



# **Audit Committee Practices Report:** Priorities and Committee Composition

January 2023

**CAQ**

**Deloitte.**

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# Introduction

To our readers,

The scope of audit committee oversight continues to creep. Given the rapid rate at which risks are emerging and evolving, many boards are taking a fresh look at committee structures and practices to determine whether they are keeping pace with shifting responsibilities and priorities. For audit committees, this can mean expanded responsibilities that go beyond overseeing financial reporting and internal controls, ethics and compliance programs, and external and internal audit. Today, many audit committees are charged with overseeing additional areas of emerging and intensifying risk, such as cybersecurity; enterprise risk management (ERM); and environmental, social, and governance (ESG) reporting.

The expansion of the audit committee's role has in turn raised questions about audit committee composition, prompting us to examine it more closely in this year's survey. Audit committees may need more expertise in certain areas, but they are simultaneously wary of bringing on narrowly-focused subject matter specialists. Despite having more topics on their agendas, audit committees still must perform their core oversight duties as well as understand the interrelationships among the various areas of risk. For these reasons, boards often prefer to compose their committees with strategic thinkers, who may or may not have deep expertise in a particular area.

Against this backdrop, audit committee members often want to understand what their peers are focusing on in terms of priorities, how they are adjusting the composition of their committees, and if there are leading practices they should employ within their own organizations. To this end, we are pleased to provide you with the second edition of the Audit Committee Practices Report, a collaborative effort between Deloitte's Center for Board Effectiveness (Deloitte) and the Center for Audit Quality (CAQ). A total of 164 individuals participated in the entire survey (with higher response rates for certain questions, up to a maximum response rate of 181) from predominantly large (80% > \$700 million), U.S.-based public companies. Conducted by the CAQ and Deloitte, the survey inquired about:

- + Audit committee composition
- + Areas of oversight
- + Key risks
- + Audit committee practices

We believe this report provides insight into shifting priorities as well as trends and practices related to audit committee composition. The survey results and related analysis can also serve as a benchmarking resource for gauging your own committee's development.

We hope you find the report to be helpful in responding to a dynamic and highly demanding corporate governance environment.

Sincerely yours,



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# Key findings

## WHAT'S THE AUDIT COMMITTEE COMPOSITION?

### Size

An overwhelming 92% of respondents deem their audit committees to have the appropriate collective experience needed. Despite having confidence in their skill sets, many audit committees are still planning to expand and/or change their committee composition. In the next 12 months, one-quarter of respondents anticipate making changes to the composition of the audit committee, including increasing its size. Respondents from non-financial-services companies are more inclined to expand the size of the audit committee (29%) compared to their financial services counterparts (15%).

When respondents were asked how they plan to change their audit committee composition, 28% anticipate replacing the current audit committee *chair* in the next 12 months. Furthermore, a portion of those expecting to change the chair (19%) plan to do so with a current audit committee member and 3% with a current director who is not an audit committee member.

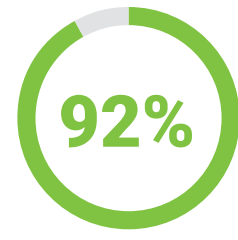
Beyond the chair, an even greater percentage of respondents (42%) anticipate replacing one or more *members* of the audit committee in the next 12 months. Of these, about 24% expect to do so with current board members, while 18% plan to do so with new directors who are not presently on the board. Of the financial services companies that anticipate replacing an audit committee member, more skew toward filling the spot with a director who is not on the board today.

### KEY INSIGHTS

*In alignment with overall board refreshment strategies, audit committees should be deliberate about their succession plans and intentional in evaluating candidates' experience. While the nominating and governance committee may have formal responsibility for succession practices, the audit committee chair should have a voice in the needs of the audit committee. Consider giving new board members an opportunity to observe a cycle of audit committee meetings to become better informed about the committee's role, processes, and topics at hand. The audit committee is also a good committee to observe to learn the business.*

### Expertise

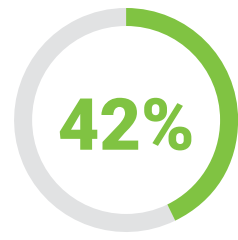
Considering 74% of respondents do not have a policy (formal or informal) to rotate the chair and/or members of their audit committees, and only 4% require new directors to serve on their audit committees (17% recommend it), much of the anticipated composition change appears to be driven by necessity. It may stem from the need to keep pace with



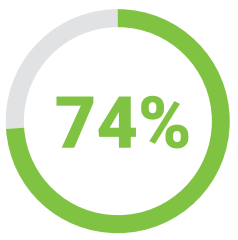
Respondents believe their audit committees have the appropriate collective experience needed, yet 25% anticipate increasing its size in the next 12 months



Respondents anticipate replacing the current audit committee chair in the next 12 months



Respondents anticipate replacing one or more members of the audit committee in the next 12 months



Respondents do not have a policy (formal or informal) to rotate the chair and/or members of their audit committees

expanding responsibilities and to combat fatigue and attrition, in addition to filling specific experience and knowledge gaps.

