



Audit Committee Institute

RESEARCH

ACI Second Annual Global Audit Committee Survey – Belgium



Audit Committee Institute

Objectives And Methodology

Objectives

- ◆ Gauge input from Audit Committee Members regarding trends in:
 - Audit Committee risk oversight responsibilities
 - Audit Committee processes
 - Issues affecting Audit Committees
 - Composition / background of Audit Committees and their members
 - Relationships with other company functions / executives



Methodology

- ◆ Analysis based on surveys conducted November 2006 – February 2007
- ◆ Respondents are Audit Committee Members of companies headquartered in Belgium
- ◆ Responses based on largest company (by revenue) for which they serve as Audit Committee member
- ◆ When possible, findings compared to Belgium respondent results from prior year survey conducted November, 2005 – January, 2006



Methodology

◆ Americas:

- Brazil
- Canada
- Mexico
- U.S.

◆ Europe:

- Belgium
- Cayman
- France
- Germany
- Ireland
- Italy
- Liechtenstein
- Luxembourg



Methodology

◆ Europe (Contd.):

- Netherlands
- Poland
- Spain
- Switzerland
- U.K.

◆ Africa:

- Namibia
- South Africa
- Zambia



Methodology

◆ Asia:

- Australia
- China
- Hong Kong
- India
- Malaysia



Overview

- ◆ **Risk management, internal controls are the top priorities for Audit Committee members**
 - Across global regions
- ◆ **Audit Committees are overseeing various aspects of their companies' information technology**
 - Believe AC and Boards could be doing more in the area of IT risk oversight
- ◆ **As in 2006, Audit Committees generally believe they are effective, but could do better**
- ◆ **Many Audit Committee members still lack complete confidence in their Chief Audit Executive**



Overview

- ◆ **Chief Audit Executives are typically audit professionals not slotted for line management positions**
 - AC members believe this is appropriate
- ◆ **Even more so than in 2006, Audit Committees are generally pleased with their extra-committee interactions**
- ◆ **External Auditor is gaining prominence with Audit Committees**
 - High satisfaction with external auditor communications
 - Along with BOD, tops in providing constructive AC suggestions
- ◆ **CFOs attend AC meetings most often**
 - Outside legal counsel, non-AC Directors, Tax attend least
- ◆ **Audit Committee Member time commitment still varies by region**
 - As in 2006, most work 100 hours or less per committee





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The Audit Committee And Risk Oversight

Key Findings

The Audit Committee And Risk Oversight

◆ Audit committee's highest priorities:

- Risk management (6 in 10)
- Internal controls (6 in 10)
- Accounting judgments and estimates (half)
- Risk management, internal controls are top 2 in all global regions:
 - Americas rates internal controls highest
 - The other 3 regions rate risk management highest

RISK MANAGEMENT, INTERNAL CONTROLS ARE THE TOP PRIORITIES FOR AUDIT COMMITTEE MEMBERS, ACROSS GLOBAL REGIONS



Audit Committee Agenda Priorities (2007) Belgium Versus Global



Key Findings

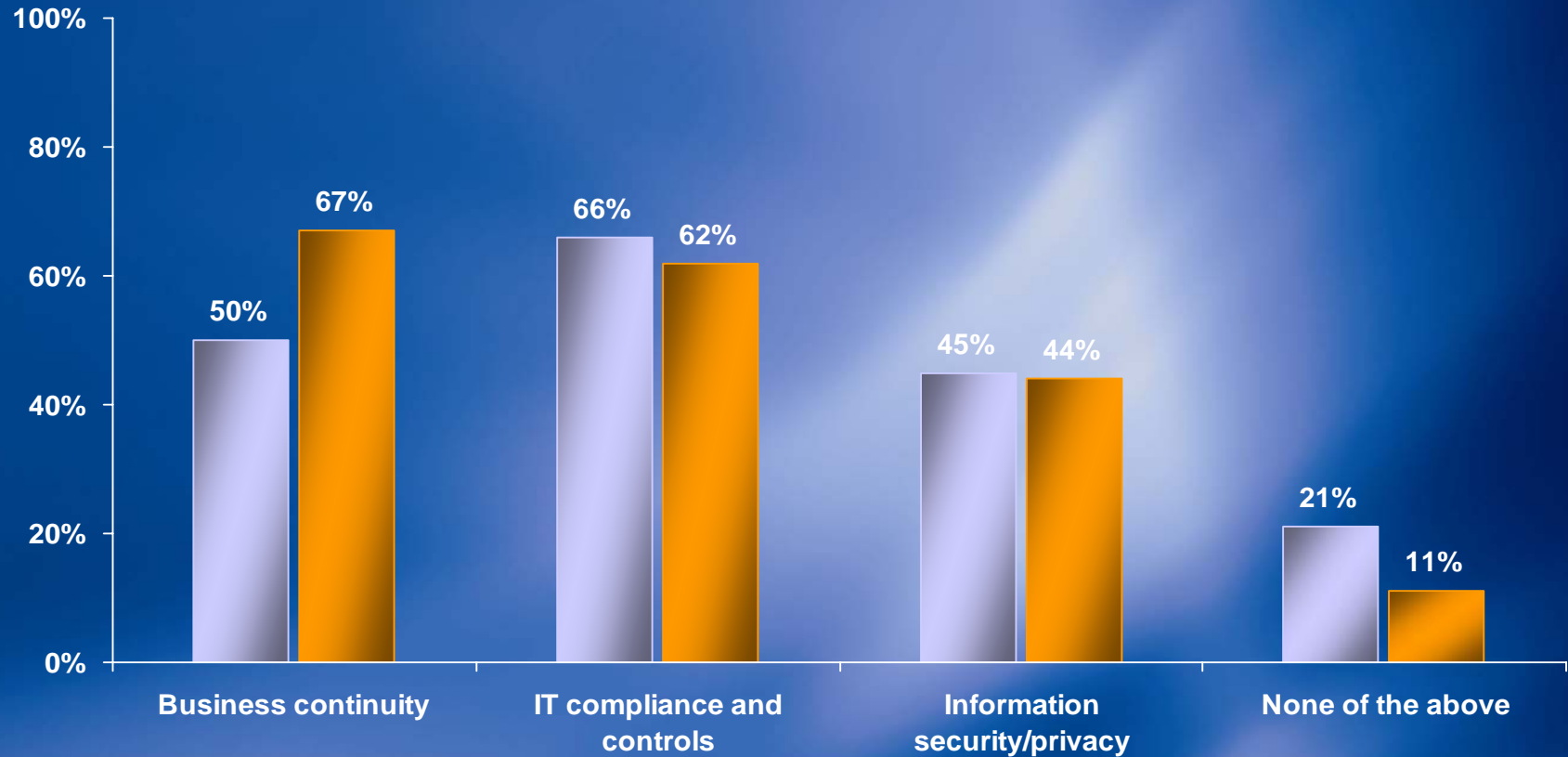
The Audit Committee And Risk Oversight

- ◆ **Audit Committees have primary oversight responsibility for various areas of information technology, in particular:**
 - IT compliance and controls (two thirds)
 - Business continuity (half)
 - Information security and privacy (just under half)
 - Only 2 in 10 don't have responsibility for any of these
- ◆ **1 in 3 are not satisfied that their Audit Committee devotes sufficient agenda time to IT risk oversight**
 - Only 1 in 10 very satisfied
 - Trend similar across global regions



AUDIT COMMITTEES ARE OVERSEEING VARIOUS ASPECTS OF THEIR COMPANIES' INFORMATION TECHNOLOGY; NOT SATISFIED WITH THEIR ATTENTION TO IT RISK

Audit Committee's Primary IT Oversight Responsibilities Belgium Versus Global

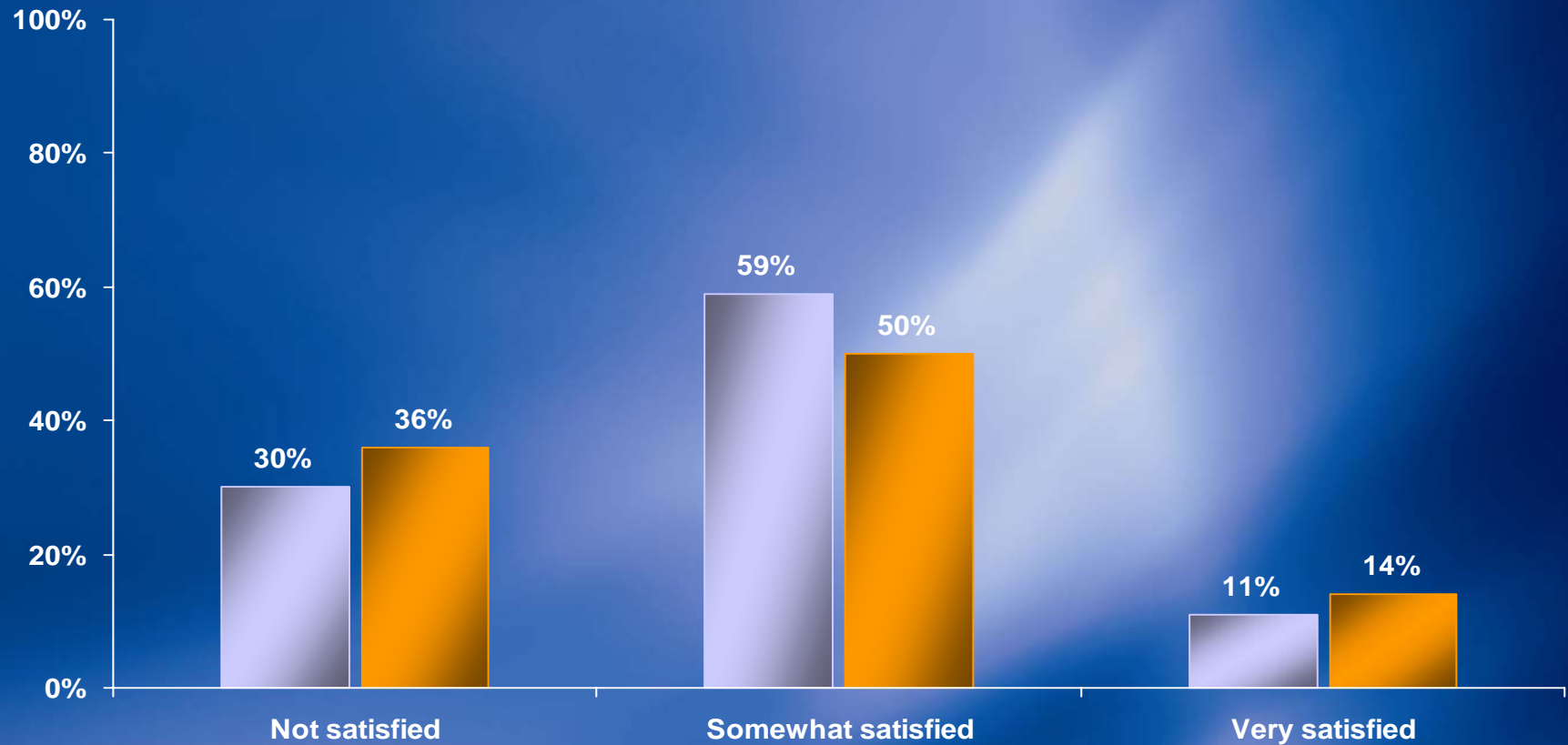


Multiple Responses Allowed

■ Global

■ Belgium

Satisfaction With Agenda Time Devoted To IT Risk Oversight Belgium Versus Global

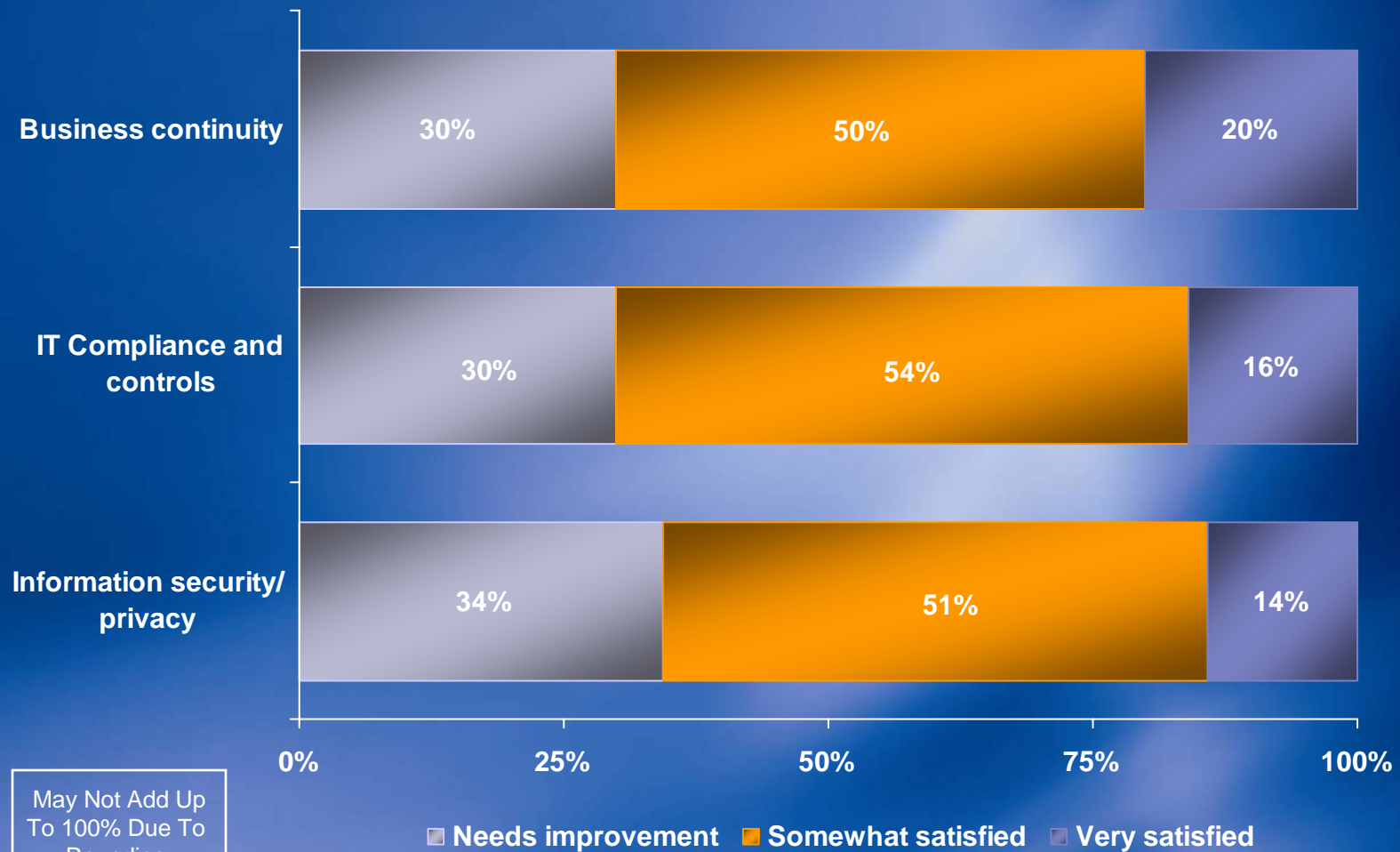


May Not Add Up
To 100% Due To
Rounding

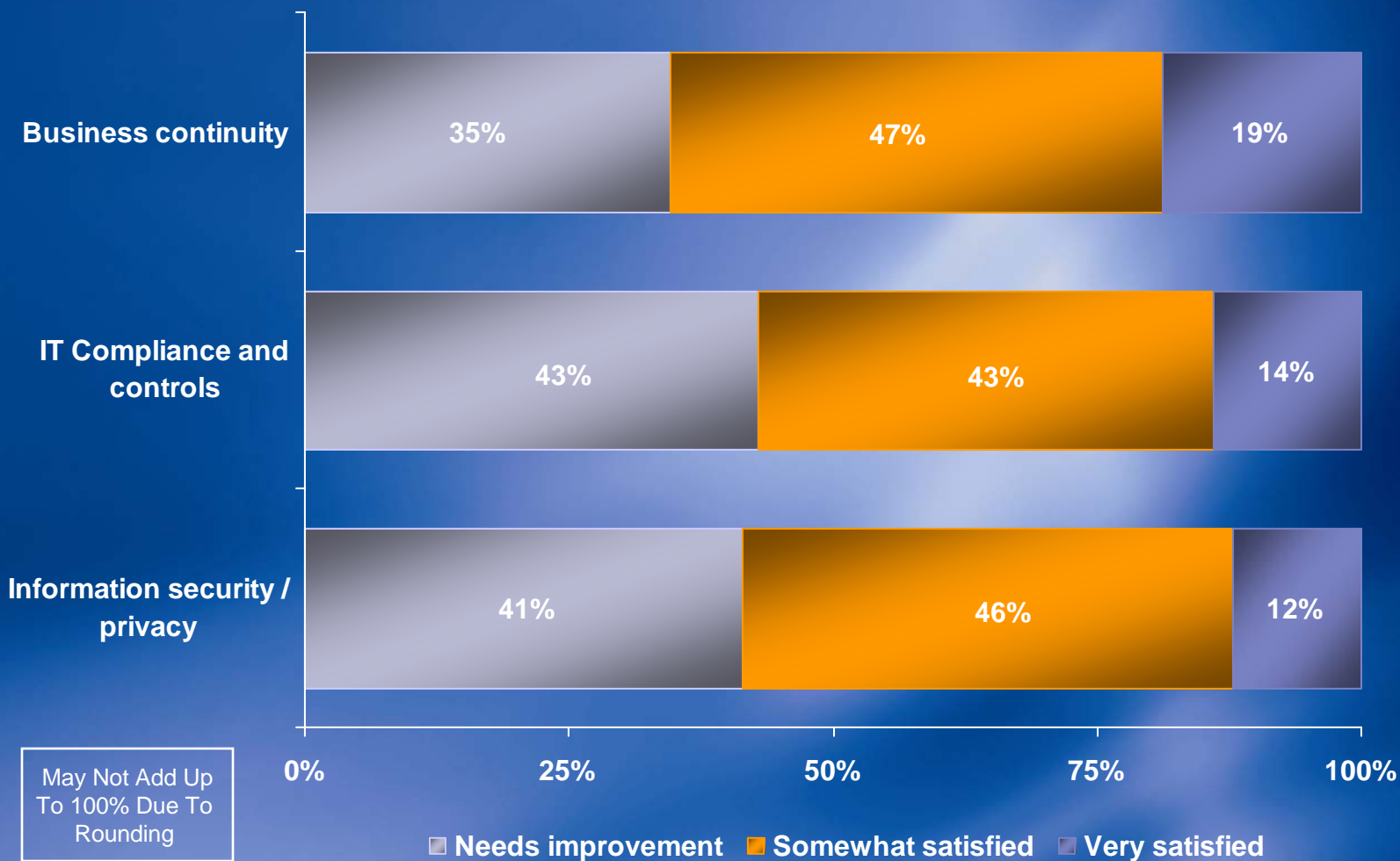
■ Global

■ Belgium

Satisfaction With Board's IT Risk Oversight – Global



Satisfaction With Board's IT Risk Oversight – Belgium





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Audit Committee Evaluation Of Committee / Processes

