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stowarzyszenie niezależnych  
członków rad nadzorczych

# Sample Annual Audit Committee Work Plan

SECOND EDITION, JANUARY 2023



# About the Association

## of Independent Non-Executive Directors


The Association of Independent Non-Executive Directors was established in 2019.


Our goals are:

- ✓ professional activation and integration of the independent non-executive director community,
- ✓ promoting corporate governance principles,
- ✓ raising trust in public companies' supervisory bodies,
- ✓ professional development and preparing independent non-executive directors for technological and social challenges.

We pursue these goals through elevating the knowledge and qualifications of our members, both in liaison with renowned experts in fields of law, accounting, risk management and IT, as well as through sharing experience between members. We play an active role in the legislative process with respect to corporate governance, broadly understood.

### More information about the Association:

 **website:** [sncrn.org/en](https://sncrn.org/en)

 **LinkedIn:** [linkedin.com/company/sncrn](https://linkedin.com/company/sncrn)



# Introduction

The current regulations have entrusted audit committees with a very broad range of responsibilities. This means that a considerable proportion of all the tasks stipulated in the law relating to supervisory boards rests on them.

This document was developed for the purpose of supporting audit committees by providing them with a tool to organise these tasks, enabling committees to plan them out over the course of the financial year, and reducing the risk that any of the duties required by the regulations are overlooked.

The Sample Annual Audit Committee Work Plan has been compiled in the form of a table containing particular duties assigned to successive audit committee meetings over the course of the financial year. Each column represents a committee meeting; hence, the number of columns in the document should be adjusted to reflect the expected number of meetings over the course of the year, and subsequently updated on an ongoing basis if there are changes in the number of meetings or their agendas.



The Sample Annual Audit Committee Work Plan reflects the duties imposed by current regulations (listed below), and also contains examples of tasks which may be desirable for many companies, based on the extensive experience of members of the Association of Independent Non-Executive Directors. The range of these duties and tasks has been adjusted to the needs of audit committees operating within companies listed on the Main Market of the Warsaw Stock Exchange. However, the authors of this document believe it may be equally valuable to all other public-interest entities, as well as to all other organisations that have supervisory bodies and whose members strive to implement the best corporate governance practices.

This document should be treated as a starting point for developing an annual audit committee work plan. It should always be tailored to the specifics of the company, the nature of its operations, its situation and industry, the applicable regulations, events occurring during the financial year (e.g. significant transactions), relationships and agreements within the supervisory board, and between the supervisory board and the management board. All of these and any other circumstances may affect the desired scope of the audit committee's work toward its goals.

The Sample Annual Audit Committee Work Plan does not incorporate tasks arising from the requirements imposed directly or indirectly on the audit committee by regulations relating to a particular industry (in particular to financial institutions).

Where applicable, particular audit committee tasks should apply not only to the company itself but to the entire capital group.

It should be stressed that the Sample Annual Audit Committee Work Plan contains only a framework for the agenda of each meeting. The committee should carry out its duties on a continuous basis, so in practice there arise a range of other essential tasks and activities – both those performed outside the meetings and those that are added to the agendas of particular meetings (e.g. as a result of the occurrence of specific events during the financial year).





# Legal acts

## and rules of best practice

- 1 Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities (Regulation 537/2014)

This document lays out the requirements for statutory audits of public-interest entities. As a Regulation it is directly binding in Poland, and also implemented specifically through, inter alia, the Act on Statutory Auditors.

- 2 The Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight (as amended) (the “Act” or the “Act on Statutory Auditors”)

This act introduces audit committees into the Polish legal framework. It lays out the rules for appointing audit committee members and the scope of their responsibilities.

- 3 Best practices for public-interest entities relating to the appointment, composition and operations of the audit committee, dated 24 December 2019 (the KNF Best Practices)

This document was prepared by the Polish Financial Supervision Authority (KNF) based on, inter alia, the requirements stipulated in the Act on Statutory Auditors. It repeats the requirements listed in the Act, but also adds what the KNF deems to be appropriate compliance. The KNF explains its understanding of the regulations on audit committees and proposes operational rules. Implementing this guidance will help to positively assess a committee's performance.

- 4 Best Practices for WSE Listed Companies 2021 (“DPSN 2021”)

This document was prepared by the Corporate Governance Committee of the Warsaw Stock Exchange and adopted by WSE's Supervisory Board resolution on 29 March 2021, effective from July 2021.