The respondents who do not believe they have the appropriate blend of experience and skills on the audit committee emphasize two areas of additional knowledge that could be helpful. That group pointed to cybersecurity and technology as additional areas of expertise that could enhance their committees' effectiveness.

Breaking down the findings further, financial services respondents who don't believe their committees are appropriately staffed largely pointed to both cybersecurity and technology as desirable proficiencies. In contrast, non-financial-services respondents who do not believe they have the appropriate mix of expertise identified industry experience as an area needed to close the gap.

When it comes to finance and accounting, 93% of respondents state they have such expertise on the audit committee. Given the requirement for a financial expert as defined by the Securities and Exchange Commission (SEC), this is not surprising. In fact, 42% have three or more such experts. This may be because audit committee members—as indicated by our survey responses—are often former auditors or chief financial officers.

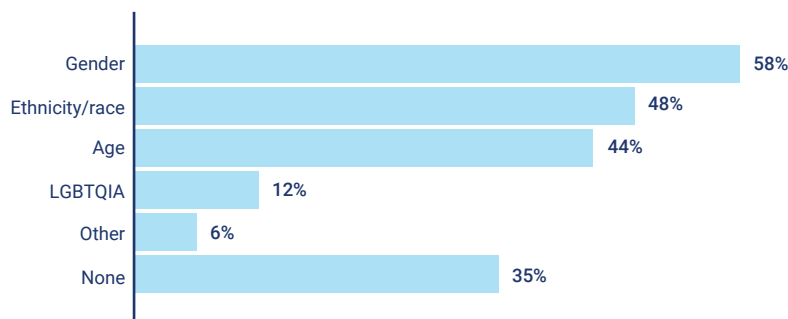
### KEY INSIGHTS

*Amid a rapidly changing risk landscape, it is important to assess the necessary skill sets of the audit committee against expanding areas of oversight on a regular basis. This includes staying abreast of new risks and understanding how financial reporting and other areas of committee responsibility are evolving in order to determine if changes in composition are warranted.*

### Diversity

When asked which types of diversity characteristics are tracked by the audit committee, 58% say they track gender, and less than half (48%) indicate they track ethnicity/race. Even fewer (44%) say they track age, and only 12% track LGBTQIA identity. Over one-third (35%) of respondents say they do not track any diversity characteristics within their audit committees.

#### What diversity characteristics do audit committees track among their members?



### WHAT ARE THE TOP AREAS OF EXPERTISE THAT COULD ENHANCE AUDIT COMMITTEE EFFECTIVENESS?



**CYBERSECURITY**



**TECHNOLOGY**

### HOW MANY SEC QUALIFIED FINANCIAL EXPERTS ARE ON THE AUDIT COMMITTEE?

**55%** LESS THAN THREE

**25%** THREE

**10%** FOUR

**7%** MORE THAN FOUR

More than eight in ten (81%) disclose the members who qualify as financial experts in their proxy statements.



Respondents say they do not track any diversity characteristics within their audit committees

## KEY INSIGHTS

While tracking diversity is often mandated at the board level, diversity should also be considered across board committees when thinking about composition. Thirty-five percent of respondents said their audit committees do not track any form of diversity. This could represent a lost opportunity to enhance performance, bearing in mind that a large body of research indicates diverse teams produce better outcomes.<sup>1</sup>

## WHAT'S ON THE AUDIT COMMITTEE AGENDA?

Outside of financial reporting and internal controls, respondents anticipate the following areas as being among their top three areas of focus in the next 12 months:

- + Cybersecurity – 63%
- + Enterprise risk management – 45%
- + ESG disclosure and reporting – 39%

These areas of focus are consistent with many of the oversight responsibilities outlined in Deloitte's [Audit Committee Guide](#). To manage the audit committee agenda, research summarized in CAQ's report, [Audit Committee: The Kitchen Sink of the Board](#) has additional insights.

### Cybersecurity

Beyond the audit committee's core remit of overseeing financial reporting and internal controls, ethics and compliance programs, and external and internal audit, it is not surprising that cybersecurity ranked high on the audit committee agenda given the regulatory emphasis being placed on it. For instance, the SEC recently issued a proposed rule that would require disclosure about "cybersecurity incidents and cybersecurity risk management, strategy, and governance."<sup>2</sup>

Fifty-three percent of respondents said their companies delegate cybersecurity oversight to the audit committee, 26% to the board, and 11% to the risk committee. Since most financial services companies are required to have a risk committee, we often see oversight of cybersecurity fall to that committee, and 24% of respondents in that sector did just that. Surprisingly, 38% of the respondents in that sector allocated primary cybersecurity oversight to the audit committee. For non-financial-services companies, nearly 60% delegated cybersecurity oversight to the audit committee.

