

## Spotlight

### Are the views of audit committee chairs and members in sync

Highlights from the *Audit Committee Practices Report*, 3rd edition



The ***Audit Committee Practices Report: Common Threads Across Audit Committees*** provides insight into committee priorities, emerging trends, and committee practices. The third edition of the report, a collaboration between Deloitte’s Center for Board Effectiveness and the Center for Audit Quality, summarizes the survey results from 266 audit committee members of primarily large-cap, US public companies.

*Spotlight* provides a closer look at some of the findings from the full report. This edition highlights some differences in the **views of audit committee chairs and members**.

#### Enhancing committee effectiveness during meetings<sup>1</sup>

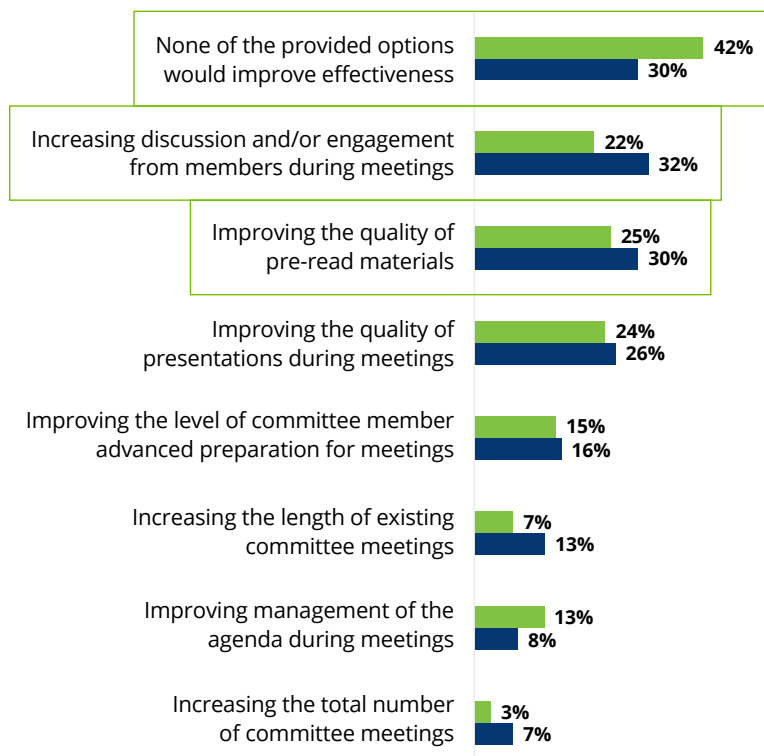
Respondents were asked to review a list of seven strategies to enhance meeting effectiveness. More members (42%) than chairs (30%) indicated that none of the listed strategies would improve the committee’s effectiveness. This may suggest that members are sufficiently satisfied with how meetings are run, chairs are more critical of their own meeting management techniques, or a combination of the two.

While the top three strategies selected for improvement were the same for chairs and members, their top strategy differed.

- For chairs, the top strategy selected to enhance effectiveness was increasing discussion and/or engagement by members during meetings (32%). This was ranked third by members (22%). While members may feel that their level of engagement is appropriate, these results may suggest that chairs would like more engagement from their members.
- For members, the top strategy selected to enhance effectiveness was improving the quality of pre-read materials (25%). Chairs ranked this as second (30%). It’s common for audit committee chairs to meet with key members of management and the auditors in advance of committee meetings, which may provide them with information not contained in pre-read materials. They should consider if there are opportunities to share learnings or additional context from those meetings with fellow committee members in advance of committee meetings.

What are the top strategies for enhancing audit committee effectiveness during meetings?

Members (n=88)    Chairs (n=148)



