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Background

The audit committee and other board members occupy center stage today in the wake of corporate governance reforms. Their challenges are numerous, with perhaps their biggest challenge that of satisfying increased regulatory compliance requirements while maintaining their overall effectiveness.

The Audit Committee Institute (ACI) platform offers directors and audit committee members the opportunity to gain the additional knowledge, enhanced competencies and the personalized assistance they need to fulfill their demanding oversight roles.

The ACI, sponsored by KPMG, has been communicating with board and audit committee members at an international level since its formation in 1999. In Belgium, the ACI is in direct and regular contact with over 2,500 directors. Fundamentally, ACI programs support members by providing a focus on evolving issues, the sharing of best practices, and the opportunity to meet with their peers.

• The ACI publication *Shaping the Belgium Audit Committee Agenda* is the *Vademecum* for all audit committee members, providing them with the knowledge, tools and techniques to help them better fulfill their demanding mission.

• The ACI website (www.audit-committee-institute.be) and the *Audit Committee Quarterly* periodical offer articles from the ACI on regulatory and technical matters, feature audit committee “hot topics”, and include other content from our extensive resources.

• ACI Roundtable Sessions and Seminars provide an opportunity to gain first-hand experience, and for an exchange of views with peers and Audit Committee Institute professionals.

Audit committee members and other board members are looking for focused knowledge and the sharing of best practices. Registration at the ACI Website provides them with this helpful range of tools free of charge.

Please refer to the ACI Website for registration. (www.audit-committee-institute.be)
Welcome...

... to the latest edition of Audit Committee Quarterly, a publication designed to help keep audit committee members abreast of developments in corporate governance and related subjects. For those of you new to the Audit Committee Institute (ACI), and this publication in particular, a brief outline of the background to ACI is set out opposite.

You may have read recently in the financial press of the revealing ACI international and comparative 2007 research relating to audit committee practices. We are very grateful to those who recently completed our ACI International Survey 2007, and believe you’ll find the conclusion of this research remarkable. As you can read starting on page 2, it is clear that audit committees in Belgium need more agenda time and board support to increase effectiveness. However, the results do reassure us that audit committees in Belgium seem to be well on-track after implementing the Code Lippens.

To keep you up-to-date, we have included the latest developments in several fields of interest. In an article starting on page 12, we look forward to regulatory trends in lease accounting-trends that may well spell an end to future operating leases. In an article on public takeover bids (see page 16), we describe the actions necessary to avoid having to follow prospectus law for participations held above thirty percent. And on page 10, you can read about the procedures to be followed in cross-border merger operations.

We also bring you two articles on fraud: one on the expectation gap with regard to fraud (page 6) and another on hotlines (page 18).

We continue our Audit Committee Resources series (starting on page 23) where we bring you articles of interest from around the globe. Many other interesting topics are included in this newsletter, and I personally recommend it to you.

I trust you will continue to enjoy the ongoing benefits of ACI membership. Please contact us at info@auditcommitteeinstitute.be with any comments or suggestions of topics you would like to receive ACI attention, and visit our website at www.audit-committee-institute.be for a wealth of information on audit committees.

Theo Erauw
Chairman ACI Belgium
Audit Committee practices in Belgium: A need for more agenda time and internal support

Comparative research by the audit committee Institute of national and international Audit Committee practices in 2006 and 2007

Recently, many of our members participated in our ACI International Survey 2007. We are grateful for their assistance with this most profound research, as we are now able to compare current audit committee practices in Belgium with similar practices around the world, year on year. The survey suggests that the members of audit committees in Belgium are calling for more time on their agenda and additional active support of the Board, the CEO and the internal auditor. Our research also confirms that audit committees in Belgium affirm and recognize their responsibilities, and that they are well established along their learning curve after implementing Code Lippens.

Global survey
Audit committee members from 25 countries—including Belgium—in the Americas, Asia, Africa and Europe have shared their assessment of issues affecting audit committees, such as audit committee risk oversight responsibilities, processes, membership and relationships. Their answers through February 2007 have been compared to their 2006 responses so that trends over time could be identified.

Unlike many national governance institutes, the Audit Committee Institute (ACI) is around the world, and its international surveys are therefore considered as uniquely valuable.

Audit committee top priorities for 2007
As can be established in the chart below, the following areas have been determined to be the near-future top priorities of audit committee members:
- Risk Management
- Internal Controls
- Accounting judgments and estimates
- Information technology and data security

Audit Committee Agenda Priorities (2007) Belgium Versus Global

Q10. Which areas of oversight will be the highest priorities on your audit committee agenda for 2007? (Select three)
The charts below suggest that six out of ten audit committee members acknowledge being responsible for IT business continuity, IT compliance and controls and information security, but in Belgium, four out of ten audit committee members are not satisfied with their audit committee agenda time devoted to IT risk oversight areas.

Audit Committee’s Primary IT Oversight Belgium Versus Global

<table>
<thead>
<tr>
<th>Area</th>
<th>Global</th>
<th>Belgium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business continuity</td>
<td>67%</td>
<td>50%</td>
</tr>
<tr>
<td>IT compliance and controls</td>
<td>66%</td>
<td>62%</td>
</tr>
<tr>
<td>Information security/privacy</td>
<td>45%</td>
<td>44%</td>
</tr>
<tr>
<td>None of the above</td>
<td>11%</td>
<td>21%</td>
</tr>
</tbody>
</table>

Q20. For which of the following areas of information technology (IT) does your audit committee have primary oversight responsibility?

Satisfaction with Agenda Time Devoted To IT Risk Oversight Belgium Versus Global

<table>
<thead>
<tr>
<th>Satisfaction Level</th>
<th>Global</th>
<th>Belgium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not satisfied</td>
<td>30%</td>
<td>36%</td>
</tr>
<tr>
<td>Somewhat satisfied</td>
<td>59%</td>
<td>50%</td>
</tr>
<tr>
<td>Very satisfied</td>
<td>14%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Q21. How satisfied are you that your audit committee devotes sufficient agenda time to the oversight of IT risk?

Room for improvement

More than six out of ten Belgian audit committee members identified room for improvement in the overall effectiveness of their audit committee, while overall only four out of ten audit committee members felt this was true in their circumstances.

The research affirms that effectiveness in Belgium could improve if audit committees could devote more time and attention to their duties. As established
in the figure below, more than twice the number of audit committee members in Belgium, compared to the global percentage, is of the opinion that their audit committee should be able to dedicate more time to preparations and meetings. This underwrites the urgency to counter the trend of a declining yearly average of audit committee meetings in Belgium; the current average is four meetings each year, compared to a global average half great at six meetings a year.

