



The Institute of
Chartered Accountants
in Australia



ICAA-MICPA FORUM

*Improving Corporate Governance in
Malaysian Capital Markets – The
Role of the Audit Committee*

August 11, 2011



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Challenges for Audit Committees to Effectively Execute Their Roles

Agenda

- Terms of Reference
- Audit Committee Reports
- Challenges



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Challenges for Audit Committees to Effectively Execute Their Roles

Terms of Reference (TOR)/ Charter

- Constitution
- Membership
- Meetings
- Authority



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Challenges for Audit Committees to Effectively Execute Their Roles

Duties & Functions

- External Audit
- Internal Audit
- Financial Reporting Review
- Related Party Transactions
- Internal Control
- Other Matters



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Challenges for Audit Committees to Effectively Execute Their Roles

Audit Committee Report: to be included in Annual Report (para 15.15 of MMLR)

- Composition
- Terms of Reference
- Meetings & Attendance
- Summary of Activities
- Internal Audit
- Reporting to Exchange



Challenges for Audit Committees to Effectively Execute Their Roles

Challenges

- Regulatory Oversight
- Attendance & Commitment at Board and Committee Meetings
- Fiduciary Duty to Stakeholders besides maximising Shareholder Value
- Sourcing & Selecting Directors; Board Skill Assessments & Succession Planning of the Board



Challenges for Audit Committees to Effectively Execute Their Roles

Challenges – Cont'd

- Setting the right “tone at the top” & “Whistle Blowing Best Practices”
- Understanding the Company’s Business & Purposes
- “Capital Management” vs “Risk Management”
- Unrestricted Deliberations on Issues
- Risk of Micro Management to ensure sound governance & spotting “red flags”