Mandate and responsibilities of the audit committee

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- ❑ Mandate through legislation or regulations, highlighted in a charter
- ❑ Monitor the internal audit function
 - ❑ Quality assessment and improvement program
 - ❑ Actions regarding the chief audit executive / head of internal audit
 - ❑ Endorsement of internal audit plans
- ❑ Oversee the financial reporting process (optional)
- ❑ Monitor the implementation of internal / external audit recommendations
 - ❑ Escalation mechanism
 - ❑ Managerial accountability
- ❑ Oversee the risk management and internal control processes / whistleblowing process and ethics



! Oversight responsibility, no operational responsibility !



Composition of the audit committee

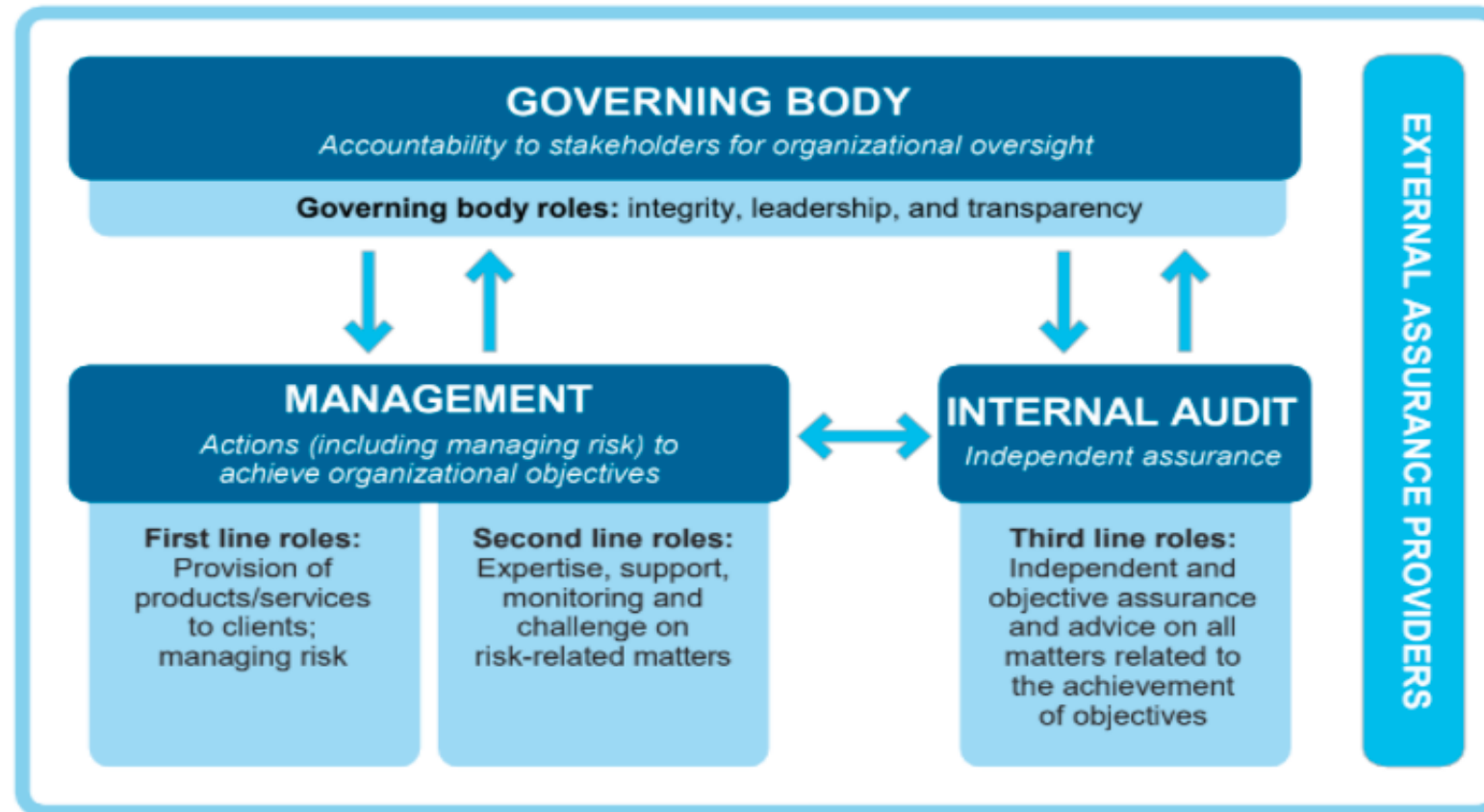
Composition of the audit committee

- ❑ Size: 3 – 8 members, 4 – 5 ideal
- ❑ Chair (prime) minister
- ❑ Good mix of skills, collectively and individually
- ❑ Independence from management / political environment
- ❑ No conflict of interest
- ❑ Remuneration of independent members is a common practice
- ❑ Length of term should support continuity, 4 years common practice
- ❑ Annual assessment of performance
- ❑ CHU provides support

Reporting line of the audit committee

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Reporting line of the audit committee

- ❑ Reporting line to the cabinet of ministers
- ❑ For local governments: many options
- ❑ Reporting line to the Board of Directors

THANK YOU!