Further, the audit committees in Belgium seem to need better internal support. Executive support to the audit committee coming from the Board, internal audit and the CEO is rated as far less productive in Belgium when compared internationally. The exception to this rule is the level of support coming from the CFO, which is apparently highly-appreciated both nationally and internationally.

The degree of appreciation by audit committee members of the support provided by the external auditor seems to be proportional to its presence at audit committee meetings. The appreciation in Belgium is clearly lower when compared internationally.
The research further clarifies that this can be explained by the fact that the external auditor in Belgium is less-often invited to audit committee meetings, as can be established graphically below.

### Positive evolution

Audit committees in Belgium seem to be well established on their learning curve after implementing the **Code Lippens**. Nearly all audit committee members in Belgium expressed their satisfaction of their audit committee’s self evaluation process — a most significant improvement over last year.

### Satisfaction with Audit Committee’s Current Self-evaluation Approach — Year-Over-Year Trend

<table>
<thead>
<tr>
<th>Year</th>
<th>At Least Somewhat Satisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>64%</td>
</tr>
<tr>
<td>2007</td>
<td>97%</td>
</tr>
</tbody>
</table>

The complete results of our ACI International Survey 2007 research as well as related press articles may be downloaded free of charge at www.audit-committee-institute.be.
Confronting the Fraud Detection Expectations Gap

As reported in the last Quarterly, the leaders of six of the largest global audit networks1 have jointly published their thoughts on the future of financial reporting2. Among the many issues discussed, the paper considered the role of the auditor in detecting fraud, and the expectations of stakeholders in this respect.

Perhaps no single issue is the subject of more confusion, yet is more important, than the nature of the obligation to detect fraud or intentional material misstatement of financial information by public companies. After all, fraud was at the hub of the various corporate financial reporting scandals earlier this decade, and allegations of fraud are central in the ongoing lawsuits brought by investors against individuals and companies, as well as against audit networks, for alleged failures to uncover them.

It is essential that all parties engaged in business reporting — employees, management, directors, auditors and policy makers — put in place appropriate procedures and policies to prevent and detect fraud. Nonetheless, there is a significant gap between what various stakeholders believe auditors now or should do in detecting fraud, and what audit networks are actually capable of, at the prices that companies or investors are willing to pay for an audit.

As summarized in the accompanying box, prevailing audit standards require auditors to conduct audits with a “healthy degree of skepticism,” always recognizing the possibility that fraud could occur. The standards give guidance as to what auditors can do to uncover fraud if it exists.

The challenges of detecting fraud

By definition, fraud is difficult to detect by any outsider, because the essence of the activity is concealment from managers, directors, and ultimately, investors — hiding material information about the company, and often the diversion of company funds to the perpetrators.

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1 The audit networks that participated in this report were: PWC, Deloitte, KPMG, Ernst & Young, Grant Thornton and BDO.
2 Global Capital Markets and the Global Economy: A Vision from the CEOs of the International Audit Networks.
There are limits to what auditors can reasonably uncover, given the constraints inherent in today’s audits.

The U.S. fraud standard (SAS 99) and its international counterpart (ISA 240) contain very similar directions to auditors in respect of fraud. Both require auditors to conduct their audits with a “healthy degree of skepticism”, and both lay down a number of specific requirements that auditors are instructed to follow, including:

- Consider the company’s internal controls and procedures, and how these are actually implemented when planning the audit.
- Design and conduct audit procedures to respond to the risk that management could override the internal controls and procedures.
- Identify specific risks where fraud may occur, and consider whether any misstatement uncovered during the audit may be indicative of fraud.
- Obtain written representations from management relating to fraud.
- Communicate with the appropriate managers and the board if the auditor finds indications that fraud may have occurred.

Even when auditors follow all of these guidelines, there are inherent limits to what any outside audit can uncover relating to fraud, especially if senior management has been involved in its perpetration.

But there are limits to what auditors can reasonably uncover, given the constraints inherent in today’s audits. Specifically, unless companies or investors are willing to pay auditors to police all of a company’s transactions, auditors are limited to using indirect means to ascertain whether fraud has occurred. These methods include:

- Examinations of accounts and records, principally for anomalies
- Interviews of company employees and management that are not “under oath”
- Reviews of the companies’ “internal controls” over the spending of funds (a specific requirement in the United States under Section 404 of the Sarbanes-Oxley Act, enacted in 2002).

These methods are clearly useful, indeed essential, in the prevention and discovery of fraud. But they are not foolproof, nor can they be expected to be.

Hence, expectations gap arises because many investors, policy makers and the media believe that the auditor’s main function is to detect all fraud. Thus, where it does materialize, and auditors have failed to detect it, the auditors are often presumed to be at fault. Given the inherent limitations of any outside party to discover the presence of fraud, the restrictions governing the methods auditors are allowed to use, and the cost constraints of the audit itself, this presumption is not aligned with current auditing standards. What is sorely needed, then, is a constructive
dialogue among investors, other company stakeholders, policy makers and audit professionals about what should be done to close—or at least narrow—the expectations gap relating to fraud. Given the globalization of capital markets, it is vital that this conversation includes stakeholders in public companies and capital markets throughout the world. Everyone should be committed, also, to working with others to develop ways to prevent fraud from occurring.

These conversations must recognize, however, that the audit profession is dedicated to continuously improving its abilities and methods to detect fraud. The audit profession is doing this through committing resources to support research into new methodologies and technologies that should expand our ability to uncover fraud.

At the same time, it is useful to consider additional ideas for enhancing fraud detection, as briefly outlined below. There are arguments for and against each of these concepts, and it is not necessary to embrace any one or all of them. But collectively, they have sufficient merit that these options should be seriously debated by stakeholders and policy makers. The audit profession welcomes and encourages others to offer their suggestions as well.

**Subject all public companies to a forensic audit on a regular basis**

The most aggressive, costly and intrusive way of rooting out fraud is to require all public companies to undergo a forensic audit on a regular basis (perhaps every three or five years). Unlike the indirect means employed to detect fraud in a conventional audit already described, a forensic audit is akin to a police investigation. Forensic auditors scrutinize all records of companies, including emails, and would be able, if not required, to question all company employees and to require statements under oath. It might be necessary for an audit network or a specialized forensic auditor to complete a forensic audit with the aid of independent attorneys (not those who have represented the audit client in other engagements).
Subject all public companies to a forensic audit on a random basis

A less onerous and costly version of the forensic audit proposal would be to subject a sample of public companies on every exchange to a forensic audit on a random basis. Though such a system might uncover fewer frauds, the deterrent effect could still be the same, as all companies, and their managements, would know that they could be subject to forensic-level scrutiny at any time.

