Audit committees in the public sector

Executive Summary

1. Audit committees can (and do) play a significant role in providing and improving transparency, accountability and performance in the public sector with focus on governance, risk management, and internal control practices of the public sector organization. The audit committee (AC) should play an independent oversight and advisory role, with responsibility for decision making staying with management.

2. According to the ‘three lines model’ on governance and accountability, ACs are an integral part of public sector governance and help improve managerial accountability. A public sector organization top-level committee has a responsibility to provide oversight of management practices in key governance areas.

3. ACs also significantly contribute to strengthening the independence and effectiveness of the internal audit activity. The functional reporting of the head of internal audit to the AC is the ultimate source of an internal audit activity’s organizational independence.

4. The committee’s composition also is critical. The audit committee should include a majority of external members, and its chair and members should demonstrate inquisitiveness, outspokenness and courageousness.

5. While audit committees in the private sector became a common practice in the mid-eighties, it is only for twenty years that at a slow pace audit committees started to develop in the public sector.
Authority of an audit committee

6. An audit committee’s mandate can be derived from many sources. In most jurisdictions, the responsibilities of an audit committee and its members are established by legislation and/or regulations. Regardless of how the mandate is established, good governance dictates that public sector entities have an independent audit committee and leading practices suggest formalizing a high-level statement of the audit committee’s legal responsibilities (an audit committee charter).

7. The audit committee charter documents information about the audit committee’s mandate, membership, authority and responsibilities.

8. The audit committee will usually have the following responsibilities:
   - Oversee the financial reporting and if it is a case, budget processes.

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1 General purpose financial reports are designed to provide financial and, where required, performance information to a range of users. To be relevant, the information must meet the accountability and/or decision-making needs of the users.
• Oversee the governance, risk management and internal control processes;
• Oversee the ethical processes inherent to the organization;
• Oversee the whistleblowing process inherent to the organization;
• Monitor the implementation of internal and external audit (Supreme Audit Institution) recommendations;
• Monitor the quality and performance of the internal audit function.
• Endorse the appointment, removal, and changes to compensation and benefits of the head of internal audit.

The above responsibilities are the ‘standard’ responsibilities of an AC. These responsibilities are well described in the AC charter and may vary depending on the structure and needs of an organization.

9. Never can an audit committee take on responsibilities that are operational in nature and thus part of management’s universe. Should the audit committee be involved in making decisions, its objectivity may be impaired, which, in turn, may negatively impact its ability to remain independent.

10. Within the PEMPAL network, comparisons on the authority of audit committees are of course limited to those countries where such committees exist. Where audit committees exist, there was a general agreement that the focus should be on monitoring/overseeing the internal audit function, the financial reporting process, and risk management and internal control as these are the main areas of the work of internal audit. The audit committee also has a role to play in monitoring the implementation progress by management of internal and external audit (SAI) recommendations.

**Governance**

10. With regard to governance the audit committee may review and provide oversight on public sector governance related initiatives initiated by the top-level of the organization. This will of course require a higher level of maturity and acceptance of the role of audit committees.

**Risk management**

11. With regard to risk management the audit committee will review and provide oversight on the establishment, implementation, maintenance and effectiveness of risk assessment, risk management and risk reporting practices.

12. The risk manager, when the function has been established, will report on a regular basis to the audit committee on the status of the risk management process within the organization, highlighting the critical and very important risks that are still exceeding the risk appetite of the organization. In case the risk management function does not exist, this report will be presented by the organization’s management.
**Internal control**

13. With regard to internal control the audit committee will review and provide oversight on the organization’s overall internal control framework, including the state of play of financial management control. The audit committee will review if applicable the public statements made by the organization’s management on internal control.

**Ethics**

14. With regard to ethics the audit committee will oversee the systems and practices established by management, in addition to existing laws and regulations, to set up and sustain high ethical standards. The audit committee will oversee how management monitors compliance with laws, regulations, policies and standards of ethical conduct, and how management identifies and quickly addresses any legal or ethical violations. The audit committee will also oversee the well-functioning of the whistleblowing process if applicable.

