

AUDIT COMMITTEE PRACTICE IN THE POLISH LISTED STOCK COMPANIES. PRESENT SITUATION AND DEVELOPMENT PERSPECTIVES

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Abstract. The audit committee is one of the parts of corporate governance mechanism, which is understood as the relationship between corporate managers, directors and the providers of equity, people and institutions who save and invest their capital to earn the return. This study presents survey research results of audit committee activity in Polish public stock companies quoted on the Warsaw Stock Exchange (WSE). The purpose of this paper is to present the audit committee practice in Poland after 2009. The paper shows that the audit committee practice is still the most problematic issue of transitional Polish corporate governance rules. The survey has shown that the corporate needs and its implementation, and communication with listed companies leave a lot of room for improvement. The paper is based on the documents prepared in 2010 by PricewaterhouseCoopers, the Polish Association of Listed Companies and the Polish Institute of Directors.

Keywords: audit committee, corporate governance, listed companies, Warsaw Stock Exchange, supervisory board, Polish economy.

JEL classification: G380, G390, M480.

1. Introduction

Researches have defined audit committees in a variety of ways. According to Cadbury (1992), audit committee is a formal institution used by corporate owners to discipline organisations. Morrin and Jarrell (2001) argued that an audit committee is a special group of experts, which controls and safeguards the interests of the capital market investors, corporate owners, managers, employees, suppliers, creditors and etc.

An audit committee is not only a group of persons, but also a set of processes, policies, laws and institutions affecting the way a corporation is directed, administrated or controlled. A perfect audit committee can strengthen intra-company control and can reduce opportunistic behaviours and lower the asymmetry of information, so it has a positive impact on the high quality of disclosed information (Li, Qi 2008).

It is widely believed that good corporate governance rules and audit committee practice particularly are an important factor in improving effectiveness of the companies,

especially in developing countries and during the period of the global economic crisis. However, the audit committee activities are different in the different countries due to disparate corporate governance structure resulting from dissimilar social, economic and regulatory conditions (Abdurrouf *et al.* 2010). The relationship between corporate governance, audit committee, shareholders and board of managers is important in formulating efficient financial and operating management practice. According to Black (2001), Klapper and Love (2004), Gompers *et al.* (2003), and Beiner and Schmid (2005) corporate governance and audit committees play an important role mainly in improving the value of the companies and efficiency of their market activity.

2. Literature Overview and Previous Researches about the Importance of an Audit Committee

Literature on audit committees suggests that the roles of regulatory and controlling authorities are mainly important in improving the market value of the firm. Good audit committee is focused on the protection of the rights of shareholders and plays an important role in the development of capital markets by protecting investor interests (Abdurrouf *et al.* 2010). The role of an audit committee is important also in implementing corporate governance principles. These principles suggest that audit committee should work independently and perform their duties with professional care. In case of any financial manipulation possibilities, the audit committee is held accountable for their actions as the availability of transparent financial information reduces the information asymmetry, which can be helpful for improvement of the value of the firm (Bhagat, Jefferis 2002).

Besides, an audit committee is the entity that safeguards public interest. The board usually delegates responsibility for the oversight of financial reporting to the audit committee to enhance the breadth of relevance and reliability of annual report. Thus, an audit committee can be a kind of monitoring mechanism that improves the quality of information flow between firm owners (actual and potential shareholders) and managers. Klein (1998) and Anderson *et al.* (2004) reported a positive relationship between the audit committee and developmental speed of the firm. On another hand, Kajola (2008) showed that there is no significant relationship between the audit committee and the development of the enterprise.