Other “choice-based” options

Whether or not policy makers choose to require or suggest forensic audits on any basis, it may be possible to close the expectations gap by introducing more choice regarding the intensity of audits for fraud. For example, since forensic audits are conducted primarily for the benefit of investors, one possibility would be to let shareholders decide on the intensity of the fraud detection effort they want auditors to perform. Shareholders could be assisted in making this decision by disclosure in the proxy materials of the costs of the different levels of audits, as well as the historical experience of the company with fraud. A different choice model would be to allow boards or audit committees of boards, as elected representatives of shareholders, to decide on the level of fraud-detection intensity.

A principal advantage of allowing investors or board or audit committee members to choose the fraud-detection level, is that this would move away from a “one-size-fits-all” approach to fraud detection to one tailored by investors’ expectations about the company. In addition, the possibility that the relevant decision-makers might at any time vote to conduct a forensic audit could act as a powerful deterrent to managers or employees from engaging in fraud.

This extract is taken from the complete publication, available at: http://www.globalpublicpolicysymposium.com/index.html
Cross-border Mergers of Limited-Liability Companies

Introduction
Not long ago, the European Parliament adopted a directive for the creation of a European legal framework for cross-border mergers. From the point of view of Belgian legal scholars, cross-border mergers have always been looked at very critically. However, by 15 December 2007 at the latest, all member states—including Belgium—should have brought into force such laws, regulations and administrative provisions necessary to comply with this directive. Audit committees must keep close track of related developments in support of their overview role, and with this in mind, the essential features of this EU Directive are mentioned in this article.

Scope of application
EU Directive 2005/56 establishes a procedure for the cross-border merger of limited-liability companies. As defined in Article 2.1 of the directive, such companies are constituted and existing in accordance with the laws of a member state, and have their registered office, central administration or principle place of business within the European Community. The procedure is predicated upon the fact that at least two of the merging companies are governed by the laws of different member states (Article 1). The directive is applicable in principle to both public and private limited-liability companies.

Common cross-border merger proposal
The management or administrative organ of each of the merging companies should also draw up a report explaining and justifying the legal and economic aspects of the cross-border merger. This special, written report should also mention the implications of the merger for the shareholders, the creditors and the employees (Article 7 of the directive). The shareholders and the employees (or their representatives) should receive a copy of this report not less than one month prior to the date of the general shareholders’ meeting that will decide upon the merger. If applicable, the opinion issued by the representatives of the employees in respect of the envisaged merger should be attached to the report drawn up by management or administrative body. As well, each merging company should appoint an independent expert1 to issue a special report on the merger proposal (Article 8 of the directive). This report should be made available to all shareholders not less than one month prior to the date of the general shareholders’ meeting that will decide upon the merger. The member states should decide whether the expert must be a natural person or whether it could be a legal entity as well. The merging companies could also jointly appoint one or more experts who would draw up a joint report. The experts are entitled to require from each of the merging companies all information they consider necessary. According to Article 8.4 of the directive, such a report is not required only if all shareholders of the companies involved in the cross-border merger have so agreed.

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After the receipt and examination of the reports mentioned above, the shareholders of the merging companies may approve the cross-border merger (Article 9). However, under certain circumstances, no merger approval by the general shareholder’s meeting of the acquiring company is required.

The date the cross-border merger comes into effect is determined by the law of the member state with jurisdiction over the company resulting from the cross-border merger (Article 12). That date must be, in any event, after the control mechanism of Article 11 of the directive (described below) has been executed.

Each member state should designate the court, notary or other authority competent to scrutinize the legality of the cross-border merger in respect to that part of the procedure concerning its national law. The concerned authority shall issue a certificate in which it states that the merger complies with all national formalities (Article 10). The member state within which the newly merged (acquiring) company shall fall also appoints the competent court, notary or other authority charged with the surveillance of the completion of the cross-border merger and of the acquiring company or, if applicable, of the formation of the new company resulting from the merger (Article 11).

The merger decision shall be published in accordance with the respective laws governing the merging companies (Article 13 of the directive).

Legal consequences of the cross-border merger

Through the cross-border merger carried out in accordance with the above mentioned procedure, all assets and liabilities of the company being acquired shall be transferred to the new or acquiring company. The company being acquired shall cease to exist and its shareholders shall become members of the new or acquiring company (Article 14).

Employee participation

In its Article 16, the directive provides the rules to be respected in case of employee participation. Additionally, the directive establishes the possibility for the general meetings of the merging companies to make the implementation of the cross-border merger conditional upon the explicit confirmation of their respective employee participations.

Prohibition of possibility to declare null and void

For legal clarity, Article 17 of the Directive stipulates that it is no longer possible, after the date on which the cross-border merger takes effect, to declare the merger null and void.

Simplified formalities

Where a cross-border merger is carried out by a company which holds all the shares of the company being acquired, a simplified procedure can be applied. In case the acquiring company holds 90 percent or more of the shares of the company being acquired, an independent expert report and the records required as to the control must only be established if the national laws of the merging companies should so require (Article 15).

Conclusion

All member states should bring the laws, regulations and administrative provisions necessary to comply with the directive into force by 15 December 2007 at the latest (Article 20).

European directives do not automatically become part of national law upon adoption, but it is important to know that they may produce similar effects to regulations when the time limit for their implementation has expired and the state has not properly implemented them. It follows that if Belgium fails to implement the directive by 15 December 2007, the directive could be directly invoked by individuals against a state body before national courts.

In very general terms, cross-border merger procedures seem quite similar to national merger procedures currently known in Belgium. Meanwhile, it is recommended audit committee members keep track on the latest developments in this field of interest.

1 As the directive does not specify the term “independent expert”, it shall be within the discretion of the member states to clarify the meaning of the term.

2 A notarial deed shall be required when a Belgian company is involved in the merger operation.
With the recent launch of the new International Working Group on Lease Accounting, another step has been taken toward a ground-breaking, fundamental development in the field of lease accounting. Indeed, if a single lease accounting model is adopted, the current distinction between operating and finance leases could disappear from the face of the earth in the near future. In such an event, off-balance sheet financing through operations leasing could no longer be possible.