Forty-one percent of respondents believe their audit committee members have appropriate cybersecurity experience/expertise, up 6% from last year's survey. Furthermore, audit committees do not appear to be shy in seeking fresh insights on the topic. Forty-three percent of respondents met with subject matter specialists beyond management to provide an outside-in perspective in the last 12 months. Overall, cybersecurity ranked second only to finance/accounting in terms of seeking outside viewpoints. Last year, cybersecurity (38%) ranked first, followed by finance and accounting (27%).

## WHO IS RESPONSIBLE FOR OVERSIGHT OF CYBERSECURITY?



*41% of respondents believe their audit committee members have appropriate cybersecurity experience/expertise, up 6% from last year's survey.*

<sup>1</sup> Beilcock, Sian. "How Diverse Teams Produce Better Outcomes," *Forbes*, April 4, 2019.

<sup>2</sup> For more information, see Deloitte's publication *Heads Up: SEC Proposes New Requirements for Cyber Security Disclosures*, Volume 29, Issue 1, March 16, 2022.

## KEY INSIGHTS

Cybersecurity is a business issue that exceeds the boundaries of IT and the audit committee. While the survey results continue to suggest that primary cybersecurity oversight falls to the audit committee, companies should consider the role of the board. At a minimum, the entire board should periodically receive an update on cyber risk that includes updates on the threat landscape, the business-critical risks, and the metrics that describe the state of the control environment and mitigation efforts.

Regardless of where oversight of cybersecurity risk falls, the escalating threats and attention it demands needs to be overseen with as much discipline as financial risk. Some companies have acknowledged a lack of expertise on cybersecurity issues at the director level. Consequently, directors should seek not only to educate themselves but also to elevate the discussion among C-level executives. These efforts may include increasing engagement with the CIO and/or CISO, drawing on the expertise of the IT partner from the external audit firm, encouraging CIOs and/or CISOs to participate in peer-group information-sharing, and challenging management to produce metrics that the audit committee can use to evaluate cybersecurity effectiveness.<sup>3</sup>

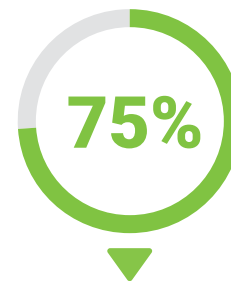
### Enterprise risk management

When asked who was responsible for oversight of ERM within their organizations, 43% of respondents indicated the audit committee, 28% said the board, and 21% said the risk committee. Companies in the financial services industry are less likely to give audit committees primary oversight responsibility for enterprise risk (27%) than companies in other industries. Instead, many financial services companies (51%) delegate this responsibility to the risk committee.

About three-quarters (75%) of respondents believe their audit committee members have appropriate experience/expertise in enterprise risk, indicating a high level of confidence in their committees' ability to oversee this area. However, to broaden their understanding, 17% of respondents met with subject matter specialists outside of management about ERM in the last 12 months.

## KEY INSIGHTS

Due to an increasingly complex risk landscape, audit committees need to stay abreast of new risks and dynamically adapt their models. They should also understand management's process to identify emerging risks and focus on risks that matter most to the strategy. Additionally, they should have an appreciation for how management integrates risk management into their organization and establishes a risk-aware mindset. Going beyond annual management updates, ERM should be a part of every audit committee meeting in some way in order to understand new risks and any changes in risk-monitoring processes.<sup>4</sup> Finally, ERM isn't an audit committee-only topic. Similar to cybersecurity risk, the board should understand management's approach to enterprise risk, periodically receive an update on enterprise risk processes, and play a role in identifying key risks.



Respondents believe their audit committee members have appropriate experience/expertise in enterprise risk

### WHO IS RESPONSIBLE FOR OVERSIGHT OF ERM?

**43%** AUDIT COMMITTEE

**28%** BOARD

**21%** RISK COMMITTEE

<sup>3</sup> For more information, see Deloitte's publication [A New Chapter in Cyber | Deloitte US](#).

<sup>4</sup> For more information, see Deloitte's publication [Strategic Intelligence: An integrated approach to ERM for a new era of emerging risks](#).

