

# DRIVING GOVERNANCE

## Audit Committee Perspectives, Insights and Priorities

The audit committee plays an important role in the financial reporting ecosystem by providing independent oversight and monitoring of the financial reporting process, which ensures that companies operate in a financially sound and ethical manner. The South African Institute of Chartered Accountants (SAICA) recently conducted a comprehensive survey to gauge the current landscape of audit committees across various sectors. Additionally, the survey aimed to gather information on the needs of the audit committee members to enhance the support provided to audit committee members by SAICA.

This analysis delves into the survey results, highlighting key priorities, challenges, and opportunities identified by audit committee members that could be of value to them.

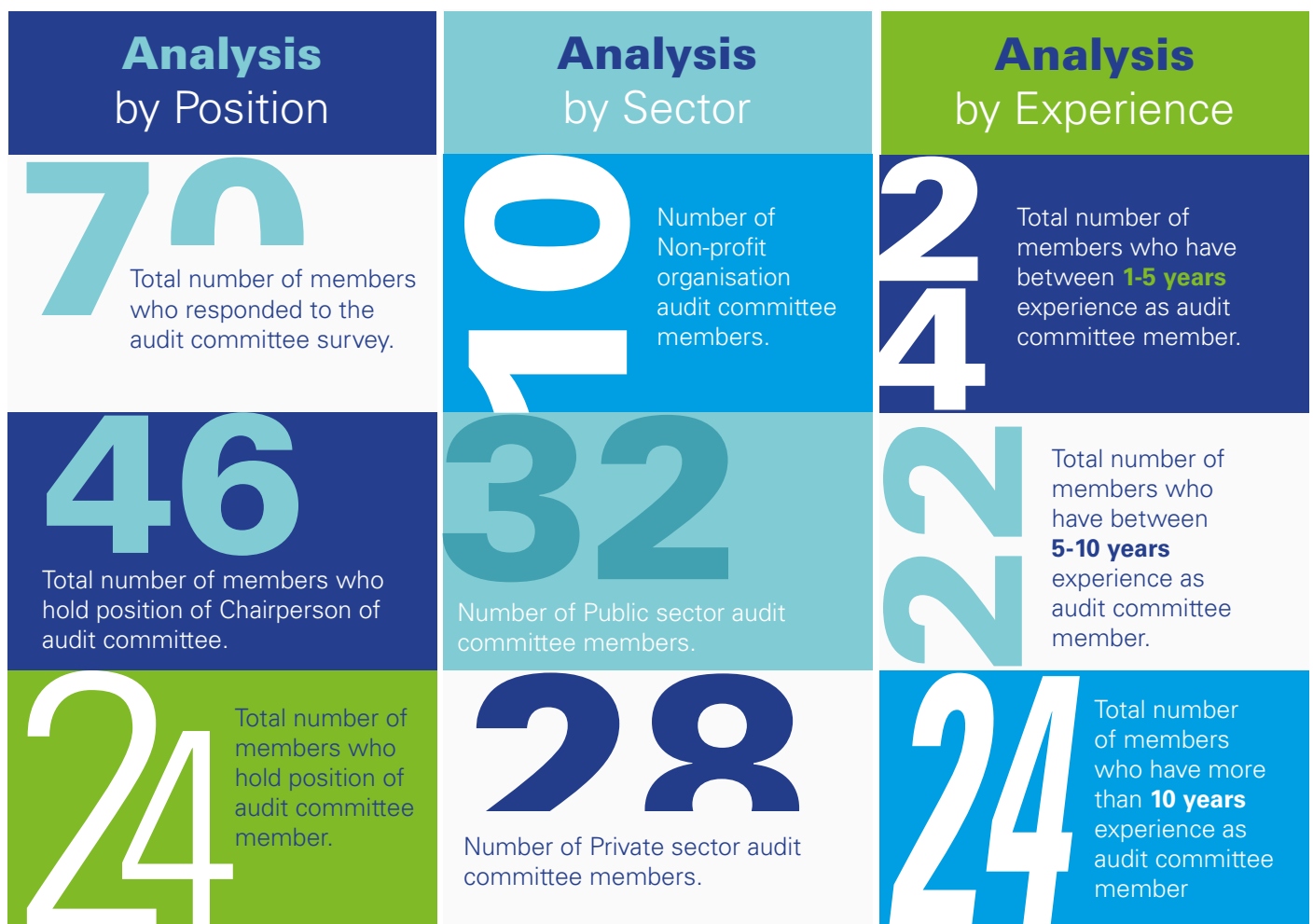
By examining these insights, we aim to provide a clearer understanding of the evolving role of audit committees in enhancing corporate governance and ensuring robust financial oversight.



# AUDIT COMMITTEE SURVEY

## ABOUT

To get a sense of what's top of mind for audit committees today, we conducted an audit committee survey requesting members to respond to a few enlightening questions. Below is a snapshot of the demographics relating to the survey, showcasing the variety of inputs from different sectors and experiences of members.



While there are clearly many interests, challenges and priorities for audit committees, there are also limits to what they can oversee. The survey questions focused on sourcing inputs relating to specific support or resources members felt would be most beneficial for audit committee members.

## STANDARDISED GUIDELINES/ BEST PRACTICES FOR AUDIT COMMITTEE

Additionally, we also asked respondents whether they believe there is a need for standardised guidelines or best practices specifically tailored to audit committee, how they think SAICA could enhance communication and collaboration among audit committee members as well as whether there are any specific regulatory or compliance issues, they would like SAICA to address on behalf of audit committee members.

**The responses to these questions are tackled into the following key themes and insights.**



### SUPPORT AND RESOURCES NEEDED

- **Technical Knowledge:**

Many respondents highlighted the need for more members with technical knowledge in audit and accounting standards.