**Internal audit**

15. The audit committee will approve and periodically review the existing internal audit policy or charter. The committee will also review and approve the internal audit strategic and annual plans. The audit plans should be risk-based and supported by appropriate risk assessments. The audit committee will monitor and assess internal audit’s performance in accomplishing the approved plans through periodic (usually quarterly) reports submitted by the head of internal audit and/or the Central Harmonization Unit (CHU). The audit committee also reviews the required additional budgets (travel, external services, audit tools, training) that are related to the audit plans.

16. The head of internal audit will submit its strategic and annual audit plans to the audit committee for endorsement. The audit committee will assess whether the most important risks are covered in the plans.

17. It is a normal practice that all decisions with regard to the head of internal audit are endorsed by the audit committee. These decisions relate to the recruitment and removal of the head of internal audit, but also to the performance assessment and components of compensation (e.g. bonuses). This is the area where the audit committee safeguards the independence of internal audit.

18. The head of internal audit will have at any time direct access to the members of the audit committee.

**External assurance providers**
19. The audit committee will be kept informed on all significant matters arising from the work performed by any internal or external governance, risk, inspection, and control assurance providers, including management’s response and subsequent audit-related issues and priorities.

20. In most jurisdictions, public sector entities are subject to audit by the Supreme Audit Institution who has an independent legislative mandate to conduct a broad range of audits. It is a leading practice for SAIs to brief audit committees, as appropriate, on the results (reports) of their audits.

**Audit recommendations**

21. The audit committee should review regular reports on the implementation status of approved management action plans resulting from prior audit recommendations. Though it is not the primary responsibility of the audit committee to follow up on the implementation of audit recommendations, the committee will pay attention to long-overdue critical and very important recommendations. This is certainly the case for internal audit recommendations. Internal audit will notify the audit committee of long-outstanding overdues.

The Audit Progress Committee of the European Commission invites the auditees to its meeting to personally explain the overdue situation.

22. The follow-up of the progress of implementing recommendations made by the Supreme Audit Institution or other inspection, and control assurance providers will follow the same path.

**Financial statements and public accountability reporting**

23. The audit committee should review and provide advice to the top level of the organization on the key financial management and performance reports and disclosures issued to the public.

24. If the organization prepares an annual statement on managerial accountability, the audit committee should review it and have oversight of the procedures used to prepare the statement. Such management statements may include presentations on internal control over financial reporting, including FMC.

25. Overseeing the financial reporting process is a responsibility that will rather be practiced in state-owned companies than in line ministries or local government.

26. For audited ministerial financial statements, the audit committee should review the financial statements with the external assurance providers (SAI and eventually others) and senior management and discuss any significant accounting estimates and adjustments therein, adjustments required to the statements as a result of the audit, and any difficulties or disputes encountered with management during the course of the audit.

**Quality of internal audit**
27. The audit committee should monitor the quality of the internal audit function. It can do this directly itself or by using the results of an internal or external assessment of internal audit.

28. The results of the internal assessment will be presented to the audit committee, together with an action plan on improvements, by the head of the internal audit function. The audit committee will monitor the appropriate implementation of the action plan resulting from the observations made during the assessment.

29. It is a common practice to have the results of the independent external assessment presented by the performer of the external assessment (the CHU, an external expert, ...). The head of the internal audit function will present an action plan as a response to the observations made in the external assessment. The audit committee will monitor the appropriate implementation of the action plan.

Composition of an audit committee

30. The key to an audit committee’s effectiveness is having members with an appropriate mix of skills and experience relevant to the organization’s responsibilities. The ideal composition of the audit committee and attributes of its members depend on a variety of factors such as the organization’s size, complexity and responsibilities. Generally, audit committees have between three to eight members with the typical audit committee having four or five. As a general rule, the minimum number of members for an effective audit committee is three. This ensures that a sufficient range of skills and experience is available.