## ESG disclosure and reporting

In this year's survey, ESG disclosure and reporting increased in importance, commonly coming into the purview of the audit committee's oversight responsibilities. When asked who was responsible for oversight of ESG disclosure and reporting, 34% of respondents said the audit committee, while 27% indicated the board, and 16% pointed to the nominating/governance committee. In contrast, only 10% of audit committees had oversight responsibility for ESG disclosure and reporting in last year's survey. Increased regulatory and investor focus in this area is likely responsible for this year's jump. As with cybersecurity, the SEC recently proposed a rule with new requirements related to climate disclosure, a comprehensive analysis of which can be found in Deloitte's *Heads Up* publication."

Audit committees appear to be making progress in getting up to speed on this rapidly developing area of oversight responsibility. About one-third of respondents (32%) believe their audit committee members have appropriate ESG/sustainability experience and expertise. Approximately 30% of respondents indicated having met with subject matter specialists beyond management to provide an outside-in perspective on ESG/sustainability in the last 12 months. About 20% of those respondents who don't think they have the right blend of experience and skills on their audit committees believe that adding ESG/sustainability expertise/experience would improve their committees' effectiveness.

These findings are not surprising given that the conversation within and beyond the boardroom around ESG is top of mind. Climate-related information is mentioned in 91% of S&P 500 companies' 10-K filings.<sup>5</sup> As discussed in *Navigating the ESG Journey in 2022 and Beyond*, more and more boards are responding to investors' heightened expectations on climate and ESG matters by focusing on and disclosing how their governance structure is evolving to consider ESG more intentionally. The CAQ's *Key Actions for Establishing Effective Governance Over ESG Reporting* provides insights for board members.

### KEY INSIGHTS

*Audit committees are increasingly engaging in the ESG agenda due to the growing reliance by investors and other stakeholders on ESG disclosures. Increasingly, audit committees should understand whether or not robust internal control over financial reporting and disclosure controls and procedures are in place underlying ESG information and metrics that companies disclose, whether in an SEC filing or a separate sustainability report. The audit committee should also understand how management considers ESG strategies and the impact they may have on the financial statements and whether the organization is obtaining assurance on its reporting. Assurance can provide a strong signal to investors and other stakeholders regarding the quality and reliability of disclosures.*

### WHO IS RESPONSIBLE FOR OVERSIGHT OF ESG DISCLOSURE AND REPORTING?

34%	AUDIT COMMITTEE
27%	BOARD
16%	NOMINATING/ GOVERNANCE COMMITTEE

**About one-third of respondents (32%) believe their audit committee members have appropriate ESG/sustainability experience and expertise.**

<sup>5</sup> See the CAQ's S&P 500 10-K Analysis as of June 30, 2022, <https://www.thecaq.org/sp-500-10k/>.



## CONSIDERATION OF FRAUD RISK

Paul Munter, SEC Acting Chief Accountant, emphasized auditors' responsibility regarding fraud detection in a [statement](#) made on October 11, 2022.

"The value of the audit and the related benefits to investors, including investor protections, are diminished if the audit is conducted without the appropriate levels of due professional care and professional skepticism," says Munter.

The role of the auditor in detecting fraud risk is especially relevant in the current dynamic environment, where rapid macroeconomic and geopolitical changes may present new opportunities, pressures, and rationalizations that may lead to new fraud risks.

The audit committee is responsible for overseeing the external auditor, so greater SEC focus on fraud risk should resonate with audit committee members. In addition, the audit committee should be satisfied that the company has programs and policies in place to deter and detect fraud. However, only 20% of the total respondents ranked fraud risk as one of their top three focus areas in the next 12 months. A slightly higher percentage of respondents from financial services companies, 29%, ranked fraud risk as one of their top three focus areas.

Audit committees may be confident that their internal policies and procedures are robust and mature enough to identify and assess the risk of fraud. However, these findings are a good reminder not to lose sight of fraud risk. Audit committees should understand the company's antifraud programs and controls, evaluate management's process and whether there is sufficient visibility across the company to promote a comprehensive approach, and ask questions about the extent to which the company's risk assessments consider the potential for fraud. They should also be familiar with the external auditor's fraud risk assessment process. This includes understanding the findings with respect to the antifraud programs and controls as well as the risk of management's override of those controls.

For more information, see the Anti-Fraud Collaboration's website at [www.antifraudcollaboration.org](http://www.antifraudcollaboration.org) which includes resources for audit committees such as *Skepticism in Practice*.

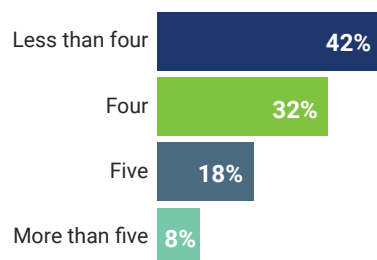
**Only 20% of the total respondents ranked fraud risk as one of their top three focus areas in the next 12 months.**

# Audit committee practices survey results

The following results are for total respondents and exclude questions that pertained to demographics. Results attributed to financial services are based on respondents who designated themselves as such.