In literature on audit committees we can also find interesting discussion about proper size of an audit committee, its internal structure and the level of independence. A small size of an audit committee is generally believed to improve efficiency of the firm because the benefits by larger committee of increased monitoring are outweighed by the poorer communication and decision making in larger groups. Lipton and Lorsch (1992) suggest that the optimal audit committee size is between seven and nine persons. In this respect, empirical studies have shown that the value of the firms increases with relatively small sizes of audit committees (Eisenberg *et al.* 1998). Hence, as the size

and activity scope of an audit committee increases, it is expected to increase the firm's efficiency to compensate for increasing process losses. Nevertheless, Yermack (1996) found negative correlation between the size of an audit committee and enterprise profitability. Mak and Kusnadi (2005) reported that a small committee size is positively related to high firm value. Sanda *et al.* (2005) reported that value of the company is positively correlated with small, as opposed to large audit committee size. The argument is that large committee is less effective and is more difficult to control. The cost of coordination and processing problems is also high in large committees and this makes decision-taking difficult.

The empirical studies increasingly recognise that audit committees have a central role in reducing agency problems (Zahra, Pearce 1989). Agency theory argues that the delegation of managerial responsibilities by principals (owners) and agents (managers) requires the presence of mechanisms that either align the interests of principals and agents or monitor the performance of managers to ensure that they use their delegated powers in the best interests of the principals. It has been argued that weak internal or external auditing, controlling and limited protection of minority shareholders intensify the traditional principal agent problems in transitioning economies (Dharwadkar *et al.* 2000). In accordance with the agency theory, it is hypothesised that the independence of the audit committee, the proportion of directors with financial expertise on the audit committee, and the proportion of block shareholding are all positively associated with firm efficiency. Researchers are also interested in whether there is an improvement in efficiency after implementation of audit committees because it addresses corporate governance issues including auditor independence.

The audit committee serves many important corporate governance functions and provides advice on operational and regulatory matters (Menon, Williams 1994). It helps to alleviate agency problems by facilitating the timely release of unbiased accounting information by managers to shareholders, creditors, thus reducing information asymmetry between insiders and outsiders (Klein 1998). From an agency perspective, the composition of the audit committee is an important governance mechanism because the presence of outside directors provides a way of monitoring the actions of managers and of ensuring that shareholder interests are being safeguarded. If effective monitoring leads to higher day-to-day firm performance, then firm performance will be positively related to the percentage of outside directors who are members of the audit committee (Klein 1998). Some studies report a positive relation between the independence of an audit committee and firm performance (Weir *et al.* 2002; Erickson *et al.* 2003; Chan, Li 2008). Thus, we can say that there is a positive relation between the independence of an audit committee and firm efficiency.

In December 1999 in the USA, the Security and Exchange Commission (SEC) approved proposed rule changes by the NYSE, AMEX, and NASD to amend the listing standards regarding corporate audit committees. Under the new standards, a public firm must have on its audit committee at least one member with financial expertise. One

provision requires public companies to disclose to the SEC whether they have financial experts on the audit committee of their board of directors. These provisions represent an effort to solve an agency problem between shareholders. As managers do not always act in the best interest of shareholders, shareholders should have an effective audit committee to ensure financial reporting quality. The new provision attempts to assure audit committee financial expertise, enabling members to monitor the financial reporting process more effectively, thus mitigating agency problems between managers and shareholders (Davidson *et al.* 2004). To the best of knowledge, there is no empirical evidence on the relation between the proportion of directors with financial expertise on the audit committee and firm performance. From an agency perspective, the inclusion of financial experts on the audit committee is expected to be associated with greater monitoring and better firm performance.

In numerical research papers we can also find the following interesting conclusions about audit committee practices:

