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Background

The audit committee and other board members occupy center stage today in the wake of corporate governance reforms. Their challenges are numerous, with perhaps their biggest challenge that of satisfying increased regulatory compliance requirements while maintaining their overall effectiveness.

The Audit Committee Institute (ACI) platform offers directors and audit committee members the opportunity to gain the additional knowledge, enhanced competencies and the personalized assistance they need to fulfill their demanding oversight roles.

The ACI, sponsored by KPMG, has been communicating with board and audit committee members on an international level since its formation in 1999. In Belgium, the ACI is in direct and regular contact with over 2,500 directors. Fundamentally, ACI programs support members by providing a focus on evolving issues, the sharing of best practices, and the opportunity to meet with their peers.

• The ACI publication *Shaping the Belgium Audit Committee Agenda* is the Vademecum for all audit committee members, providing them with the knowledge, tools and techniques to help them better fulfill their demanding mission.

• The ACI Web site (www.audit-committee-institute.be) and the *Audit Committee Quarterly* periodical offer articles from the ACI on regulatory and technical matters, feature audit committee “hot topics”, and include other content from our extensive resources.

• ACI Roundtable Sessions and Seminars provide an opportunity to gain first-hand experience, and for an exchange of views with peers and Audit Committee Institute professionals.

Audit committee members and other board members are looking for focused knowledge and the sharing of best practices. Registration at the ACI Web site provides them with this helpful range of tools free of charge.

Please refer to the ACI Web site for registration. (www.audit-committee-institute.be)
… to the latest edition of Audit Committee Quarterly, a publication designed to help keep audit committee members abreast of developments in corporate governance and related subjects. For those of you new to the Audit Committee Institute (ACI), and this publication in particular, a brief outline of the background to ACI is set out opposite.

You may have read in the financial press recently about the revealing research of our ACI in cooperation with the University of Antwerp. Unlike many studies in this field, our research went beyond the boundaries of “box-ticking” to have a closer look at the actual quality of audit committee reporting in Belgium, covering audit committee reporting in its corporate governance chapter. When judging audit committee reporting by the largest listed companies in Belgium against an international benchmark model of 50 measurement criteria, audit committee reporting in Belgium was found to be compliant but far from transparent. We bring this startling conclusion to your attention along with the recommendations of our study, in an extensive article starting on page 13.

Numerous instances of corporate failure like Enron or Worldcom, where audit committee reporting is judged against similar best-practices benchmarks, show the importance of careful reporting of the Audit Committee’s discharge of its roles and duties. Clearly, the ACI’s research points to the numerous challenges in this respect still found in Belgium. Audit committees are advised to investigate whether their reporting needs improvement, and to give due diligence to the described recommendations where necessary.

As pointed out in these recommendations, a balanced relationship by audit committees with both internal and external audit is crucial today. Many instances of corporate failure, such as those at Worldcom and Barings, resulted from internal control deficiencies that slipped through an unmonitored gap. The opportunity existed between understaffed internal audit functions (“an expensive and unnecessary overhead”) forced into potential cost-saving operational audits, and external audits, which today are risk- rather than transaction-based. With this in mind, we discuss the first crucial relationship, that with internal audit, in an article starting on page 20.

Then, in anticipation of our next ACI Roundtable, which will be organized on the topic of fraud risk management from a Board’s perspective in response to member interest and concerns, you will find a related article on page 11.

We continue our Audit Committee Resources series (starting on page 24) where we bring you articles of interest from around the globe. Many other interesting topics are included in this newsletter, and I personally recommend it to you.

I trust you will continue to enjoy the ongoing benefits of ACI membership. Please contact us at info@auditcommitteeinstitute.be with any comments or suggestions of topics you would like to receive ACI attention, and visit our Website at www.audit-committee-institute.be for a wealth of information on audit committees.

Theo Erauw
Chairman ACI Belgium
Confronting Earnings Management
The audit committee has a key role to play in helping to ensure that company earnings reports are free of inappropriate earnings management.

Rarely has there been such intense focus on public company financial reporting as exists today. Investors and regulators demand transparency and are increasingly intolerant of accounting errors and abuses. Audit committee members need to understand the pressures on management to meet the earnings expectations of analysts, investors or senior management. They also need to be alert to red flags that suggest executives may be engaging in earnings management techniques to help make the numbers. The audit committee should help to ensure that management has a long-term view, and is not unduly focused on short-term reported results.

In this article we look at a number of things that an audit committee can do to reduce the risk of inappropriate earnings management.

What can be done?
There are many things that can be done to mitigate the risk of inappropriate earnings management techniques being used by a company.

Tone at the top
The tone at the top of any organization should demand that management focus on quality financial reporting and on long-term financial performance. The commitment to report quality earnings should extend to all levels in the company and should be a key element in the controls system, especially those controls surrounding the financial reporting process. The audit committee can assess the tone at the top through its periodic meetings with senior management and in discussions with the internal and external auditors. These meetings can be augmented by additional reviews with other management and line personnel to evaluate whether the tone at the top relating to quality financial reporting has filtered down throughout the company. The audit committee should be alert to numerous top-side entries or last minute adjustments necessary to close the books as these may be indicators of earnings management processes.

Executive remuneration
The audit committee needs to examine and understand the executive (and perhaps non-executive) remuneration plans.

The audit committee should understand those elements of the remuneration plan, including cash bonuses and share options which are based on attaining financial targets. Such targets represent potential pressures on senior executives to manage earnings (for example, if goals are based on company or divisional earnings, profit margins, revenues, efficiencies or earnings per share amounts). This pressure can all too often lead to biased, aggressive and sometimes inappropriate financial reporting considerations. Management may have been put into the position of having both the incentive and opportunity to manage earnings. This problem becomes even more troublesome if goals and targets are based on short-term outcomes as opposed to being based on long-term results.

In addition, the audit committee should inquire into the status of previously issued share options, both vested and unvested, since there may be pressure to increase the company’s share price to make these options more valuable to employees and management.

Trends in estimates
The audit committee should have a solid understanding of the company’s critical accounting policies and estimates. The audit committee should hold regular, in-depth discussions with management about the significant estimating processes used and the data and assumptions inherent in those estimates, particularly for those that are highly judgmental; for example, the valuation of long-term work in progress. Estimates that are generated by quantitative models may require special
The audit committee should understand management’s process for helping to ensure the accuracy and validity of such models, and be comfortable that management’s process is robust and based on realistic assumptions, which are regularly updated.