Key Findings

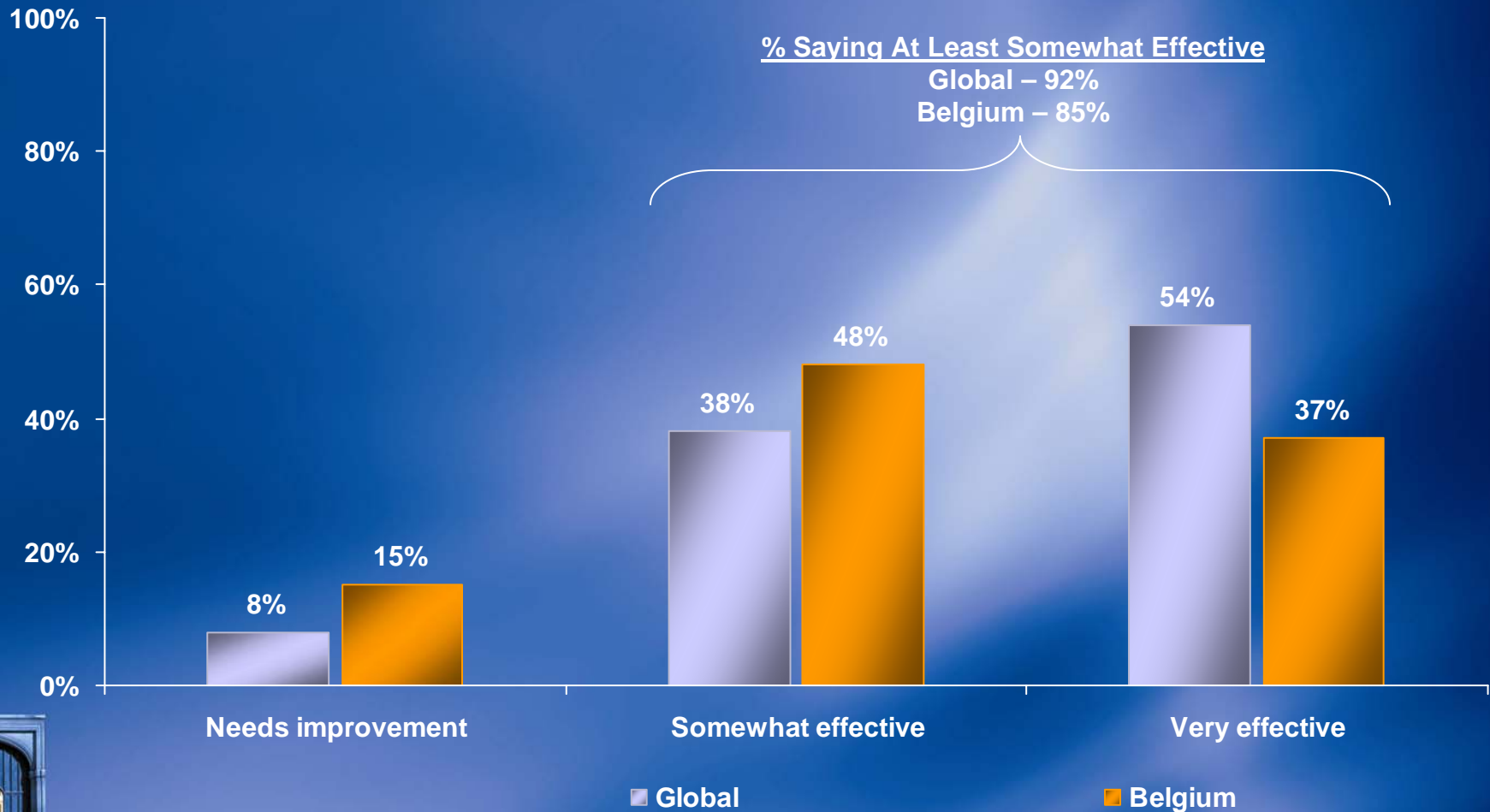
Audit Committee Evaluation Of Committee / Processes

- ◆ As in 2006, Audit Committees rate themselves at least somewhat effective overall
 - Nearly half indicate room for improvement
 - Somewhat effective (4 in 10)
 - Needs improvement (just under 1 in 10)
 - Americas members rate their Audit Committee effectiveness highest

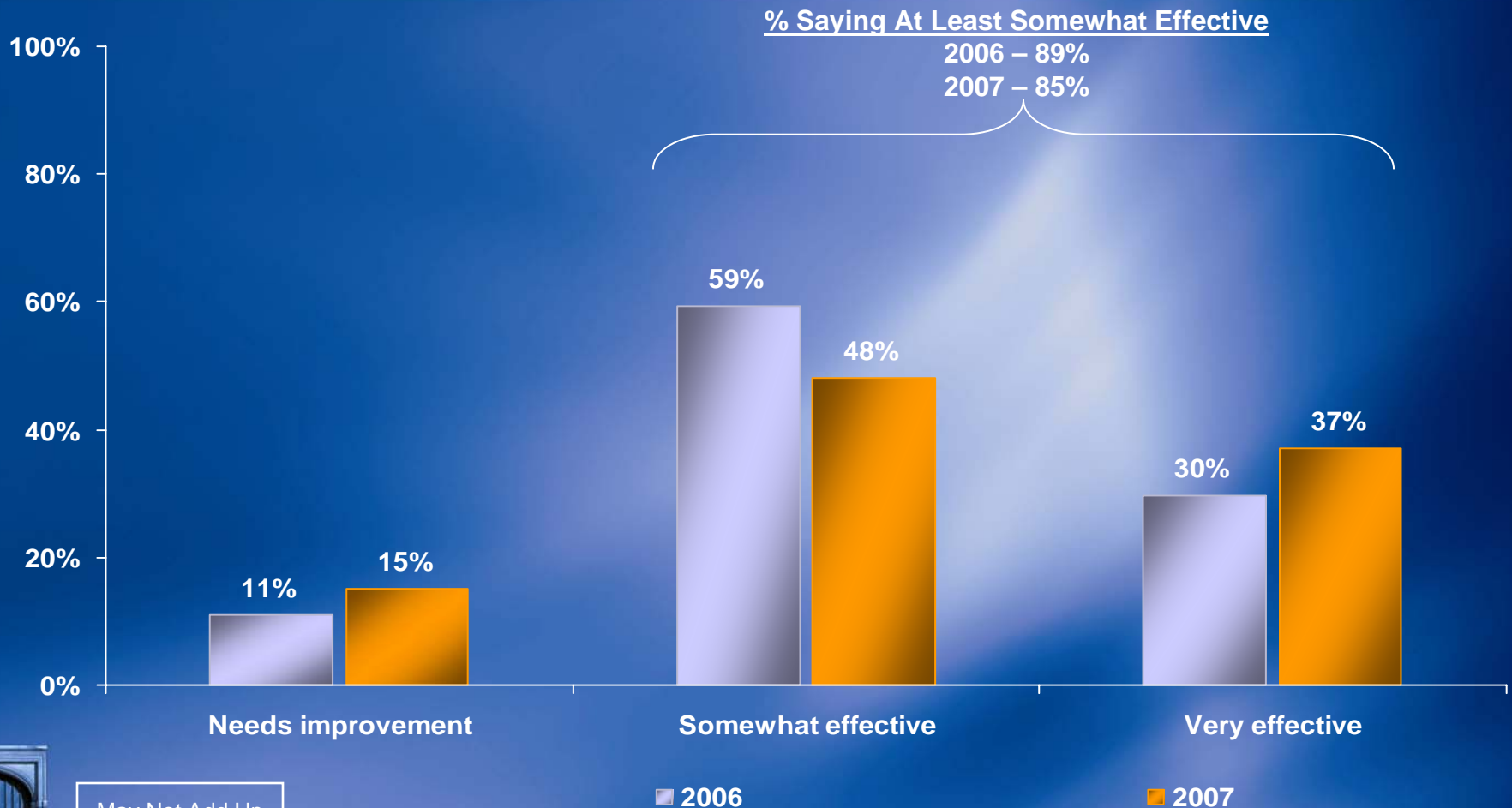
**AS IN 2006, AUDIT COMMITTEES GENERALLY BELIEVE THEY ARE EFFECTIVE,
BUT COULD DO BETTER**



Overall Effectiveness Of Audit Committee Belgium Versus Global

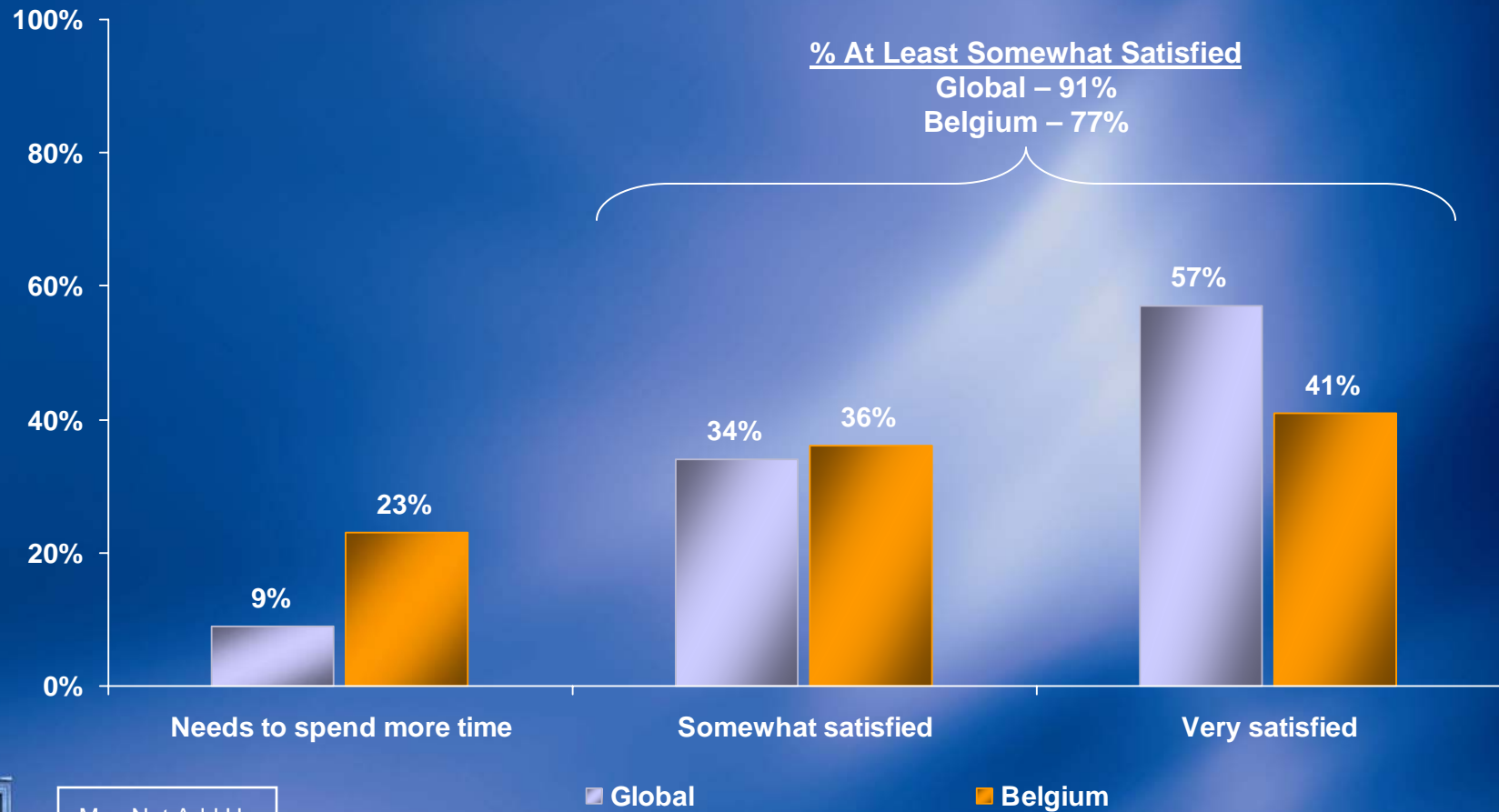


Overall Effectiveness Of Audit Committee Year-Over-Year Trend



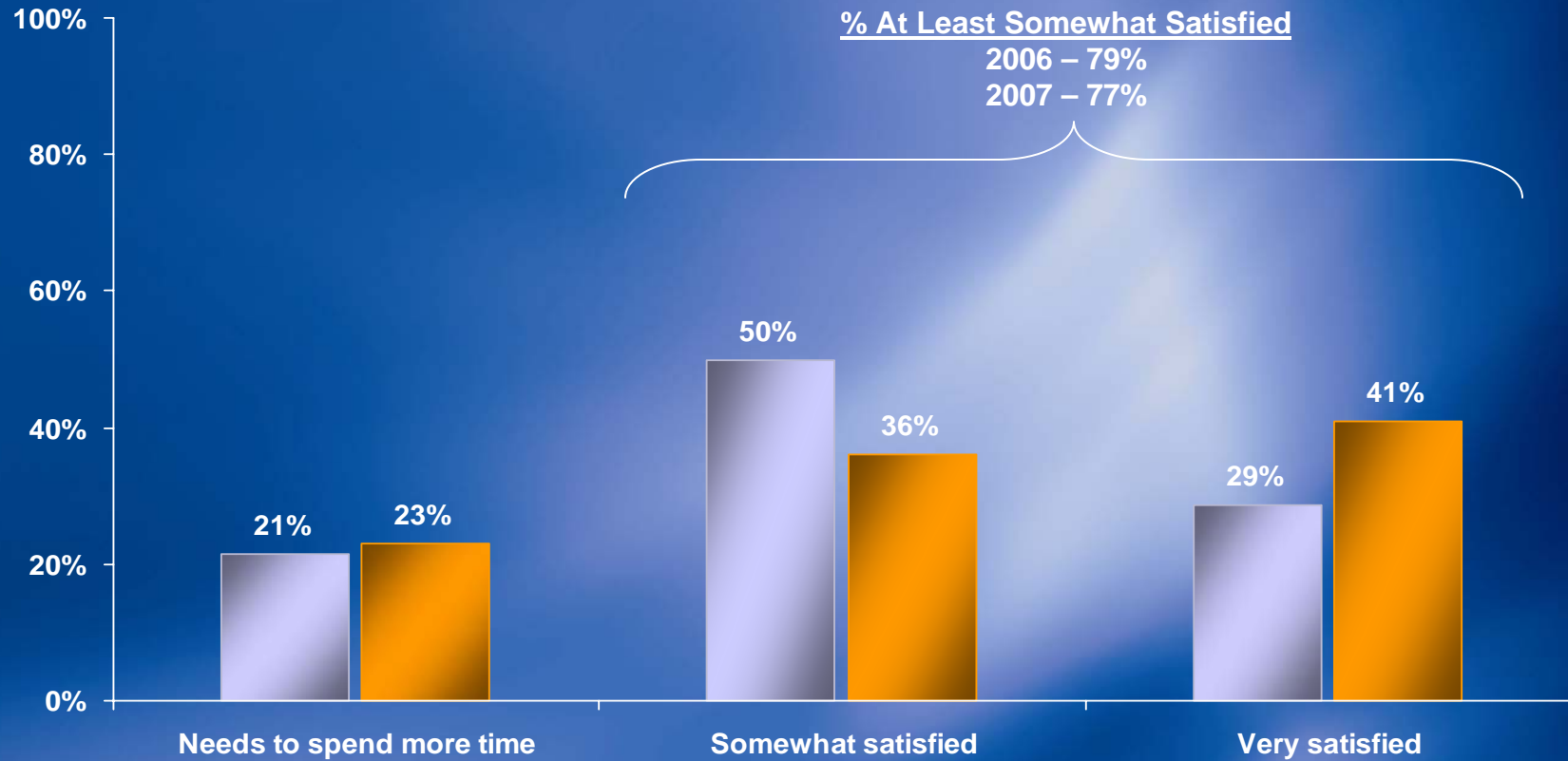
May Not Add Up
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Satisfaction With Time And Attention Audit Committee Devotes To Its Duties – Belgium Versus Global