- **Guidance and Templates**

There is a demand for guidance and templates, particularly on the primary role of the audit committee, the Terms of Reference for the audit committee and how the committee members should conduct themselves. Additionally, members requested reference material for audit committee responsibilities including how they can comply with the relevant laws and regulations. There were suggestions in receiving guidance around the induction process of new audit committee members as well as receiving a toolkit of audit committee best practices and performing enhanced review of the annual financial statements, and research papers/thought leadership material on industry practices.

- **Training and Development**

Members expressed the need to receive training, seminars and workshops. Such training should focus on topics such as governance, ESG (Environmental, Social, and Governance), fraud risk and ethics, technology and digital disruption, audit committee best practices, ethics in the context of audit committee, risk management, updates to accounting and auditing standards, Independent Regulatory Board of Auditors (IRBA) requirements impacting the audit committee, combined assurance approach and cyber security were frequently mentioned as important areas for training.

- **Other**

This includes audit committee forum network sessions to network with other members, learn from other members and create exposure to other opportunities.







## NEED FOR STANDARDISED GUIDELINES

- **Consistency and Clarity**

Many respondents believe that standardized guidelines or best practices tailored specifically to audit committees would help clarify roles and responsibilities and manage expectations.

- **Guidance on Specific Issues**

There is a call for guidance on specific issues such as the composition of audit committees, expertise and skills required, audit committee role and responsibilities, induction of audit committee members, public sector requirements and the separation of roles between management and committee members.



## COMMUNICATIONS AND COLLABORATION

- **Regular Updates**

Respondents suggested regular updates and communiques to keep audit committee members informed about changes in regulations and standards would be beneficial to the members.

- **Networking Opportunities**

There is a desire for more networking events, forums, annual audit committee events, and discussion groups to enhance communication and collaboration among audit committee members. This includes SAICA collaborating with the Institute of Directors (IoD) forming these networking events.



## REGULATORY AND COMPLIANCE ISSUES

- **Public Sector Focus**

Specific regulatory and compliance issues in the public sector, such as Annual Performance Plans, MFMA (Municipal Finance Management Act), and PFMA (Public Finance Management Act) requirements, were highlighted.

- **Governance requirements and other legislation**

King IV requirements and the NHI and its impact on private medical funds, specifically the audit committee's responsibility.

- **Fraud Prevention**

Some respondents mentioned the need for more focus on fraud prevention and forensic investigations.



## CHALLENGES AND AREAS FOR IMPROVEMENT

- **Induction and Training**

There is a great need for better induction processes and training for new audit committee members to ensure they are well-prepared for their roles. Respondents expressed a need to receive guidance/training on performing an enhanced review on the annual financial statements.

- **Support for Non-Profit Sector & Public sector**

Respondents from the non-profit and public sector mentioned the need for specific resources and support tailored to their unique challenges.

## TRAINING & GUIDANCE

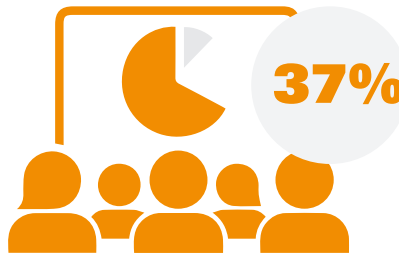
Continuous learning and development are key to the evolving needs of our members, and we note that majority of the members have expressed interest in receiving training and guidance which can further assist to enhance their practices and effectiveness.

**This snapshot reveals results on the preferred method of accessing professional development and learning material.**



### WEBINARS

A significant number of respondents prefer accessing professional development opportunities through webinars.



### IN-PERSON WORKSHOPS

Some respondents also value in-person workshops for more interactive learning experiences.



### ONLINE COURSES

Online courses are another popular method for accessing training and resources.

## RECOMMENDATIONS TO SUPPORT AUDIT COMMITTEE

While we note the key concerns that members have raised, and as we aim to deliver exceptional value to our members in supporting their career advancements, we then asked the respondents what SAICA can do to better support the audit committee members.

**The following key recommendations are highlighted from the survey:**

### Develop Comprehensive Training Programmes and Guidance Material:

- Create training programmes that cover the key areas of interest such as governance, ESG, fraud risk, and digital disruption.
- Be proactive in sharing updates on standards and regulatory requirements.
- Offer refresher training on areas that are of interest to the audit committee.
- Create a repository/library of material guidance for future reference.
- Offer webinars/seminars that offer best practice guidance from members with experience.
- Conduct research on industry practices in other countries.

### Provide Standardised Guidelines and Templates:

- Develop standardised guidelines and templates/Audit committee toolkit to help audit committees understand their roles and responsibilities better.
- Include specific guidance on regulatory and compliance issues, particularly for the public sector.
- Develop a checklist on ensuring effectiveness of audit committee.
- Develop FAQs on possible scenarios that members experience in conducting their responsibilities.

## Enhance Communication and Networking:

- Establish regular communication channels such as newsletters, communiques, and updates on regulatory changes.
- Organise networking events, forums, and discussion groups to facilitate knowledge sharing and collaboration among audit committee members.
- Mentoring and coaching.

## Focus on Public Sector Needs:

- Address specific regulatory and compliance issues relevant to the public sector for example compliance issues on supply chain management.
- Provide resources and training on public sector-specific topics such as MFMA and PFMA requirements.

**In conclusion**, the survey results highlight a need for enhanced support and resources tailored to audit committees, particularly in the areas of accounting and audit technical knowledge, standardised guidelines, and professional development. Additionally, there is a significant interest for regular updates, networking opportunities, and specific guidance on the relevant regulations, role of audit committees and compliance issues. By addressing these needs and providing targeted resources, SAICA can better equip audit committee members to fulfill their roles effectively and navigate the evolving landscape of governance and compliance.