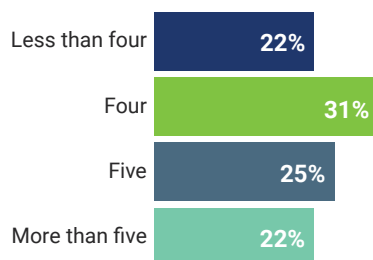
## 1. How many people are currently on your audit committee?

### Non-financial services



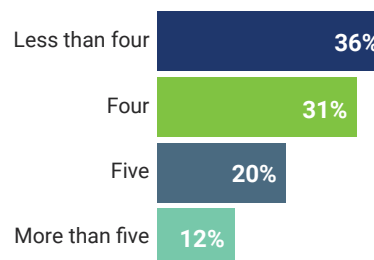
Survey Q1, base 126

### Financial services



Base 55

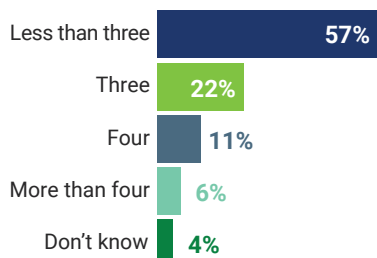
### Total



Base 181

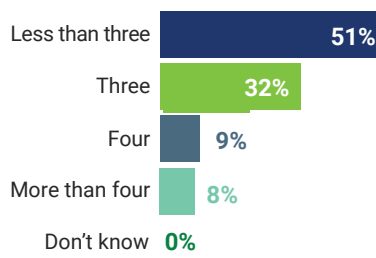
## 2. How many members of your audit committee are qualified financial experts as defined by the SEC?

### Non-financial services



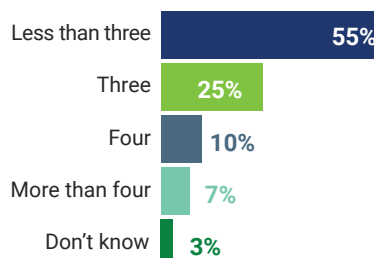
Survey Q2, base 128

### Financial services



Base 53

### Total



Base 181

## 3. Do you disclose all the members that qualify as financial experts in your proxy?

### Non-financial services



Survey Q3, base 125

### Financial services



Base 55

### Total



Base 180

4. Do any audit committee members have the following experience/expertise? (Please select all that apply.)

	Non-financial services	Financial services	Total
Finance/accounting	92%	96%	93%
Industry	73%	84%	76%
Enterprise risk	74%	76%	75%
Operations	74%	73%	73%
Compliance	64%	62%	63%
Technology (other than cybersecurity)	46%	53%	48%
Human capital/talent	41%	47%	43%
Cybersecurity	42%	40%	41%
ESG/sustainability	33%	29%	32%
Climate	10%	15%	11%

Survey Q5, base 125      Base 55      Base 180

5. Do you think you currently have the appropriate blend of experience and skills on your audit committee?



6. What additional expertise do you believe would enhance your audit committee's effectiveness? (Please select all that apply.) Conditional upon answering No to Q5.