1. Audit committee members place emphasis on financial statement accuracy, control effectiveness, and audit quality (Gendron *et al.* 2004).
2. Audit committee members develop their sense of audit committee effectiveness by considering member backgrounds, features of audit committee meetings, and informal activities outside of audit committee meetings (Gendron, Bedard 2006).
3. Audit committee members investigate accounting issues more deeply when decision outcomes are more aggressive, especially if the members have accounting experience (Pomeroy 2010).
4. More independent audit committees are more likely to choose higher-quality successor auditors (Chen, Zhou 2007). Hermanson *et al.* (2009) find that shareholder votes for the auditor are positively related to audit committee financial expertise, suggesting that shareholders have more confidence in the elected auditor if the audit committee has more financial expertise.
5. Asare *et al.* (2008) find that, in some cases, internal auditors' fraud risk assessments are influenced by the quality of an audit committee, although audit scope judgments are not affected. In terms of audit opinions, Bronson *et al.* (2009) find that completely independent audit committees, but not audit committees with only one non-independent member, are positively related to going-concern opinions issued to financially distressed companies.
6. Krishnan and Visvanathan (2009) find that audit fees are negatively associated with accounting expertise on the audit committee, but only in companies with strong governance. Audit fees increase with board size, board meetings, audit committee meetings, and CEO duality. Also, the relation between audit fees and audit committee accounting expertise is negative when earnings management risk is low, but positive when the earnings management risk is high. Thus, audit committees with accounting experts appear to demand more extensive auditing when the risk is higher.

7. Carcello *et al.* (2005) find that the overall internal audit budget is higher if the audit committee reviews the budget, and Barua *et al.* (2010) find that internal audit budgets are positively associated with audit committee meetings, but negatively associated with auditing expertise on the audit committee and audit committee member tenure. Abbott *et al.* (2010) find that internal audit's relative focus (percentage of budget) on internal control-related activities increases with audit committee oversight of internal audit (relative to management oversight of internal audit).
8. Davidson *et al.* (2004) document that the stock price reaction to the announcement of appointing directors to audit committees is positively related to the new audit committee member having financial expertise. Further, De Fond *et al.* (2005) find that positive market reactions to the appointment of a financial expert to the audit committee occur only when the director has accounting-related expertise and only when the appointing firm has relatively strong corporate governance.
9. Financial experts of the audit committee designated by companies usually do not have an accounting or finance background (Corcello *et al.* 2006). Krishnan and Lee (2009) also find that the presence of accounting expertise on the audit committee is positively related to litigation risk, but only in companies with stronger corporate governance.
10. Coates *et al.* (2007) examine changes in financial literacy of audit committees and find that companies that improved their apparent financial literacy of the audit committee had higher stock returns than those which did not.

3. Practice of the Audit Committees in Europe and in Poland

The literature indicates that audit committees were not present widely in Europe, apart from the UK, before the 1990s. American researcher Tricker (1978: 28) observed that: "they do not have audit committees in Europe: perhaps they are not necessary with alternative forms of corporate governance". Van Hoek (1988) noted that, while audit committees were relatively unknown in Europe, there were isolated instances in companies in Italy and Sweden. Vanasco (1994) noted that audit committees are rare in the continental Europe, perhaps with the exception of France. However, audit committees gained greater acceptance in continental Europe from the mid-1990s onwards. Keegan and DeGeorge (1998) reported in a survey of 65 major companies based in eight European countries (Belgium, France, Germany, Italy, Spain, Sweden, Switzerland and the United Kingdom) that 60% of the companies had audit committees with adoption rates the highest in the UK (100%), France and Switzerland, and the lowest in Sweden and Italy. The change towards acceptance of the audit committee concept is in line with recommendations from governance committees set up in various countries, for example, the Vienot Report (1995) in France, the subsequently issued Peters Committee (1997) report from the Amsterdam Stock Exchange, or the Cardon Report (Belgium Commission for Corporate Governance 1998) in Belgium. In a review of audit committees in Europe a Pricewaterhouse (1997) survey noted that as leading companies in the UK, France and

the Netherlands implement recommendations concerning audit committees, and the twin pressures of international market forces, and the interest of the authorities and regulators in governance issues expand, the significance of audit committees in Europe and their inclusion in national code recommendations will grow. This has been proved correct with audit committee recommendations being made in such west European countries like Germany, Greece and Portugal and such East European countries like Slovakia, the Czech Republic and Romania.

In Poland, the Institute of Directors in cooperation with the Association of Chartered Certified Accountants (ACCA) prepared a document entitled “The Best Practices of Audit Committees” dated March 2010, which reflected the best audit international models and experience of listed companies. It is not a closed list of rules, but a set of principles to be verified by the changing expectations of shareholders and market needs. The detailed principles of procedure regarding the audit committee should be defined by the supervisory board adequately to the scope of tasks delegated to the audit committee, the size of the company and the specific nature and complexity of the given business sector.

