

Presentation

Audit Committees - The Experience

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PRIMARY PURPOSE

***TO GIVE COMFORT TO STAKEHOLDERS, AND
PRIMARILY THE SHAREHOLDERS, THAT THE
ENTITY HAS APPROPRIATE PROCEDURES IN
PLACE FOR THE CORRECT COMPIATION
AND PRESENTATION OF PUBLISHED
FINANCIAL INFORMATION***

GOAL

***TO ASSIST MANAGEMENT IN PRODUCING
FINANCIAL INFORMATION WITHIN THE
PARAMETERS OF THE ENTITY'S POLICIES,
PROCEUDURS AND ETHICAL STANDARDS***

Audit Committees - The Experience



PREREQUISITES FOR SUCCESS

APPORPRIATE LEGISLATION

STONE AT THE TOP

APPROPRIATE COMPOSITION

REGULAR MEETINGS

LEGISLATION

- APPROPRIATE LEGISLATION
- EFFECTIVE OVERSIGHT

EUROPEAN/GREEK EXPERIENCE

2006 - EC AUDIT DIRECTIVE 2006/43/EC (GREEK LAW 3693/2008)

- ALL PIEs SHALL HAVE AN AUDIT COMMITTEE

BUT NO MENTION OF OVERSIGHT

RESULTS IN MANY PIEs

- UNSUITABLE COMMITTEE COMPOSITION
- LIMITED NUMBER OF MEETINGS
- LITTLE ADDED VALUE
- SOME EXTRA INCOME FOR FRIENDS AND FAMILY

ONLY THE BANK OF GREECE TOOK UP THIS ROLE AND INCLUDED AUDIT COMMITTEES IN ITS GOVERNORS ACT 2577/2006

EUROPEAN/GREEK EXPERIENCE (CONT 1)

2014 EU AUDIT DIRECTIVE 2014/56/EU AMENDING EC AUDIT DIRECTIVE 2006/43/EC – GREEK LAW 4449/2017

- EITHER A STAND ALONE COMMITTEE OR A BOARD COMMITTEE
- NON EXECUTIVE MEMBERS OF THE BOARD AND/OR MEMBERS APPOINTED BY THE SHAREHOLDERS' GENERAL MEETING
- COMPETENCE IN THE SECTOR
- INDEPENDENCE
- COMPETENCE IN AUDITING AND/OR ACCOUNTING
- COOPERATION BETWEEN THE EXTERNAL AUDITORS AND THE COMMITTEE
- SUPERVISORY ENTITY(IES) TO OVERSEE THE CORRECT APPLICATION OF THESE MATTERS

GREECE HAS APPONTEED:

- THE BANK OF GREECE
- THE CAPITAL MARKETS COMMISSION
- THE HELLENIC ACCOUNTING AND AUDITING STANDARDS OVERSIGHT BOARD

EUROPEAN/GREEK EXPERIENCE (CONT 2)

2020 GREEK LAW 4706/2020 - CORPORATE GOVERNANCE

- THREE TYPES OF AUDIT COMMITTEES
- A BOARD COMMITTEE OF NON EXECUTIVE BOARD MEMBERS
- AN INDEPENDENT COMMITTEE/ NON EXECUTIVE BOARD MEMBERS & MEMBERS APPOINTED BY THE SHAREHOLDERS
- AN INDEPENDENT COMMITTEE /MEMBERS APPOINTED BY SHAREHOLDERS
- THE MAJORITY OF THE COMMITTEE MEMBERS MUST BE INDEPENDENT - REDEFINITION OF “INDEPENDENCE”
- THE COMMITTEE MEMBER WHO HAS ACCOUNTING/AUDITING EXPERIENCE MUST BE PRESENT AT THE COMMITTEE MEETING WHICH APPROVES THE FINANCIAL STATEMENTS

