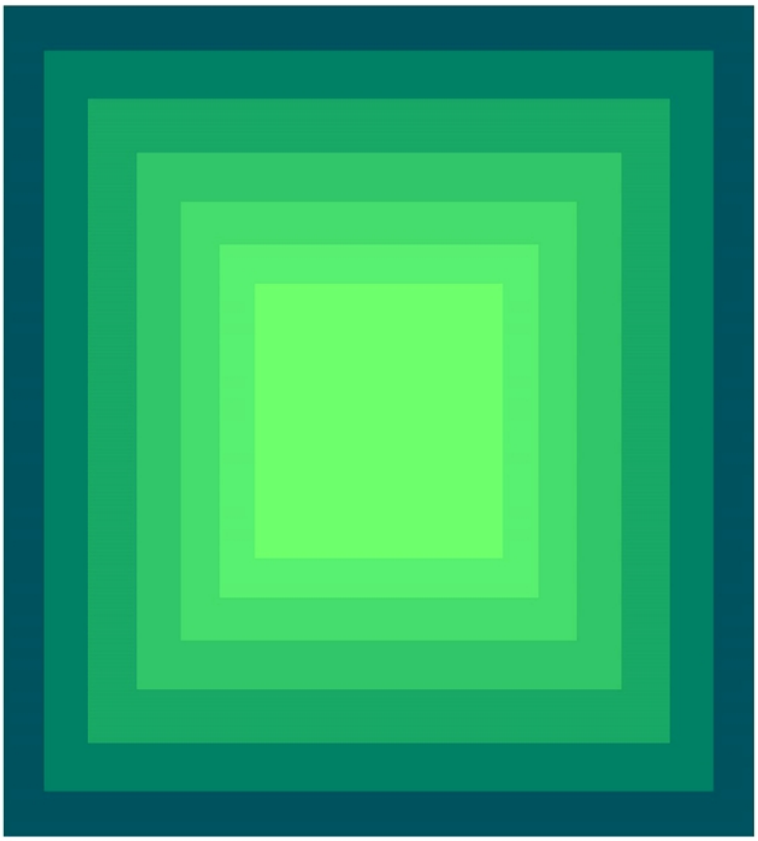
WORLD BANK GROUP

AUDIT OVERSIGHT BOARD
The Independent Audit Regulator



AUDIT COMMITTEE TOOLKIT

GUIDANCE ON THE ROLES AND RESPONSIBILITIES OF AUDIT COMMITTEES

1818 H Street NW
Washington DC 20433
Telephone: 202-473-1000
Internet: www.worldbank.org

Rights and Permissions

Key audit committee questions related to risk management and fraud

The following are examples of questions audit committees may wish to ask related to risk management and fraud:

- How do the various board committees oversee risk? Are there any redundancies or overlap?
- How does management identify the key risks facing the company? Are these linked to company strategy?
- Does the company utilize a formal risk management framework e.g. COSO enterprise risk management?
- Does the company have in place formal risk management policies and procedures?
- Has a risk appetite for the company been established?
- What process does the company follow for risk identification?
- Are formal risk owners assigned for the management of each key risk?
- What is the company's criteria for the measurement of risk? How are consequence and frequency scales defined?
- How does management ensure that risk management policies, procedures, and controls are operating effectively?
- Has management set up key risk indicators to monitor the status of risks and any planned mitigating actions?
- Has the company assessed cybersecurity and information technology risks? Are these risks receiving adequate time and focus on the audit committee agenda?
- Have fraud risks been identified, including risks related to fraudulent financial reporting, and are appropriate controls in place for the management of these risks? What are the early warning mechanisms, and how effective are they? How, and how often, are they calibrated?
- Is there a code of conduct in place that clearly identifies a mechanism for reporting suspected violations of procedures and/or fraud? Is there a whistle-blowing policy in place?
- How does management reinforce its culture and tone from the top of zero tolerance towards fraud?
- How does management ensure there is no retaliation against whistle-blowers by management?

- Do company staff routinely receive fraud awareness and prevention training?