The main purpose of operations of an audit committee, constituting a part of the supervisory board, is to support the board in its exercise of financial supervision over the company and to provide the board with reliable information and opinions, owing to which correct decisions on financial reporting, internal control and risk management could be taken efficiently. The delegation of certain tasks as responsibilities of the audit committee does not relieve the remaining members of the supervisory board of their accountability for the company’s financial reporting or decisions made by it. The audit committee collaborates together with the management board, the company’s staff and the certified external auditor with the aim of best appreciating the principles of corporate operations.

Basic tasks of the Polish audit committee include supervising the following areas:

1. Process of **financial reporting**, particularly by means of:

a) issuing opinions on the accounting policy adopted by the company and the applied principles for the preparation of financial statements, in particular with respect to complex or atypical transactions, any changes made in the above principles as well as forecasts, estimates and assumptions made by the Management Board;

b) reviewing financial statements prior to their publication and discussing the correctness and completeness of information contained therein with the management board and the certified external auditor;

c) analysing the audit report on financial statements, including information about any limitations as to the scope of the audit or access to information, refusal to audit or issue an opinion, and difference of opinion, if any, between the certified external auditor and the management board;

d) evaluating the process of communication of financial information, including projections and current information, addressed at the media, analysts, investors and regulatory authorities.

2. Operation of the **internal control system** by means of:

a) assessing the effectiveness of individual components of the company's internal control system, in particular regarding the financial reporting and safety of the information technologies in use;

b) analysing the management board's reports on any irregularities found in the internal control system with reference to the financial reporting process.

3. Process of **risk management** to the extent of:

a) assessing the effectiveness of risk management by the management board in the areas of financial, operational and strategic risks of the company;

b) comprehending the impact of business risk (including that overseen by any authorities other than the audit committee) on financial statements;

c) assessing the company's policy on property insurance, directors and officers insurance and liability insurance for holders of commercial power of attorney.

4. **Internal audit** activities, in particular by means of:

a) issuing opinions on candidates for the office of internal audit head;

b) reviewing and issuing opinions on the rules and regulations, work schedule, budget analysis and structure of internal audit;

c) periodic assessment of the implementation of audit plans and activities undertaken by the management board in response to any issues identified by the internal audit.

5. Process of **auditing the financial statements**, in particular by means of:

a) recommending the entity to audit the financial statements;

b) delivering opinions on the rate of fees for the entity authorised to audit financial statements;

c) evaluating the independence of the certified external auditor ;

d) communication regarding the auditor's plan, methods and results of work;

e) issuing an opinion on any additional services provided to the company by the entity authorised to audit.

The audit committee submits its opinion and the results of assessments and analyses to the supervisory board, specifically regarding any irregularities found as well as any differences of opinion between the management board, internal audit, certified external auditor and the audit committee.

The Polish Financial Supervision Authority (KNF) also issued the recommendations on the operation of audit committees, which is a statement of good practice based on international standards, guidelines of international organisations as well as knowledge and experience of audit companies. The recommendations do not add to an audit committee's statutory duties but are merely intended to facilitate the work of its members. For example, they include a list of several dozen example questions, to which the audit committee should seek answers as part of its supervisory process.

KNF recommends that this should include ensuring the reliability of information and paying particular attention to methods used when settling significant or atypical transactions, especially if there are several possible methods of recording them.

KNF emphasises the importance of effective supervision of internal control systems and the approval of the following year's audit plan. It also recommends that audit committees support the internal audit function, highlighting the importance of ensuring that it occupies the right place within the company's organisational structure. The audit department should report directly to the audit committee, and be subordinate to the president of the management board within the organisational structure.