## PIE S.A. Audit Committee Work Plan

for the 01.01.20XX – 31.12.20XX financial year

General/Procedural	1 <sup>st</sup> meeting	2 <sup>nd</sup> <sup>1</sup> meeting	3 <sup>rd</sup> <sup>2</sup> meeting	4 <sup>th</sup> meeting	5 <sup>th</sup> <sup>3</sup> meeting	6 <sup>th</sup> <sup>4</sup> meeting
1 Approval of the minutes of the previous AC meeting	+	+	+	+	+	+
2 Review of the list of actions / recommendations from previous AC meetings	+	+	+	+	+	+
3 Adoption of the AC Work Plan for the following year (update at later meetings as needed)						+
Monitoring of the financial reporting process	1 <sup>st</sup> meeting	2 <sup>nd</sup> meeting	3 <sup>rd</sup> meeting	4 <sup>th</sup> meeting	5 <sup>th</sup> meeting	6 <sup>th</sup> meeting
1 Review of the accounting policies, their compliance with the regulations, and the consolidation criteria; discussion of the list of “critical accounting policies”, significant for the financial statements						+
2 Discussion of the scope of changes in financial reporting and their significance, including the impact of new standards, amendments to existing standards and new interpretations relating to the company, as well as a respective implementation readiness assessment						+
3 Review of IT systems used for accounting and reporting			+			
4 Information on the financial and liquidity situation: review of quarterly, semi-annual and annual data, with particular consideration of the areas of risk arising during the reporting period, including the adequacy of allowances and provisions and other estimates and judgements made by management, as well as measurement of financial instruments, and all other key areas in the financial statements; scenario analysis of liquidity (including different levels of any possible dividend payout)		+	+		+	+
5 Information on the progress of quarterly/annual/semi-annual financial reporting, performance against deadlines, and effectiveness of application of control procedures in the area of reporting		+	+		+	+
6 Discussion of methods for recognition of any significant, unusual transactions (if any)	+	+	+	+	+	+
7 Review of the update on human resources in the financial and accounting units, in particular with regard to key employees responsible for financial reporting, including information about changes in key positions in the financial and accounting units and the reasons therefor						+
8 Review of the management accounting system				+		
9 Conducting an evaluation of the company's process for publishing periodic reports and preliminary results announcements, examination of the draft periodic reports prior to their publication in order to make enquiries, obtain explanations, and communicate any comments and remarks		+	+		+	+
10 Review of investor communication practices				+		

Monitoring of the performance of financial audit activities		1 <sup>st</sup> meeting	2 <sup>nd</sup> meeting	3 <sup>rd</sup> meeting	4 <sup>th</sup> meeting	5 <sup>th</sup> meeting	6 <sup>th</sup> meeting
1	Assessment of the independence of the statutory auditors and the audit firm; discussing the plan and timetable of the audit or review of the financial statements with the auditors	+			+		
2	Update by the AC of information relating to the audit firm, including obtaining information from the audit firm on the conclusions and findings from the inspections conducted by PANA (Polish Agency for Audit Oversight); obtaining and analysis of information, including from mass media and directly from the audit firm, with respect to the risk of loss of the right to perform audits; analysis by the AC of the findings and/or conclusions included in PANA's annual report; analysis of the annual transparency report published by the audit firm	+			+		
3	Information from the auditor and discussion with management on the results of the annual audit / semi-annual review		+			+	
4	Examination of the auditor's additional report for the Audit Committee		+				
5	Discussion with the auditor of their assessment of the working relationship during the audit / review (without the company's management)		+			+	
6	Analysis of the auditor's reservations, comments and recommendations; Management's response to the auditor's letter with recommendations after the annual audit			+			
7	Selection of the audit firm (if needed)						
	a. initiation of the procedure b. recommendation to the Supervisory Board			+	+		
8	Approval for the auditor to perform assurance services related to the assessment of the remuneration report (and – if needed – a different permitted non-audit service)					+	
Internal control, risk management and compliance systems, and the internal audit function		1 <sup>st</sup> meeting	2 <sup>nd</sup> meeting	3 <sup>rd</sup> meeting	4 <sup>th</sup> meeting	5 <sup>th</sup> meeting	6 <sup>th</sup> meeting
1	Review of the system of internal control, its adequacy and effectiveness, and the results of its operation in the company and the entire capital group						+
2	Approval of the internal control and internal audit plans for the following financial year						+
3	Discussion of the results of the internal control and internal audits; results of ad hoc and special inspections and any divergence from the control and audit plans, including a review of issued recommendations (reported as needed, at least four times a year); discussion of the reasons for the delay or departure from the implementation of previously issued recommendations (if needed – with participation of the managers responsible for their implementation)	+		+	+		+
4	Receipt and approval of the information on the budget, resources and remuneration in the internal audit unit	+					
5	Meeting with the head of internal audit, without the presence of other individuals from the organisation (at least once a year)	+					