Introduction
Lease accounting has always been subject to a great deal of interest. Lease accounting is very important, not least because of the size and clout of the leasing industry. Although its use is currently far behind the United States, leasing is a fast-growing industry in Europe; the volume of asset investment financed through leasing is increasing considerably every year. Today, virtually every asset can be leased.

The world’s two main accounting standards, IFRS and U.S. GAAP, both have specific standards which address lease accounting (respectively, IAS 17 and FAS 13). Although the text and the application of both standards is a little different in practice, both standards make a distinction between finance (IAS17) or on-balanced capital leases (FAS13), and operating leases (off-balance sheet leases).

The distinguishing factor between a finance and an operating lease is conceptually identical under both standards: a finance lease is a lease that transfers substantially all of the risks and rewards incident to ownership of an asset to the lessee; an operating lease is a transaction whereby this is not the case.

Criticism
This “risks and rewards” model (or the “all or nothing model”) has been considered unsatisfactory by a number of people. They feel the current model requires considerable subjective judgment, and thus many leases are, in fact, organized by the parties specifically to avoid finance lease treatment. This is mainly to keep large assets and liabilities off the lessee’s balance sheet, with the consequent positive impact on debt financing capacity, credit ratings, financial ratios, etc.

This criticism is not new. Previously in 1996 and 1999-2000, the so-called G4+1 group (being representatives of the accounting bodies of the UK, Canada, Australia, New Zealand and the U.S.) issued position papers commenting on the risks and rewards approach. The overall basic idea proposed in the G4+1 papers was to develop a single model with an “assets and liabilities” approach (or the so-called “new approach”) instead of a risks and rewards approach. In this proposed model, lessees would recognize the “right of use” of the physical asset for the period of the lease as an asset, with a liability recognized for the “obligation to pay” for the lease period. In other words, every lease would appear on the balance sheet.

The above-mentioned reports did not, however, lead to any serious concrete action to change the lease accounting standards until July 2006, when the IASB and the FASB, in line with requests from investors and other financial reporting constituents, agreed...
to add a leasing project to their technical agendas. This would be a joint project by the two boards where they would reconsider all aspects of lease accounting.

In December 2006, membership of a new international working group was announced that was established to help the FASB and the IASB in this project. The group consists of senior professionals with extensive experience in the leasing industry, or those responsible for the preparation, analysis, and audit of financial statements of entities with significant leasing transactions. The issues relating to lease accounting that are addressed by the group are much the same as those considered in the G4+1 reports.

The group met for the first time in London in February 2007. Overall, the working group members agreed that there was a need for change, essentially for the following reasons:

- Rights and obligations may not be currently recognized in an entity’s balance sheet.
- Users of financial statements routinely make estimated adjustments to take into account operating leases.
- The difficulty in defining the split between finance and operating leases leads to economically similar transactions being accounted for differently.
- The difference in accounting leads to the structuring of leases to achieve a predetermined accounting result.
- The magnitude of the complexity and volume of existing standards and interpretations (particularly in the U.S.).
- It provides an opportunity for convergence between IFRS and U.S. GAAP.

Considering it was a first meeting, the purpose was basically to obtain the views on the conceptual analysis that the IASB and FASB staff have carried out to date, and to identify any practical or operational issues. No conclusions can be drawn at this stage.

First indications are, however, that the group will work further on the above-mentioned “rights of use” model.

The current project plan envisages that a discussion paper will be issued in the second half of 2008. Many will be looking forward eagerly to the group’s first conclusions. It is, however, crystal clear that lease accounting will change, most probably very fundamentally. The main questions remaining are exactly how, and maybe even more important, when.

\[\text{Hereafter, we will use the terminology “finance lease.”}\]
The Governance of Tax: Is tax on the Board’s agenda?

The external dimension of tax management
There is no longer doubt that the way a company is managed—even appears to be managed—can affect its cost of capital and market value. Nor is there a question that risks to reputation associated with corporate and tax governance have thus become key variables in the calculation of shareholder value. The challenge for companies is how to comply with increasing regulation and more vocal stakeholder expectations while remaining competitive and flexible.

Recent developments
Corporate governance has been an important, if not a dominant theme in the stream of legislation, guidelines and consultation papers issued by national governments and their regulatory bodies. Here too, tax issues are prominent. With the emergence of more external stakeholders—including trade unions, pressure groups, regulators, investors and national and local governments—becoming ever more vocal in their demands for greater transparency and a more ethical approach to tax governance, your company’s reputation has never been under more scrutiny.

There is some evidence of a creeping conservatism on tax at many large companies as a result of this uncertainty, despite the legal obligations of directors to endeavor to minimize costs and maximize shareholder value.

Is tax on the board’s agenda?
More businesses are questioning how tax is dealt with. The main reasons for which a company may choose to review how its tax affairs are managed are:

• Board direction
• Audit committee requests
• Peer pressure
• Compliance issues

• Organizational changes
• Investor pressure to deliver value
• Key staff changes
• Inclusion of review in personal goals
• Lack of resource

Any such review should tend to be for the board’s or audit committee’s agenda.

Practical difficulties
Although directors know tax should be on their agendas, it is often delegated to the CFO to deal with it “off-line.” There thus remains a risk that tax is not really understood at board level. There may be a number of reasons for this, including:

• There is a growing complexity in tax legislation (being harder to explain and understand).
• Increased compliance and reporting requirements (Sarbanes-Oxley 404, etc.) leave less time to debate strategic issues and consider the “big picture”.
• The persistence of the belief that tax is a purely financial issue, and that reputation or strategic implications do not merit board debate.

Despite the need for change, practical difficulties can hamper companies, discouraging them from undertaking reviews that would help boards understand the role of tax in the organization. Although real progress has been made toward recognizing tax as a key issue for boards, tax has become simultaneously more complex and demanding, thus harder to grasp. This has led some companies to continue to regard tax as a specialist area, indigestible at board level.

Impact on business and how to react
The consequences can include lost opportunities, poor communication of material tax issues and, therefore, ill-informed boards and exposed tax departments. The way a particular company approaches tax management
depends ultimately on its culture. This will be a function of many factors, including its attitude to risk in general, its industry, its location, and the attitudes and general outlook of its key staff.

A desire for “no surprises” is why there has been such emphasis recently on improving tax reporting, and why new accounting rules, such as the U.S. FIN48, are being introduced to encourage more consistent tax disclosure.