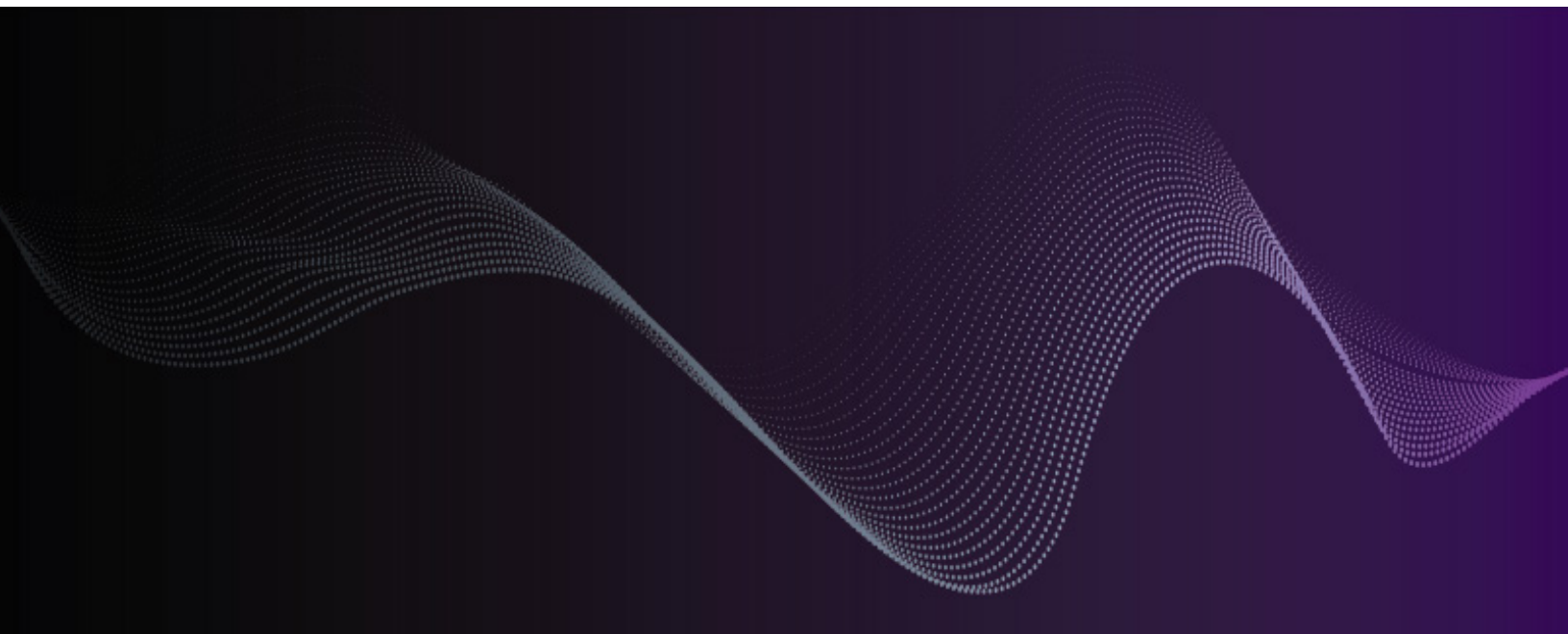
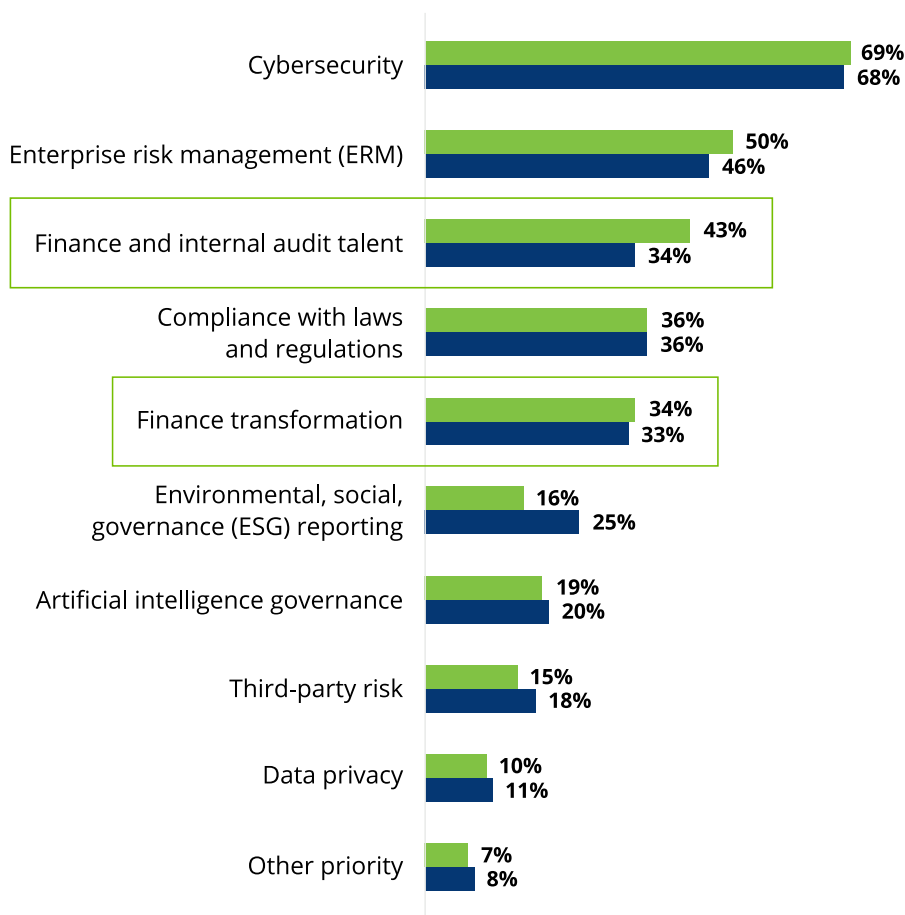
<sup>1</sup> For all graphs, totals may not sum to 100% due to rounding. Total response counts are displayed for each question and labeled as n. The total counts may vary due to survey logic and the inclusion of partially complete survey data.

### Top priorities in the next year

When asked about the audit committee’s priorities for the next 12 months (beyond financial reporting and internal controls), chairs and members often had similar responses. But there were two exceptions. First, there was a 9-percentage-point spread in the number identifying finance and internal audit talent as a priority, with fewer chairs (34%) than members (43%) indicating it as a top item. Second, there was a similar level of variance in the proportion of chairs (25%) versus members (16%) identifying environmental, social, governance (ESG) reporting as a priority in the year ahead.

What are the top priorities of the audit committee in the next 12 months?

■ **Members** (n=98)
 ■ **Chairs** (n=157)



**Spotlight: Are the views of audit committee chairs and members in sync?**

**Internal audit**

Respondents were asked to indicate their level of agreement with statements about the internal audit (IA) function. A majority concurred with each statement, though audit committee chairs (82%) saw more opportunity than members (74%) to extract additional value from IA. Additionally, there was notable variance in agreement between audit committee chairs (71%) and members (85%) on whether IA professionals beyond the chief audit executive (CAE) are bringing needed insights to stakeholders.

Audit committee chairs are likely spending more time with the CAE throughout the year (for example, in pre-calls before audit committee meetings), which may allow them more time to develop a perspective. If they feel there are opportunities for IA to add more value or bring additional insights, they should engage with the CAE to discuss where enhancements could be made.

Percent of respondents agreeing or strongly agreeing with statements about their company's IA function

Members (n=92)      Chairs (n=150)



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