Non-financial services



Survey Q7, base 9

Financial services



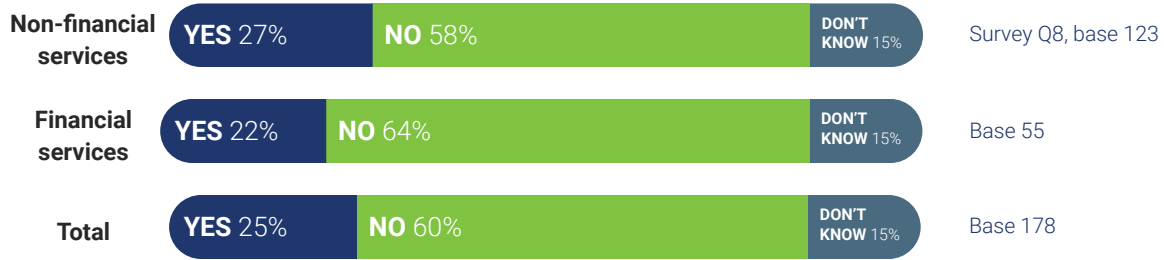
Base 6

Total

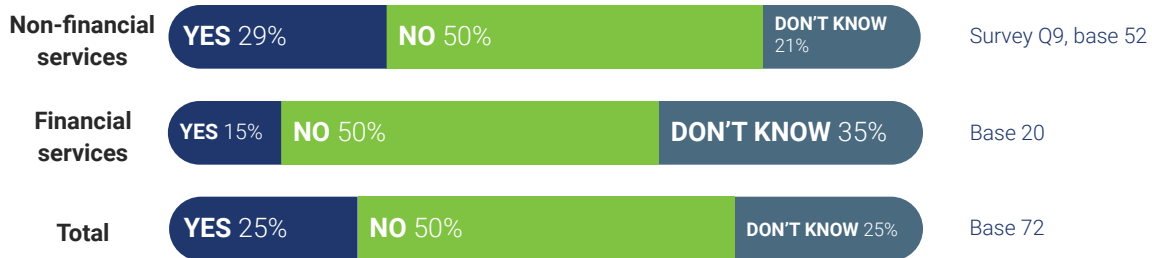


Base 15

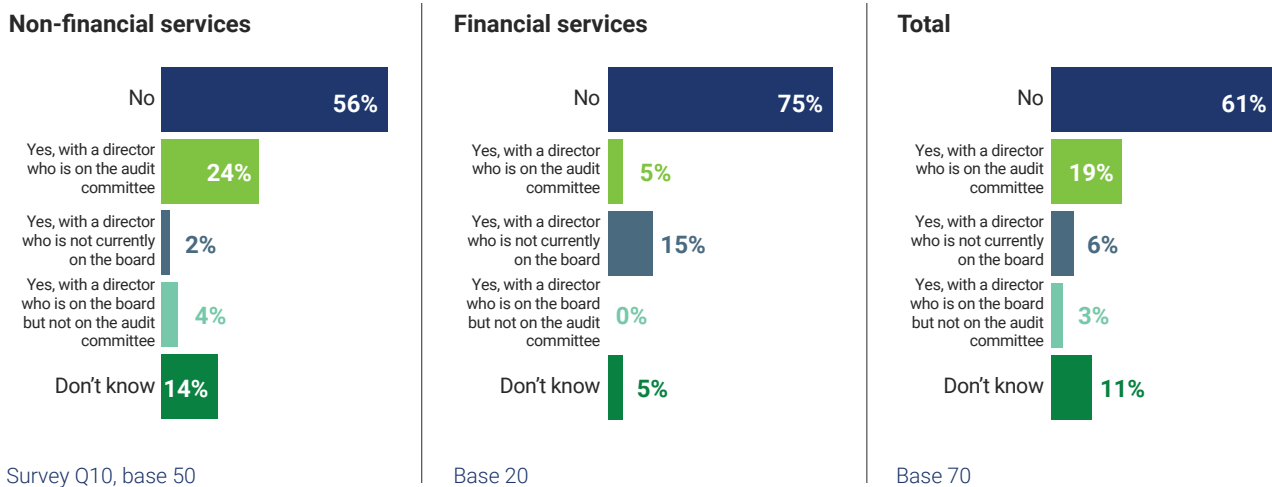
7. In the next 12 months, do you anticipate making changes to the composition of the audit committee?



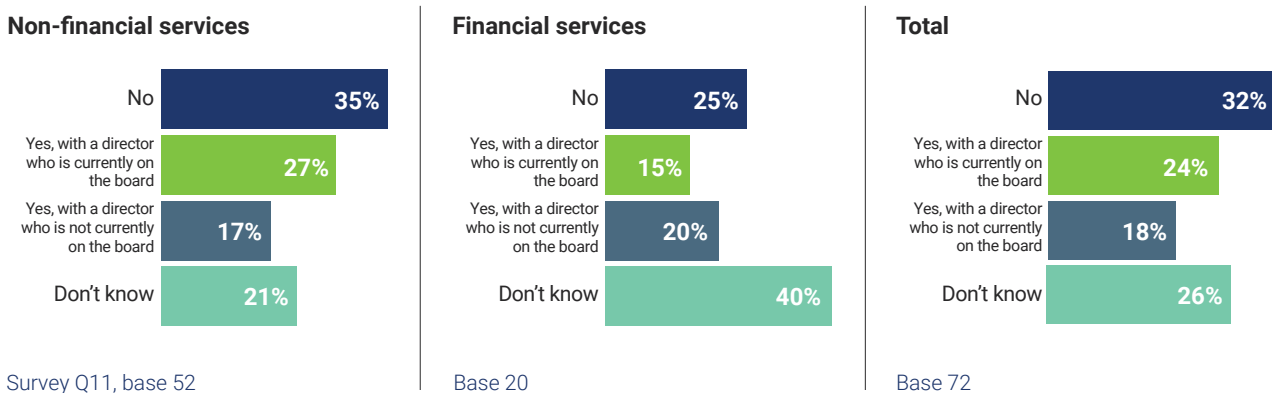
8. In the next 12 months, do you anticipate expanding the size of the audit committee?



