

# AUDIT COMMITTEE REGULATIONS

Approved by the Council of Regency on 8 October 2008

Latest amendments: 16 December 2020

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## 1. General

### 1.1. General duties

The Audit Committee performs an advisory function. Its duties are defined by the Organic Law. These Regulations describe those duties.

### 1.2. Reporting to the Council of Regency

Once a year, the Audit Committee shall report to the Council of Regency on the performance of its duties.

The Audit Committee shall also report to the Council of Regency on all points arising from the performance of its duties which are of relevance for the approval of the annual accounts and the Annual Report of the Bank, for the approval of the Bank's budget and for the drafting of the accounting rules by the Council of Regency.

The Council of Regency may request the Audit Committee to examine specific questions on this subject and report back to it.

### 1.3. Reporting to the Board of Directors

The Audit Committee shall report to the Board of Directors on all aspects relevant to the reliability of the financial information, the proper operation of internal control, risk management and the internal audit, the effectiveness of the external audit, and the independence of the auditor.

## 2. Monitoring of the process of preparing the financial information

### 2.1. Standards and rules

The Audit Committee shall assess the relevance and consistency of the accounting rules drawn up by the Council of Regency. It shall examine the modifications to the accounting rules, and give the Council of Regency an opinion on that subject.

The Audit Committee shall discuss with the Board of Directors and the auditor any significant questions concerning the preparation of the financial information.

### 2.2. Significant and abnormal transactions

The Board of Directors shall inform the Audit Committee of the principles adopted for recording significant or abnormal transactions where various accounting approaches are possible.

### 2.3. Financial information

The Audit Committee shall assess the accuracy, exhaustiveness and consistency of the financial information.

In particular, it shall examine the annual accounts drawn up by the Board of Directors before they are discussed and approved by the Council of Regency.

This examination shall be based on a report on the activities of the Accounting Service, the Internal Audit Service and the auditor.

### **3. Monitoring of the effectiveness of internal control and risk management**

#### 3.1. Periodic examinations

The Audit Committee shall examine periodically, in accordance with a plan which it draws up, the internal control and risk management systems set up by the various Departments and Services.

It shall ensure that the main risks, including the risks relating to compliance with the current legislation and rules, are correctly identified, managed and drawn to its own attention and to that of the Board of Directors.

#### 3.2. Application to the Annual Report

The Audit Committee shall examine the comments contained in the Annual Report concerning internal control and risk management.

#### 3.3. Financial or other irregularities

The Audit Committee shall examine the opportunities available to the Bank's staff for confidential reporting of any concerns about possible irregularities, in regard to the preparation of the financial information as well as to any other domain.

### **4. Monitoring of the effectiveness of the internal audit process**

#### 4.1. Internal Audit Service

The Bank shall have its own independent Internal Audit Service.

The Audit Committee shall examine the internal audit charter and verify whether the Internal Audit Service has the resources and expertise appropriate to the nature, size and complexity of the Bank.

The Audit Committee shall also check compliance with the internal audit function's independence. Where appropriate, it shall make recommendations to the Board of Directors on that subject.

#### 4.2. Programme of work and reporting

Before it is approved by the Board of Directors, the Audit Committee shall examine the Internal Audit's programme of work.

The Audit Committee shall receive the regular reports from Internal Audit.

The Audit Committee shall examine the effectiveness of the Internal Audit. It shall be kept informed of the main findings and recommendations issued by Internal Audit in carrying out its duties. Subjects related to the audit programme and any problems stemming from the audit process shall feature on the agenda for each meeting of the Audit Committee and shall be discussed specifically with Internal Audit and the auditor at least once a year.

#### 4.3. Internal Audit Officer

At the request of the Board of Directors, the Audit Committee shall give its opinion concerning the profile of the Internal Audit Officer.

### **5. Monitoring of the external audit process**

#### 5.1. The Bank's auditor

The Audit Committee shall make recommendations to the Board of Directors on the proposal for the selection, appointment and re-appointment of the auditor. It shall be informed of the tendering procedure, and in particular the selection and award criteria. If necessary, it shall make recommendations on this subject.

Where appropriate, the Audit Committee shall investigate questions leading to the dismissal of the auditor and make recommendations on the measures consequently required.

## 5.2. Programme of work

The auditor's programme of work shall be notified to the Audit Committee. The latter shall be informed in good time of any significant points revealed by the external audit process.

## 5.3. External audit reports and recommendations

The Audit Committee shall examine the effectiveness of the external audit process.

It shall be kept informed of the main findings, recommendations and attention points issued by the auditor. It shall examine to what extent the Departments and Services, as well as the Board of Directors, respond to the recommendations and attention points mentioned in the auditor's *management letter*.

## 5.4. Independence

The Audit Committee shall monitor the independence of the auditor in accordance with Article 21bis, § 4, of the Organic Law.

It shall, in particular, monitor the nature and extent of the services other than auditing which could be assigned to the auditor.

## 6. Monitoring of the preparation and implementation of the budget

The Audit Committee shall examine the Bank's budget, according to a plan that it draws up itself. It shall notably examine the budget before it is approved by the Council of Regency.

The Audit Committee shall discuss any question related to the evolution of the budget with the Board of Directors and give the Council of Regency an opinion on that subject.

## 7. Functioning of the Audit Committee

### 7.1. Meetings

The Audit Committee meets at least four times a year and whenever necessary, in which case the chairperson shall convene the meeting.

It cannot take decisions unless a majority of its members is present.

In exceptional cases, the members of the Audit Committee may attend meetings of the Audit Committee by video conference. They will be deemed to be present at the meeting in question.

Decisions shall be taken by a majority of the votes cast. With an equal number of votes, the chairperson shall have the casting vote. In the absence of the chairperson and in the event of a tied vote, the proposal is rejected.

Minutes shall be kept of the deliberations of the Audit Committee. Once they have been approved, the minutes shall be signed by the members present during the meeting for which the minutes are taken.

### 7.2. General contacts

The Audit Committee may invite the Governor, another member of the Board of Directors, a Bank staff member, the Internal Audit Officer or the auditor to attend its meetings in whole or in part.

The Audit Committee is authorised to meet any person which it deems appropriate, without any need for a member of the Board of Directors or the Bank's management to be present.

### 7.3. Contact with the Internal Audit

The Audit Committee shall meet the Internal Audit Officer at least twice a year.

The Audit Committee may invite the Internal Audit Officer to attend its meetings. It may hold an exchange of views with the Internal Audit Officer without a member of the Board of Directors or any other member of the management being present.

The Internal Audit Officer may contact the chairperson of the Audit Committee directly and without restriction.

#### 7.4. Contact with the auditor

The Audit Committee shall meet the auditor at least twice a year to exchange opinions on any questions relevant to its duties, including the provisions of Article 21*bis*, § 3 and § 4 of the Organic Law, and on any other problem revealed by the external audit process.

The auditor may contact the chairperson of the Audit Committee direct and without restriction.

#### 7.5. Representative of the Minister of Finance

In accordance with Article 22.2 of the Organic Law, the representative of the Minister of Finance shall attend meetings of the Audit Committee by right.

#### 7.6. Assessment of the Audit Committee Regulations

The Audit Committee shall regularly assess its own effectiveness, and, if appropriate, shall propose the necessary adjustments to these Regulations.

#### 7.7. Support

The Audit Committee may call on:

- the Secretariat Service for administrative tasks and secretariat;
  - the Internal Audit Service to facilitate contact with the Bank's Departments and Services.
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