When considering the appropriateness or otherwise of their existing responses to the changes in the tax environment, companies should ask themselves the following questions:

- Have we consciously decided that this is the right response for us?
- What kind of developments might persuade us to change our response?
- How will we monitor emergence of those developments?

There is no unique answer to the question of how tax should be managed. The preferred practice for each company depends on its own “house style” and its own drivers and constraints. A number of issues common to all companies and circumstances need to be addressed, however, when evaluating and, when appropriate, changing your tax management and strategy.

Tax directors face increasing demands on their time and resources. Many companies plan to make improvements in the next twelve months, but few have the appetite for wholesale change. For the time being, at any rate, they favor taking one step at a time. Although tax management involves numerous issues, it is possible to plot a sensible course between wholesale and gradual change within a coherent, high-level strategy. If one focuses on what the market and other external stakeholders are expecting, one can achieve a great deal with a series of incremental steps, and with limited disruption.

The important thing for the tax director is to keep the board fully-informed throughout of the risks and opportunities of the various options, so that it can reach a properly informed judgment about what’s appropriate for the organization.

**Conclusion**

Although each company will approach the modernization of its tax function in its own way, the overriding requirement, when making decisions about how tax will be managed, is that the boards are kept fully informed throughout when both facing risks and seizing opportunities.

Too often, this information is not presented to them, either because it’s delegated away, or it is deemed too technical or irrelevant. There is a risk that an ill-informed and inappropriate position may be chosen which could seriously damage the company’s finances and reputation. On the other hand, it follows that companies which are in full control of their tax affairs are likely to be better regarded in the market than their competitors, as they know what is indeed possible within the organization’s particular constraints, and they communicate this information effectively to their stakeholders.

To read more on this topic of interest you may visit the Resources section of our ACI website (www.audit-committee-institute.be) to obtain a free copy of the Discussion Paper The Governance of Tax as well as to obtain a free copy of the tax risk survey The Rising Tide: Regulation and Stakeholder Pressure on Tax Departments Worldwide.
The Law of 01 April 2007 on Public Takeover Bids

The EU Takeover Directive (2004/25/EG) has been implemented by the Law of 01 April 2007 on public takeover bids, and by the Royal Decrees of 27 April 2007 on public takeover bids and public squeeze-outs. The main part of this new legislation will enter into force on 01 September 2007. This article briefly outlines some of the new rules contained in the new legislation, as audit committees in their overview role must keep close track on related developments.

The Mandatory Takeover Bid
As of 01 September 2007, for Belgian companies with shares trading on a regulated market (Alternext or the Euronext Brussels Free Market), a mandatory take-over bid must be made by persons, alone or together, whose ownership of total shares with voting rights, as a consequence of the acquisition of shares, exceeds 30 percent. The new legislation also contains specific provisions regarding the assessment of the indirect ownership of such a controlling stake.

The new legislation foresees several transitional provisions, such as an obligation to file a declaration of the existing situation as of 01 September 2007, and a provisional exemption from the obligation to make a public takeover bid for the person or persons acting jointly who already possess a participation of 30 percent of the voting rights on 01 September 2007.

These shareholders will be able to later increase their participation in the company without the risk of having to issue a mandatory public takeover bid. Shareholders who wish to benefit from this exemption must notify the company and the Banking, Finance and Insurance Commission (BFIC) within 120 business days from 01 September 2007. Should the shares with voting rights of the company concerned be held by a holding company, or by a “similar construction” such as a Dutch administratiekantoor or a trust, all individuals or legal persons who directly or indirectly control this entity must also make this notification. Moreover, these shareholders must issue a yearly updated notice to the BFIC mentioning any changes in the shareholding held by the controlling shareholders.

In accordance with Articles 53 and 54 of the Royal Decree of 27 April 2007 on public takeover bids, the minimum price of the mandatory bid must be either the highest price paid by the bidder (or a person acting in concert) during the 12 months prior to the announcement of the bid, or the weighed average price of the trading prices on the most liquid market for the concerned securities over the last 30 calendar days. Under certain circumstances, the BFIC may allow or require an adjustment of the price.

It would be advisable for companies that are affected by this new legislation to analyze their existing shareholding structure in view of the new legislation, and for certain shareholders to verify whether a better structuring of a controlling participation would be necessary.

Opt-out Regulation
Articles 9 and 11 of the EU Takeover Directive, which contain rules on neutrality and breakthrough, are intended to limit the possibility of the management and/or shareholders of the target company to take protective measures. The European member states can choose whether to apply either or both (opt-out/opt-in regulation). The Belgian legislature has made use of the so-called opt-out regulation with respect to the rules on neutrality and breakthrough contained in the EU Takeover Directive. Although the Belgian legislature opted out of the application of Article 9 and 11 of the EU Takeover Directive, a Belgian company disposes of the possibility to include measures...
that will hinder the adoption of protection measures in case of a public bid in its articles of association (voluntary opt-in). These provisions relate, for instance, to the non-applicability vis-à-vis the bidder during the acceptance period of the public bid of the limitations concerning the transfer of securities with voting rights and securities which give entrance to voting (rights), and to the obligation for management to not take any actions which would hinder the public bid during the bid period, unless a specific and prior authorization of the general meeting has been given.

The “Speak-out or Shut-up” Rule
To safeguard the effective functioning of the market, the BFIC may require a party under certain circumstances to disclose its intention whether or not it will make a public bid. This may come about, as an example, should a person or an intermediary make statements that raise questions about its intention to make a public bid. If there is no confirmation of intention to make a public bid within the period imposed by the BFIC, this party will not be allowed to make a public bid for a subsequent period of six months, unless it can prove that circumstances, the situation of the target company, or the shareholding of the concerned parties have radically changed.

Memorandum of Reply and Right of Hearing
Finally, it must be noted that, in certain circumstances, the board of directors of the target company has the right to issue a memorandum of reply relating to the public bid. This memorandum contains, at the least, the following elements:

- Any remarks of the target company in respect of the prospectus.
- The statutory clauses that entail a limitation of the transferability, or of the possibility of acquisition of securities with voting rights, or which give access to the voting rights of the target company, and, to the extent of management’s knowledge, a list of the preferential rights as to the acquisition of such securities in the name of certain persons.
- It’s point of view in respect of the bid.

The Memorandum of Reply is subject to the approval of the BFIC and must be amended to reflect any significant change in circumstances.

The new legislation also provides for the right of the works council of the target company to convene a hearing with the representatives of the bidder. During this hearing, the representatives of the bidder will present the commercial and financial policy of the bidder, its strategic plans for the target company, and any possible impact on employment and the premises of the target company. The bidder’s representatives must take note of any comments made by the works council of the target company.