9. In the next 12 months, do you anticipate replacing the current audit committee chair?

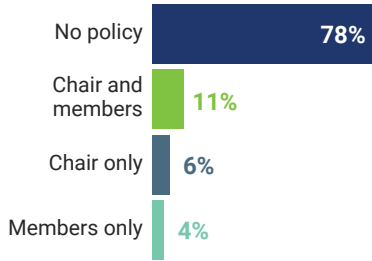


10. In the next 12 months, do you anticipate replacing one or more members on the audit committee? (Please select all that apply.)



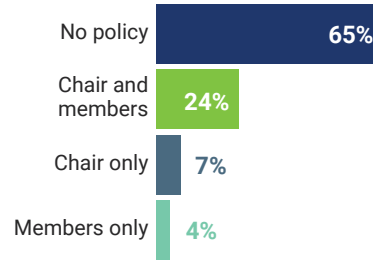
**11. Do you have a policy (formal or informal) to rotate the chair and/or members of your audit committee?**

**Non-financial services**



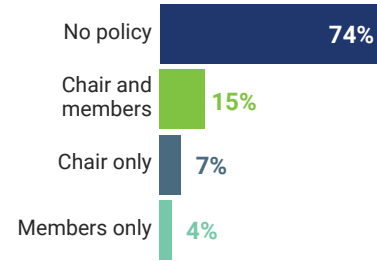
Survey Q12, base 124

**Financial services**



Base 55

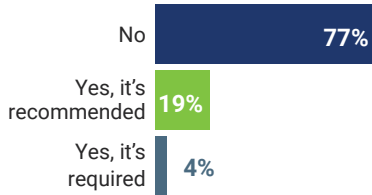
**Total**



Base 179

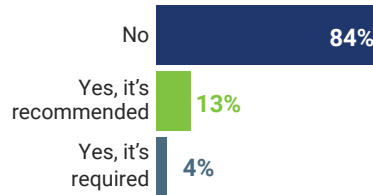
**12. Does the board recommend or require that new board members serve on the audit committee when joining the board?**

**Non-financial services**



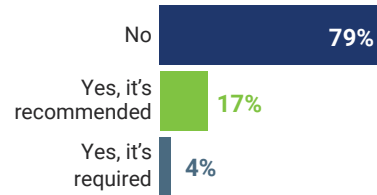
Survey Q13, base 124

**Financial services**



Base 55

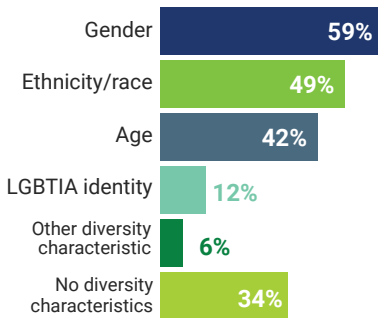
**Total**



Base 179

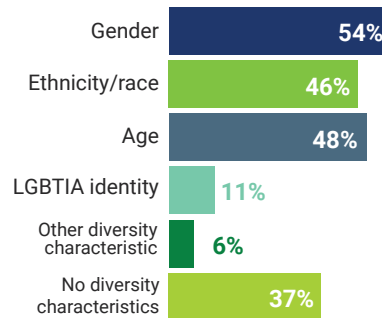
**13. Which, if any, of the following types of diversity characteristics does your audit committee track among its members? (Please select all that apply.)**

**Non-financial services**



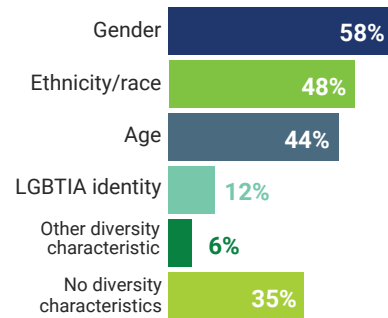
Survey Q14, base 125

**Financial services**



Base 54

**Total**



Base 179

14. In the list below, indicate which committee has primary oversight responsibility for each topic.

Financial services	Board	Audit	Comp/ Talent	Nom/ Gov	Risk	Other	N/A or don't know
Financial reporting and internal controls	4%	96%	0%	0%	0%	0%	0%
Fraud risk	9%	71%	0%	0%	20%	0%	0%
Enterprise risk management	22%	27%	0%	0%	51%	0%	0%
Third-party risk	15%	36%	0%	0%	47%	2%	0%
Digital transformation	60%	4%	2%	0%	13%	18%	4%
Cybersecurity	29%	38%	0%	0%	24%	9%	0%
Data privacy and security	24%	33%	0%	0%	29%	15%	0%
Inflation risk	40%	11%	0%	2%	22%	16%	9%
Supply chain risk	31%	7%	0%	0%	22%	7%	33%
ESG strategy (including climate or carbon commitments)	49%	7%	4%	22%	2%	5%	11%
ESG disclosure and reporting	24%	33%	4%	18%	2%	5%	15%
Culture	62%	2%	24%	4%	0%	5%	4%
Diversity, equity, and inclusion	40%	0%	33%	13%	0%	9%	5%
Ethics and compliance	20%	44%	0%	16%	13%	5%	2%