The quality of the processes and systems and the reliability of the data underlying management’s estimates should be challenged. At least on an annual basis, the audit committee should obtain from management a retrospective analysis as to how the historical estimates have compared with actual results. Such an analysis of the “run off” of estimates should consider issues such as:

- How has the value of the initial estimate changed over time?
- What additional estimates have been provided for in the intervening periods?
- What were the actual amounts realized?
- What events caused the actual results to be different from the estimated amounts?

This may flag areas where reserves are being established or drawn down inappropriately.

Materiality
The concept of materiality plays a vital role in the financial reporting process. Insignificant misstatements that result from the normal course of business (rather than from an intentional scheme to manage earnings) are generally not of significant concern unless they are indicative of weaknesses in internal control over financial reporting.

However, intentional errors and misstatements made by management on the basis they are not material should not be accepted by the audit committee. In addition, misstatements created with the principal intent of managing earnings (e.g., creating unsupported accrued revenue to offset against known misstatements) also should not be acceptable. Where misstatements offset one another, each misstatement and its materiality should be considered both separately and in the aggregate. It is important not only to carefully scrutinize the unrecorded audit adjustments, but also to obtain from management an understanding as to why such items arose. In these circumstances, the audit committee has a key role to play in helping to ensure that the company reports quality earnings.

Dealing with earnings management
To fulfill its financial reporting oversight responsibilities properly, the audit committee must have a good understanding of the variety of earnings management opportunities that exist. This requires an appreciation of the differences between earnings managed in the ordinary course of business, and earnings fraudulently managed in an attempt to deceive the financial community.

There are incentives and pressures both from within and outside the company to engage in inappropriate earnings management activities. The audit committee should be vigilant to the possibility of earnings management and be alert to the warning signs that it is occurring. The audit committee should obtain a thorough understanding of the company’s processes to make or modify accounting policies, estimates and judgments so that those processes can be assessed. The audit committee should also assess the role that compensation and bonus plans tied to performance can have on earnings management, and clearly understand their consequences. It should be remembered that the pattern of earnings is rarely smooth, and financial reporting should not mask that reality.
Today’s organizations are under increasing pressure to maximize their bottom line. Yet every day, countless euros disappear because vendors, distributors, and licensees fail to meet their full contract obligations. Too many companies do not have control over revenues and costs “controlled” by third parties.

Self reporting relationships
A typical self-reporting relationship involves a trust-based arrangement written into a contract that requires the reporting of information. Based on this reporting, the company rewards a bonus on the basis of, e.g., reported sales or charges costs. The company has the right to check the report.

Self-reporting relationships exist in a multitude of shapes and industries. Some of the most known examples are royalties, software license fees, intellectual property, most-favored customer relationships, advertising agency arrangements, and reseller and distributor channel partnerships.

Self reporting lies at the heart of any contract that includes:

- Rebate and bonus schemes;
- Cost transfer provisions;
- Most-favorable pricing agreements;
- Royalty and license agreements;
- Advertising, publicity and marketing budgets with advertising agencies, and
- Complex profit distributions.

Where contracts (or more importantly individual contractual clauses) can have a material impact on the profit and loss account, there is a need to establish assurance over the fulfilment of those contractual obligations.

Contract Compliance Program
While it is true that business relationships require trust, and that trust is vital to the flow of commerce, it also true that verification is critical to maintaining trust. Too many companies are relying on self-reporting from companies with which they have
business relationships instead of auditing their partners and verifying contract compliance. Compliance programs require an interactive process of monitoring and investigation and are much more than simply on-site visits:

Misrepresentation of obligations can have a significant impact on vendor revenue. It is therefore essential to identify and recover under-reported revenues or overcharging by going to the third-party business partner and performing on-site testing. This can lead to an improved return on investment, better protection of intellectual property, better risk management, lower liability exposures and greater business partner compliance.

An effective contract compliance program also provides benefits to companies being the subject of review. This is particularly the case for companies that are subject to Sarbanes-Oxley’s Section 404 relating to internal control over financial reporting. The detection of errors in self-reported information will provide insight into control weaknesses, and indicate that the partner does not have adequate processes in place to detect reporting errors prior to the release of information.

The return on investment in contract compliance programs starts high and diminishes over a number of years as partners become more self-compliant. Ongoing monitoring will, however, remain necessary.

**Conclusion**

Globally, insufficient or inadequate controls over self-reporting relationships cause companies to lose millions of euros in revenue every year. Global companies increasingly compete on their ability to manage intangible assets, and the quality of contract governance is emerging as a key in the competitiveness of 21st century businesses. Put contract compliance management on the board’s agenda, and ask management for the following action points:

- Raise consciousness of contract compliance management as a business issue within the company.
- Review contract compliance processes within the company.
- Review partner auditing procedures.
VAT Grouping (BTW-eenheid/Unité TVA)
A potential cost-saving simplification in VAT administration from 01 April 2007

Context
As from 01 April 2007, the concept of “VAT Grouping” (BTW-eenheid/Unité TVA) will come into force1. VAT grouping means that a group of VAT taxpayers (established in Belgium), which are “closely bound” financially, economically and organizationally can be considered as a single VAT taxpayer. The new Royal Decree No. 55 (and the related Administrative VAT Circular) will define the term of “closely bound,” the mechanism that enables members to come together as a group.

This is a fundamental change in Belgian VAT, because companies will be able to decide that intra-group suppliers of goods and services are no longer subject to Belgian VAT and they will be treated as one VAT taxpayer. This may result in administrative simplifications (e.g., only one VAT return for all group companies) and cost-savings such as VAT cash-flow benefits and a reduction in effective VAT cost.

The VAT grouping is subject to certain conditions in order to avoid abuse. The members of a VAT group must be established in Belgium (including Belgian branches of foreign legal entities) and qualify as VAT taxpayers. Consequently, for example, a passive holding cannot join a VAT group.

Optional, not an obligation
As mentioned above, VAT grouping is not an obligation. The new system foresees a double option.

First, a group of taxpayers can exercise the option to create a VAT group. Secondly, an individual group member can also opt to join or not to join the VAT group. The individual option is foreseen to avoid a situation where a VAT group is established with so many members that it becomes difficult to manage or control. However, a subsidiary may not exercise the option not to join the VAT group if the “top-company” has a direct participation of more than 50 percent, unless the subsidiary can prove that it is economically, organizationally, or because of other circumstances not “bound” with the top company (the opt-out option).