Conclusion
The new legislation is intended to modernize the Belgian legal framework relating to public takeovers. There must now be a thorough assessment as to whether these new regulations will improve the efficiency of our financial market. Meanwhile, audit committees in their overview role are recommended to keep close track on related developments.
Why use fraud hotlines?
And how?

Introduction
A number of fraud surveys conducted in various countries over a number of years have indicated the value of anonymous reporting mechanisms in detecting fraud, a fact supported by the Association of Certified Fraud Examiners in its 2006 Report to the Nation. The chart below shows its relative importance in the initial detection of occupational fraud.

### Initial Detection of Occupational Frauds

<table>
<thead>
<tr>
<th>Detection Method</th>
<th>Percent of Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notified by Police</td>
<td>3.8%</td>
</tr>
<tr>
<td>External Audit</td>
<td>12.0%</td>
</tr>
<tr>
<td>Internal Controls</td>
<td>19.2%</td>
</tr>
<tr>
<td>Internal Audit</td>
<td>20.2%</td>
</tr>
<tr>
<td>By Accident</td>
<td>25.4%</td>
</tr>
<tr>
<td>Tip</td>
<td>34.2%</td>
</tr>
</tbody>
</table>

The sum of percentages in this chart exceeds 100 percent because respondents identified more than one detection method in some cases.

Regulatory and legal requirements
The Sarbanes-Oxley Act has introduced a new era of accountability for corporate management, providing an extensive list of issues to be addressed for companies to continue operating as a listed entity. One of the many requirements of the Act is providing a process for the anonymous reporting of accounting or audit irregularities.

The Belgian Code Lippens also introduced a whistle-blowing strategy, and states:

…The audit committee should review the specific arrangements made by which staff of the company may in confidence, raise concerns about improprieties in financial reporting or other matters. If deemed necessary, arrangements should be made for proportionate and independent investigation of such matters, for appropriate follow-up action and arrangements whereby staff can inform the chairman of the audit committee directly…
As in the case with other European countries such as, e.g., France, there is no legal framework for the protection of whistle-blowers. Those persons will thus, in principle, be protected by means of the general principles of Belgian Labor Law, legislation on the protection of personal information, and fundamental human rights.

On 29 November 2006, the Commission for privacy protection (“the Commission”) issued a recommendation on the compatibility of internal whistle-blowing schemes with the law of 8 December 1992 on privacy protection.

Whistle-blowing schemes allow individuals to report various types of misconduct (on the part of their colleagues) within their company.

In Belgium, until today, no regulation has been put in place to protect whistle-blowers. This implies that, until now, they are under the protection of the law on personal data protection, human rights, and social regulations in general, i.e., the law of 11 June 2002 on the protection against violence and moral or sexual harassment at the workplace.

The Commission considers that the whistle-blowing system is, under certain conditions, compatible with the law on privacy protection, to the extent that these schemes relate to the processing of personal data.

The following provisions have to be complied with:

- The introduction of such schemes must be based on a legal or regulatory obligation, or have a legitimate interest.
- The system cannot force staff members to report misconduct, and must be of a facultative nature.
- The system must be of a strictly complementary nature. Reports can only relate to problems which can obviously not be dealt with through the normal channels, and for which no regulated procedure or specific legal body is foreseen.
- The whistle-blower must have a reasonable motive to support his suspicions which cannot be based only on rumors. In addition, only serious misconduct can be subject to this kind of reporting.
- The information reported must be adequately precise and anonymous reporting is, in principle, not allowed. However, the identity of the whistle-blower must remain confidential.
- Reports must be collected and dealt with in the greatest secrecy by a person specifically assigned to handle this task within the organization. This person must be allowed to handle the complaints with sufficient independence with regard to the organization.
• Results from the process can only be communicated to the organization when the complaint has been handled, and when it is established that the accusations are either justified or evidently unfounded.

• The system must be registered with the Commission before it is implemented.

Developing an effective whistle-blowing program
Developing an effective whistle-blowing program should include the following important steps:

• Plan the implementation of a whistle-blowing hotline.

• Design a marketing and communication strategy.

• Respond to reports received via the whistle-blowing hotline.

• Analyze reports received.

The debate: Internal hotlines versus external hotlines
Many organizations may argue that they have the capacity for managing whistle-blowing hotlines internally, and this option is less costly than having an external service provider contracted for this service. While this argument may be true, there are a number of other important factors which must be considered before a decision is made whether to provide or operate the service internally, or to outsource it to an independent third party.

An internally-provided whistle-blowing hotline is usually answered by an employee of the organization, be it located in the departments of human resources, internal audit or legal. The problem with this is that many employees wishing to make reports via the hotline are already anxious, and are discouraged by the fact that their call could either be traced or their voice recognized. Anonymity is not guaranteed.

Many organizations provide only a recording facility, and likewise, employees wishing to make reports fear being identified. Furthermore, this type of facility may result in reports being made with insufficient detail for an organization to act upon.

External hotlines provided by an independent and trained service provider ensure a barrier between the caller making a report, and the organization about which the report is being made. External service providers are not employees of the organization implementing the hotline; therefore, the issue of guaranteed anonymity is addressed. Service providers should not provide recordings of reports to organizations for which they provide the service.
Our experience indicates that the hotline service is the most preferred and effective, as there is interaction between the caller and the call operator where information can be obtained by engaging in open-ended questions. This allows the requisite detailed information to be extracted and clarified from the caller, and also serves as a screen for callers making erroneous reports.

Hotlines should not be implemented only to receive reports regarding fraud or criminal conduct, but should ideally deal with complaints of corporate misconduct and unethical behavior. This allows such incidents to be addressed at an early stage and potential legal action could be averted.

Planning the implementation of a whistle-blowing program
The implementation of a whistle-blowing program is not a simple and quick process. Implementation is dependent on a number of things which impact on the time it will take and its complexity.

Overseeing the implementation
The implementation process should be overseen by a senior executive of an organization to ensure that the implementation addresses all the needs of the organization. The following are important questions to be addressed during the planning stage:

- For what purpose is the program going to be implemented? (What reports are to be received?)
- How is the program going to be communicated to employees and stakeholders?
- Who is going to receive these reports, and what procedures are going to be in place to address claims of "sweeping issues under the carpet"?
- How are sensitive and urgent reports to be dealt with? (High-risk situations.)
- Who is going to act upon reports that are received, and what feedback mechanisms are going to be implemented? (Organizations must have the capacity to deal with reports that are made — otherwise the risk of the program failing will be high.)
- Is the organization going to analyze trends and tendencies?