May Not Add Up To 100% Due To Rounding

Satisfaction With Time And Attention Audit Committee Devotes To Its Duties – Year-Over-Year Trend

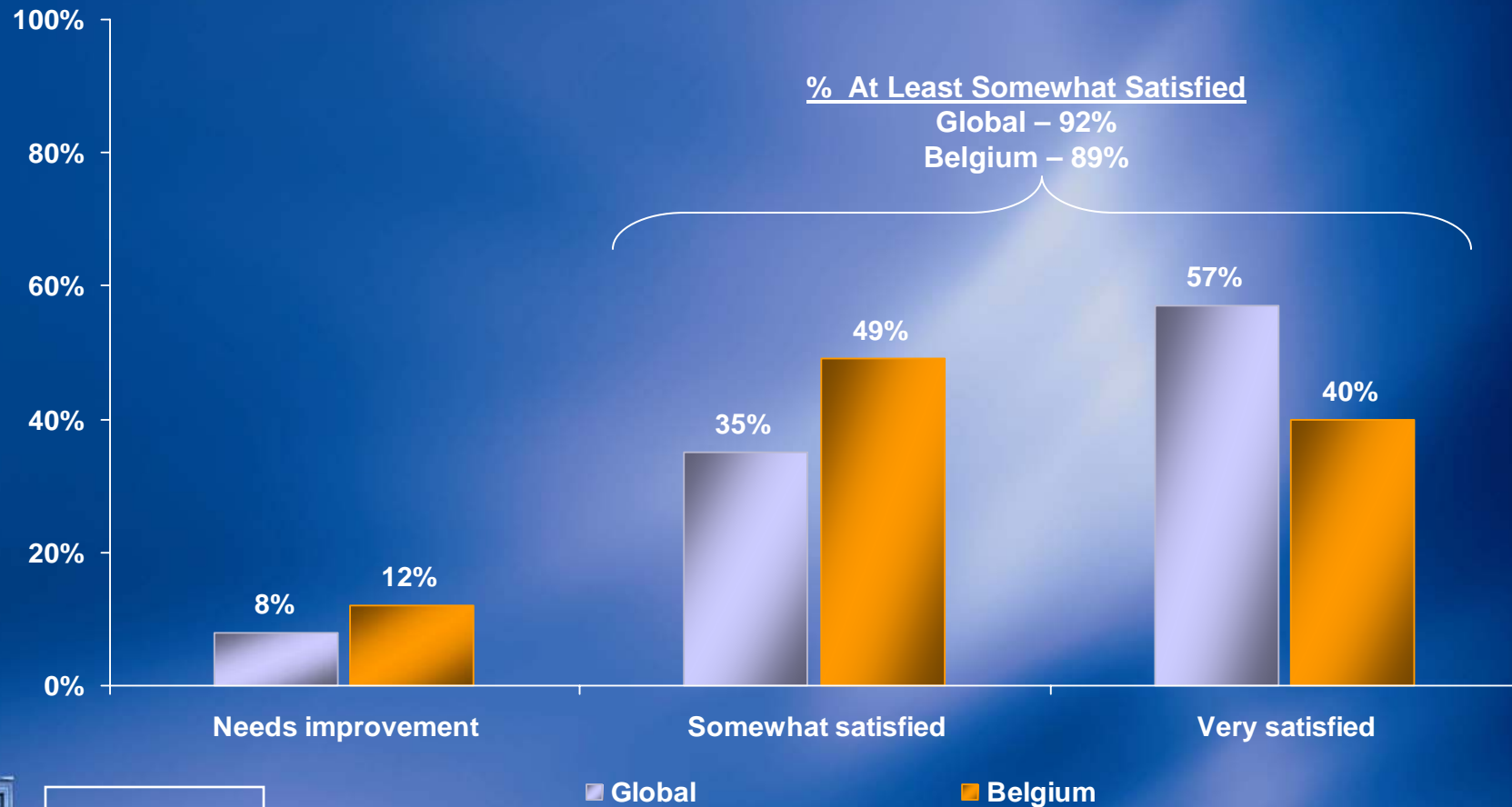


May Not Add Up To 100% Due To Rounding

■ 2006

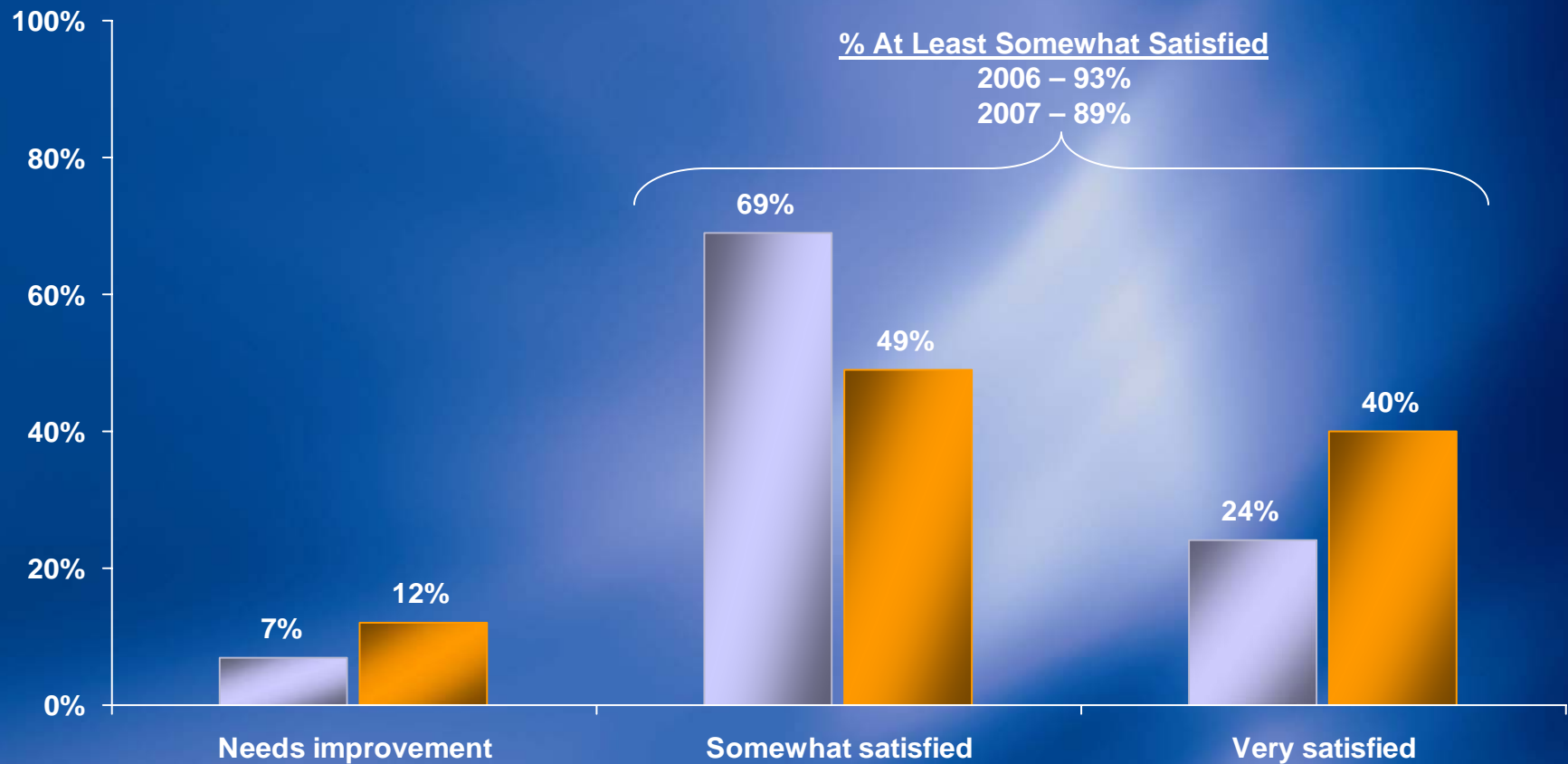
■ 2007

Satisfaction With Audit Committee's Approach Used To Establish Agenda/Work Plan – Belgium Versus Global



May Not Add Up To 100% Due To Rounding

Satisfaction With Audit Committee's Approach Used To Establish Agenda/Work Plan – Year-Over-Year Trend



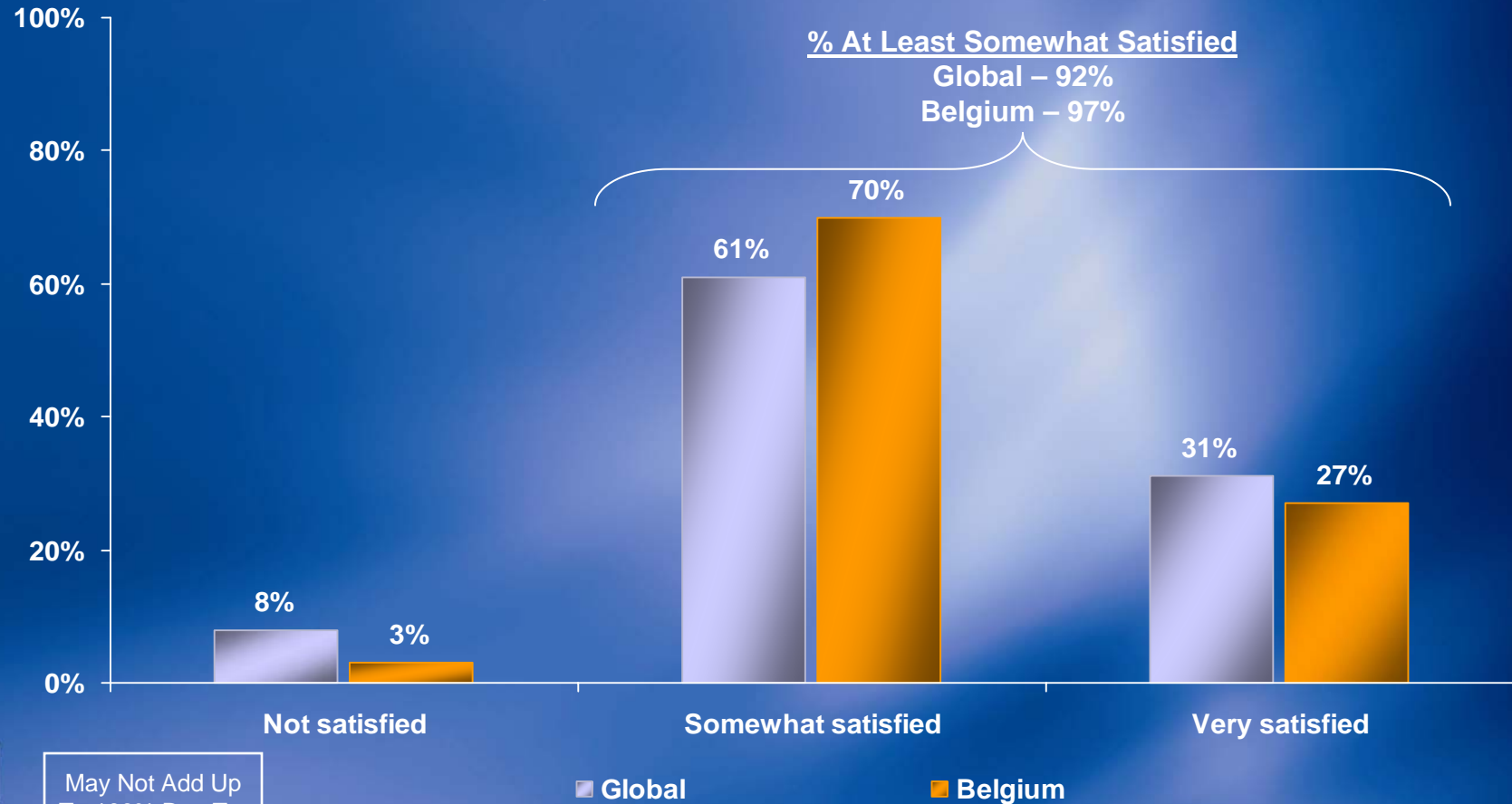
May Not Add Up To 100% Due To Rounding

■ 2006

■ 2007

Satisfaction With Audit Committee's Current Self-Evaluation Approach – Belgium Versus Global

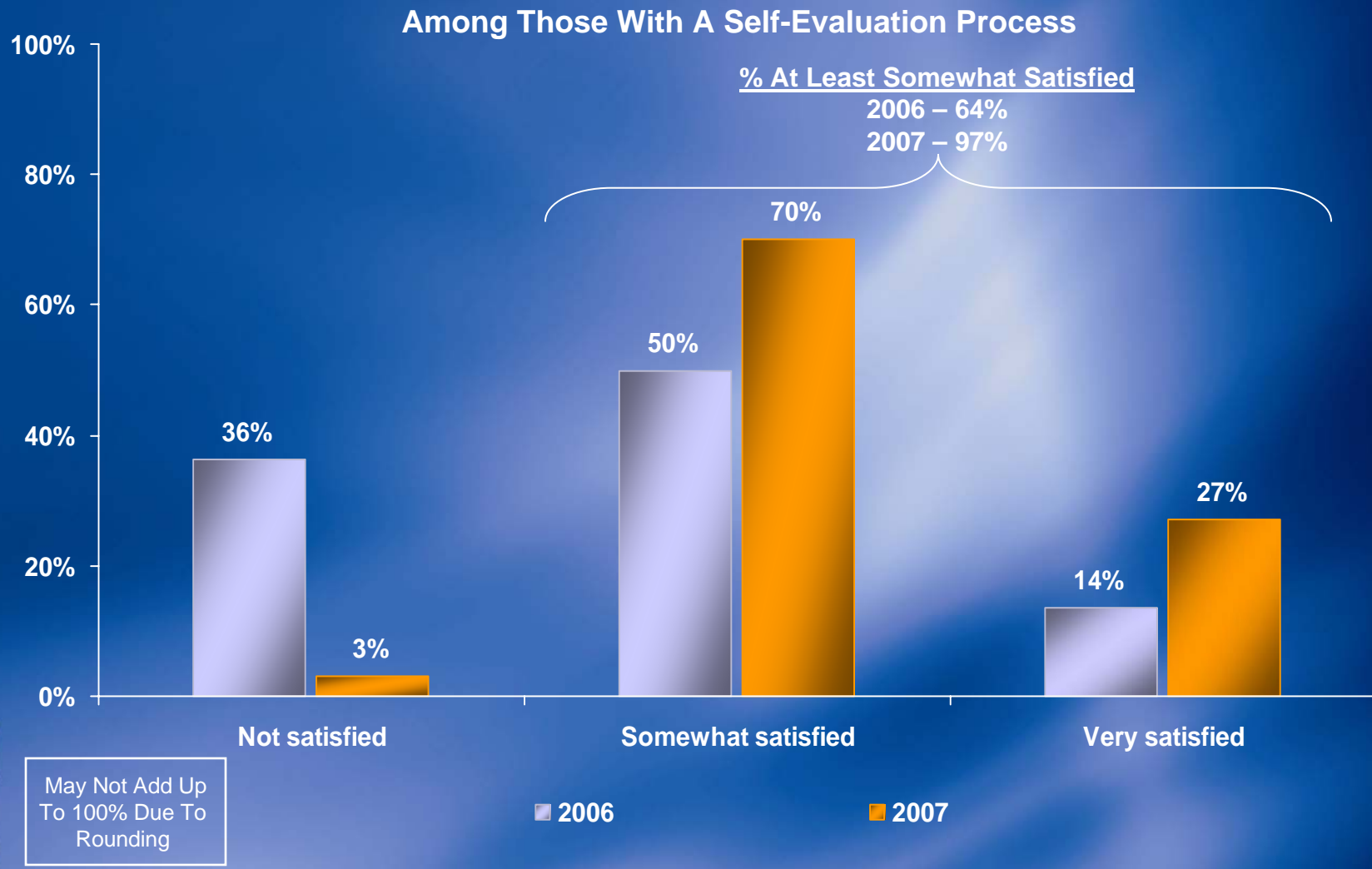
Among Those With A Self-Evaluation Process



May Not Add Up To 100% Due To Rounding



Satisfaction With Audit Committee's Current Self-Evaluation Approach – Year-Over-Year Trend