Note that all VAT group members are in solidarity and individually liable2 for the debts of the other VAT group members during their membership period, and that a group member must remain in the VAT group for a minimum of three years. However, if the group conditions are no longer met, a premature exit is possible or even mandatory.

Examples of potential benefits and savings
The new system may result in a fundamental revolution in VAT. For instance, consider the case of intra-group renting of immovable property, where the owner of the building (the lessor) and lessee(s) are all members of a VAT group. In this case, no VAT is due on the rentals, while input VAT credits on the erection of the building, in principle, can be exercised automatically by the owner (lessor). Also, certain input VAT would no longer be a VAT cost (due to the limitation of the right to deduct input VAT), for instance, with intra-group leasing of cars. The recharging of car expenses will be without VAT, resulting in a cost-saving for the lessee.

The following example illustrates the benefit of a VAT group: Company A is member of a group and erects a building with 21 percent Belgian VAT. Company A uses 25 percent of the building for itself and rents 75 percent of the building to B, C and D. Companies B, C and D are group members and fully taxable entities entitled to recover all input VAT.

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1 The legal basis is Article 4, § 2 VAT Code and a new Royal Decree nr. 55.
2 New Article 51ter, VAT Code.
Without VAT grouping, as illustrated in figure below, the full VAT cost is €15.75 (€21.00 x 75%) because A can only partially deduct the input VAT on the erection of the building for the non-rented part. This is due to the fact that the rental of the building is VAT exempt (Article 44, §3, 1° VAT Code), resulting in a limited input VAT credit for A.

With VAT grouping, as illustrated in figure below, the rental of the building to B, C and D qualifies as a “internal transaction” within the VAT group (and thus is outside the scope of the VAT exemption of Article 44, §3, 1° of the VAT Code), with the benefit that the VAT group is entitled to a full VAT credit on the erection of the building. The saving is considerable, namely €15.75.

Conclusion
VAT grouping brings an opportunity to reduce direct and indirect VAT costs. Companies should assess how they might benefit from introducing VAT grouping. This can be done by comparing their VAT costs (including the VAT cash flow cost) without VAT grouping to the VAT benefits that accrue with VAT grouping. Taking into account the complexity of the VAT rules, it is suggested to seek VAT expert advisory when establishing a VAT group to ensure that all benefits and pitfalls are properly assessed.
Annual Reporting on Corporate Risks and Uncertainties

In early 2006, Article 96 1° of the Company Code was amended to include a consideration of the risks and uncertainties faced by the company in the annual report of the Board of Directors. At the end of 2006, an evaluation was made on whether Belgian companies, in particular SMEs and companies listed on the BEL20, have implemented this new law in their 2006 annual reports.

Impact on Reporting
In particular, the research searched for any differences in the annual reporting of corporate risks compared to the prior year, and found that 40 percent of the annual reports showed no difference in the reporting of risks between 2005 and 2006. This continuity may be explained by two factors: First, many companies may not have found the time to perform a profound risk analysis and reporting because of the late amendment of the law (about two months before the annual reporting activity period). Secondly, the reporting by the bank sector didn’t change much because they thoroughly reported such risks in previous years.

What has been reported?
Taking the entire research population into account, companies on average reported eight risks, with the variance going from 1 to 30 reported risks per company. The categorization of risks with approximate percentage of incidence is as follows:

- Financial risks - 50 percent
- Strategic and market risks - 25 percent
- Operational risks - 15 percent
- Compliance risks - 10 percent

The distribution of risks between SMEs and companies listed on the BEL20 is similar, but the detail of reporting is quite different. BEL20 companies tend to report their risks broadly in separate sections, while SMEs limit themselves to brief descriptions. Banks, however, fulfill their role as leaders in financial reporting and cover almost every risk in great detail.

Risk management
On addition to the descriptions of risks, all listed companies on the BEL20 and half of the SMEs reported on how to hedge these risks. Generally, it may be concluded that companies tend to match the obligatory reporting of corporate risks to the non-obligatory reporting of risk management.

Contents of the Risk reporting
The research also revealed that companies generally limit their reporting to high-level and industry-specific risks, rather than company-specific risks. This may be due to companies feeling the need conceal this information from competitors, and, as well, to the lack of clear guidance.

Conclusion
Research revealed that the implementation of the law of 13 January 2006 on the annual reporting of corporate risks and uncertainties faced by the company given rise to multiple interpretations. This may be due to the unfortunate late amendment of the law, a lack of clear guidance and interpretation and a need to balance obligatory reporting to the protection of strategic information. Currently, the auditor’s role is limited to giving an opinion on the validity of the reported risks, and not on the completeness and accuracy of those risks.
At the end of 2006, the leaders of the six largest global audit networks jointly published their thoughts on the future of financial reporting in Global Capital Markets and the Global Economy: A Vision from the CEOs of the International Audit Networks.

The aim of the paper is to facilitate a global debate on how relevant, reliable and timely information can be provided to participants in capital markets. To that end, it proposes ideas on near-term measures, such as the convergence of national audit standards, and longer-run measures such as the development of a new business reporting model.

The key matters discussed in the paper are:

- The need to develop financial reporting standards that are less complex and based on principles. Also recognized is that the application of judgement is essential.

- The need to ensure that the IFRS and U.S. GAAP convergence projects are completed, and that they include a shift towards a principles-based IFRS rather than the U.S. GAAP, which is rules-based.

- The limited usefulness of historical costs, given the differences between balance sheet totals and market capitalization.

- A proposal that in the longer term, real-time reporting—particularly of non-financial KPIs—may provide better information to the markets for their use in forecasting future prospects.

- The part that technology such as XBRL has to play in continuous reporting.

- The need to confront the expectation gap in relation to fraud.

The aspect of the paper that has attracted the most comment relates to the proposal for real-time reporting. The purpose of this paper is to initiate dialogue with investors, regulators and others on the future of financial reporting. The fact that aspects of the paper are already being discussed is a very good sign, and the next stage of the debate is something to look forward to.
Fraud Risk Management from a Board Perspective

With the estimated cost of fraud in Belgium running into millions of euro, attitudes toward fraud are changing. The days are gone when many organizations, usually relying on a previous track record of a low incidence of fraud, were content to simply react if, and when, misconduct occurred.

Internationally, we are seeing a low investor tolerance to fraud following the well-publicised accounting scandals such as at Parmalat and Enron, as well as in recognition of the serious regulatory and legal penalties that can now result from misconduct. Many companies are beginning to accept the critical importance of implementing programs and controls to prevent, deter and detect fraudulent and related activity, and so avoid the significant damage to finances and reputation that can result.

