

# 2018 Self-assessment report of the Audit Board of Union Syndicale Bruxelles

## 1 Purpose of the report

- 1.1 This report presents a view of compliance of the current Audit Board (AB) of Union Syndicale Bruxelles (USB) against recognised best practice, as well as a view on the effectiveness of the AB.

## 2 Background

- 2.1 In accordance with the Audit Board's Rules of Procedure and international best practice, the AB should undertake periodically a formal review of its effectiveness and compliance with best practice. The attached checklist provides a means of self-assessment against recommended practice. It is based on best practice from both local government and the wider public sector<sup>1</sup>, and has been adapted to fit to the role and competences of the AB.

## 3 Risk assessment implications

- 3.1 The main risk identified is that the operation of the AB does not align with best practice and therefore the AB does not effectively monitor and support the overall governance, risk and control framework of the USB. The attached checklist provides a benchmarking tool to measure the AB's purpose, governance and functions against best practice standards in order to mitigate this risk.

## 4 Conclusions, recommendations and actions

- 4.1 Based on the completed checklist, the self-assessment report concludes that the AB fulfils all of its core objectives, which are aligned with best practice. Moreover, the AB is overall effective in supporting the Executive Committee (EC) of the USB.
- 4.2 The recommendations and actions resulting from this self-assessment are as follows:
- Recommendation No 1 – Ensure that the role and value of the Audit Board is better understood and recognised by the USB members and Executive Committee  
*Action* > Create a web page of the AB on the USB website to present the AB's duties and responsibilities, as well as the output of its work
  - Recommendation No 2 – Ensure that the results of each self-assessment are brought to the attention of the USB members and Executive Committee  
*Action* > Present each self-assessment report to the EC and upload it on the AB's web page

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<sup>1</sup> The guidance has been inspired by the Chartered Institute of Public Finance and Accountancy document 'Audit Committees: Guidance for local authorities and police' (2013 edition)

- Recommendation No 3 – Ensure that the Audit Board as a whole has the appropriate mix of knowledge and skills  
*Action* > Organise a tailor-made training course for the Audit Board taking into account the training needs of its members
  
- Recommendation No 4 – Assess the Audit Board against the Institute of Internal Auditors' (IIA) Global Internal Audit Competency Framework<sup>2</sup> as applicable to the Audit Board after the training course to inform any future training plans  
*Action* > The Audit Board will be assessed against the IIA Global Internal Audit Competency Framework as applicable to the Audit Board after the training course to inform any future training plans
  
- Recommendation No 5 – Establish good working relations with the USB external accountant, treasurer and deputy treasurer  
*Action* > Organise periodic meetings with the external accountant (at least annually), as well as the treasurer and deputy treasurer (at least bi-annually). Use one of these meetings to discuss the planning, execution and any revision of the USB budget
  
- Recommendation No 6 – Obtain formal feedback on the AB's performance  
*Action* > Conduct a feedback survey among the EC members and the managing director to obtain formal feedback.

## **5 Approval by the Audit Board**

- 5.1 The conclusions, recommendations and actions in this self-assessment report and accompanying checklist have been discussed by the Audit Board at its meeting on 24 October 2018 and endorsed via a written procedure on 30 November 2018.

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<sup>2</sup> <https://na.theiia.org/about-us/about-ia/pages/competency-framework.aspx>

## Audit Board – Self-assessment Checklist November 2018

Good Practice Questions	Yes	Partly	No	Comments / action	
<b>Purpose and governance of the Audit Board</b>					
1	Does the USB have a dedicated Audit Board?	Y			The USB has a dedicated Audit Board composed of six members – three incumbents and three alternates.
2	Does the Audit Board report directly to the full Executive Committee (EC)?	Y			The Audit Board prepares an annual audit opinion, produces a biennial activity report (first report in 2016), and reports to the EC of the USB on matters of importance (e.g. audit report, changes to the FR).
3	Do the Rules of Procedure of the USB clearly set out the purpose of the Audit Board?	Y			<p>The Rules of Procedure of the USB clearly defined the Audit Board's purpose, governance and functions.</p> <p>The AB's Rules of Procedure further define the AB's governance, authority, duties and responsibilities.</p>
4	Are the role and purpose of the Audit Board understood and accepted across the EC of the USB?	Y			The EC of the USB regularly seeks the AB's opinion on important budgetary and internal control matters.
5	Does the Audit Board provide support to the EC of the USB in meeting the requirements of good governance?	Y			The Audit Board does this through coverage of all the areas set out in the Rules of Procedure of the USB and its own Rules of Procedure.

