

Bengaluru Regional (Virtual) **DIRECTORS' CONCLAVE**

February 19, 2021, Bengaluru

Institute of Directors (IOD), Bangalore held its first "**Regional (Virtual) Directors' Conclave**" for the year 2021, on February 19. The theme of the Conclave was '**Roles & Challenges of Audit Committee in Corporate Governance**'

The Conclave was hosted online using Zoom platform, and also streamed live on YouTube. The event witnessed participation with over 125 business participants comprising of Business Leaders & Board Members, Directors, Industry & Board Experts, Policy-Makers, and Educationists etc.

Mr. R. G. Rajan, Board Member of National Governing Council & All India Honorary Director of IOD and Former CMD, RCF, NFL & PDIL & Former Chairman FAI & SCOPE in his Opening Address, introduced the theme of the Conclave and welcomed all dignitaries,

participants, speakers and valuable partners participating in the event and shared his thoughts by highlighting the components behind this conclave.

Mr. M. D. Ranganath, President, Catamaran Ventures, Independent Director, HDFC Bank Limited & Former Chief Financial Officer, Infosys Limited delivered the Keynote Address and briefly touched upon the next generation / futuristic "*Role of Audit Committee and Challenges being faced by Audit Committee in a dynamic environment*". He laid emphasis on rapidly changing landscape and ways to remain relevant in terms of increasing expectations of stakeholders, regulators, investors, banks, etc. and also touched upon documentation relating to compliance with laws to risk management & its corresponding impact on financial survival and growth. He laid emphasis on conflict management,

adequacy & timelines of disclosures, controls & its effectiveness in terms of risk, audit preparedness, effectiveness & efficiency. He commenced his talk on adoption of focused approach on composition and development of skill set - finance team led by CFO in terms of changing role and competency, be it crisis management, continuous learning by auditors, Management Engagement Activity, fraud risk assessment and adoption of technology.

Ms. Rachael Johnson, Head - Risk Management and Corporate Governance, ACCA (Association of Chartered Certified Accountants), UK in her informed Special Address shared the insight on the evolving role of Audit Committee with board facing challenges and turbulence with stakeholders raising concerns on issues pertaining to emerging risk - Financial & non-Financial thereby performing audit to obtain



Mr. R. G. Rajan

Board Member of National Governing Council & All India Honorary Director IOD, Former CMD, RCF, NFL & PDIL & Former Chairman FAI & SCOPE



Mr. M. D. Ranganath

President, Catamaran Ventures Independent Director, HDFC Bank Limited & Former Chief Financial Officer, Infosys Limited



Ms. Rachael Johnson

Head - Risk Management and Corporate Governance ACCA, UK



Mr. Arun Balakrishnan

Former CMD, HPCL & Chairman - IOD, Bangalore

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Mr. Manoj Kumar Vijai
Partner, B S R & Co. LLP



Mr. Jyotin Mehta
Chairman - Audit Committee, Linde India Limited
& Independent Director in multiple companies



Mr. Partha Bhattacharyya
Former Chairman, Coal India Limited &
Former MD, Haldia
Petrochemicals Limited



Ms. Revathy Ashok
Co - Founder, Strategy Garage,
Former MD, Tishman Speyer, and
Independent Board Member in Multiple

reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. During this rapidly changing environment, she laid focus on adoption of business integrity as to how to shape the companies of future to survive and thrive especially during this pandemic. She also highlighted that a strong system of internal control is the most effective way of fraud prevention. She stressed on Audit Committee to play a role of facilitator by engaging and supporting the senior management to achieve their goals which will ultimately become a concept of good Risk Management practices coupled with better and swifter decision making capability which will lead to sustainability and good Governance.

She also delved on issues / agendas related to mental health, health & safety and building relationship among others with Audit Committee becoming more dynamic, analytical, transparent coupled with risk disclosures which will assist in developing internal controls and procedures, will help in early detection of fraud.

This was followed by a Session on “**The Roles & Challenges of the Audit Committee in Corporate Governance**”.

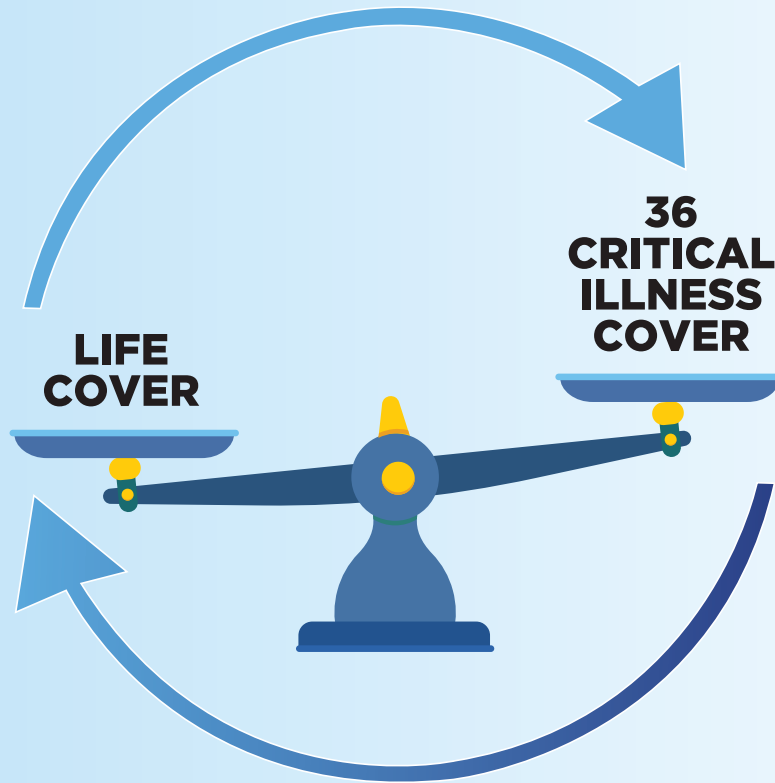
The moderator **Mr. Arun Balakrishnan**, Former CMD, HPCL & Chairman - IOD, Bangalore commenced the session by briefly describing the theme, introduced and welcomed the distinguished Speakers.

