

Audit Committee Institute Audit Committee Meeting Agenda

KPMG's AUDIT COMMITTEE INSTITUTE

December 2009

The audit committee chairman, in consultation with the company secretary, should determine the frequency and timing of meetings. The frequency of meetings and their duration should vary depending on the range and complexity of the issues that the committee must consider. A typical audit committee would normally meet three or four times each year. Audit committee meetings are generally timed to meet financial reporting and audit cycles, e.g. prior to the finalisation of the interim and final year-end accounts. These meetings would also address the internal control, risk management, and other duties and responsibilities of the committee.

While formal meetings are at the heart of the audit committee's work, they will rarely be sufficient. It is expected that audit committee members will keep in touch on a continual basis with the key people involved in the company's governance. In particular, it is often helpful for the audit committee chairman to meet with the external auditors some time before the final audit meeting and communicate matters of concerns to other audit committee members. The audit committee may find it useful and necessary to hold separate private meetings with both the internal and external auditors without the presence of executive management at least once a year.

Sufficient time should be allowed to enable the audit committee to undertake as full a discussion as may be required. A sufficient interval should be allowed between audit committee meetings and full board meetings to allow any work arising from the audit committee meeting to be carried out and reported to the board as appropriate. Where it is impractical to schedule sufficient time between audit committee and board meetings, it may be advisable to discuss key issues informally in advance of the audit committee meeting.

The audit committee chairman should be responsible for the meeting agenda and ensure that supporting materials are prepared in sufficient details (preparation of which should be delegated to the relevant management personnel), distributed in sufficient time for the members to read and prepare for the audit committee meeting. The table provides an example of some issues that can be covered during each audit committee meeting. It is assumed that the company has a December year-end and has scheduled four audit committee meetings during the year. This agenda should be tailored to the individual circumstances of the company.

The finance director or equivalent, and the head of internal audit (where the internal audit function exists) should normally attend audit committee meetings, while executive directors, external auditors and external advisors (if applicable) may also be invited to attend as necessary.

	Scheduled meetings			
	April/ May	July/ August	October / November	January/ February
Constitution				
Review audit committee's terms of reference				
Review code of conduct				
Assess independence and financial literacy skills and experience of members				
Establish number of meetings for the forthcoming year				
Audit committee chair to establish meeting agenda and attendees required				
Enhance financial literacy – update on current financial events				
Assessment of financial information (discuss with management and external auditors where applicable)				
Review and recommend approval of annual financial statements				
Review and recommend approval of half year financial statements				
Review and recommend approval of quarterly financial information				
External auditors				
Recommend appointment and review performance				
Approve audit fees and terms of engagement				
Consider policy in relation to non-audit services				
Consider objectivity/ independence and obtain confirmation from auditors				
Review audit plan and scope of audit work				
Review external audit findings				
Discuss appropriateness of accounting policies, estimates and judgements				
Discuss external auditors views on control environment including fraud risk management				
Discuss with external auditors in absence of executives and management				
Ongoing communication (written/ oral) with external auditors				

	Scheduled meetings			
	April/ May	July/ August	October / November	January/ February
Internal auditors				
Where no internal audit function exists, consider the need for establishing one				
Recommend appointment and review performance				
Review internal audit plan				
Review significant internal audit reports and findings, and progress on actions taken by management				
Discuss with internal auditors in absence of executives and management				
Other responsibilities				
Review risk management governance framework and internal control system				
Review actions taken in response to the representations of the auditors				
Review whistle-blowing arrangements, where there is no systematic whistle-blowing mechanism, consider the need for establishing one				
Review legal and compliance developments				
Review report to shareholders on role and responsibilities of the committee				
Perform self-assessment of audit committee performance				
Review financial personnel resources including succession planning				
Review director and officer expenses and related party transactions				
Conduct special investigations and perform other activities as appropriate				
Maintain minutes and report to board				

	Recommended timing
	As required/ deemed necessary

Contact us

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KPMG's Audit Committee Institute (ACI)

KPMG's ACI helps to enhance the awareness of effective Audit Committee processes, and provides timely information about relevant corporate governance issues and challenges in many countries and regions around the world. KPMG is the only firm in the Big Four with such a dedicated institute to provide help to Audit Committee members worldwide.

ACI worldwide

Our ACI ensures we have open discussions and up-to-date information for Audit Committee members:

- in 25 countries
- for 1000s of ACI members
- through 100s of workshops, presentations and meetings.

More information: www.kpmg.com/aci

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