

# Audit Committee

## Key Messages to the Council



The Audit Committee held its 8th meeting on Thursday 28 February 2019 and wishes to convey the following key messages to the Council at its Restricted Session on 14 March 2018:

1. The Audit Committee (AC) reviewed the Internal Audit report of activities and noted with strong concern that, due to investigations which by nature cannot be planned, the 2018 audit plan could not be fully completed. Of the five planned 2018 audits, no reports were issued in 2018. However, two reports were accomplished and delivered to the AC in February 2019. The non-completion of the plan remains a high risk on the assurance on governance, internal control and risk management CERN governing bodies can expect. For 2019, the organization has extended the remit of Internal audit to also cover the Pension Fund and allocated additional resources to the IAS. The AC will closely review the situation and report back to the Council after its next session on ways to address this risk.

2. The AC discussed an outsourced audit report on cyber security, which was in its final stage. The AC noted that the audit provided an overall positive opinion. However, the audit covered a scope limited to the governance and risk management framework for cyber risk and resilience. The audit's methodology was based on documentation review and interviews. The AC believes that because of the very limited scope of the audit, it does not provide reasonable assurance that CERN is protected from cyber security risks. Hence, the AC thinks that this important and complicated field deserves further independent assurance of audit attention.

3. The AC also discussed the now transmitted internal audit report on the 2018 audit of Treasury management. The AC noted the overall positive opinion on CERN's Treasury management. However, it also noted that this opinion came with exceptions related to areas of non-compliance with policies and procedures, implementation of controls and formalization of processes. The AC looks forward to the swift implementation of the recommendations, in particular the high priority one related to investments and foreign exchange procedures.