**TONE AT
THE TOP**

**SHAREHOLDERS MUST BE
MADE AWARE OF THE
ADVANTAGES OF AUDIT
COMMITTEES**

**SENIOR
MANAGEMENT
MUST EMBRACE
THE COMMITTEE
IN ORDER TO
RECEIVE THE
ADDED VALUE IT
CAN GIVE TO AN
ENTITY**

**THE
CHAIRMAN OF
THE
COMMITTEE
MUST TAKE HIS
ROLE
SERIOUSLY**

APPROPRIATE COMPOSITION

THE MAJORITY OF
THE MEMBERS
SHOULD BE
INDEPENDENT

THESE CAN BE
INDEPENDENT
BOARD
MEMBERS OR
INDEPENDENT
MEMBERS
APPOINTED
DIRECTLY BY
THE
SHAREHOLDERS

AT LEAST ONE
MEMBER MUST
HAVE IN DEPTH
EXPERIENCE IN
ACCOUNTING /
AUDITING

REGULAR
MEETINGS

BEST PRACTICE

PERSONAL
EXPERIENCE

FINANCIAL INFORMATION

- ANNUAL, SEMI ANNUAL AND QUARTERLY FINANCIAL STATEMENTS
- PROSPECTUSES
- FINANCIAL UPDATES/PRESS RELEASES
- PUBLISHED DIRECTORS/MANAGEMENT REPORTS CONTAINING FINANCIAL INFORMATION

**WHO DO ACS COOPERATE WITH
TO DO THEIR JOB?**

MANAGEMENT

FINANCE DEPARTMENT

INTERNAL AUDIT

EXTERNAL AUDIT

FINANCE DEPARTMENT

- SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES
- ACCOUNTING ESTIMATES AND PROVISIONS
- ANNUAL, SEMI ANNUAL AND QUARTERLY PUBLISHED FINANCIAL STATEMENTS
- ALL OTHER PUBLISHED FINANCIAL INFORMATION
- PRESS RELEASES, DIRECTORS/MANGEMENTS REPORTS
- MONTHLY UPDATES ON THE YEAR'S FINANCIAL RESULTS TO DATE
- AN ANNUAL REPORT ON THE OPERATIONS OF THE DEPARTMENT

THE AUDIT COMMITTEE SHOULD PREPARE REPORTS TO THE BOARD FOR FINANCIAL STATEMENTS

INTERNAL AUDIT DEPARTMENT- THE AUDIT COMMITTEE'S RIGHT HAND MAN

THE AUDIT COMMITTEE SHOULD:

- APPROVE THE IAD'S CHARTER
- APPROVE THE IAD'S ANNUAL WORK PLAN
- RECEIVE QUARTERLY REPORTS FROM THE IAD SUMMARISING ITS ACTIVITIES DURING THE PREVIOUS QUARTER AND GIVING DETAILS OF MAJOR FINDINGS
- RECEIVE REGULAR REPORTS ON THE IAD'S FOLLOW-UP OF REMEDIATION OF WEAKNESSES REPORTED
- RECEIVE REPORTS ON FRAUD ISSUES
- APPROVE ANY REVISIONS OF THE ANNUAL WORK PLAN DURING THE YEAR
- RECEIVE AN ANNUAL ACTIVITY REPORT
- APPROVE SIGNIFICANT IAD REPORTS TO SUPERVISORY OR OTHER AUTHORITIES
- ANNUALLY ASSESS THE HEAD OF THE IAD
- MEET WITH THE HEAD OF THE IAD WITHOUT THE PRESENCE OF MANAGEMENT

EXTERNAL AUDITORS

THE AUDIT COMMITTEE SHOULD:

