



How to improve the functioning of audit committees further?

FEE Roundtable

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Audit Committee- key intermediary between shareholders and management interests

- ❑ Audit Committee plays a central role in the Corporate Governance model of EU MSs;
- ❑ Strong Audit Committee is a precondition for protection of the interests of shareholders/ investors;

Key Features of a Strong Audit Committee

- Independent- composed by Non-Executive Directors, in their majority independent;
- Chairman- independent member
- Adequately composed- a synergy between auditing/ accounting expertise and sectoral business knowledge, reflecting the sector and business model of the undertaking;

Scope of Responsibilities of Audit Committee

- Fully responsible for set up and output of the selection process of external auditors;*
- Good dialogue/ communication with external auditors during the implementation of the statutory audit;*
- Strong monitoring powers over financial reporting, effectiveness of internal control, internal audit and risk management;*



Thank you for your attention!

This document does not prejudge or represent any formal proposal or position of the European Commission and presents therefore my personal views.

More information about EC proposals can be found at:

http://ec.europa.eu/internal_market/auditing/index_en.htm