31. An essential feature of an effective audit committee is its independence from management. By providing an independent source of advice and oversight, audit committees play a key role in an organization’s governance structure. To ensure the audit committee’s independence, it is a leading practice for the majority of its members to be independent from the organization. An independent audit committee member is a person who is not employed by, or providing any services to, the organization beyond his or her duties as a committee member.

32. Audit committees in the public sector usually consist of a mix of independent members and public servants of a related organization. The independent members should as a strict criterion not have any operational or political responsibilities with regard to the scope of work of the audit committee.

33. The independent members guarantee the independence of the committee while also bringing outside expertise to the table.

34. Every single member, whether independent or not, shall be free from any conflict of interest with regard to the scope of work of the audit committee. If a member faces a conflict of interest for a particular item on the agenda of the audit committee, this member should refrain from all discussions on the topic concerned.

35. Independent members can be paid for the meetings attended. The other members are usually not paid, as they are on the payroll of the public entity they represent.
36. The members of the audit committee should be collectively knowledgeable of, or have expertise in, finance and accounting, business, auditing, risk management, compliance and information technology. This overall expertise is not required of each individual member.

37. It is important that audit committees maintain institutional memory while providing new perspectives and fresh insights. Audit committee members should, therefore, be appointed to terms long enough to maintain continuity but not so long that an individual becomes vested in the organization’s current policies and direction. Generally, terms less than two years are too short. Terms of more than eight years may be too long. The often seen term is four years. If length is restricted, terms should be staggered to achieve the greatest continuity.

38. The audit committee chairperson should review annually the performance of the individual members of the audit committee to determine whether obligations are appropriately discharged. If this is the Minister, or head of organization, then independence of members can be compromised.

39. In a decentralized internal audit environment the audit committee chairperson could be the minister overseeing that specific ministry or entity. In a centralized internal audit environment the prime minister could be considered as the audit committee chairperson. Of course, a clear separation between the political level and the administration is needed in order to maintain the committee’s independence.

40. It is a good practice to invite the Supreme Audit Institution as an observer to the meetings of the audit committee. When a National Central Audit Committee exists or it’s equivalent such as Public Internal (Financial) Control (PIC) Council may be, it could also be invited as an observer to the audit committee.

41. The Central Harmonization Unit for internal audit will draft the necessary legislation and regulations for the good functioning of the audit committee. If a National central committee is set, the CHU could also be responsible for the meetings’ presence list, that will be the basis for the remuneration of the audit committee members. The audit committee will normally not delegate any of its tasks to the CHU or to the National Central Audit Committee / the PIC Council, except for administrative support. This does not exclude the audit committee to use the work of both the CHU and the PIC Council as a basis for its oversight.
Reporting line of the audit committee

42. At the level of the national government it is recommended to have the audit committees report to the Cabinet of Ministers. All administrative issues can be handled through the Ministry of Finance with the Central Harmonization Unit (the CHU) acting as an administrative support (preparation of agenda, drafting of minutes, etc.) to the audit committee. It is a good practice to make the minutes of the audit committee public.

43. For local governments it is worthwhile searching for a solution where only one audit committee serves the entire community of cities and municipalities. This would enable a consistent approach towards all local governments and their internal audit functions. An alternate solution might be to set up an audit committee per region or province.

44. The audit committee will issue an annual report on its activities and main observations. This report can be used by the Government/Cabinet of Ministers for its own discharge procedure in the parliament.
Assessment of the audit committee

45. The audit committee performance should be assessed on a set periodic basis as foreseen in the audit committee charter or in the legislation/regulation. Assessments ensure that the audit committee is meeting the requirements outlined in its charter and that its contribution is consistent with the needs and expectations of the organization and, ultimately, the government. Overall audit committee performance and individual member’s performance are typically assessed annually.

