

ANNEX Pt 8

21 November 2023, Mexico City (MEX)

FEI Audit and Compliance Committee

Report to the General Assembly

Mexico City, Mexico

November 2023

Chair: Janice Shardlow

Committee Report

INTRODUCTION

The Committee met in-person in Lausanne twice this year, in May and September. It also engaged both via email and video conference on specific issues during the year as and when required.

Our focus at the meetings was to undertake our direct oversight responsibilities for internal control, internal audit, and the external Auditors, and to assess compliance with the Statutes, Internal Regulations, and Policies and Procedures.

WORK CARRIED OUT

At our first meeting in May we met with the External Auditors (PWC) who presented to the Committee the Report of the Statutory Auditor on the 2022 Financial Statements (for the year ended 31 December 2022) and the Detailed Report to the Secretary General and the Audit Committee. We took the opportunity to raise queries and to discuss key issues in detail. We also met with the President, the Chief Financial Officer, the respective Directors of Governance and Institutional Affairs, and Veterinary, and with the leadership of Dressage and Jumping. In our September meeting we met with the Secretary General, the Chief Financial Officer, the Directors of Dressage Para Dressage & Vaulting, Eventing and Olympic, Governance, Technology & Sports Services, Solidarity, Legal, Commercial, Games and Championships, Communications and HR.

Outside our meetings we have continued to provide considered input to inform specific governance issues.

FINDINGS

The year ended 31 December 2022 was financially challenging. The inflation that followed the war in Ukraine and the rapid rise in interest rates had a negative effect on the financial markets and impacted on all who operate within equestrian sport. The FEI felt a specific impact on its investment portfolio, although it was noted that this had been mitigated to an extent by careful management. The Committee took some considerable time to question both the External Auditors and the Chief Financial Officer on this issue and concluded that the FEI continued to operate in an appropriately conservative manner in its careful management of this risk.

The Committee was once more impressed with the financially prudent strategy which the FEI continues to adopt and noted that the External Auditors highlighted again their satisfaction with the quality of the information supplied to them. As the FEI moves forward through 2023 and into the Olympic and Paralympic Games year we note and support the emphasis on careful scrutiny of operational expenses.

Directors, in reflecting on the future of FEI operations, continue to demonstrate a keen awareness of the challenges to FEI activities, and to the equestrian sporting sphere in general. The FEI's organisational culture of service provider to the National Federations remains strong and the commitment to compliance with its Statutes, Regulations and Policies and Procedures continues to be maintained.

The Committee is conscious that two departments have operated without a Director for extended periods over the year. We would like to take this opportunity to commend all personnel in those departments who ensured that they continued to function effectively and efficiently in that period and to extend our particular thanks to Paule Gerritsen and Phillipe Maynier who took up the challenge of interim leadership and impressed us with their commitment and capabilities.

CONCLUSIONS

There is no doubt that we continue to operate in challenging times. It is essential that the FEI continues to acknowledge and effectively manage the multiple risks to the continued success of our sport. We are confident that the strengths we identified during our review provide the organisation with a solid base on which to meet these challenges.

Janice Shardlow

Chair Audit and Compliance Committee