



# Lebanese Association of Certified Public Accountants



**LACPA 21<sup>st</sup> International Congress**

Phoenicia Hotel – Beirut - Lebanon

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## *Role of an External Auditor in Corporate Governance Hatem Hatem*

**Sustainability through Governance**

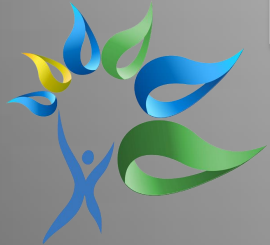
**#National\_Interest**

- ➔ **Represent Interest of Shareholders**
- ➔ **Promote Accountability**
- ➔ **Risk Assessment and Mitigation Planning**
- ➔ **Crisis Management**
- ➔ **Maintain Strong Relationship with Regulators**



## \* Represent Interest of Shareholders

External auditors report the state of company's Finance and attest to the validity of financial reports that may have been released . They ensure that the board receives accurate and reliable information . The Board may also question the auditor's views and assessment on the appropriateness of the accounting principles used by a company.



## \* Promote Accountability

External auditors may introduce measures and policies designed to compel accountability in the workplace . For instance auditors could recommend penalties for officers who manipulate financial statements by inflating figures or cooking accounting numbers . Penalties for such acts could include stripping the manager of his position.



## \* Risk Assessment and Mitigation Planning

External auditors help promote corporate governance by conducting period risk assessment. Auditors review the security measures that a company has in place against corporate fraud or corruption. In addition to assessing potential risks, auditors also analyze the overall risk tolerance of the company as well as the efforts the company has made toward mitigating risks.



## \* Crisis Management

External auditors can help ensure good corporate governance by developing efficient crisis-management plans to be used in the event of allegations of fraud or corruption. The plan typically involves assigning responsibilities to different administrative officials. This way, if the company becomes involved in a financial crisis, officials have an active plan that they can use in sustaining confidence among investors.



## \* Maintain Strong Relationship with Regulators

The efforts of an external auditor help foster a good relationship with regulators. Most regulators are supportive of companies and agencies that appear to have transparent operations. External auditors evaluate the organization of a company for compliance with regulations.





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