

# Audit committees focus on risk

A series of Audit Committee Forums have been held across Australia by the leaders of the professional accounting bodies, major accounting firms, top 100 company CFOs, the Commonwealth Treasury, and the Australian Securities and Investments Commission (ASIC).

The purpose of the forums was to bring together audit committee chairmen and other key stakeholders to discuss frankly how corporate governance was working in Australia and the challenges facing members of audit committees.

Each forum was organised around a panel session with a prominent audit committee chair, one or more advisers to audit committees, an external auditor and Lee White, chief accountant at ASIC.

The challenge of prioritising risks while managing so many matters was a hot topic for both the panel and attendees. Other key areas included:

- Current financial market volatility
- The approach to managing continuous disclosure requirements
- The role and responsibility of the internal audit
- How the audit committee deals with myriad reports and recommendations on internal control issues

In relation to risk, discussion centred on the importance of prioritising and managing risk effectively, and whether audit committees should be responsible for risk. Quite diverse views were expressed, including that risk is the domain of the whole board, that having

both audit and risk in one committee could mean insufficient time is given to relevant issues, and that having separate audit and risk committees could lead to a fragmented approach to important matters.

The type of industry and the size and sophistication of the company were generally considered to be relevant factors to working out whether a separate risk committee was needed. For some with separate committees, directors often sat on both committees and joint meetings were also held.

‘The value of the forums was to bring relevant stakeholders together and get issues out in the open,’ said PricewaterhouseCoopers governance specialist Liz Stamford. ‘The challenge is to continue the momentum.’