46. High-performing audit committees are founded on three key pillars:
   - The audit committee’s compliance with the legislation, regulations and its formal charter;
   - The level of participation of audit committee members;
   - The committee’s ability to drive value-added activities and outcomes that are congruent with the organization’s vision, statutory objectives and strategies.

47. The audit committee charter provides a formal mandate under which the audit committee operates. It outlines the roles, responsibilities, and breadth of expected coverage. Reviewing the compliance of the audit committee’s activities with legislation, regulations and its own charter is a vast component of the overall quality assessment.

48. Audit committee chair can use assessment tools to help assess each member’s performance and contribution to the committee. The assessment also should include a review of the independence of audit committee members. However, the assessment is conducted, and regardless of the attributes evaluated, the audit committee chair should discuss the results of the assessment with the individual members and an action plan for further development should be agreed upon, as required.

49. High-performing, contemporary audit committees tend to operate at a strategic level with a high degree of alignment with the organization’s statutory objectives, vision, and strategic direction. The value added by the audit committee can be assessed through interviews with the
key stakeholders of the audit committee’s activities (the Cabinet of Ministers, the Supreme Audit Institution, the CHU, the heads of internal audit).

50. CHU role, depending on the different level of maturity of IA system, may be to support the implementation process, by drafting methodology, organize trainings and sharing good practices.
Appendix 1. Sample audit committee charter

CHARTER OF THE AUDIT PROGRESS COMMITTEE OF THE EUROPEAN COMMISSION

1. CHARTER
The Charter establishes the role, purpose, responsibilities, membership and composition, values and operational principles, and reporting arrangements of the Audit Progress Committee of the European Commission, in conformity with Article 123 of the Financial Regulation.

2. ROLE AND PURPOSE
The Audit Progress Committee assists the College of Commissioners in fulfilling its obligations under the Treaties, the Financial Regulation and under other statutory instruments by ensuring the independence of the Internal Audit Service, monitoring the quality of internal audit work, and by ensuring that internal and external audit recommendations are properly taken into account by the Commission departments and that they receive appropriate follow-up. In this way the Audit Progress Committee contributes to the overall further improvement of the Commission’s effectiveness and efficiency in achieving its goals and facilitates the College’s oversight of the Commission’s governance, risk management, and internal control practices.

The Audit Progress Committee ensures that the College is appropriately informed on a timely basis on any issues arising from its work.

The committee is an oversight body and has no management powers.

3. MEMBERSHIP AND COMPOSITION
(a) The Audit Progress Committee
The Audit Progress Committee comprises nine members. A maximum of six are Members of the Commission, and at least three are external members with proven professional expertise in audit and related matters.

The Chair is a Member of the Commission designated by the President of the Commission.

The Chair and three Members of the Commission are appointed for the whole of the mandate, up to two Members of the Commission are appointed to join for the first half of the mandate and up to two

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different Members of the Commission for the second half of the mandate. The part rotation of membership shall take place halfway through the mandate.

External members are selected on the basis of an open and transparent procedure. They are appointed in accordance with the Commission’s rules for Special Advisers\(^4\).

In principle, external members serve a term of up to 4 years, which may exceptionally, for reasons of continuity and in the interest of the Commission, be extended to a total maximum of 8 years.

(b) The Preparatory Group

Members of the committee designate a member of their Cabinet to assist them in their work. These Cabinet members and the external members form the Preparatory Group. The Preparatory Group is chaired by the Cabinet of the Audit Progress Committee Chair.

(c) Audit Progress Committee Secretariat

The Audit Progress Committee is assisted by a secretariat. The Secretariat serves all the members of the committee. It reports directly to the Preparatory Group Chair and assists the Audit Progress Committee Chair in preparing, conducting and reporting on its meetings. Working arrangements put in place between the Secretariat and the Internal Audit Service, in agreement with the Preparatory Group Chair, shall guarantee the independence of the Secretariat in performing its functions in line with this Charter.

(d) Training

Audit Progress Committee members and Preparatory Group members shall receive orientation training on the purpose and mandate of the committee as necessary.