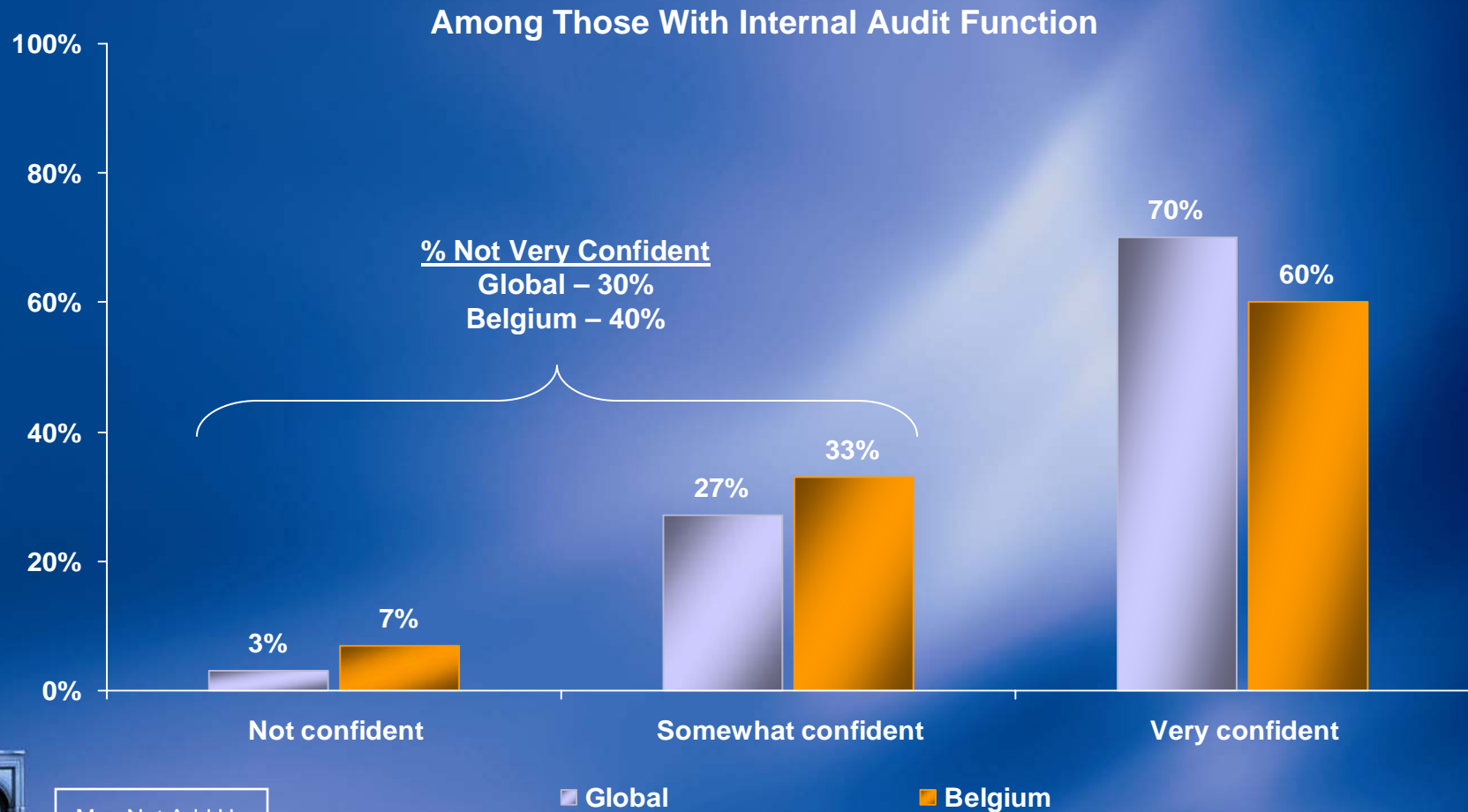




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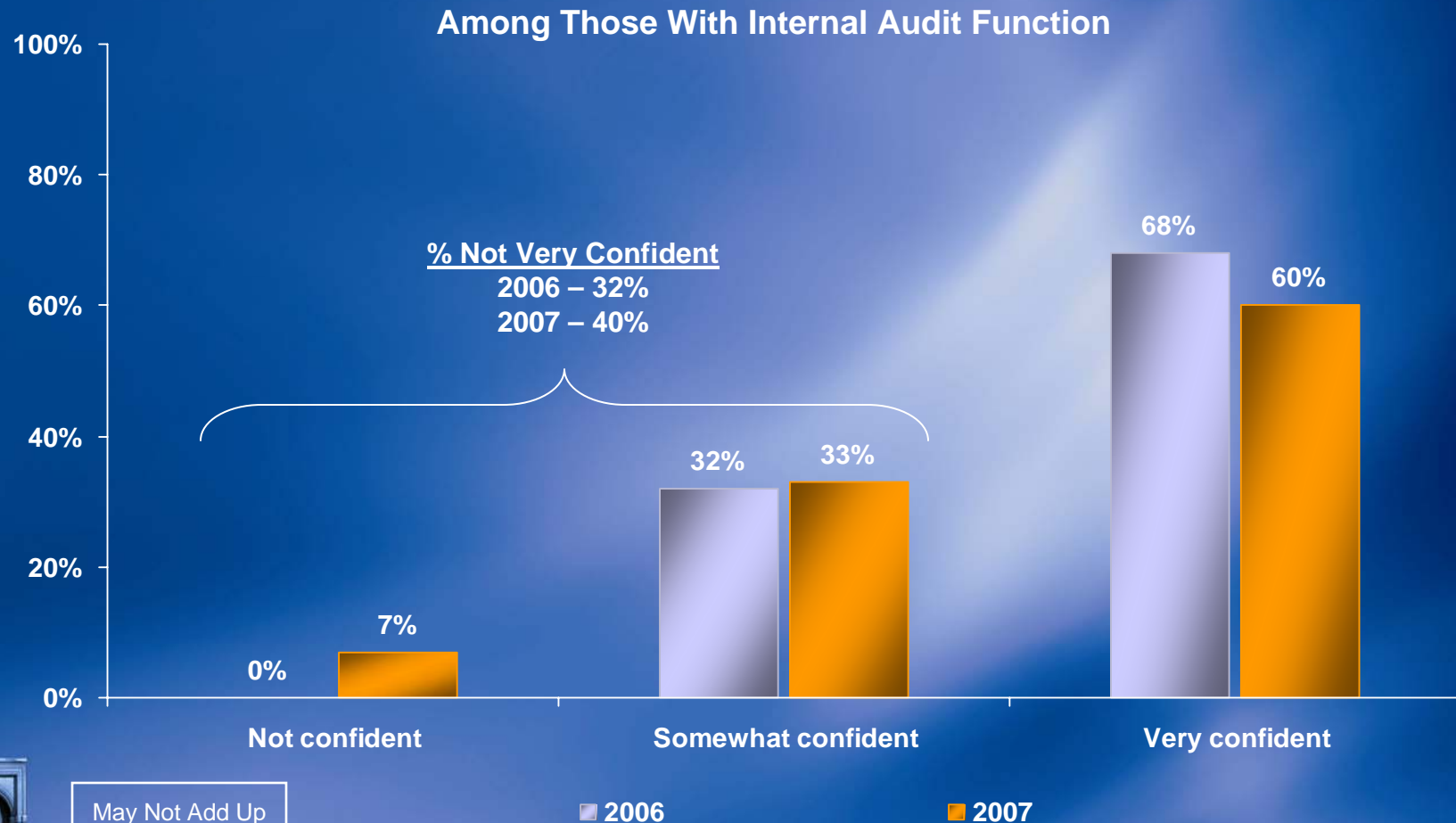
Committee Relationship With Internal Audit

Confidence That Chief Audit Exec Would Report Senior Management Controversies To AC – Belgium Versus Global



May Not Add Up To 100% Due To Rounding

Confidence That Chief Audit Exec Would Report Senior Management Controversies To AC – Year-Over-Year Trend



May Not Add Up To 100% Due To Rounding

Key Findings

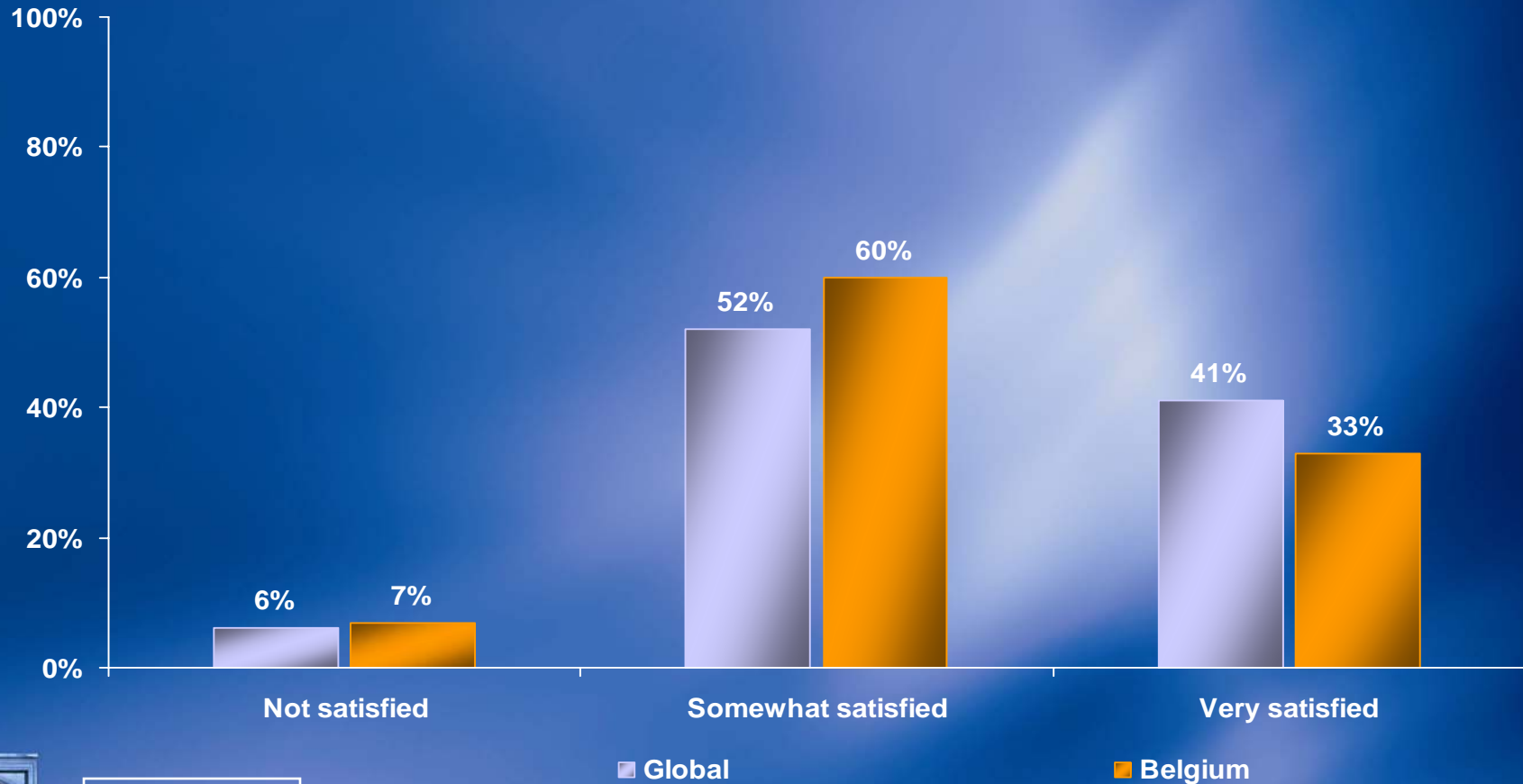
Committee Relationship With Internal Audit

- ◆ Globally, AC members believe Chief Audit Executive should report to the Audit Committee functionally
 - Trend similar across regions
 - CEO, CFO administratively
- ◆ Most (8 in 10) do not plan to use Chief Audit Executive as stepping stone to line management
 - Two thirds say this is appropriate
 - Across regions, majority agree



CHIEF AUDIT EXECUTIVES ARE TYPICALLY AUDIT PROFESSIONALS NOT SLOTTED FOR LINE MANAGEMENT POSITIONS; AC MEMBERS BELIEVE THIS IS APPROPRIATE

Satisfaction With Internal Audit Effectiveness Belgium Versus Global



May Not Add Up
To 100% Due To
Rounding



Opinions Regarding Appropriate Chief Audit Executive Reporting (Functionally And Administratively) – Global



May Not Add Up To 100% Due To Rounding

■ Report functionally

■ Report administratively

Opinions Regarding Appropriate Chief Audit Executive Reporting (Functionally And Administratively) – Belgium

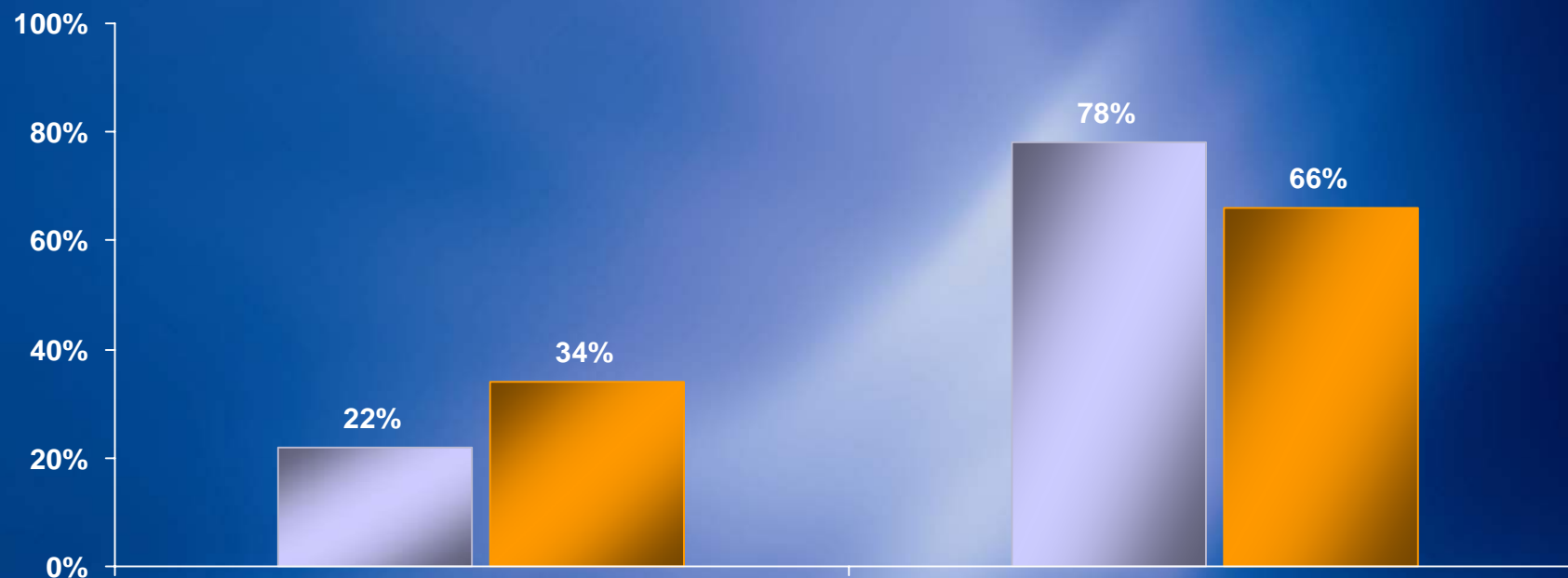


May Not Add Up To 100% Due To Rounding

■ Report functionally

■ Report administratively

Staffing Model Of Chief Audit Executive Position – Global



Chief Audit Executive is an audit professional who is destined for a line management position, and who will serve in the internal audit function for only a few years, thereby gaining exposure to the business and general management training.

Chief Audit Executive is an audit professional, and the position is not being used specifically as a stepping stone to a line management position.



May Not Add Up To 100% Due To Rounding

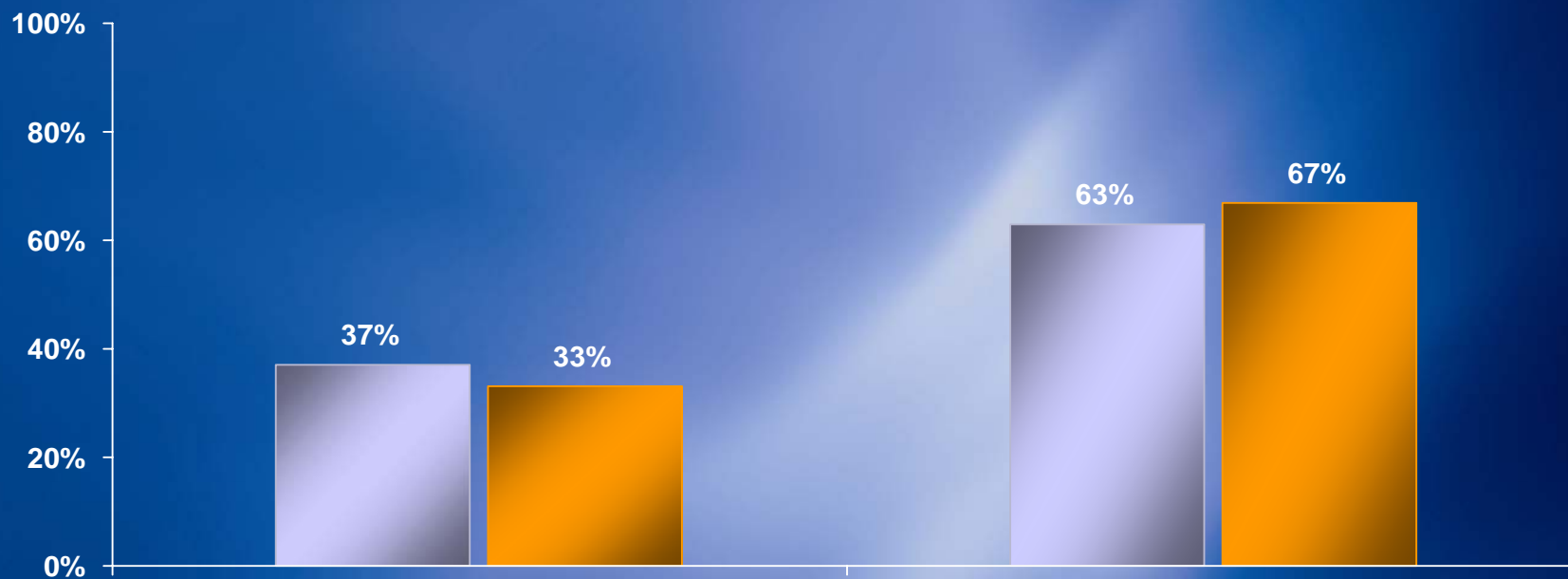
■ Current staffing model

■ Appropriate staffing model

Q17-18. Which of the following describes your company's internal audit staffing model for the position of Chief Audit Executive?