As there is little proscribed regarding the design of controls in this area, management is focused on efforts to:

- Understand the fraud and misconduct risks that can undermine their business objectives
- Determine whether anti-fraud programs and controls are actually effective in reducing instances of fraud and misconduct
- Gain insight on better ways to design and evaluate controls to prevent, detect and respond appropriately to fraud and misconduct
- Reduce exposure to corporate liability, sanctions, and litigation that may arise from violations of law or thwarted market expectations
- Derive practical value from compliance investments by creating a sustainable process for managing risk and improving performance
- Achieve the highest levels of business integrity through sound corporate governance, internal controls, and transparency.

An effective, business-driven fraud and misconduct management approach is one that focuses on three objectives:

- **Prevention**: Controls are designed to reduce the risk of fraud and misconduct from occurring.
- **Detection**: Controls are designed to discover fraud and misconduct when it occurs.
- **Response**: Controls are designed to take corrective action and remedy the harm caused by fraud or misconduct.

Each of these objectives: prevention, detection and response, consists of a number of common factors inherent in the successful anti-fraud framework. These include:

- **Executive buy-in and tone from the top**: To foster an effective culture against fraud or misconduct, senior executives should lead by example and drive anti-fraud programs and controls.
- **Code of conduct**: Organizations need to clearly set out the guiding principals, values and ethical standards in a code of conduct, specifying what is expected of its employees.
• **Fraud risk assessment**: An organization should be able to articulate where its key fraud risk exposures are. In order to get to this point, it is advisable to first undertake a high-level review to identify the potential fraud risk hot-spots. Once the hot-spots have been identified, a more in-depth assessment should be undertaken to identify specific fraud risks in these areas and to determine suitable controls. These mitigating fraud risk assessments can then be used to establish business unit-specific risk profiles, which, together with the appropriate anti-fraud controls, can then be shared within the organization.

• **Fraud awareness training**: Staff should be made aware of the organization’s key fraud or misconduct warning signs through anti-fraud campaigns.

• **Fraud reporting policy**: It is essential to provide a means by which fraudulent activity or other misconduct can be both reported and recorded. This can be facilitated by ethics or fraud hotlines or, often, internal reporting mechanisms. Anonymity and protection of the whistle-blower is a key success factor of a reporting policy.

• **Employee attitude surveys**: Generally speaking, companies where people enjoy their work experience less fraud. This is because it is harder for an employee to rationalize committing fraud or misconduct at an organization where they enjoy working. Employee attitude surveys are useful in identifying areas where employees feel disgruntled or lack motivation, thereby allowing the possibility for corrective actions to be taken. Attitude surveys are also useful in engaging employee awareness of anti-fraud policies and procedures.

• **Employee screening**: Organizations should undertake background checks into staff being employed or promoted into positions of authority, or who will be responsible for initiating, approving or accounting for transactions. These checks should include confirming stated qualifications, exploring the reasons for any unexplained career gaps and obtaining references.

• **Fraud response plan**: Should preventive measures fail and allegations of fraud or misconduct be made, a documented fraud response plan is important to enable a rapid and decisive reaction.

• **Audit committee and internal audit challenge**: The Audit Committee has a key role in overseeing the effectiveness of the organization’s anti-fraud program and controls.

Fraud and misconduct can significantly damage an organization’s reputation, bank balance and share price—even threaten its very existence. It is critical for companies to have comprehensive and effective mechanisms in place to prevent, deter, detect and minimize the impact of wrongdoing. The effective implementation of key anti-fraud elements can help a company to significantly reduce the likelihood that it will fall victim to fraud and its consequences.
Audit Committee Reporting in Belgium: Compliant but Far from Transparent

Research of the Audit Committee Institute and the University of Antwerp on the quality of Audit Committee reporting in Belgium

Unlike many corporate governance studies, this ACI research compares the quality of audit committee reporting in Belgium against a benchmark model of international best practices. It concludes, remarkably, that the objective of audit committee reporting in Belgium seems to be the minimum of compliance, and that there could be significant improvements in transparency.

Context

It is obvious that audit committee members occupy centre stage today in the wake of corporate governance reforms. Enron’s audit committee was chaired by Robert Jaedicke, a distinguished accountant and a former dean of the Stanford Business School. The audit committee of Enron did not meet very frequently, only three or four times a year, with each meeting lasting less than two hours—not quite enough time to consider all the important issues on the agenda. Now, everyone can conclude on the audit committee’s performance, as its minutes are freely available on the Internet (findlaw.com).

The Enron case mentioned above demonstrated the importance of the balance between compliance and performance to be carefully and appropriately reflected in corporate governance and, more specifically, in audit committee-related reporting. In the first place, the audit committee’s terms of reference, as well as the corporate governance chapter in the annual report of the board of directors must be transparent and very clear in explaining any deviations from the Code Lippens. Although, for the moment, this corporate governance code is not law, and therefore imposes no obligation as such, it is likely to serve as a primary best practice reference for courts when judging in corporate governance-related cases.

Benchmark model using 50 measurement criteria

Starting with a comparison of audit committee regulations in Belgium, the UK and the U.S., the Audit Committee Institute first developed a benchmark model for audit committee reporting consisting of 50 measurement criteria divided into 8 areas. International audit committee regulations are quite comparable; 95 percent of the measurement criteria are also included in the Belgian Code Lippens.

Audit committee reporting of the largest listed companies in Belgium were then scored against this benchmark, primarily the audit committee terms of reference and the corporate governance chapter in their annual reports. A scale of 0 to 10 was used in evaluating the quality of compliance, and any explanations for non-compliance.

The abstract of a particular company’s 0-10 scoring on each of the 50 measurement criteria can be reduced to a graphical radar plot of its average rating in each of the eight measurement areas. All 19 BEL-20 companies have been brought together into an “average” company, which has been similarly presented graphically in the figure below. When evaluating results and comparing companies to each other, the larger radar plot will obviously be the better one. Also, the symmetric radar plot will prevail over the asymmetric.
Radar presentation of the average BEL-20 company’s scoring in each of the eight areas of audit committee operations measured

Median Score and Overall Conclusion
The resulting median score indicates audit committee reporting to be compliant overall with the regulations made part of the benchmark (including the Code Lippens provisions).
However, the research also revealed that audit committee reporting needs significant improvement in transparency, with content needing improvement particularly in five of the eight measurement areas for which recommendations have been elaborated below.