KNF recommends holding meetings with the external and internal auditors without any management present to discuss the audit scope and procedure and analysing unresolved comments and questions. They should also discuss the need for cooperation with management members as well as any problems in their dealings with them, such as unjustified delays in giving consent to start an audit or in handing over documents or information requested.

KNF recommends that the audit committee's duties should include making recommendations to relevant authorities about organisations authorised to audit financial statements, conducting financial reviews and approving all audit and non-audit services provided by those authorised to audit financial statements and by other organisations.

4. Survey Results of Audit Committee Practice in Polish Listed Stock Companies

Following the decision by the Polish government in 2009, an obligation to appoint audit committees in public companies was introduced in Poland. It was a response to the recommendation of the European Commission and it overlapped with an apparent trend present in the highly developed markets for more than a decade. In the past few months, unfortunately, less than 50% of companies listed on the Warsaw Stock Exchange decided to establish audit committees or entrust its tasks to their five-person supervisory board.

PricewaterhouseCoopers, the Polish Association of Listed Companies and the Polish Institute of Directors decided to conduct the first national study of public company audit committees entitled "The Audit Committee in Poland in 2010", and to examine the functioning of audit committees in public listed companies in Poland at the turn of 2009–2010, in particular the scope of their activities and work organisation, profile of the audit committee or supervisory board member and factors affecting the development of committees. The report authors believed that the results would allow gathering information about the current situation on audit committees in Poland, as well as perceived trends, best practices and possible directions for further development. They will also allow identifying educational needs or areas, where it is necessary to introduce legislative changes.

The entrance research trial included 383 stock companies quoted at the Warsaw Stock Exchange at the day of June 30, 2010. The questionnaire was directed to the audit committee members in these companies, which had an established committee, and to supervisory board members in these corporations, which did not have an established audit committee till the end of the first half of 2010. The number of sending questionnaires was totally equal to 550, and 200 or 36.6% of them was addressed directly to audit committee members. The number of returned questionnaires was equal to 82, and the answers came from 69 corporations. It was 35% of the total number of the stock companies quoted on the WSE, which had audit committees.

4.1. The Polish audit committee's profile

Nearly 40% of companies quoted on the WSE established their audit committee till 31 July 2010. Structurally, 90% of large companies from the WIG20 share index, 60% of middle companies from the mWIG40 share index, and 57% of small companies from the sWIG80 share index established their own audit committees. Most of the committees (67%) were established during last three years, but 41% of them – subsequent to law changes in June 2009. Audit committees existed longer in large companies from the WIG20 share index.

Size-wise committees are rather small. In 83% of stock companies, only three persons sit on the audit committee. Five and more persons sit on 16% of audit committees. What is interesting, in these companies which have small supervisory boards (5–8 persons) we could also find a small audit committee (3 persons). Only large companies with large supervisory boards have a proportionally large audit committee. Professional profile of the Polish audit committee members is presented in the Table 1.

Table 1. Professional profile of the Polish audit committee members (Source: own study based on the First National Study of Public Company Audit Committees, 2010: 10)

Profession	Percentage
Independent advisor/financial analyst	28.0
Top manager from another company	22.0
Scientist	15.0
Individual investors	12.0
Accountant	9.0
Supervisory board member	8.0
Lawyer	7.0
Financial director	7.0
Strategic/institutional investors	5.0

Note: the total does not equal to 100%, because one audit committee member can sit on different committees.

Most of the audit committee members (78%) sit only on one committee and 22% of them sit on two or more audit committees. It can be understood as strong independence of committee members. This independence is also fulfilled in the sense of non-acquisition of the company shares.

Besides, 9% of pure accountants as the audit committee members, only 29% of the committee members have stated accountancy or auditing knowledge. It can be read that less than half of committees have members with expected qualifications, but it does not unambiguously mean that they do not have any auditing competencies. The recommendation of the European Commission only talks about competencies rather than qualifications. It is enough to have financial or accounting experience for being the audit committee member, but a special diploma or university degree is not required.