Audit Committee Institute In your opinion, which of the following internal audit staffing models is more appropriate for the position of Chief Audit Executive at your company?

Staffing Model Of Chief Audit Executive Position – Belgium



May Not Add Up To 100% Due To Rounding

Chief Audit Executive is an audit professional who is destined for a line management position, and who will serve in the internal audit function for only a few years, thereby gaining exposure to the business and general management training.

Chief Audit Executive is an audit professional, and the position is not being used specifically as a stepping stone to a line management position.

■ Current staffing model

■ Appropriate staffing model





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Relationships With Other Parties

Key Findings

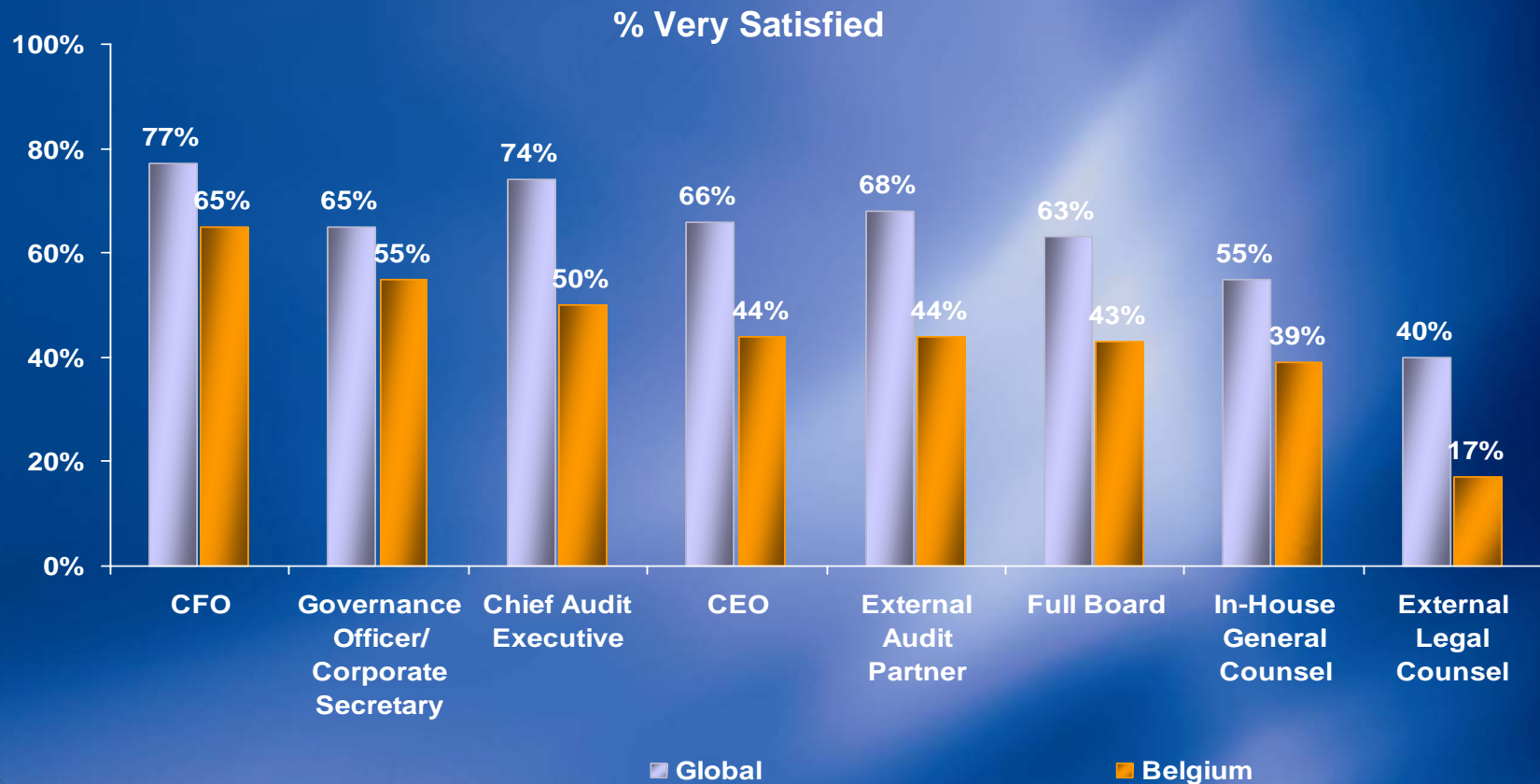
Relationship With Other Parties

- ◆ Globally, BoD and external auditor still top two in providing constructive suggestions to improve audit committee
- ◆ In Belgium, lower satisfaction for nearly all other parties



**EXTERNAL AUDITOR IS GAINING PROMINENCE WITH
AUDIT COMMITTEES GLOBALLY**

Satisfaction With Executive Support Belgium Versus Global



May Not Add Up
To 100% Due To
Rounding

Satisfaction With Executive Support Year-Over-Year Trend



May Not Add Up
To 100% Due To
Rounding

Satisfaction With Executive Support – Global



May Not Add Up To 100% Due To Rounding

Satisfaction With Executive Support – Belgium



May Not Add Up To 100% Due To Rounding

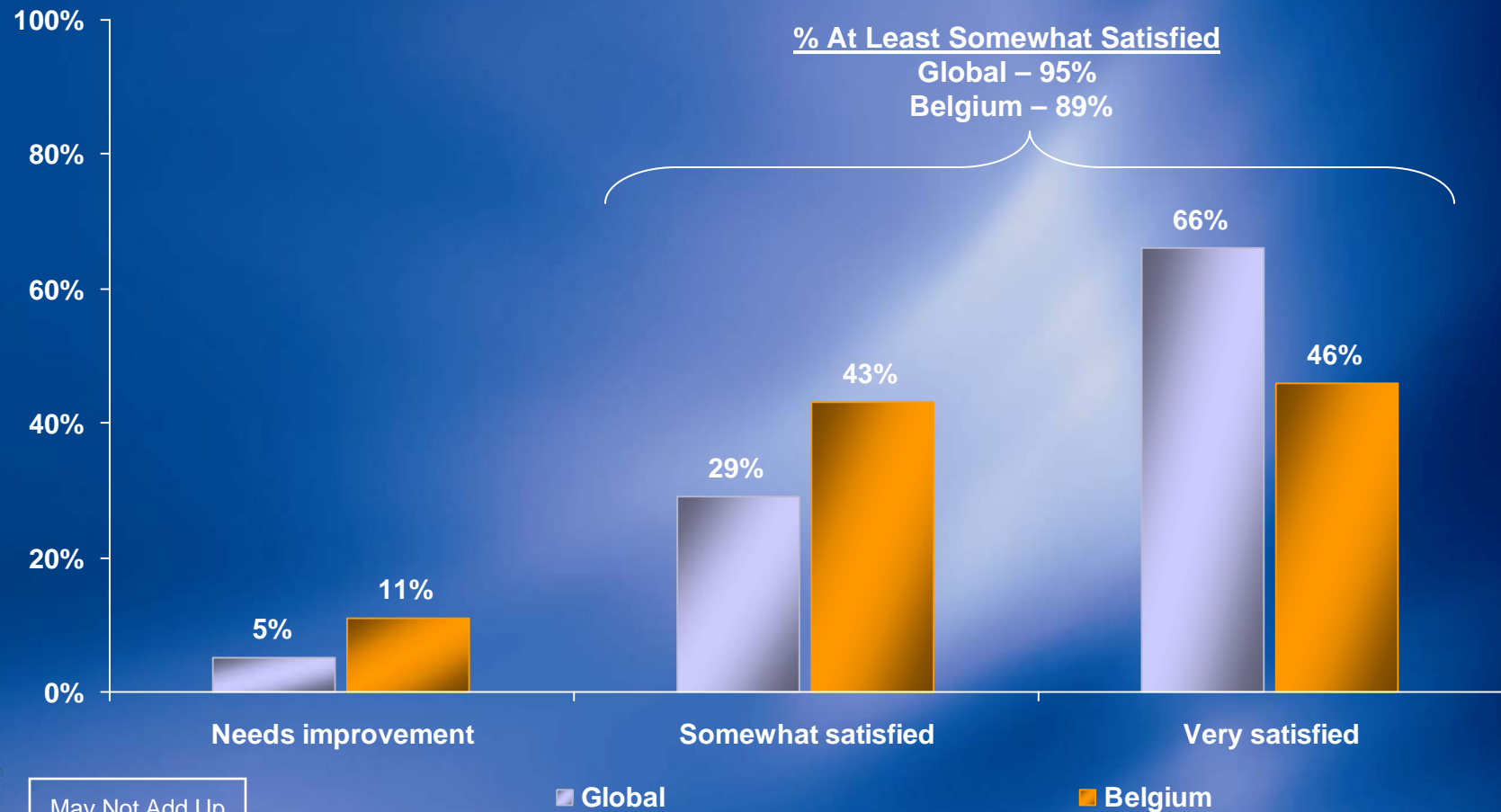
Productivity Of Audit Committee's Executive Sessions Belgium Versus Global



Percent Not Holding Regular Executive Sessions With The Following Individuals – Belgium Versus Global



Satisfaction With Audit Committee – External Auditor Communications – Belgium Versus Global



May Not Add Up To 100% Due To Rounding

Party Identifying / Communicating The Most Constructive Audit Committee Suggestions – Belgium Versus Global



Multiple Responses Allowed

Party Identifying / Communicating The Most Constructive Audit Committee Suggestions – Year-Over-Year Trend



Audit Committee Meeting Attendance Belgium Versus Global

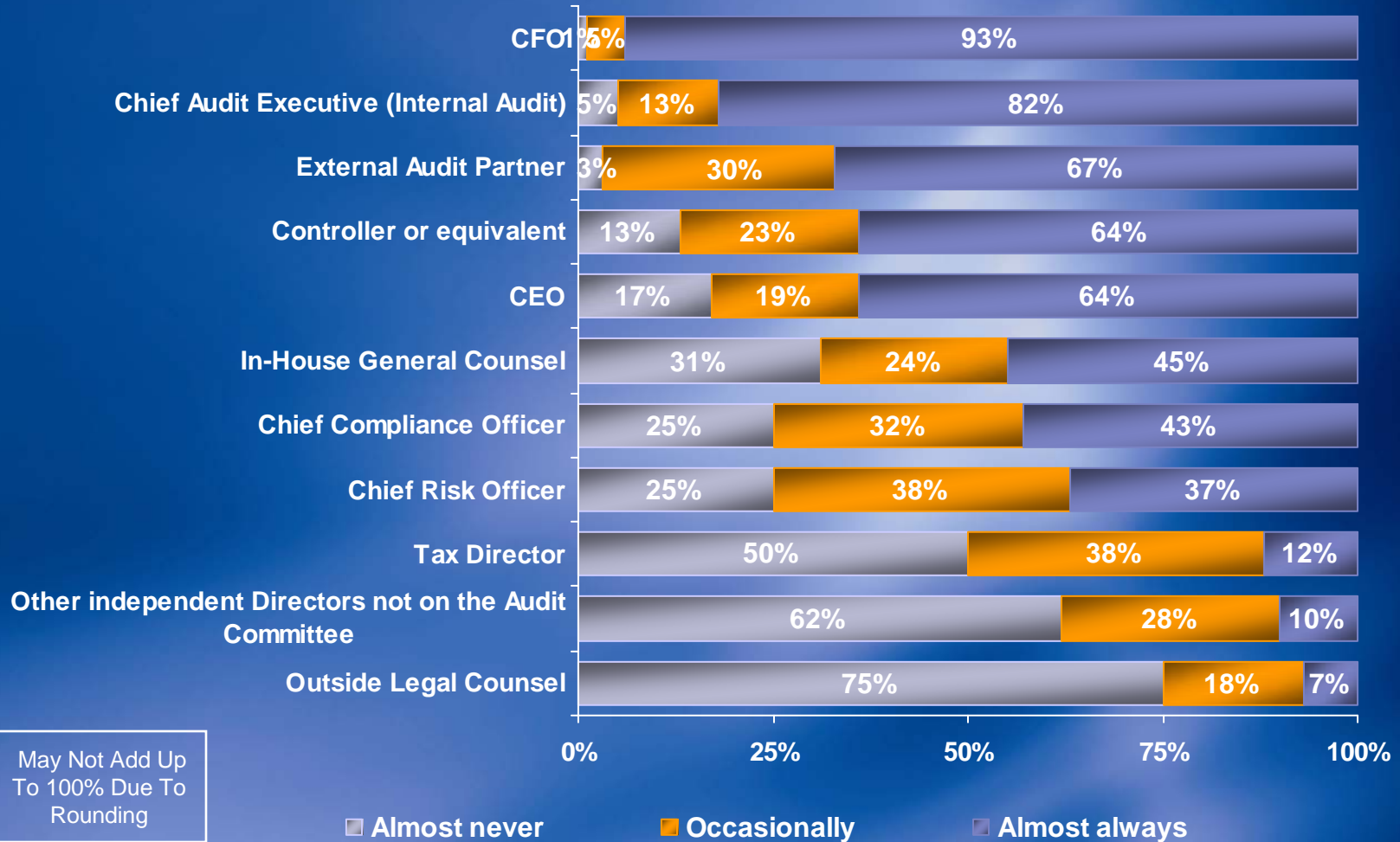
% Almost Always



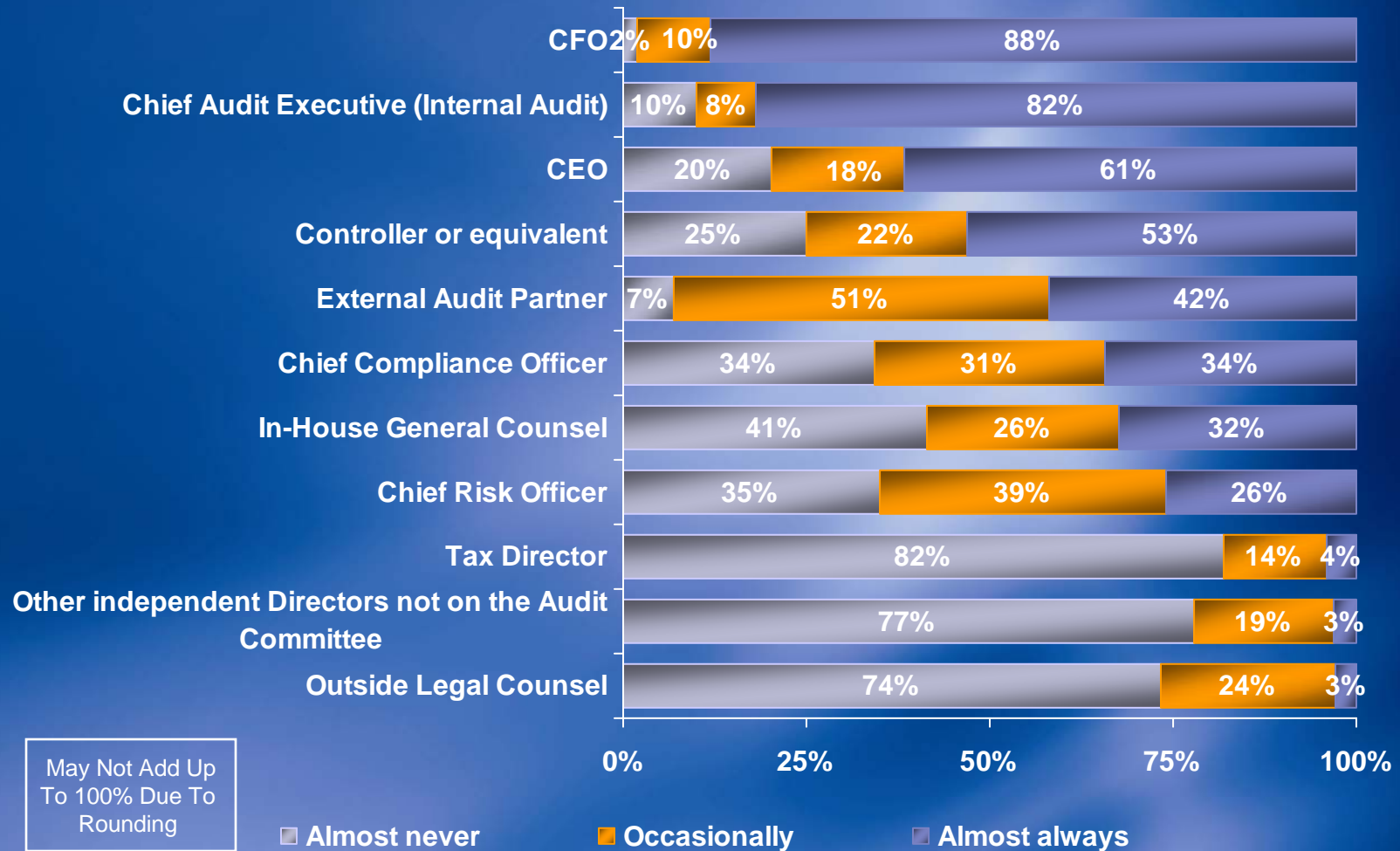
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Audit Committee Meeting Attendance - Global