Designing a marketing and communication strategy
Successful implementation of a whistle-blowing program is largely dependent on a successful marketing and communication strategy. The program needs to be communicated from the top of the organization with visible support from senior executives.
Some of the key issues that need to be addressed in a marketing/communication strategy are:

**Introducing the whistle-blowing program:**
- The program needs to be properly introduced to employees by explaining to them the reasons for, and objectives of the whistle-blowing program.
- Employees need to be told how to use the hotline and other reporting mediums and what happens once a report is made.
- Such messages could be delivered by way of briefing sessions, posters in the workplace, employee newsletters, and articles on the intranet site.
- A letter from the chief executive or managing director always helps in setting the tone at the top. Such a letter should be addressed to each employee, and could be distributed along with their monthly pay slip.

**Reinforcing the hotline**
Employees and stakeholders need to be periodically reminded about the avenues for reporting fraud, corruption and unethical behavior. Maintenance of the program is vitally important but is often neglected.

**Responding to reports received via the whistle-blowing hotline**
Who should receive reports from the hotline? The reports received via the hotline should be forwarded to more than one senior person within the organization, or alternatively to at least one senior person in the organization, and to the chairman of the audit committee. The senior person within the organization could be the head of internal audit, head of risk management, head of human resources, the compliance officer or the ethics officer. The specific persons appointed will be responsible for disseminating the information to the appropriate individuals for further action or investigation, and for its follow-up.

**Conclusion**
It is important from an audit committee perspective to utilize all available information to assist them in their responsibilities specifically relating to fraud risk management. A whistle-blowing strategy is just one more tool that can ensure the audit committee is well informed about events and fraud risks that require its attention.
Number of Companies Reporting “Material Weaknesses” Down by One-third Year-on-Year

A recent Journal of Accountancy article examined the first two years of Section 404 reporting data to determine whether the Section has accomplished its intended purpose, and what small companies can learn from the experience of large companies that have implemented Section 404 requirements. The executive summary of findings follows:

The number of companies reporting material weaknesses in their internal controls over financial reporting (ICFR) went from 15.7 percent the first year to 10.3 percent the second year. The nature of material weaknesses, the most common of which was GAAP misapplication or failure, remained the same.

Smaller companies reported disproportionately higher numbers of ICFR deficiencies in both years, which were also reflected in a disproportionately higher number of ICFR deficiencies among clients of audit firms that primarily audited smaller companies.

Issuers in the retail and service sectors were most likely to have ineffective ICFR, while construction and finance, insurance and real estate were the least likely to report material weaknesses in ICFR.

Research shows that companies that have implemented Section 404 are less likely to restate results. Restatements among companies that implemented Section 404 declined 14 percent in 2006, while restatements by companies not yet required to comply with Section 404 (non-accelerated filers) rose 40 percent.

Large companies can use findings in this article to further improve their ICFR. Small companies can use the findings to target their ICFR efforts toward areas, such as GAAP misapplication, tax expense and revenue recognition failures, which are at highest risk to be considered as material weaknesses.

The Two Years and Counting article by Kathryn E. Scarborough and Mark H. Taylor may be downloaded free of charge from the Magazines and Newsletters, Journal of Accountancy, June 2007 section of the website of the American Institute of Certified Public Accountants www.aicpa.org
One Share, One Vote?

The European Commission has identified the principle of proportional ownership as a potentially important factor in its efforts to reform and harmonize internal capital markets across the EU. This principle seeks to strengthen shareholder rights by implementing a “one-share, one-vote” rule, i.e., aligning voting rights with ownership interests.

While the idea of shareholder democracy may be noble, it is controversial because it implies that mechanisms that are currently in place in many European companies, such as dual-class shares, pyramidal ownership structures, cross-ownership, voting caps, etc., are undesirable because they create a wedge between voting and cash-flow rights.

To ensure that any policy taken with respect to this issue is based on facts, the European Commission commissioned a consortium led by Institutional Shareholder Service, Sherman and Sterling LLP and the European Corporate Governance Institute to provide a study of proportionality of EU-listed corporations. The first paper of several consists of one part of that study: a review of the empirical literature on the effects of (dis)proportional ownership. A disproportional ownership structure allows some shareholders to effectively control a proportion of votes that is larger than their proportion of rights to the firm’s cash flows.

The authors surveyed empirical economic literature that examines whether disproportional ownership destroys firm value. They subsequently argue that the literature does not yet tell us whether or not disproportional ownership destroys firm value. The first reason given is that firm value is the sum of the market value of outside equity and private benefits accruing to the party in control, but for practical reasons, most of the literature examines only the market value of outside equity. Secondly, they claim existing estimates of the relationship between disproportional ownership (DO) and the market value of outside equity (MVOE) are confounded by empirical difficulties.

Activist Shareholders in Action

Recently, a new category of shareholder is manifesting itself: activist shareholders intervene in the actual running of the company, dictating its governance, determining its strategies, and often taking a very aggressive attitude against the incumbent management. Their action is severely criticized by politicians or in the media as being destructive of the firms, of enterprise values, or of employment.

A recent paper of the Financial Law Institute by Prof. Eddy Wymeersch aims at describing the features of the activist shareholders, comparing them to their elderly brothers, the institutional investors. The writer concludes that more disclosure should be available about them, while suggesting that in the case they effectively take control of the company, a remedy similar to the mandatory bid may be considered.

A differentiation on the basis of the actions undertaken by these activist shareholders is yielding interesting insights. Indeed, some of the motions defended by these funds aim at imposing good governance practices, at reducing the amount of excessive fees for managers, at monitoring conflicts of interest, and so on. Essentially, there can be no objection against these rules being enforced by shareholder activism, as this is part of the often-advocated market-led enforcement of corporate governance codes. If such actions have a positive influence on share returns, so much the better.

Further, a different approach does deserve to be further analyzed, and that is when the activist shareholder fund could impose a radical change in the business plan established by the board and management. For the minority shareholders who have bought shares on the basis of a defined risk profile and business activity, this fundamental change might justify granting them the right to opt-out of the company. Perhaps in such a case, the better way would be to oblige the activist shareholder to launch a takeover bid on all outstanding shares. In this case, the fund may better take full responsibility for its decisions, and not subject the other shareholders to a different risk profile.