4.2. Work organisation and activity of Polish audit committees

Activity areas of Polish audit committees are based on special regulations or statutes made individually by each of company. The best practice of audit committees presented in most corporate internal regulations has to include first of all:

- free access to business information, which is necessary for problems solution;
- possibilities for indirect and unlimited contacts with corporation management board, employees and external financial firms;
- possibilities for undertaking and funding own and independent studies or researches.

By law, audit committees are also required to:

- meet at least four times per (accounting) year,
- operate in accordance with rules approved by the supervisory board or shareholders in a general meeting, which should cover retention of members and scope of liability, amongst other things.
- draft a report dealing with their risk assessment of the areas and processes being supervised, the actions undertaken and their results.

According to the presented survey results, we know that nearly 90% of the Polish audit committees have indirect and non-limited access to the financial and business information or contact with top management. Close to 70% of audit committees can commission independent advisors or experts to prepare business analysis, and 40% of them have issued an opinion about management activity and internal audit practice. The last point is important, because it means that 60% of audit committees have no entitlements for cooperation with internal auditors. It is not agreeable with international standards of professional internal auditors practice recommended by the Institute of Internal Auditors (IIA). Independent internal audit, in close cooperation with the audit committee has to be the main tool of audit committee statutory activity. If not, it means that efficiency of audit work carried out by the audit committee can decrease as well as audit benefits for the company and its shareholders.

The average number of audit committee meetings amount to 4.5 per year, which corresponds to the quarterly financial reporting cycle of public stock companies in Poland. Unfortunately, 25% of audit committees met less than once per quarter and 12% of them – only ones per year, what is not agreeable with the earlier presented KNF recommendations. We can also observe strong positive correlation between the age of audit committees and frequency of meetings. Those audit committees that existed longer than five years meet more than six times per year, and committees that existed one year meet only three times per year. It probably depends on audit needs and committee experience. A young audit committee still tries to define its activity area. It is certain that the number of committee meetings increases during their existence period.

Meetings of Polish audit committees last for at least 2.5 hours. More time is needed to audit committee members for analysis of received materials. They need nearly four hours to familiarise themselves with documents. 60% of audit committee members think this amount of time is sufficient. Dissatisfied members would like to have more time for documents analysis rather than for direct meetings. Good comparison in this subject is looking at experience of audit committees of stock companies quoted on the London Stock Exchange (LSE). Members of the LSE audit committees need nearly 30 days for meetings (5–6 hours for one meeting). It is twice more than in Poland.

A valuation of the audit committee activity is an important factor for its efficiency improvement and has to be prepared in the appropriate way. The majority (56%) of audit committees are valuated or controlled, mainly by their supervisory board (33%). 23% of audit committees use self-control. Unfortunately, as many as 28% of committees have not introduced any control standards, but plan to do so. However, 16% of audit committees do not plan to implement any control procedure.

In the Polish practice, the monitoring role of an audit committee has to cover four key areas:

- financial reporting and accounting analysis – for this area of activity, audit committees spend nearly 30% of their meeting time;
- the efficiency analysis of internal control, internal audit and risk management systems – audit committees spend 20% of meeting time for this key area;
- the performance of financial reviews takes 15% of meeting time;
- the external auditors and other bodies authorised to audit financial statements – less than 10% of meeting time.

The audit committee invites the management board or other persons to participate in its meetings. Most often (90% of cases), a committee meets with the Chief Financial Officer (CFO), the certified external auditor and the head of internal audit in order to discuss any matters deemed confidential by the parties.

4.3. Barriers reducing and perspectives of the audit committee development in Poland

More than 60% of responding audit committee members strongly believe that most important factor that limits audit committee activity is the lack of time supervisory boards give for taking into account additional work in the committees. Nearly 40% of audit committee members also pointed out other reasons of slow audit practice improvement, such as: lack of financial, accounting or audit experts on supervisory boards and audit committees, independency of committee members, deficit of precision law or other regulations and lack of proper cooperation with the management board.

According to opinion of the audit committee members, we can isolate several proposals for improving efficiency of committee activity. They are presented in the Table 2.