6	Are the arrangements to hold the Audit Board to account for its performance operating satisfactorily?	Y			<p>The Audit Board produces annual opinions on the USB financial accounts, a biennial activity report for all USB members and other documents for the attention of the EC. The audit opinion is presented at the annual ordinary general meeting.</p> <p><b>Recommendation No 1: Ensure that the role and value of the Audit Board is better understood and recognised by the USB members and Executive Committee.</b></p> <p><i>Action: Create a web page of the AB on the USB website to present the AB's duties and responsibilities, as well as the output of its work</i></p>
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Good Practice Questions		Yes	Partly	No	Comments / action
<b>Functions of the Audit Board</b>					
7	Do the Audit Board's Rules of Procedure explicitly address all the core areas identified in the USB Rules of Procedure?	Y			The Audit Board's Rules of Procedure explicitly address all the core areas identified in the USB Rules of Procedure
8	Is regular evaluation undertaken to assess whether the Audit Board is fulfilling its Rules of Procedure and whether adequate consideration has been given to all core areas?	Y			<p>A biennial activity report of the Audit Board presents the work undertaken in accordance with the Rules of Procedure.</p> <p>A self-assessment is performed every 3 years.</p> <p><b>Recommendation No 2: Ensure that the results of each self-assessment are brought to the attention of the USB members and Executive Committee</b></p>

					<i>Action: Present each self-assessment report to the EC and upload it on the AB's web page</i>
9	Has the Audit Board maintained its non-advisory role by not taking on any decision-making powers that are not in line with its purpose?	Y			The Audit Board has not taken on any decision-making powers not in line with its purpose.

Good Practice Questions		Yes	Partly	No	Comments / action
<b>Membership and support of the Audit Board</b>					
10	<p>Have an effective Audit Board structure and composition been established?</p> <p>This should include:</p> <ul style="list-style-type: none"> <li>○ separation from the executive</li> <li>○ an appropriate mix of knowledge and skills among the members</li> <li>○ a size of the board that is not unwieldy</li> </ul>	Y			<p>The Rules of Procedure of the USB forbid that a person be member of both the EC and the AB.</p> <p><b>Recommendation No 3: Ensure that the Audit Board as a whole has the appropriate mix of knowledge and skills</b></p> <p><i>Action: Organise a tailor-made training course for the Audit Board taking into account the training needs of its members</i></p>
11	Does the chair of the Audit Board have appropriate knowledge and skills?	Y			The chair has audit qualifications and experience which support his role.

12	Are arrangements in place to support the Audit Board with information and training?	Y			<p>A training course is being organised to cover audit, governance, risk and financial accounts' review.</p> <p>The chair has also sent a number of materials to the other Audit Board members to improve their audit understanding and support them in their review work.</p>
13	Has the Audit Board been assessed against the IIA Global Internal Audit Competency Framework as applicable to the Audit Board and found to be satisfactory?			N	<p>The members of the Audit Board have not been assessed against the IIA Global Internal Audit Competency Framework as applicable to the Audit Board.</p> <p><b>Recommendation No 4: Assess the Audit Board against the IIA Global Internal Audit Competency Framework as applicable to the Audit Board after the training course to inform any future training plans.</b></p> <p><i>Action: The Audit Board will be assessed against the IIA Global Internal Audit Competency Framework as applicable to the Audit Board after the training course to inform any future training plans.</i></p>
14	Does the Audit Board have good working relations with key people, including the USB external accountant, managing director, treasurer and deputy treasurer?		Partly		<p>The Audit Board has good working relations with the USB managing director, but does not meet periodically with the USB external accountant, treasurer and deputy treasurer.</p> <p><b>Recommendation No 5: Establish good working relations with the USB external accountant, treasurer and deputy</b></p>

					<p><b>treasurer</b></p> <p><i>Action: Organise periodic meetings with the external accountant (at least annually), as well as the treasurer and deputy treasurer (at least bi-annually).</i></p> <p><i>Use one of these meetings to discuss the planning, execution and any revision of the USB budget.</i></p>
15	Is adequate secretariat and administrative support provided to the Audit Board?	Y			The secretariat of the USB provides adequate and regular support.

Good Practice Questions		Yes	Partly	No	Comments / action
<b>Effectiveness of the Audit Board</b>					
16	Has the Audit Board obtained feedback on its performance from the EC?		Partly		<p>The Audit Board has obtained only informal feedback on its performance.</p> <p><b>Recommendation No 6: Obtain formal feedback on the AB's performance.</b></p> <p><i>Action: Conduct a feedback survey among the EC members and the managing director to obtain formal feedback.</i></p>
17	Has the Audit Board evaluated whether and how it is adding value to the syndicate?	Y			This has been done as part of the biennial activity report and the self-assessment process.
18	Does the Audit Board have an action plan to improve any areas of weakness?	Y			Actions have been identified and included in this self-assessment report and the accompanying checklist.