**Common Findings and Recommendations**

**Resources, training and remuneration**

While most companies appropriately disclose a general remuneration policy and seem to grant sufficient authority and funding to the audit committee to engage independent counsel and outside advisors as needed (without seeking approval from the Board), too little information is being disclosed on training and individual remuneration.

For audit committee members to be able to understand their roles and responsibilities and to understand the risks facing the company, regulations recommend they are given appropriate induction and ongoing training. In their corporate governance-related reporting, audit committees should therefore demonstrate that they have addressed the required training by disclosing in detail related company policy and responsibilities. The chairman will mostly be responsible for ensuring induction training is given to newly-appointed members on the terms of reference of the audit committee, the roles and duties of its members, and on the company’s internal control and risk management systems. Subsequent ongoing training will mainly cover developments in financial reporting and company law. Courses will be followed on the initiative of the company and the audit committee member and funded by the company.

While most companies appropriately disclose a general remuneration policy (*Code Lippens* §7.2), some companies, whether tacitly or not, choose to not disclose individual remuneration data contrary to the recommendation of *Code Lippens* §7.5. Further, splitting the disclosed individual remuneration data into fixed and variable remuneration would surely enhance transparency. Shareholders and other interested parties should, in this way, be able to assess whether the level of benefits seems sufficient to attract, retain and motivate directors, taking
into account their time, skills and value commitment, and whether any
differences in the level of remuneration between audit committee members
seem justified (*Code Lippens* 57.1, 7.3 and 7.4).

Without complicating things with long-term benefits—as these are mostly not
applicable to audit committee members and may be best disclosed
separately—an illustrative way of disclosing these individual fixed and variable
remuneration data relative to the audit committee members’ commitment is
proposed in the table below.

**Illustrative table disclosure of individual short-term fixed and variable
remuneration (EUR)**

<table>
<thead>
<tr>
<th>Name</th>
<th>Function(s)</th>
<th>Fixed Fee</th>
<th>Board of Directors 10 Meetings*</th>
<th>Audit Committee 5 Meetings*</th>
<th>Remuneration Committee 5 Meetings*</th>
<th>Total Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. X</td>
<td>Chairman of the Board**</td>
<td>100,000</td>
<td>40,000</td>
<td>N/A</td>
<td>N/A</td>
<td>140,000</td>
</tr>
<tr>
<td>Mr. Y</td>
<td>Chairman of the Audit Committee**</td>
<td>50,000</td>
<td>18,000</td>
<td>17,500</td>
<td>N/A</td>
<td>85,500</td>
</tr>
<tr>
<td>Ms. Z</td>
<td>Audit and Remuneration Committee Member</td>
<td>40,000</td>
<td>15,000</td>
<td>10,000</td>
<td>8,000</td>
<td>73,000</td>
</tr>
</tbody>
</table>

** The chair is being granted an extra EUR 1,000 per meeting attended.
* Refer to meeting schedule in note (x)

298,500

**Relationship with the board of directors**

The relationship between the board of directors and the audit committee seems to
be of a one-way and indefinite nature. Most boards of directors have determined
the role of the audit committee in written terms of reference. Subsequently, it is
often unclear how and when the audit committee is to report on its duties to the
board of directors, while in most cases, the audit committee never seems to report
to the board of directors on its annual self-assessment and recommendations relating
to its terms of reference. Finally, little or no information has been disclosed
regarding escalating procedures should there be disagreements between the board and audit committee. The following are some profound findings on these relationship elements.

According to Code Lippens §5.1, §5.2 and §5.7, the board shall receive a report on the audit committee’s findings and recommendations after each audit committee meeting. Referring again to the Enron case, it is important to carefully and appropriately reflect these findings and recommendations in the audit committee-related reporting, as it may ultimately serve as a reference for courts when judging in corporate governance-related cases. For the same reason, the written and timely character of this reporting should be stressed in the audit committee’s terms of reference.

The audit committee should not only review its terms of reference at least annually (Code Lippens § 5.2) to reflect changes in the company and its regulatory environment, but to also review its own effectiveness. For the latter evaluation, it may refer to the questionnaire developed in this respect by our Audit Committee Institute (available on our Website), and to the three-step approach to an effective audit committee self-assessment. This latter consists of a preliminary discussion of the evaluation process, a facilitated group assessment, and a final reporting, as described in an article in the Audit Committee Quarterly newsletter, Issue 05.

Last but not least, it is wise to agree upfront on how to handle troubles which are to be faced in even the best of relationships. Any disagreement within the Board, including disagreement between the audit committee’s members and the rest of the Board, should be resolved at Board level.

**Relationship with internal and external audit**

A balanced relationship with internal and external audit is crucial. Many instances of corporate failure, such as those at Worldcom and Barings, resulted from internal control deficiencies that slipped through an unmonitored gap.

The opportunity existed between understaffed internal audit functions (“an expensive and unnecessary overhead”) forced into potential cost-saving operational audits, and external audits, which today are risk —rather than transaction— based. The relationship pillar of having frequent meetings with internal and external audit is discussed below. Further, according to Code Lippens §5.2 and to Smith’s Guidance §4.15, the audit committee should review internal and external audit reports and monitor the response of management to the findings. In most cases, this recommendation has simply been included in the terms of reference of the audit committee. Implementation is, of course, essential.
As an example, consider that the breach in fundamental segregation of back and front office duties at Barings was compounded, not only by a weak internal audit function, but as well by a poor follow-up of identified problems and related recommendations. In practice, specialized monitoring software may be used to facilitate tracking of reported audit findings and management responses. Further, it is important to formally and carefully follow-up this audit committee monitoring duty in the reporting of the audit committee to the board of directors and to the shareholders by including this item in the audit committee’s activity report in the corporate governance chapter of the annual report.

Also, according to Code Lippens §5.2/14,15 and to Smith’s Guidance §4.24,28, the audit committee should monitor the independence of the external auditor, regularly request a relationship report from the external auditor, and recommend a policy to the board of directors to safeguard this independence, particularly when reviewing the provision of non-audit services. While an sample policy on the use of external auditors for non-audit services has been made available on the Website of our Audit Committee Institute, our latest ACI Roundtable lawyer panel members have stressed the merely advisory role of the audit committee in this matter, explaining that the independence of the external auditor reaches out to the true and fair view of financial statements, a responsibility of the board of directors as a whole (ACI Quarterly Issue 05).