Audit Committee Meeting Attendance – Belgium





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Audit Committee Time Commitment

Key Findings

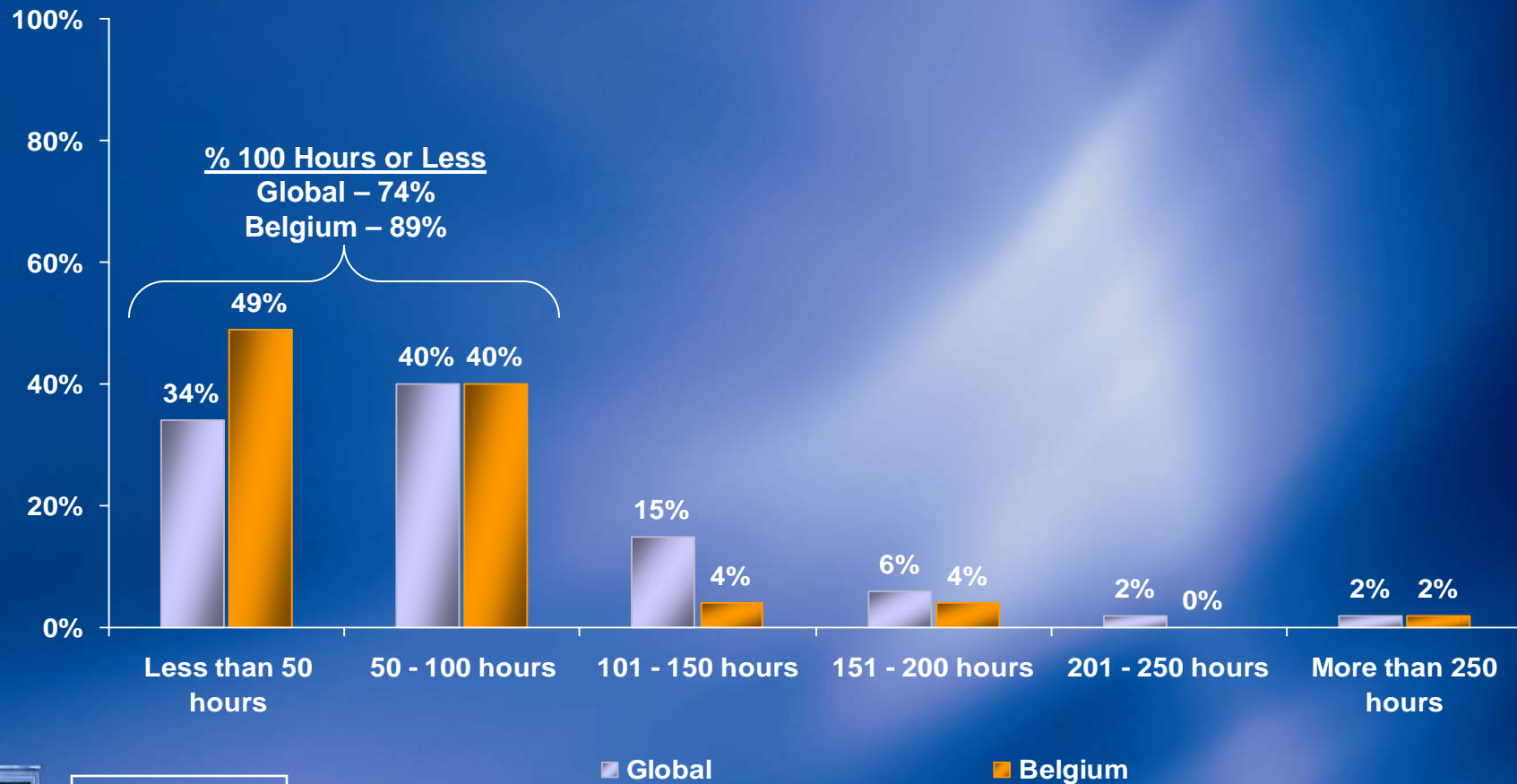
Audit Committee Time Commitment

- ◆ **As in 2006, 3 in 4 expect to spend 100 hours or less fulfilling their Audit Committee member role in upcoming year**
 - Over a third still expect to spend less than 50 hours
 - Americas AC members most likely to spend over 100 hours on their AC duties
- ◆ **Globally, the frequency of Audit Committee meetings is slightly down:**
 - 2006: 6.5 per year
 - 2007: 6.0 per year
 - Americas Audit Committees meet most often



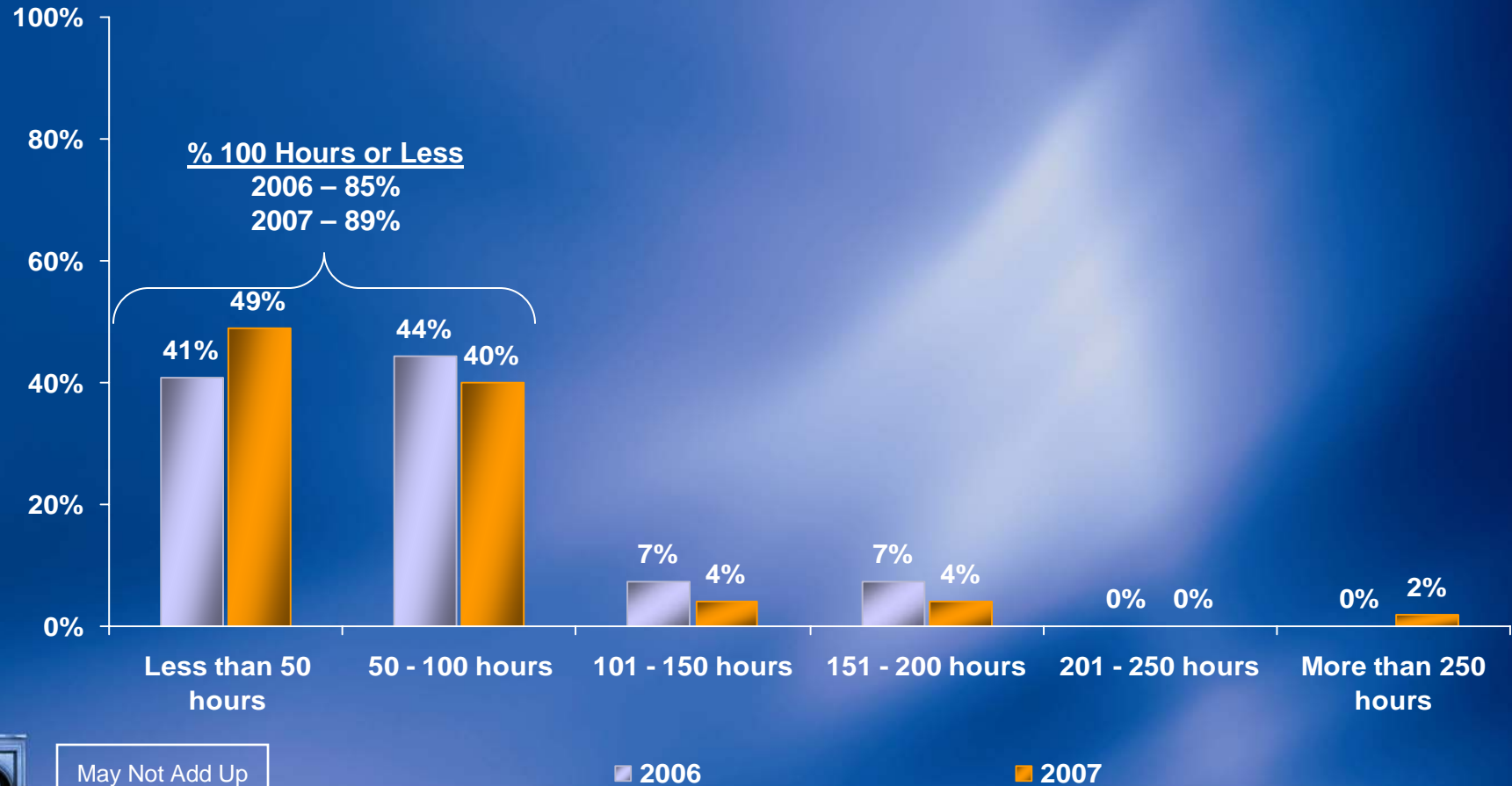
**AUDIT COMMITTEE MEMBER TIME COMMITMENT STILL VARIES BY REGION;
AS IN 2006, MOST WORK 100 HOURS OR LESS PER COMMITTEE**

Time Spent In Audit Committee Member Role (Specified Audit Committee) – Belgium Versus Global



May Not Add Up To 100% Due To Rounding

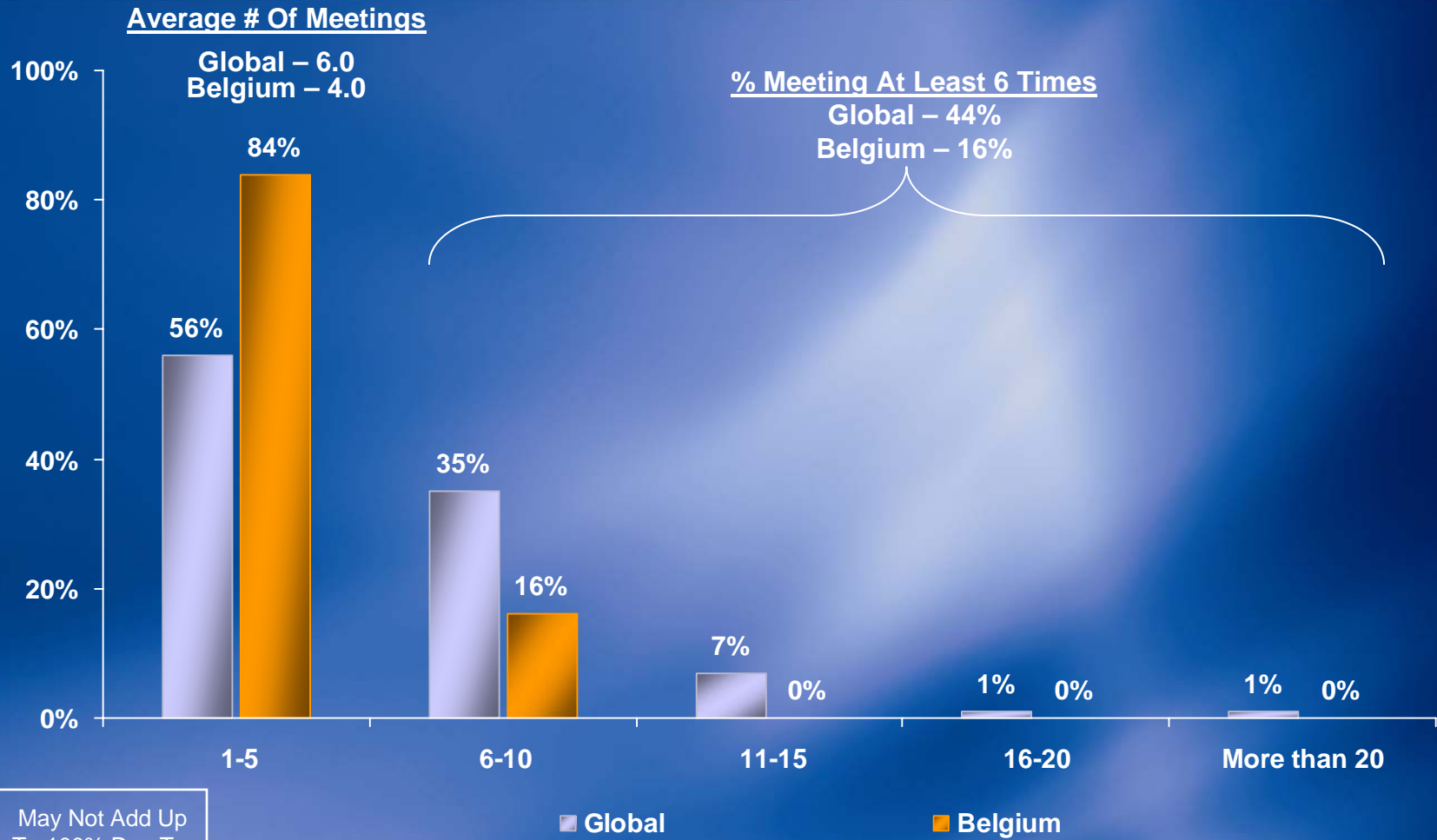
Time Spent In Audit Committee Member Role (Specified Audit Committee) – Year-Over-Year Trend



May Not Add Up To 100% Due To Rounding



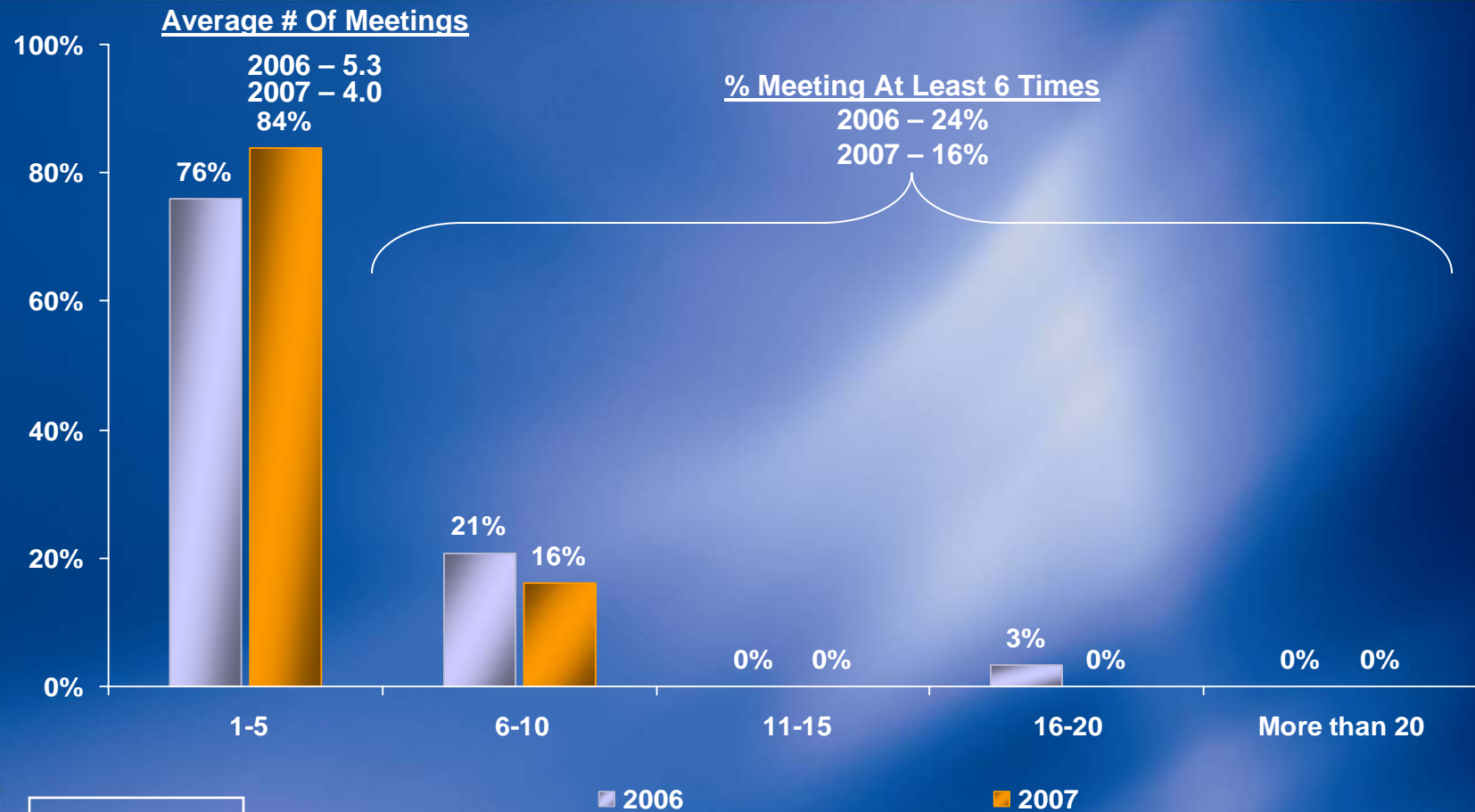
Frequency Of AC Meetings, Including Teleconferences, Held Last Year – Belgium Versus Global