4. VALUES AND OPERATIONAL PRINCIPLES

The Audit Progress Committee conducts itself in accordance with the present Charter.

All communication with the Commission departments, as well as with external auditors, will be direct, open, and complete.

Audit Progress Committee members, and the College as appropriate, should have at their disposal a full, regularly updated picture of all relevant audit findings, recommendations, commitments and follow-up action.

Meetings shall not be public. Members will respect the confidentiality of documents and related debates.

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5. RESPONSIBILITIES OF THE COMMITTEE

The Audit Progress Committee shall draw up an annual work plan which ensures that its activities are effectively scheduled and implemented on time, and that the committee delivers on its responsibilities as set out below.

a. INTERNAL AUDIT

The Audit Progress Committee shall ensure the independence of the Internal Auditor and that internal audit activities are conducted in accordance with recognized best practices. To re-assure itself with respect to the work of the Internal Audit Service and the follow-up of its recommendations by Commission departments, the Audit Progress Committee shall:

* Consider the annual declaration of independence of the Internal Auditor.

* Consider the mission charter of the Internal Audit Service to ensure that it is consistent with changes in the financial, risk management, and governance arrangements of the Commission, and that it reflects developments in internal audit professional practices.

* Monitor the quality of internal audit work and its consistency with the Institute of Internal Auditors’ international standards for the professional practice of internal auditing in particular by ensuring that the internal audit function has an external quality assurance review at least every 5 years or following any major structural changes, and that its results are followed up and brought to the attention of the College as necessary.

* Consider the Internal Auditor’s multi-annual risk-based internal strategic audit plan and the annual audit work plans, including updates. In this context the Internal Audit Service will transmit to the Audit Progress Committee the consolidated information on the list of critical risks and possible additional comments which it has received from the Corporate Management Board. In exceptional cases, pursuant to the Financial Regulation\(^5\), the Chair may propose to the College to invite the Internal Audit Service to carry out additional audits.

* Consider the Internal Audit Service’s audit reports and/or other communications from the Internal Audit Service to Commission management (such as management letters covering cross-cutting issues) and respective action plans where applicable.

* Monitor the follow-up given by the Commission departments to the recommendations of the Internal Audit Service, and report to the College as necessary.

b. EXTERNAL AUDIT AND RELIABILITY OF THE EU CONSOLIDATED ACCOUNTS

To re-assure itself with respect to the audit related work of the European Court of Auditors and the follow-up of its recommendations by Commission departments, the Audit Progress Committee shall:

* Consider relevant findings in audit reports and other relevant communications from the European Court of Auditors and, where appropriate, may invite the relevant Member of the European Court of Auditors to discuss a particular audit report in the Audit Progress Committee.

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Monitor the follow-up given by Commission departments to the European Court of Auditors’ recommendations, and report to the College as necessary.

Consider, in particular, the European Court of Auditors’ audit recommendations relating to the reliability of the EU consolidated accounts and monitor the Commission’s follow-up actions to address any risks identified. Exceptionally, if the risks relating to the reliability of annual accounts justify it and upon request by the Accounting Officer, the Audit Progress Committee shall discuss the accounts before they are adopted.

c. INTERNAL CONTROL FRAMEWORK, ANNUAL MANAGEMENT AND PERFORMANCE REPORT AND ANNUAL DISCHARGE PROCESS

The Audit Progress Committee shall consider the assurance-building pillars of the annual management and performance report before its adoption by the College, including the Internal Auditor’s overall opinion, the annual internal audit report, the results of the annual activity report peer review process and the limited conclusions on the effectiveness of internal control in each Commission department provided by the Internal Audit Service.

Furthermore, the committee shall consider the audit-related issues raised in the annual discharge resolutions and monitor the follow-up given by Commission departments through consideration of the report from the Commission to the European Parliament and the Council on the follow-up to the annual discharge.

6. ORGANISATION OF MEETINGS

(a) Planning of meetings

The Audit Progress Committee holds at least three meetings per year. The Chair may call for additional meetings as necessary.