Internal control, risk management and compliance systems, and the internal audit function		1 <sup>st</sup> meeting	2 <sup>nd</sup> meeting	3 <sup>rd</sup> meeting	4 <sup>th</sup> meeting	5 <sup>th</sup> meeting	6 <sup>th</sup> meeting
6	Receipt from the person responsible for internal audit (and in case such a separate function has not been established – from the company's management) of the assessment of the functioning of the systems of internal control, risk management and compliance, as well as the internal audit function, along with a respective report	+					
7	Assessment of the internal audit function, its independence and reports, by the AC ( <i>moreover, at least once per five years in case of companies included in the WIG20, mWIG40 or sWIG80 indices, a review of the internal audit function is performed by an independent auditor appointed with the involvement of the AC</i> )	+					
8	Evaluation of the effectiveness of the internal control, risk management and compliance systems	+					
9	Periodic assessment of: the control procedures in the financial reporting process, the division of responsibilities, the systems supporting the financial and accounting processes		+				
10	Review of the risk management system and the list of key risk factors and mitigation measures	+					
11	Review of the compliance system and significant risk factors in this area, including a review of the most important legal disputes and claims				+		
12	Review of the compliance system in the areas of anti-corruption and whistleblower protection, and report monitoring				+		
13	Review of correspondence with regulatory bodies, review of any proceedings against the company, risk of financial penalties or other sanctions	+					
14	Review of cases of violation of internal regulations or laws by employees or the company's units, consequences for employees and correction of internal procedures	+					
Recommendations to the Supervisory Board		1 <sup>st</sup> meeting	2 <sup>nd</sup> meeting	3 <sup>rd</sup> meeting	4 <sup>th</sup> meeting	5 <sup>th</sup> meeting	6 <sup>th</sup> meeting
1	AC's recommendation to the Supervisory Board relating to the opinion on the annual financial statements (the Supervisory Board's opinion is presented to the AGM)		+				
2	Review and evaluation of the AC's regulations, and submitting them to the Supervisory Board for approval						+
3	Review and recommendation on the approval of changes (if any) to: (i) The policy for selecting the audit firm, (ii) The procedure for selecting the auditor, and (iii) The policy for the provision of non-audit services by the auditor				+		
4	Information on the monitoring and effectiveness of internal control, risk management, compliance and internal audit systems		+				
5	Adoption of the annual report on the AC's activities along with the independence assessment of AC members, and the AC's self-assessment, the results of which are presented to the Supervisory Board		+				



Miscellaneous (sample topics, depending on the specifics of the company)		1 <sup>st</sup> meeting	2 <sup>nd</sup> meeting	3 <sup>rd</sup> meeting	4 <sup>th</sup> meeting	5 <sup>th</sup> meeting	6 <sup>th</sup> meeting
1	Review of the tax function and tax risk management, review of tax strategy and information on the implemented tax strategy prior to its publication						+
2	Review of the risk management system in the area of IT systems security				+		
3	Review of ESG reporting	+					
4	Review of significant processes subject to outsourcing and management of the outsourcing risk				+		
5	Review of the business continuity plan				+		
6	Review of significant client claims or disputes, the company's response, potential financial losses. Trends in the number of claims/disputes				+		
7	Review of the results of external audits and inspections in the organisation (if any)	+	+	+	+	+	+
8	Review of the procedures relating to conflicts of interest and ethical principles, as well as the detection and prevention of fraud and abuse				+		
9	Review of the procedures relating to anti-money laundering and countering the financing of terrorism				+		
10	Review of the processes relating to the verification of trading partners				+		
11	[Other, recognised as important during the course of the year]						

1. Assuming the 2nd meeting takes place before publication of the annual report for the previous financial year.

2. Assuming the 3rd meeting takes place before publication of the Q1 report.

3. Assuming the 5th meeting takes place before publication of the semi-annual report.

4. Assuming the 6th meeting takes place before publication of the Q3 report.

# The Authors

## of the Sample Annual Audit Committee Work Plan

The Sample Annual Audit Committee Work Plan was prepared by a team formed within the Association of Independent Non-Executive Directors:



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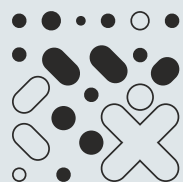


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