**Relationship with shareholders**

Most audit committees seem to be good at disclosing their members and their accompanying roles and duties, which can be found by the shareholders in the audit committee’s terms of reference. On the other hand, the membership disclosure could be significantly improved by demonstrating independence as well as financial expertise in a brief members’ curriculum. The terms of reference could also include member rights next to their duties. As an example, terms of reference could include audit committee members’ rights within the framework of escalating procedures in case of disagreements between the audit committee and the board. According to Code Lippens §9.4, a specific corporate governance chapter of the annual report should include an activity report of the audit committee meetings that includes the number of meetings and the individual attendance of each member. Findings relating to the meetings and attendance have been described below. Further investigation reveals that the recommended activity report is sometimes missing and, when reported, is generally rather brief in Belgium when compared to international efforts. The Belgian report is by far too brief to effectively demonstrate to shareholders the discharging of the audit committee’s responsibilities.
Meetings of the audit committee

Most audit committees meet more frequently than the minimum of three times a year recommended by Code Lippens §5.2., and the frequency of meeting in Belgium (an average of 5.3 meetings per year) is catching up with the Americans (at 8.6 meetings) (ACI Quarterly Issue 03).

Analysis shows further that in some companies the CEO and/or the chairman of the board have a permanent invitation to the meetings of the audit committee. It is recommended by Code Lippens §5.2 for the audit committee to be entitled to meet without executive management being present. Smith’s Guidance §2.8 says in this respect that only audit committee members should be entitled to be present at audit committee meetings, while others may be invited to attend.

Further, Smith’s Guidance §2.9 stipulates that 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. Referring again to the Enron case, it is important to carefully and appropriately demonstrate this in the audit committee-related reporting by not simply disclosing the overall number of audit committee meetings and attendance rate but, equally, to live up to the Code Lippens §9.4 expectation to disclose a table presenting audit committee meeting dates and individual attendance to these meetings.

The attendance of the external auditor and head of internal audit could equally be included in this table to improve a demonstration of compliance with the Code Lippens §5.2 recommendation for the audit committee to meet with them at least twice a year, and of the establishment of a crucial, balanced relationship with internal and external audit as explained above.

Conclusion

Numerous instances of corporate failure like Enron or Worldcom, where audit committee reporting is judged against similar best-practices benchmarks, show the importance of careful reporting of the Audit Committee’s discharge of its roles and duties. Clearly, the ACI’s research points to the numerous challenges in this respect still found in Belgium. Audit committees are advised to investigate whether their reporting needs improvement, and to give due diligence to the above-described recommendations where necessary.

“Numerous instances of corporate failure like Enron or Worldcom, where audit committee reporting is judged against similar best-practices benchmarks, show the importance of careful reporting of the Audit Committee’s discharge of its roles and duties.”
In recognizing that effective governance is the cornerstone of shareholder protection, best practice initiatives by regulators and stakeholders over the last years have confirmed the audit committee’s key role in the oversight of the internal audit process within companies. As a consequence, the internal audit’s reporting relationship to the audit committee has been redefined.

International context
Based on a recent survey of more than 400 audit committee chairmen and internal audit professionals, five golden rules have been identified for audit committees regarding their internal audit oversight. Audit committees need to ensure:

- Audit plans are sufficiently broad in scope and executed in a timely manner.
- Audit reports are actionable and implemented.
- The audit team is independent, empowered and sufficiently staffed and resourced.
- Effective committee functioning is enhanced by staffing the committee with sufficient expertise.
- An open and transparent relationship with audit and other control professionals is established.

Great emphasis should be placed on the nature of the internal audit head’s administrative reporting line. It is a fact that, too often, internal audit is not well placed to provide a credible check on management. Audit committees therefore play a crucial role, together with top management, in communicating the importance of internal audit across the organization.

The Institute of Internal Auditors (IIA) recommends in its Standards for the Professional Practice of Internal Auditing that “the chief audit executive should report to a level within the organization that allows the internal audit activity to fulfill its responsibilities.” However, in their Practice Advisory (the interpretation of the standards), the IIA strongly suggest that, to achieve the necessary independence, the chief audit executive should functionally report to the audit committee. For administrative purposes, the chief of internal audit should report directly to the CEO of the organization. Periodic reporting to the audit committees should include...
“mandatory” topics, such as internal audit’s activities, purpose, authority, responsibility, and performance related to its plan. Reporting should also include significant control issues and exposure to risks, corporate governance issues, and other matters needed or requested by the audit committee.

An international survey (2005-2006)\(^2\) of more than 1,200 audit committee members by the Audit Committee Institute indicated that one third of audit committee members were only somewhat or not confident that the company’s chief audit executive would report controversial issues involving senior management directly to the audit committee. The most identified cause in that respect reflected that, although the audit committee has the ultimate authority to hire and fire the chief audit executive, more than one in four said that authority rests with the CEO or CFO.

Belgian context

The Belgian Code Lippens clearly states that audit committees must assume responsibility for overseeing the internal audit processes. In that perspective, Code Lippens provides a number of principles to enhance this oversight:

“An independent internal audit function should be established, with resources and skills adapted to the company’s nature, size and complexity. If the company does not have an internal audit function, the need for one should be reviewed by the audit committee at least annually.”

Audit committees often need to weigh the benefits and costs of internal control decisions, especially on the need or desirability of having an internal audit function. In that respect, audit committees need to realize that an effective internal audit not only can have a very positive impact on the control environment of a company, and the effective design and operation of internal controls, but also can provide the audit committee means of monitoring whether the controls management has put in place are reliable, functioning properly, and are sufficient to address the risks in the financial reporting process.

“The audit committee should review the internal auditor’s work program, having regard to the complementary roles of internal and external audit functions. At least twice a year, the audit committee should meet with internal audit to discuss matters relating to its terms of reference, and any issues arising from the audit process. The head of internal audit should have direct and unrestricted access to the chairman of the audit committee and the chairman of the board.”

\(^2\) The Audit Committee Journey, A Global View, 2005-2006 Audit Committee Institute Survey
Where an internal audit function exists, according to *Code Lippens*, the audit committee should review the appointment, promotion, or dismissal of the head of internal audit, and help determine his or her qualifications, reporting hierarchy (to ensure access to all necessary contacts both at the board level and within the organization), and compensation. The audit committee should be involved in developing and approving the internal audit department’s mandate, goals, mission and resources to be certain of its proper role in the oversight function. Also, the audit committee should stay up to date on the scope and results of internal audit’s operations, and management’s responses to their recommendations on internal controls and compliance.