May Not Add Up To 100% Due To Rounding

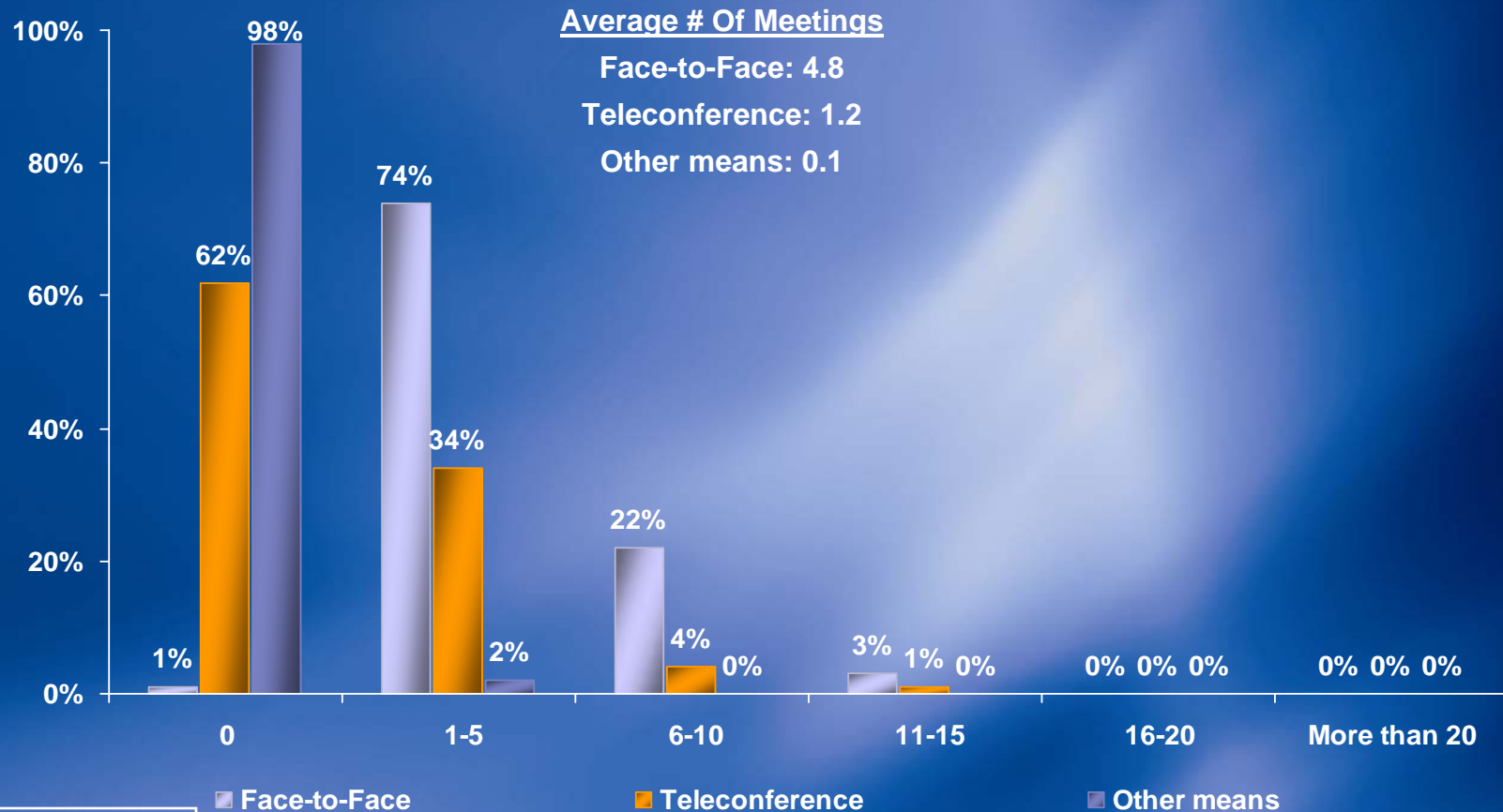


Frequency Of AC Meetings, Including Teleconferences, Held Last Year – Year-Over-Year Trend



May Not Add Up To 100% Due To Rounding

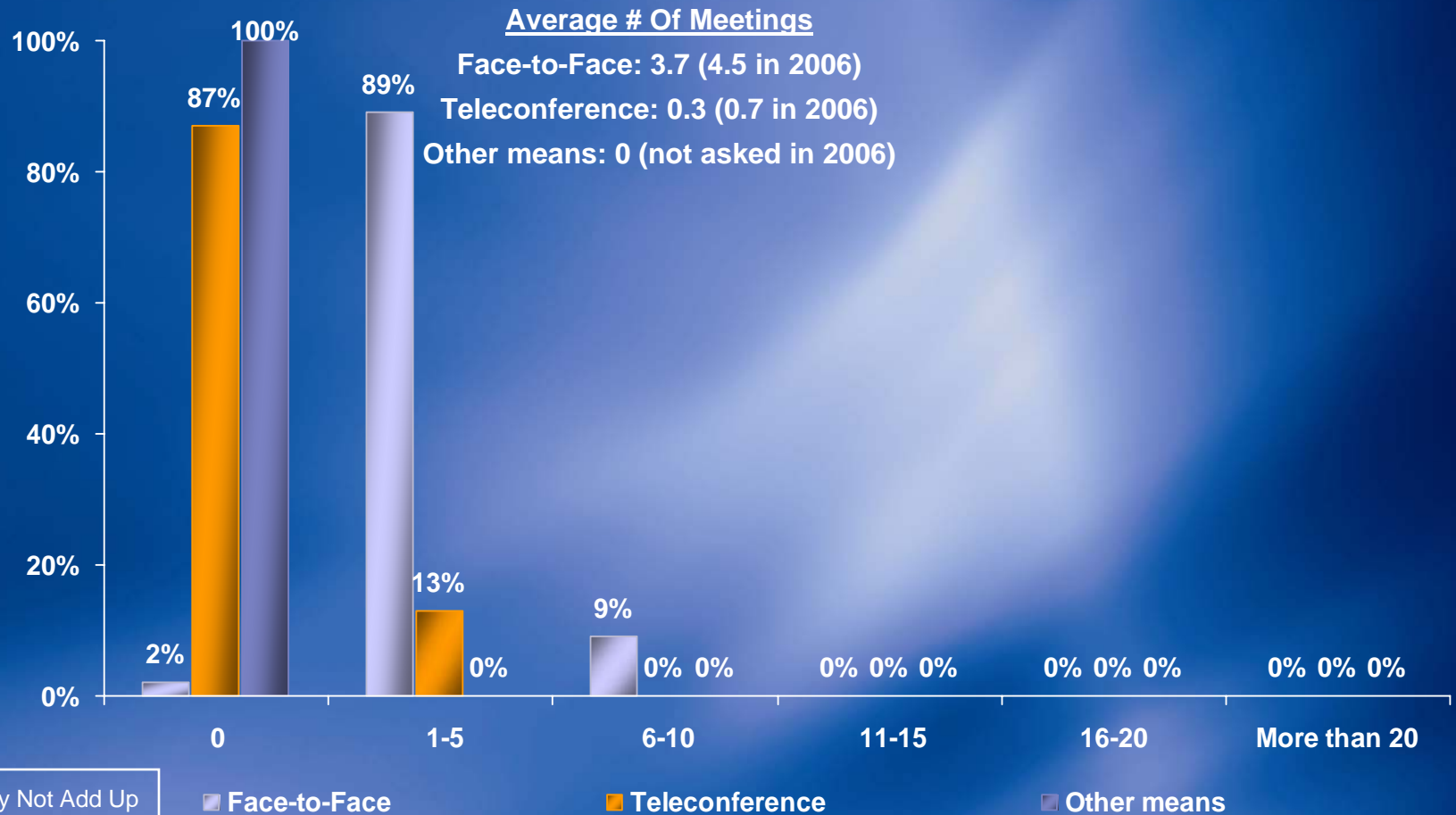
Meeting Frequency By Meeting Type – Global



May Not Add Up To 100% Due To Rounding



Meeting Frequency By Meeting Type – Belgium



May Not Add Up To 100% Due To Rounding

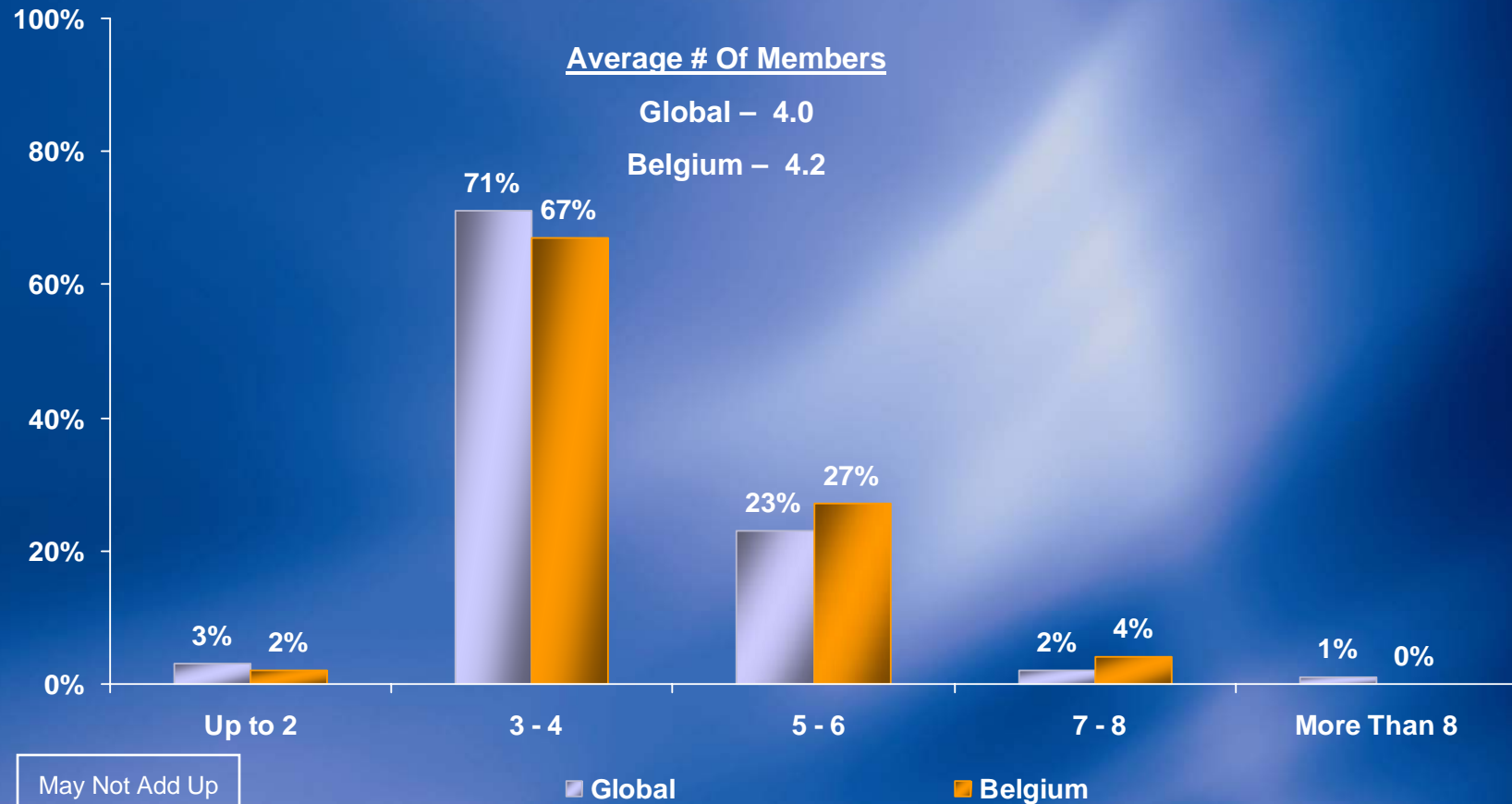




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Composition / Background And Other Practices


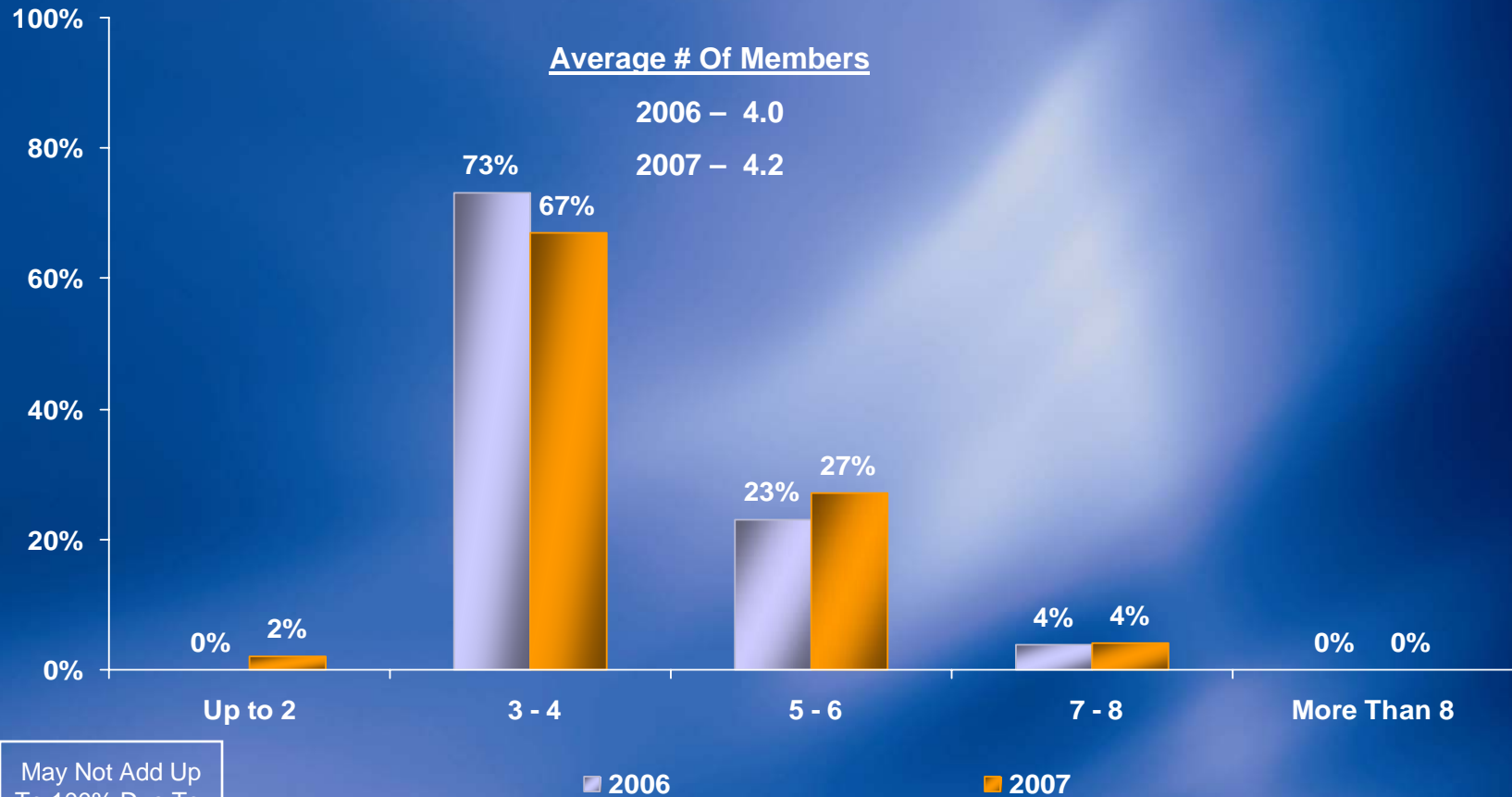
Number Of Members Serving On AC – Belgium Versus Global



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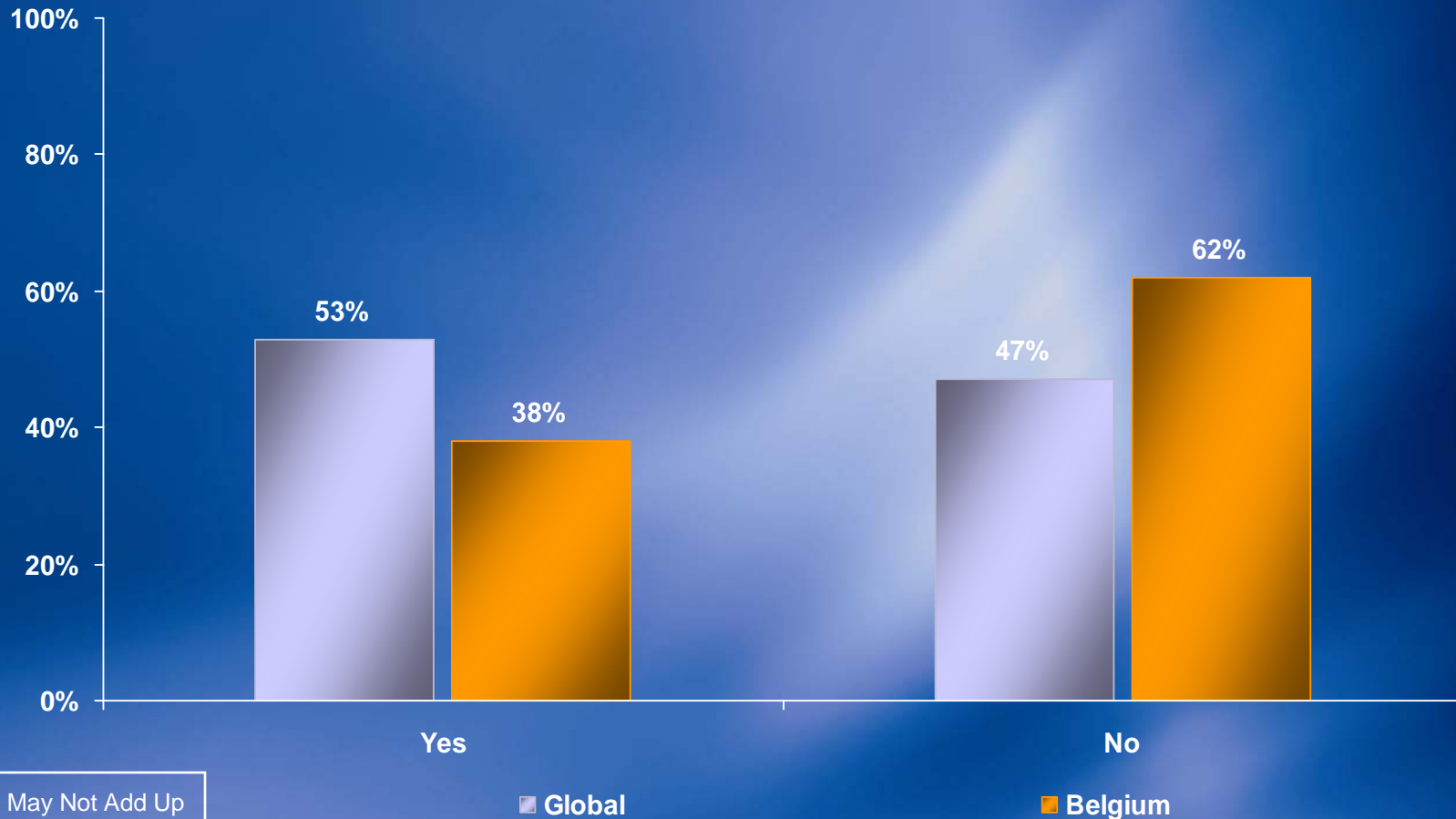


