

Audit committee planning tool



Audit committee calendar of activities

Audit committees can use this tool to help plan their annual activities and meeting agendas. It considers the requirements for the audit committees as per the Companies Act, 2008, King III and the JSE Listings Requirements, as well as common practices in the marketplace and is subject to change if additional guidance is issued. The “Results From:” section indicates if the action or responsibility results from a requirement of the Companies Act, 2008, King III and the JSE Listings Requirements, or a common or emerging practice. The action or responsibility, as described, may not be an explicit legislative or regulatory requirement or proposal, but may be an action that logically results from other legislative or regulatory requirements or proposals. The “Suggested Frequency” section offers a benchmark for how often the activity should be performed, while the “Meeting Month” section provides an area where the audit committee can mark the months in which an activity should be performed. The audit committee should use this tool in conjunction with the “Sample Audit Committee Charter,” and it should be tailored to reflect the responsibilities in the company’s audit committee charter.

This document is not an all-inclusive list of activities that an audit committee should or must execute. The planning tool contains general information only and does not constitute, and should not be regarded as, legal or similar professional advice or service. Deloitte does not accept any responsibility for any errors this publication may contain, whether caused by negligence or otherwise, or for any losses, however caused, sustained by any person that relies on it. The information presented can and will change; we are under no obligation to update such information. Deloitte makes no representations as to the sufficiency of these tools for your purposes, and, by providing them, we are not rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. These tools should not be viewed as a substitute for such professional advice or services, nor should they be used as a basis for any decision that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional adviser. Deloitte does not assume any obligations as a result of your access to or use of these tools.

This planning tool is designed for South African companies. All companies should consult with legal counsel regarding the applicability and implementation of the various activities identified.

Action/Responsibility	Results From:				Suggested Frequency	Meeting Month												
	Companies Act 2008		JSE Listings Requirements	Other Requirement		Common Practice	January	February	March	April	May	June	July	August	September	October	November	December
General Responsibilities																		
Review audit committee members' compliance with applicable independence rules and regulations.	n					Annually and as needed												
As necessary, engage outside legal, accounting, or other advisers and provide funding to compensate those advisers.		n			n	As needed												
Report regularly to the board of directors regarding the execution of duties and responsibilities.		n			n	Each board meeting												
Review the financial literacy and expertise of all audit committee members. Determine audit committee financial expert status and determine that members are in compliance with applicable rules and regulations.	n	n			n	Annually												
Conclude each regular audit committee meeting with an executive session of the committee, without members of management.					n	Each audit committee meeting												
Periodically, meet with management privately to discuss any necessary matters.		n			n	Quarterly												
Consider and plan for succession of audit committee members					n	Annually												
Review, with management, the company's finance function, including its budget, organisation and quality of personnel		n			n	Annually												

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Review of Financial/Controls Information

Review and discuss with management and the independent auditors the company's annual financial statements prior to filing.		n		n		Annually													
Review the internal auditor's assessment of internal controls.		n																	
Review other reports rendered by the independent auditors and submitted by the company to any governmental body or the public.		n				As needed													
Discuss the financial information and earnings guidance provided to analysts and ratings agencies. This discussion may be in general terms.		n			n	Annually													
Review the regular internal reports to management prepared by the internal audit function and management's response.					n	Semi-annually													
Nominate an independent auditor for appointment by the shareholders.	n	n				Annually													
Compensate, retain, and oversee the work of the independent auditor for the purpose of preparing or issuing an audit report or related work.	n	n				Ongoing													
Review the performance of the independent auditor, including the lead audit partner. Ensure that partners are rotated in accordance with applicable requirements.	n	n			n	Annually													
Pre-approve audit and non-audit services provided by the independent auditor.	n	n				In accordance with policy (as necessary)													