- OVERSEE THE PROCEDURE FOR THE SELECTION OF THE EXTERNAL AUDITOR
- MAKE A RECOMMENDATION TO THE BOARD FOR THE RE-APPOINTMENT OR REPLACEMENT OF THE EXTERNAL AUDITOR
- MEET SEVERAL TIMES WITH THE EXTERNAL AUDITOR DURING THE YEAR TO DISCUSS:
THE ENGAGEMENT LETTER
 - THE ANNUAL FEES
 - THE ANNUAL AUDIT PLAN
 - THE PROGRESS OF THE AUDIT AND PRELIMINARY FINDINGS
 - THE FINAL PRESENTATION OF THE RESULTS OF THE EXTERNAL AUDITOR'S AUDIT OF THE FINANCIAL STATEMENTS
 - THE MANAGEMENT LETTER
- APPROVE ALL ADDITIONAL FEES PAID TO THE EXTERNAL AUDITOR WHICH ARE NOT RELATED TO THE STATUTORY AUDIT
- MEET WITH THE EXTERNAL AUDITOR WITHOUT THE PRESENCE OF MANAGEMENT

ADMINISTRATIVE ISSUES

THE AUDIT COMMITTEE SHOULD:

- HAVE A CHARTER
- PREPARE A DETAILED ANNUAL WORK PLAN
- PREPARE MINUTES OF ITS MEETINGS TO BE APPROVED AT THE NEXT MEETING
- PREPARE QUARTERLY REPORTS TO THE BOARD
- PREPARE A REPORT TO THE SHAREHOLDERS
- MAINTAIN AN ONGOING COMPARISON WITH ITS WORK PLAN
- PREPARE AN ANNUAL SELF ASSESSMENT

Audit Committees - The Experience

AC WORK PLAN 2020	ABC COMPANY					
	The Audit Committee shall:	Compliance	JANUARY	FEBRUARY	MARCH	APRIL
	GENERAL					
1.1	Ensure that the composition of the Committee and the qualifications of its members are in accordance with the current legislation (Charter XXX)		X	X	X	X
1.2	Approve the Annual rolling agenda ensuring that there are at least x meetings planned. (Charter XXX)		X			
1.3	Ensure that there is a quorum at each meeting (Charter XXX)		X	X	X	X
1.4	Keep minutes of its meetings and formally approve these minutes at the next meeting of the Committee. (Charter XXX)		X	X	X	X
1.5	Approve the report to be presented to the Board of Directors of the self assessment of the Audit Committee's prior year activities including comments included in the assessments prepared by the individual members or by third parties. (Charter XXX)		X			APRIL