Meetings are arranged sufficiently in advance to enable all members and invitees to attend.

(b) Agendas

The Chair proposes the agenda on the basis of the work of the Preparatory Group.

The Audit Progress Committee shall adopt the agenda at the beginning of each meeting.

(c) Decision-making and quorum

The Audit Progress Committee works on the basis of consensus. Should there be a lack of consensus, members may express their opinions in writing, and these will be attached to the minutes of the meeting.

The quorum shall be five members including at least two external members. An absent member cannot be replaced but may provide an opinion in writing.

Should the Chair be unable to attend an Audit Progress Committee meeting, he will be replaced by another Member of the College present according to the order of replacement laid down in Article 3 of the Decision of the President of the European Commission P(2019).
(d) Invitees

The Audit Progress Committee may invite relevant Members of the Commission and Commission departments (normally at Director-General level) to attend meetings when an audit report concerning their portfolio is discussed.

The Director-General of the Internal Audit Service, the Director-General of the Directorate-General for Budget, the Deputy Director-General of the Directorate General for Budget (also Accounting Officer of the Commission and responsible for the discharge and relations with the European Court of Auditors), the Secretary General and a member of the President’s Cabinet hold standing invitations to attend meetings. Whenever audit-related information technology issues are on the agenda and the Directorate-General for Informatics is not the auditee, its Director-General will be invited to the Audit Progress Committee’s meetings. Other Commission departments may be invited to meetings whenever issues relevant to their areas of responsibility are on the agenda and they are not the auditee.

The Chair may ask external invitees to attend meetings where appropriate.

Unless decided otherwise by the Chair, the Secretariat attends all meetings.

(e) Information requirements

Where written or oral contributions are required to support specific discussion points, this will be explicitly communicated to the relevant department sufficiently in advance of the meeting.

Supporting documentation for discussion points shall generally be provided at least five working days prior to the meeting.

(f) Conduct of meetings and avoidance of conflict of interest

The Chair has the right to restrict contributions and to bring a debate to a close when considered appropriate.

When audits specifically concerning a department under his direct political responsibility are under discussion, the Chair will be replaced by another Member of the College present according to the order of replacement laid down in Article 3 of the Decision of the President of the European Commission P(2019).

When the Audit Progress Committee examines an audit report that concerns a department under the direct political responsibility of a Member of the College appointed to the Audit Progress Committee, this Member shall declare an interest and refrain from commenting on recommendations raised in the report. External members shall also refrain from discussions on matters in which they have an interest. If there is any question as to whether member(s) should recuse themselves, the Chair shall decide whether such recusation is required.

(g) Written procedure

As a general rule, issues for the Audit Progress Committee’s attention are placed on the agenda of regular meetings. However, the Chair may, where appropriate, instruct the secretariat to seek the agreement of the committee by written procedure.
(h) Minutes

Minutes are taken of all meetings of the Audit Progress Committee for the attention of the Members of the College. The draft minutes shall be circulated to members of the Audit Progress Committee for comments and approval. Standing invitees and auditees are consulted on the draft minutes for the points for which they have been present in the meeting.

The approved minutes are transmitted systematically to the College as well as to the President of the European Court of Auditors.

7. PREPARATORY MEETINGS

Preparatory Group meetings serve to prepare the Audit Progress Committee meetings by considering all agenda points and ensuring that discussion in the Audit Progress Committee focuses on the most relevant matters and that the most effective input and added value can be obtained from the meetings.

The Preparatory Group may invite relevant Commission departments (normally at Director level) to attend meetings when an audit report concerning their portfolio is discussed.

Preparatory Group meetings are also attended by standing invitees: representatives from the Internal Audit Service, the Directorate-General for Budget, and the Deputy Director-General of the Directorate-General for Budget (also Accounting Officer of the Commission and responsible for the discharge and relations with the European Court of Auditors) or his/her representative, the Secretariat-General and a member of the President’s Cabinet. Whenever audit-related information technology issues are on the agenda and the Directorate-General for Informatics is not the auditee, the department will be invited to the Preparatory Group’s meetings. The Preparatory Group Chair may also invite other Commission departments whenever audit-related issues relevant to their areas of responsibility are on the agenda and they are not the auditee.