Table 2. Activities improving efficiency of audit committees (Source: own study based on: the First National Study of Public Company Audit Committees, 2010: 28)

Activities	Percentage of opinion
Selection of members that have right qualifications and competencies to supervisory boards and audit	82.0
Platform for experience exchange between audit committees	61.0
Promotion of audit committee independence	58.0
Professional trainings program	55.0
Improvement of audit committee work organisation	13.0

Note: the respondents could mark more than one choice.

In order to improve the situation and ensure development, surveyed members of audit committees underlined the importance of electing right committee members. It must be members with appropriate knowledge and experience. Members of committees have to have sufficient time for their profession or mission. A special digital platform for exchange of information and experience between the committees and their members is an important factor as well.

5. Conclusions

The decision of the Polish government to introduce a legal requirement for the country's public companies to establish audit committees promises to be a crucial step forward in terms of improving corporate finances. The decision will have a major impact since, before it was made, more than half of the companies affected were operating without an audit committee.

The change is timely since the uncertain situation in the global economy obliges public and private enterprises alike to take a more responsible and prudent approach to

the management of their finances. Introducing audit committees to large private sector companies, and encouraging them to work closely with their external auditors, will help in this process. The main objective of the audit committee existing in Polish contemporary economy is to enhance the transparency of listed companies, improve communication between companies and investors, and improve the protection of shareholders' rights. As a result, the audit committee practice concern only those matters where their application may contribute to a rise in the market value of companies and, consequently, reduce the cost of raising capital.

If audit committees are to have a positive impact in terms of enhancing the integrity of companies' financial reporting processes, they will need to retain their independence from the executive board and management. At the same time, the executive and management will need to understand and respect the audit committee's independence and functions.

Audit committees can make a positive contribution to improving corporate governance but they cannot succeed in isolation. Committees and auditors should work constructively with each other while respecting each other's independence. On a wider level all the key players involved in the process of governance, including the CFO and the company's shareholders, should accept their responsibilities to make the process work in the interests of the company as a whole. In the light of the financial crisis, auditors must do more to demonstrate the value their services bring to business and ensure they always maintain and demonstrate their independence.

In January 2011, ACCA and the Polish Institute of Directors are behind the publication of a new guide for listed companies that gives advice on setting up an audit committee. The guide comprises two distinct sections:

- The first sets out how an audit committee should operate, featuring a 10-point list of best practice steps to creating a committee, and identifying the key principles that will ensure that it operates effectively.
- The second focuses on the typical tasks assigned to the audit committee, with references to the need for effective processes of risk management and internal control, and necessary cooperation between both internal and external auditors.

The authors have shown imagination and courage: imagination by recognizing the challenge and the need to establish a culture of having audit committees in the Polish economy, and the courage to take on this challenge.

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AUDITO KOMITETO PRAKTIKA LENKIJOS BIRŽOJE LISTINGUOJAMOSIOSE ĮMONĖSE. ESAMA SITUACIJA IR VYSTYMO SI GALIMYBĖS

P. Szczepankowski

Santrauka

Audito komitetas yra viena iš įmonių valdymo mechanizmo sudedamųjų dalių, sujungianti vadybininkus, direktorius ir investuotojus. Šiame straipsnyje pateikiami Lenkijos akcijų biržoje (WSE) listinguojamųjų įmonių audito komiteto veiklos tyrimo rezultatai. Šio darbo tikslas yra pristatyti audito komiteto veiklos praktiką Lenkijoje po 2009 m. Straipsnio rezultatai rodo, jog audito komiteto praktika vis dar susiduria su nemažai problemų ir dar daug kur būtų galima ją tobulinti. Straipsnis parengtas pagal *PricewaterhouseCoopers*, Lenkijos listinguojamųjų bendrovių asociacijos ir Lenkijos direktorių instituto 2010 m. dokumentus.

Reikšminiai žodžiai: audito komitetas, įmonių valdymas, listinguojamosios įmonės, Lenkijos akcijų birža, stebėtojų taryba, Lenkijos ekonomika.

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