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	Companies Act 2008		JSE Listings Requirements	Other Requirement		Common Practice	January	February	March	April	May	June	July	August	September	October	November	December
Consider the independence of the auditor, including engaging in dialogue with the independent auditor with respect to any disclosed relationships or services that may affect the independence and objectivity of the auditor and take appropriate actions to oversee independence.	n	n			n	Annually and as needed												
Oversee the resolution of disagreements between management and the independent auditor if they arise.		n				As needed												
Review with the independent auditor any problems or difficulties encountered in the course of the audit and management's response.					n	Annually												
Review the audit plan and scope with the independent auditor.				n		Annually												
Review written communications between the independent auditor and management, including (but not limited to) the management letter and schedule of unadjusted differences.				n		As reported by the independent auditor												
Periodically, meet with the independent auditor privately to discuss any matters necessary.		n			n	Quarterly												
Financial Reporting Processes, Accounting Policies, and Internal Control																		
In consultation with the independent auditor and the internal audit function, review the integrity of the company's financial reporting processes (both internal and external) and the internal control structure (including disclosure controls and procedures and internal control over financial reporting).					n	Quarterly												

Action/Responsibility	Results From:					Suggested Frequency	Meeting Month											
	Companies Act 2008		JSE Listings Requirements	Other Requirement	Common Practice		January	February	March	April	May	June	July	August	September	October	November	December
In consultation with the independent auditor and the internal audit function and management, review the combined assurance model.		n				Annually												
Review with management major issues regarding accounting principles and presentation of the financial statements, including any significant changes in the company's selection or application of accounting principles, major issues as to the adequacy of the company's internal controls, and any special audit steps adopted in response to material control deficiencies.					n	Quarterly												
Review management's analyses of financial reporting issues and judgments made in connection with the preparation of the financial statements.					n	Quarterly												
Review with management the effect of regulatory and accounting initiatives, as well as off-balance-sheet structures, on the financial statements of the company.					n	As needed												
Review and approve all related-party transactions.					n	Quarterly												
Review the adequacy of procedures for the receipt, retention, and treatment of complaints regarding accounting, internal control, or auditing matters, including procedures for confidential, anonymous submissions by company employees.	n	n			n	Annually												
Receive and review reports or complaints of questionable accounting, auditing, or internal control matters.	n	n			n	Semi-annually or quarterly												

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	Companies Act 2008	JSE Listings Requirements	Other Requirement	Common Practice		January	February	March	April	May	June	July	August	September	October	November	December
Internal Audit Activities																	
Review and advise on the selection or removal of the Chief Audit Executive.		n		n	As needed												
Periodically, meet with Internal Audit privately to discuss any necessary matters.		n		n	Quarterly												
Periodically, review with Internal Audit any significant difficulties, disagreements with management, or scope restrictions encountered in the course of the function's work.				n	Annually												
Review the activities and organisational structure of the internal audit function, as well as the qualifications of its personnel.		n		n	Annually												
Review the internal audit charter and plan and recommend any necessary changes.		n		n	Annually												
Periodically review, with Internal Audit, the internal audit function's responsibilities, budget, and staffing.		n		n	Annually												
Risk Management																	
Discuss with management significant risk exposures, including major financial and accounting risk exposures, and the steps taken by management to control them.		n		n	Annually												

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<p>Prepare a report, to be included in the annual financial statements for that financial year</p> <ul style="list-style-type: none"> (i) describing how the audit committee carried out its functions (ii) stating whether the audit committee is satisfied that the auditor was independent of the company, and (iii) commenting in any way the committee considers appropriate on the financial statements, the accounting practices and the internal financial control of the company 	n	n															
<p>Oversee the integrated reporting process:</p> <ul style="list-style-type: none"> (i) Consider all factors and risks that may impact on the integrity of the integrated report (ii) review the annual financial statements (iii) comment in the annual financial statements on the financial statements, the accounting practices and the effectiveness of the internal financial controls (iv) review the disclosure of sustainability issues in the integrated report to ensure that it is reliable and does not conflict with the financial information (v) recommend to the board whether or not to engage an external assurance provider on material sustainability issues (vi) recommend the integrated report for approval by the board 	n																

Action/Responsibility	Results From:				Suggested Frequency	Meeting Month											
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Review the audit committee charter; recommend to the board of directors any necessary amendments, as conditions dictate.		n		n	Annually												
Review, with the independent auditors, the internal audit function, and management, the extent to which changes or improvements in financial or accounting practices, as approved by the audit committee, have been implemented.				n	Annually												
Participate in appropriate continuing education.				n	As needed												
Assess performance relative to the audit committee's purpose, duties, and responsibilities.		n		n	Annually												

Queries:

Dr Johan Erasmus – jerasmus@deloitte.co.za

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