Minutes are taken for all Preparatory Group meetings and circulated to its members for comments and approval. Standing invitees and auditees are consulted on the draft minutes for the points for which they have been present in the meeting.

8. REPORTING

Whilst the Audit Progress Committee has no management powers, it may at any time report to the College on any issues arising out of its work on which it considers the College needs to be informed or to take action. The committee may also bring issues to the attention of the Corporate Management Board as appropriate.

The Audit Progress Committee will also draw up an annual report to the College summarizing the committee’s main conclusions and recommendations as concerns the risk, control, and compliance framework in the Commission, which will feed into the annual management and performance report of the Commission.
The report should at least include:

* a summary of the work the committee has undertaken to fully discharge its responsibilities during the preceding year;

* any relevant considerations on the quality of internal audit work;

* a summary of progress in addressing corrective actions on the most relevant findings and recommendations made in internal and external audit reports, and audit-related issues raised in the annual discharge resolution;

* an overall summary of the committee’s most relevant findings as concerns the Commission’s risk, control, and compliance framework; and

* details of meetings, including the number of meetings held during the relevant period.
Appendix 2. Sample agenda template of an Audit Committee meeting

XYZ Audit Committee meeting to be held on XXX (date) at XXX (venue and time)

COMMITTEE MEMBERS

Attendees and apologies list:

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arman</td>
<td>Chairperson</td>
<td>Confirmed</td>
</tr>
<tr>
<td>Richard</td>
<td>Member</td>
<td>Apology</td>
</tr>
<tr>
<td>Jean-Pierre</td>
<td>Member</td>
<td>Confirmed</td>
</tr>
<tr>
<td>Lusine</td>
<td>Member</td>
<td>Confirmed</td>
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<tr>
<td>Diana</td>
<td>Member</td>
<td>Confirmed</td>
</tr>
<tr>
<td>Kristina</td>
<td>Secretary</td>
<td>Confirmed</td>
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INVITEES

Attendees and apologies list:

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manfred</td>
<td>Head of Department</td>
<td>Confirmed</td>
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<tr>
<td>Albana</td>
<td>Director of finance</td>
<td>Confirmed</td>
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<tr>
<td>Ljerka</td>
<td>Head of internal audit</td>
<td>Confirmed</td>
</tr>
<tr>
<td>Monika</td>
<td>SAI: Auditor-General</td>
<td>Confirmed</td>
</tr>
</tbody>
</table>

1. Welcome and Apologies Chairperson
2. Confirmation of the Agenda Chairperson
3. Declaration of Interests by Audit Committee Members Members
4. Confirmation of Minutes

4.1 Approval of previous minutes
Chairperson

4.2 Matters arising from previous meetings
Chairperson

5. Reports to be discussed

5.1 Financial Reporting
Director of Finance

5.2 External Audit
SAI

5.3 Internal Audit
Head of Internal Audit

5.4 Risk Management
Head of Risk Department

5.5 Legal and Compliance
Head of Legal

5.6 Internal Control
Designated employee

5.7 Business Continuity Management and Disaster Recovery
Designated employee

5.8 Anti-Fraud and Corruption
Designated employee

5.9 Other
Designated employee

6. Internal Audit Annual Plan *(annual agenda item)*
Head of Internal Audit

7. Review of Audit Committee Charter *(annual agenda item)*
Chairperson

8. Review Internal Audit Charter *(annual agenda item)*
Chairperson

9. Audit Committee Self-Assessment *(annual agenda item)*
Chairperson

10. Internal Audit Assessment *(annual agenda item)*
Chairperson

11. Other
All

12. Next Meeting
Chairperson

13. Closure
Chairperson