In the end, it’s up to the shareholders to decide on the ultimate business strategy. The debate about the new activist shareholders has just started — it is clear that it will remain with us for quite some time.

The Top Chairs: CEO or Chairman

*World Business, the magazine in association with INSEAD, includes an article by Des Dearlove and Steve Coomber that points to a new book on the role of the top chairs in corporate governance. It determines that the role of the chairman as leader of the board of directors is critical for the long-term success of a business.*

If we were in any doubt, the debate about corporate governance ignited by Enron, Sarbanes-Oxley and the rest, has served to underline the importance of the board of directors in corporate affairs in the 21st century. Yet, for all the attention that boards have received, one critical aspect has remained largely neglected — that of the role of the chairman. The chairman is the leader of the board, and the board oversees the management of the company. Yet Sarbanes-Oxley, and a great deal of the media coverage surrounding it, focused on the role of the CEO and, to a lesser extent, the chief financial officer. The same can be said of the literature in recent years: witness the many books on the role of the CEO compared with only a handful on the chairman.

A new book aims to correct this imbalance. *Leading the Board: the Six Disciplines of World-class Chairmen (2007)* examines the rise, fall and ascent again of the role of the chairman. Authors Professors Andrew and Nada Kakabadse, of Cranfield School of Management and the University of Northampton Business School respectively, argue that the role of the chairman has never been so important — or so misunderstood. Their central argument is two-fold: first, that the role of the chairman is distinct from any other — on the board or elsewhere in the organization, and requires its own unique set of skills and qualities; and, second, that the role of the chairman as the leader of the board of directors is critical for the long-term success of the firm — and the best protection against corporate excesses. In short, world-class companies require world-class chairmen.

**Market Rules of Alternext have been approved effective 1 August 2007**

In accordance with article 4.3 of the Royal Decree of 14 December 2006 pertaining to the Alternext market of financial instruments and changing the Royal Decree of 5 March 2006 pertaining to market abuse, the altered market rules of Alternext (Brussels) have been approved effective 1 August 2007.

These market rules are available at the web site of Alternext:

The Top Chairs article by Des Dearlove and Steve Coomber may be downloaded free of charge from the Governance & CSR section of the website of the World Business www.worldbusinesslive.com.
European Commission reports on application of EU recommendations on directors' pay and independence

The European Commission has published two reports on Member States’ application of EU recommendations on company directors’ pay and independence. Both reports conclude that the application of corporate governance standards has improved, but some weaknesses remain.

The report on directors’ remuneration shows that transparency standards are widely followed, but in some Member States it is still not recommended that shareholders vote on this issue. The report on the role of independent non-executive directors finds that there is a real progress in improving governance standards in this field, but some of the recommended standards have not been followed in all Member States. For example, in some Member States a former Chief Executive Officer (CEO) of a company can still become its chairman without any cooling off period. This undermines the independence of non-executive supervision. Also, some Member States do not recommend a sufficient number of independent board members in remuneration and audit committees.

Report on directors’ remuneration

Remuneration is one of the main areas of potential conflicts of interest for executive directors. Excessive remuneration has also emerged as a prominent feature in many corporate fraud scandals. The Commission’s 2004 Recommendation on directors’ remuneration (IP/04/1183) provides for high standards of disclosure on this issue and recommends greater involvement of shareholders in the decisions relating to remuneration. The Commission has now issued a report on how Member States apply the recommended standards, which finds widespread disclosure of remuneration, but some reluctance to involve shareholders fully in the decision over remuneration policy.

Report on independent non-executive directors

The Commission’s 2004 Recommendation on the role of non-executive or supervisory directors and on supervisory board committees (IP/04/1182) aims at improving shareholders’ control over executive management by reinforcing the presence of independent directors on boards and board committees. The Commission has now published a report on how Member States apply the recommended standards, which finds that a majority of Member states comply to a large extent with the recommendations, but some weaknesses remain.

Both reports can be downloaded from the website of the European Commission:
http://ec.europa.eu/internal_market/company/directors-remun/index_en.htm
http://ec.europa.eu/internal_market/company/independence/index_en.htm
ACI Events

Roundtable Series

ACI facilitates interactive audit committee roundtables twice a year. Every Roundtable features one or more guest speakers, and provides for an exchange of views and insights on topics of interest to members of boards and audit committees for a limited number of professionals.

The ACI roundtable sessions can provide you with knowledge you will find helpful in your increasingly responsible oversight role through a focus on current topics, enhanced competence by the sharing of best practices, and personalized assistance by providing opportunities for interaction with your peers.

The next Roundtable event will be organized as a full day conference on Thursday 11 October 2007. Members of audit committees and boards of listed (and other large) companies will receive a personal invitation to participate. We will walk and talk the current and future corporate governance landscape and explore many topics amongst which Challenges in the current corporate governance environment, Risk Management, ACI International Survey - Setting the Agenda for 2008, and Audit Committee Oversight of IT. Prominent experts such as Luc Philips - AC Chairman at KBC, and Erik Verkest - Partner Corporate Finance at Petercam, will definitely flavor our fields of interest.

Seminars

The ACI Seminar is an exclusive event organized by the Audit Committee Institute for selected Board members who share similar challenges to their oversight Roles. The Code Lippens states under its fourth corporate governance principle that “Directors should update their skills and improve their knowledge”.

Our ACI Professional Development Seminar program aims to enhance both the awareness of Board members and their ability to implement effective oversight processes. It is focused on the needs of Board and Audit Committee members and provides, on a timely basis, an understanding of the principles and developments in financial reporting, tax, company law and corporate governance.

ACI Seminars are held at a carefully chosen venue and attendees will hear pertinent and practical information presented by knowledgeable guest speakers. The Seminars offer you a unique and valuable opportunity to exchange best practices and enjoy contacts with your peers.

For more information on ACI please visit our website www.audit-committee-institute.be or contact us via e-mail at info@auditcommitteeinstitute.be.
About us

The Belgian Audit Committee Institute (ACI) was established with the purpose of providing members of audit committees and other board members with the knowledge required to carry out their responsibilities. ACI follows developments in the field of governance, audit issues, accounting, and financial reporting, both in Belgium and internationally.

The professionals of the ACI are:

- **Theo Erauw, Chairman**  
  KPMG Belgium, Chairman, Partner, Qualified Auditor
- **Sophie Brabants, Director**  
  KPMG Bedrijfsrevisoren, Partner, Qualified Auditor
- **Mike Boonen, Manager**  
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