Number Of Members Serving On AC – Year-Over-Year Trend



May Not Add Up To 100% Due To Rounding

Practice Of Memorializing Self-Evaluation Results In Writing Belgium Versus Global

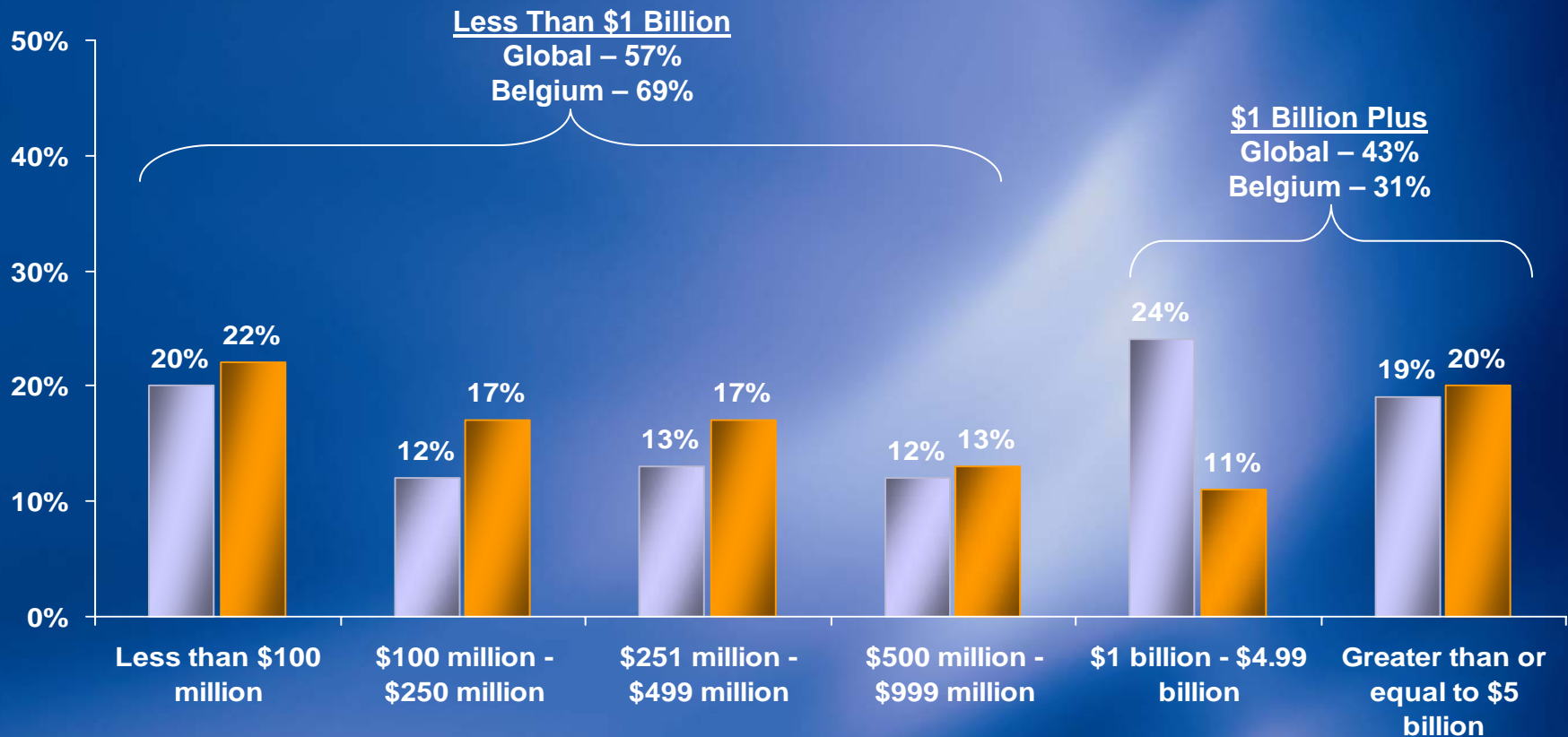


May Not Add Up
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Rounding



Appendix – Demographics

Respondent Company Revenue Belgium Versus Global



May Not Add Up
To 100% Due To
Rounding

■ Global

■ Belgium

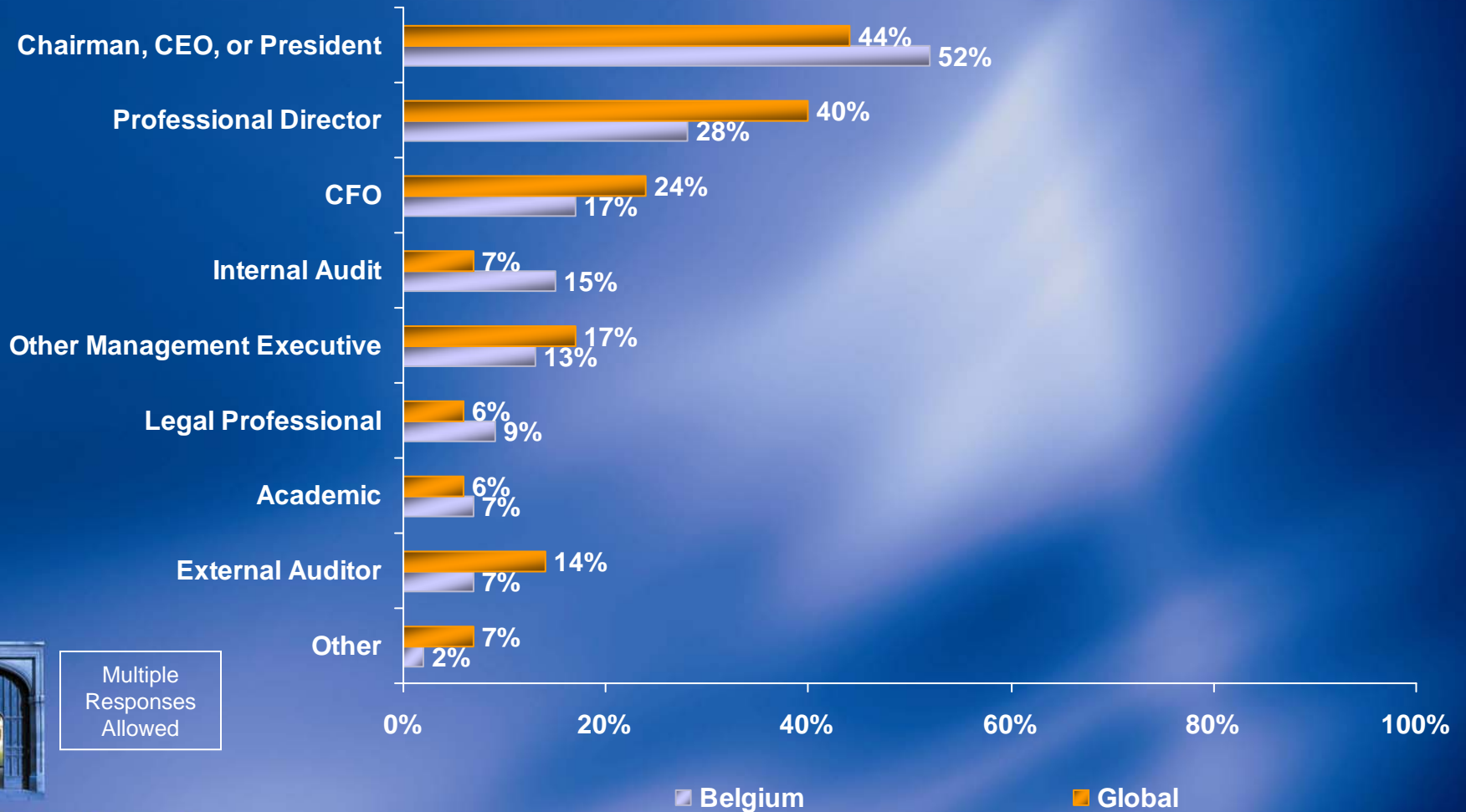
Respondent Company Revenue Year-Over-Year Trend



May Not Add Up To 100% Due To Rounding

Respondent Background Belgium Versus Global

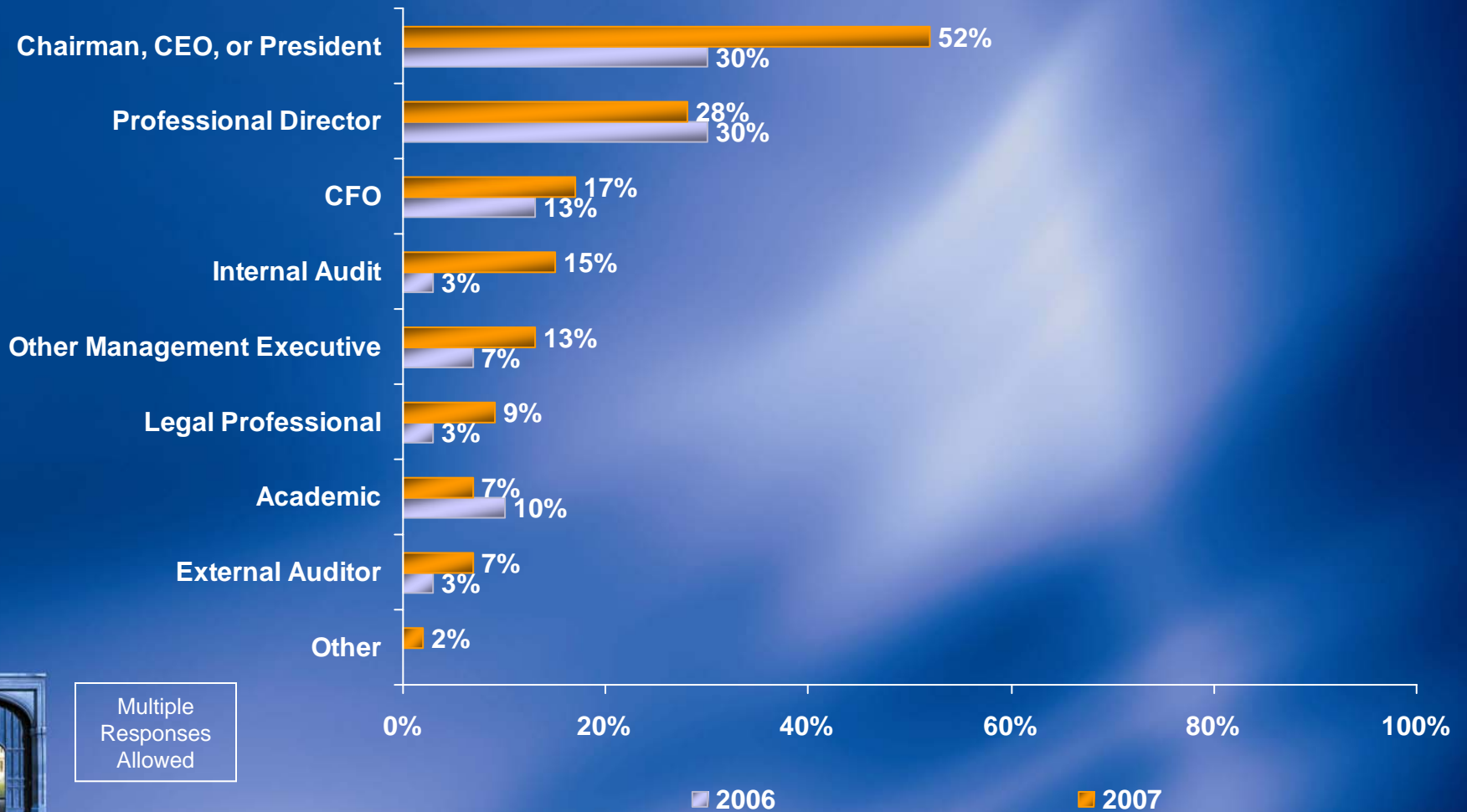
Active and Retired Combined



Multiple Responses Allowed

Respondent Background Year-Over-Year Trend

Active and Retired Combined



Multiple Responses Allowed

Respondent Profile

Number Of ACs Served On – Belgium Versus Global

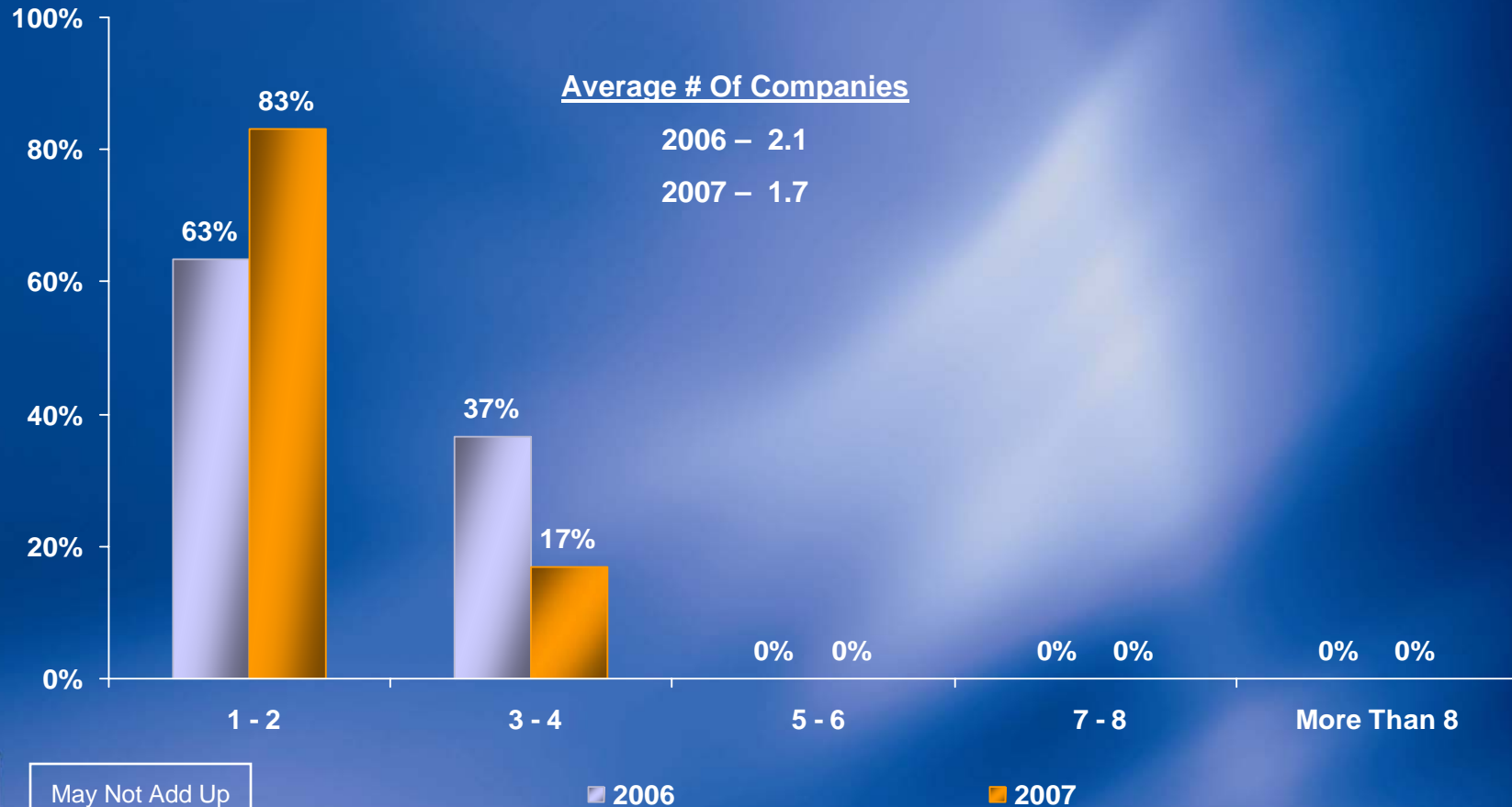


May Not Add Up To 100% Due To Rounding



Respondent Profile

Number Of ACs Served On – Year-Over-Year Trend



May Not Add Up To 100% Due To Rounding



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