Mr. Manoj Kumar Vijai, Partner, B S R & Co. LLP in his informed address gave an insight into the current environment amidst the rapid changes in the regulatory landscape and expectation of various stakeholders - the role of an audit committee becoming more challenging especially during the unprecedented pandemic situation. Among the top challenges and pressures were: Long term economic uncertainty and business model disruption (with concerns about mounting trade tensions, resurging debt, and market valuations), technology advances, cyber risk, greater regulatory scrutiny, and investor demands for transparency, as well as dramatic political swings and global policy changes.

He commenced his talk by highlighting that Audit committees should reshape their agenda for 2021 to review, refine and / or adapt company's operating, financial reporting, compliance, risk and internal control mechanisms / processes especially on legislated or

regulated practices of Good Governance by laying a strong foundation of building Culture, Trust, independence 'in spirit' of directors and self-evaluation, monitoring and enforcement mechanism - 'Compliance in letter' to 'Compliance in Spirit'. He continued as to how to make Audit Committees more effective and highlighted the fundamental principles i.e. active involvement, effective communication, driving the committee's agenda to ensure it is risk based, focused and manageable, tone at the top and informal meetings. Over and above, the attitude, skill set, and engagement of the audit committee are essential tools to achieve the above.

Mr. Jyotin Mehta, Chairman - Audit Committee, Linde India Limited and Independent Director in multiple companies laid emphasis on mainly four key areas i.e. Oversight of Related Party Transactions (RPT) - highlighting the system, policy & processes including the implementation of automated control mechanism; Leveraging and engaging with the statutory Internal Audit function to make sure to that Audit Committee is on top of the control mechanism; Partnering with statutory auditors and their functions including proactive role played by Audit Committee in helping the organisation & Board in succession



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planning of CFO.

Ms. Revathy Ashok, Co – Founder, Strategy Garage, Former MD, Tishman Speyer, and Independent Board Member in multiple companies in her talk, stressed on the nuanced approach to functioning of audit committee – thereby gradually raising the bar of compliance, building trust, governance and best practices. She also laid emphasis on an important facet by touching as to “how fast can the bar be raised? Does it depend on the organisational maturity, intent and leadership?” Subsequently, she gave an insight on the differing roles that an Audit Committee can play - depending on whether it is “Promoter driven company, Board Managed Company, Listed Indian Subsidiary of a Multinational Company or a Joint venture (Public Sector -Private Sector JV)” without compromising on the regulatory and governance standards. She also touched upon change management especially the transition phase to digital world and role of Audit Committee in driving tech / digital adoption to improve quality and

reliability of financial statements, reporting and disclosure thereby ensuring that Internal Audit stays focussed on the key risks faced by any organisation.

Mr. Partha Bhattacharyya, Former Chairman, Coal India Limited & Former MD, Haldia Petrochemicals Limited in his talk, covered aspects as to “How an Audit Committee can make Corporate Governance enforcement better” and highlighted role and practices adopted by organisations / Board of Directors to govern & implementation of policies and keeping themselves aware of dynamic environment especially related to assurance given to the investor. He also spoke on the Independence of Audit Committee in terms of financial and non – financial i.e. Intellectual Independence - Freedom to question? He further laid emphasis on strengthening of strategic internal audit & compliance functions thereby reinforcing the control mechanism of risk management.

He also laid stress on hiring of external Audit teams – but emphasised on the transparent process of selection, remuneration – fair & reasonable,

Allocation of responsibility based on competency etc. He commenced his talk on procurement policy – in terms of sales, inventory etc to be assessed and reviewed on regular basis and lastly he delved on an important facet i.e. Delegation of Authority.

The Session was followed by an energetic & interactive **Q&A session** where the participants showed their keen interest in the deliberations

Brigadier Rajeev Kapoor (Retd.), Regional Director, IOD Bangalore Region extended his thanks & gratitude to all the eminent speakers & attendees for their participation, questions and interaction. A special thanks & gratitude was conveyed to **Mahindra Finance**, **GAIL Gas Limited** and **Haldia Petrochemicals Limited** for their generous support. ■

Compiled by:

Brigadier Rajeev Kapoor (Retd.)

Regional Director - Bangalore Region
Institute of Directors

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