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MEETINGS

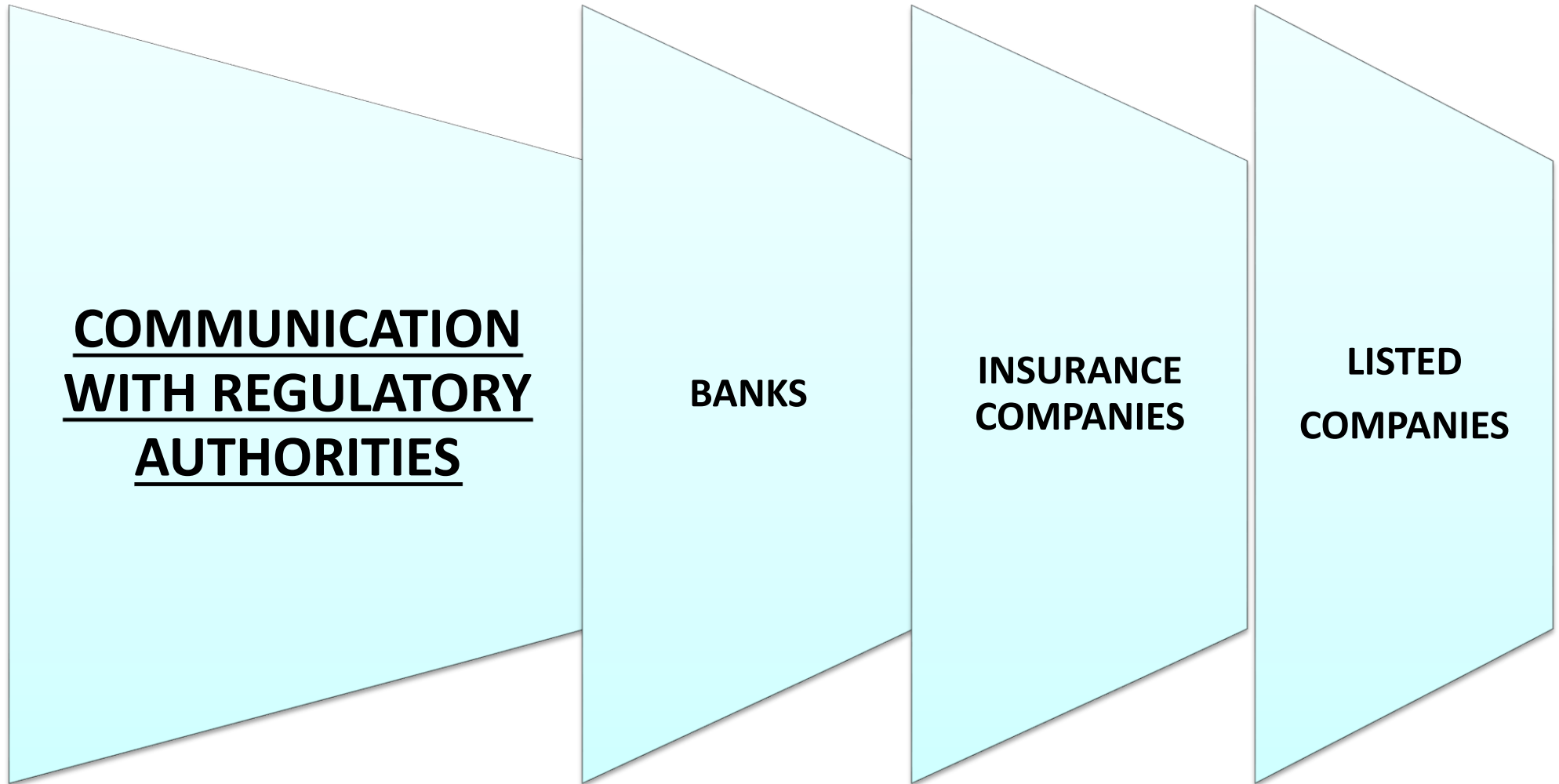
COMPOSITION

- QUORUM
- SENIOR MANAGEMENT
- INTERNAL AUDIT DEPARTMENT- AND EXTERNAL AUDITOR
- DEPARTMENTAL HEADS /PRESENTATIONS

SOME ADDITIONAL TOPICS OF DISCUSSION :

- WHISTLE BLOWING
- RELATED PARTY TRANSACTIONS
- SIGNIFICANT OUTSTANDING LEGAL MATTERS
- COMPLIANCE ISSUES
- RISK ISSUES

COMMITTEE MEMBERS SHOULD BE UPDATED IN NEW ACCOUNTING AND AUDITING DEVELOPMENTS



MATTERS OF CONCERN

- THE AUDIT COMMITTEE **IS NOT** AN AUDITOR
- **EMPHASIS** SHOULD BE GIVEN TO:
 - THE EFFECTS OF NEW ACCOUNTING STANDARDS
 - THE TIMELY RESOLUTION OF WEAKNESSES REPORTED BY INTERNAL AND EXTERNAL AUDIT
 - MAJOR RISK AREAS
- **CLOSE COOPERATION** OF THE COMMITTEE WITH THE BOARD AND SENIOR MANAGEMENT IS ESSENTIAL IF “**ADDED VALUE**” IS TO BE ACHIEVED

THANK YOU FOR YOUR ATTENTION

A close-up photograph of a computer keyboard. The central focus is on two keys: a blue key with the word "Questions" in white, italicized font, and a green key with the word "Answers" in white, italicized font. The keys are slightly raised and have rounded edges. Surrounding these are several white keys, including one with a black "C" and another with a black "D". The lighting is bright, creating soft shadows and highlights on the keys' surfaces.

Questions

Answers