**Conclusion**

International and national best practices have identified the oversight of companies’ internal control environment as an important role for audit committees. Audit committee responsibility will certainly be also focused on acting as a “facilitator” for effective internal audit operations.

A crucial step therefore will be the periodic evaluation of internal audit’s objectivity and independence of judgment. Audit committees will have to monitor and assess the role and effectiveness of the internal audit function in the overall context of the company’s risk management system. Self-assessment by the head of internal audit is an effective assessment tool, but it should not be the sole means by which the effectiveness of the internal audit function is reviewed. Audit committee should draw their own conclusions based on their experience of, and contact with, the internal audit function.

Finally, audit committees will also need to focus more on their review and assessment of the annual internal audit work plan, on the reported results of the internal auditors’ work, and on their review and monitoring of management’s responsiveness to the internal auditor’s findings and recommendations.

Based on recent surveys, audit committees still have a challenging way ahead, but the effective implementation of best practices will ultimately result in a manifest “added value” regarding companies’ internal control systems.

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1. Refer to the Audit Committee Institute’s publication, “Shaping the Audit Agenda - Toolkit,” Appendix I, Exhibit 6, that provides a framework which audit committees can adapt when reviewing the effectiveness of the internal audit function.
2. The Audit Committee Institute’s publication, “Shaping the Audit Agenda - Toolkit,” Appendix I: A specimen internal audit plan is included in Exhibit 12.
IAS 36 and Goodwill Impairment

An exception to the annual impairment test burden

IAS 36 Impairment of Assets requires cash generating units (CGU) that contain goodwill to be tested for impairment annually, or whenever there is any indication of impairment. The standard requires extensive disclosures of the estimates and assumptions used in the calculation of the CGU’s recoverable amounts made for the purposes of the impairment test. However, in order to reduce the financial burden of carrying out annual impairment tests, the standard allows the recoverable amount calculated for a CGU in prior periods to be used in the current period, subject to certain conditions being met.

The most recent detailed calculation of the recoverable amount of a CGU to which goodwill had been allocated may be brought forward from a preceding period and used in the current period, provided that:

- The assets and liabilities of the CGU have not changed significantly since the most recent calculation of the recoverable amount.

- That the results of the recoverable amount calculation exceeded the carrying amount of the CGU by a substantial margin.

- The likelihood (based on an analysis of events and circumstances occurring since the last calculation of the recoverable amount) that a current calculation of the recoverable amount would fall below the current carrying amount of the CGU is remote.

In the event that a company preparing accounts under IFRS as adopted by the EU meets all these criteria, the disclosures of its estimates and assumptions used in calculating the recoverable amount will be based on the recoverable amount from the prior period, i.e., an entity will simply repeat disclosures reported in its prior year accounts.
The Role of Auditing in Public Sector Governance

To protect the public interest, every government mandates independent audit activities that provide a range of assurance and advisory services—from financial attestation to performance and operational efficiency—whether through the use of internal or external audit services or a combination of the two. The public sector audit activity’s mandate should be as broad as possible to enable it to respond to the full scope of government activities.

This Institute of Internal Auditors’ (IIA) paper presents the importance of the public sector audit activity to effective governance, and defines the key elements needed to maximize the value the public sector audit activity provides to all levels of government. These elements are:

- Organizational independence
- A formal mandate
- Unrestricted access
- Sufficient funding
- Competent leadership
- Competent staff
- Stakeholder support
- Professional audit standards.

According to the IIA discussion paper, governments must establish protection to ensure that audit activities are empowered to report significant issues to appropriate oversight authorities. One means of accomplishing this protection is through the creation of an independent audit committee. The discussion paper further details the above key public sector governance principles, and describes the services and contributions that governments can derive from their audit activities.

The Role of Auditing in Public Sector Governance paper may be downloaded free of charge from the Professional Guidance - Standards and Practices section of the IIA Website http://www.theiia.org
IASB publishes a draft IFRS for SMEs


The aim of the proposed standard is to provide a simplified, self-contained set of accounting principles that are appropriate for smaller, non-listed companies, based upon the full International Financial Reporting Standard (IFRS) developed primarily for listed companies. By removing choices of accounting treatment, eliminating topics that are not generally relevant to a SME and simplifying methods for recognition and measurement, the resulting draft standard reduces the volume of accounting guidance applicable to a SME by more than 85 percent when compared with the complete IFRS. As a result, the Exposure Draft offers a workable, self-contained set of accounting standards that could allow investors, for the first time, to compare SME financial performance across international boundaries on a like-for-like basis.

The adoption of the IFRS for SMEs will be a matter for each country or adopting jurisdiction to decide. For example, the EU requires listed companies to comply with the International Financial Reporting Standard (IFRS), but leaves it to member states to decide which individual standards SMEs should follow. The IASB proposes that listed companies, however small, would not be eligible to use the IFRS for SMEs.

In consideration of SME financial statements and to maximize benefits to costs, the draft IFRS for SMEs modifies the full IFRS in three ways:

- **Topics omitted.** IFRS topics not relevant to a typical SME would be omitted, with cross-references to the full IFRS provided if needed. Omitted, for example, would be earnings-per-share and segment reporting, as they are not required for SMEs, and insurance contracts, as insurers would not be eligible to use the IFRS for SMEs.

- **Only the “simpler” option would be included.** SMEs are permitted to use the other “complex” option by cross-reference to the relevant IFRS. The “simpler” options selected are, for example, the cost-depreciation model for investment property; the cost-amortisation-impairment model for property, plant and equipment and intangibles, and the indirect method for reporting operating cash flows. In adopting the IFRS for SMEs, an individual jurisdiction could decide not to allow the “complex” option that is cross-referenced to the full IFRS.

- **Recognition and measurement simplifications.** Examples are having only two categories of financial assets rather than four; an indicator approach rather than mandatory annual goodwill impairment calculations; recognizing all research and development costs as expense; the omission of the corridor approach in respect of employee benefits, and less restatement of prior data being required at first-time adoption.

The ED is published in three documents: the draft IFRS for SMEs, implementation guidance (consisting of illustrative financial statements and a disclosure checklist), and a basis for conclusions. The IFRS for SMEs is organised topically rather than in IAS/IFRS statement number sequence. It has 38 sections and a glossary.

The ED can be found in the Open to Comment section of the IASB Web site (www.iasb.org). The comment deadline on the Exposure Draft is 1 October 2007, with the standard expected in mid-2008.
Why Three or More Women on the Board Enhance Governance

How many women directors should be on a corporate board? As described in NACD Directors Monthly of February 2007, a study released by the Wellesley Centers for Women found that a lone woman can and often does make substantial contributions. However, although two women are generally more powerful than one, it takes three or more women to achieve the "critical mass" that can cause a fundamental change in the boardroom and enhance corporate governance.

Previous research findings showed that women bring value by providing different perspectives, expanding the content of board discussions, raising issues that pertain to multiple stakeholders, asking tough questions, and using their interpersonal skills to promote collaboration. But previous research has not explored what is different about board dynamics and the contributions of women when there are one, two, three or more on the board.

One Woman on a Board
Women who have served alone, and those who have observed the situation, reported experiences associated with tokenism: being at once highly visible and invisible, being stereotyped, and being seen as representing all women. Being highly visible, a lone woman realizes that her behavior is carefully scrutinized, and if she is cautious, she will be very careful in choosing when to speak up. Probably more detrimental to their ability to contribute is what is called "the invisibility phase"—feeling ignored, dismissed, not taken seriously, or otherwise excluded.

Two Women on a Board
Adding a second woman to a board helps. Two women validate each other and provide each other with a sounding board, something called the "Ladies Room Phenomenon." When the board takes a break and the men go to the men’s room, a single woman has no one with whom to continue the conversation or check on her impressions. That changes once there are two women. However, having two women does not always cause significant change. Women and men are still aware of gender in ways that can keep the women from working together as effectively as they might and the men from benefiting from their contributions. Also, when there are only two women, they are often careful not to be seen as too supportive of each other.

Three or More Women on a Board
Having three or more women in the boardroom seems to result in a definite shift. The presence of women becomes normalized and removes gender from being a concern. With three, many women feel less constrained about associating with other women, more comfortable about being themselves and raising issues that concern them, and less pressured to work so hard to prove themselves. Also, the men are learning to be more inclusive, asking whether anyone else has any comments. It is much more conversational and less hierarchical and, as a result, all the directors get better information.

The study shows that, with three or more women, a board is much more likely to experience the positive effects and contributions to good governance that women can bring into the boardroom. Women’s contributions help boards fulfill responsibilities to multiple stakeholders and help create a boardroom dynamic in which board members work together collaboratively while encouraging tough questions to be asked.

The full report of the Critical Mass Project is available through the Publications section of the Wellesley Centers for Women Web site (www.wcwonline.org).
European Audit Committee Chairman Forum

The European Audit Committee Chairman Forum, which held its first meeting in Stuttgart, Germany in November, discussed such issues as the European Union Directive on Statutory Audit, the audit committee’s focus on governance culture, and the “comply or explain” principle in European corporate governance.

The Forum, which operates in conjunction with the Audit Committee Institute and meets twice a year, provides audit committee chairmen from some of the most respected organizations in Europe with the opportunity to debate issues of concern with their peers. It also allows them to develop practical ways in which to enhance both audit committee effectiveness and the functioning of the capital markets.

The Forum plans to hold its next meeting in May. It plans to focus on internal audit best practice and audit committee self-evaluation. Following every meeting, the Forum will publish a roundup of participants’ insights called Perspectives, available from www.kpmginsights.com.

Major changes to the filing of the annual accounts as from April 2007

Some major changes with regard to the filing of the Annual Accounts in Belgium will be applicable from 01 April 2007. The filing of annual accounts can, from that date, be done only on paper or as an XBRL file via the Internet.

It will no longer be possible to file the annual accounts by means of a diskette. Note that 62 percent of the 2006 annual accounts were filed by means of a diskette, 27 percent via the Internet and 11 percent on paper.

The NBB/BNB is obliged by the First EU directive to offer an electronic way for filing the annual accounts of every company. The XBRL format will be used for the filing via Internet of the standardized annual accounts (98 percent of all annual accounts filed with the NBB). XBRL (eXtensible Business Reporting Language) is a rapidly emerging computer language for the electronic exchange and standardization of financial reporting through the Internet.

The consultation of annual accounts will be easier, and the analysis of data quicker, thanks to the XBRL-format.

More information in Dutch and French can be found on the Web site of the NBB: www.balancentre.be
ACI Events

Roundtable Series

ACI facilitates interactive audit committee roundtables twice a year. Every Roundtable features one or more guest speakers, and provides for an exchange of views and insights on topics of interest to members of boards and audit committees for a limited number of professionals.

The ACI roundtable sessions can provide you with knowledge you will find helpful in your increasingly responsible oversight role through a focus on current topics, enhanced competence by the sharing of best practices, and personalized assistance by providing opportunities for interaction with your peers.

The next Roundtable event will be organized over lunch on Thursday 29 March 2007. Members of audit committees and boards of listed (and other large) companies will receive a personal invitation to participate. This Roundtable session will feature presentations and an open panel debate on Fraud Risk Management from a Board’s Perspective headed by the following experts in this field of interest:

- Mr. H. Jamar
  Secretary for the fight against Fiscal Fraud and the modernization of Finance, Deputy Minister of Finance

- Mr. M. De Samblanx
  Professor University of Antwerp, President of the Institute of Forensic Auditors, Member of several Audit Committees

- Mr. W. Oelofse
  KPMG South Africa, Director of Forensic Services

Seminars

The ACI Seminar is an exclusive event organized by the Audit Committee Institute for selected Board members who share similar challenges to their oversight Roles. The Code Lippens states under its fourth corporate governance principle that “Directors should update their skills and improve their knowledge”

Our ACI Professional Development Seminar program aims to enhance both the awareness of Board members and their ability to implement effective oversight processes. It is focused on the needs of Board and Audit Committee members and provides, on a timely basis, an understanding of the principles and developments in financial reporting, tax, company law and corporate governance.

ACI Seminars are held at a carefully chosen venue and attendees will hear pertinent and practical information presented by knowledgeable guest speakers. The Seminars offer you a unique and valuable opportunity to exchange best practices and enjoy contacts with your peers.

For more information on ACI please visit our Web site www.audit-committee-institute.be, or contact us via e-mail at info@auditcommitteeinstitute.be.
About us

The Belgian Audit Committee Institute (ACI) was established with the purpose of providing members of audit committees and other board members with knowledge helpful in carrying out their responsibilities. ACI follows developments in the field of governance, audit issues, accounting, and financial reporting, both in Belgium and internationally.

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