Survey Q15,  
base 118

Non-financial services	Board	Audit	Comp/ Talent	Nom/ Gov	Risk	Other	N/A or don't know
Financial reporting and internal controls	3%	92%	0%	0%	1%	1%	3%
Fraud risk	2%	90%	0%	2%	3%	1%	3%
Enterprise risk management	31%	51%	1%	3%	8%	3%	4%
Third-party risk	31%	46%	0%	3%	8%	3%	9%
Digital transformation	63%	17%	2%	2%	2%	5%	10%
Cybersecurity	25%	59%	1%	2%	5%	4%	4%
Data privacy and security	27%	55%	1%	0%	6%	4%	7%
Inflation risk	66%	12%	1%	1%	5%	3%	12%
Supply chain risk	69%	11%	1%	1%	7%	1%	10%
ESG strategy (including climate or carbon commitments)	42%	6%	3%	27%	3%	8%	11%
ESG disclosure and reporting	29%	35%	3%	15%	3%	5%	11%
Culture	64%	2%	20%	4%	2%	2%	7%
Diversity, equity, and inclusion	48%	1%	24%	14%	2%	4%	7%
Ethics and compliance	19%	58%	2%	9%	5%	2%	6%

Base 55

Total	Board	Audit	Comp/ Talent	Nom/ Gov	Risk	Other	N/A or don't know
Financial reporting and internal controls	3%	94%	0%	0%	1%	1%	1%
Fraud risk	4%	84%	0%	1%	8%	1%	2%
Enterprise risk management	28%	43%	1%	2%	21%	2%	3%
Third-party risk	26%	43%	0%	2%	20%	2%	7%
Digital transformation	62%	13%	2%	1%	5%	9%	8%
Cybersecurity	26%	53%	1%	1%	11%	6%	2%
Data privacy and security	26%	48%	1%	0%	13%	8%	4%
Inflation risk	58%	12%	1%	1%	10%	8%	10%
Supply chain risk	57%	10%	1%	1%	12%	3%	16%
ESG strategy (including climate or carbon commitments)	44%	6%	3%	25%	3%	8%	11%
ESG disclosure and reporting	27%	34%	3%	16%	2%	5%	13%
Culture	63%	2%	21%	4%	1%	3%	6%
Diversity, equity, and inclusion	46%	1%	27%	14%	1%	6%	5%
Ethics and compliance	19%	53%	1%	12%	8%	3%	4%

Base 173

**15. Outside of financial reporting and internal controls, what three risks or topics do you anticipate the audit committee focusing on the most in the next 12 months?**

	1	2	3	Top 3 Combined
Cybersecurity	32%	20%	11%	63%
Enterprise risk management	17%	18%	10%	45%
ESG disclosure and reporting	13%	14%	11%	39%
Inflation risk	8%	9%	8%	26%
Fraud risk	6%	4%	10%	20%
Supply chain risk	5%	4%	4%	13%
ESG strategy (including climate or carbon commitments)	4%	2%	8%	14%
Ethics and compliance	4%	6%	8%	17%
Digital transformation	4%	7%	10%	20%
Third-party risk	3%	5%	7%	16%
Culture	2%	1%	2%	6%
Data privacy and security	2%	8%	8%	18%
Diversity, equity, and inclusion	0%	1%	1%	2%

Survey Q16, base 166

16. In the last 12 months, has the audit committee met with subject matter specialists outside of management to provide an outside-in perspective on any of the following topics? (Please select all that apply.)



**Finance/accounting**

52% Non-financial services  
55% Financial services  
**53% Total**



**Cybersecurity**

41% Non-financial services  
45% Financial services  
**43% Total**



**ESG/sustainability**

33% Non-financial services  
22% Financial services  
**30% Total**



**Technology  
(other than cybersecurity)**

18% Non-financial services  
16% Financial services  
**18% Total**



**Enterprise risk**

19% Non-financial services  
13% Financial services  
**17% Total**



**Industry**

13% Non-financial services  
24% Financial services  
**17% Total**



**Compliance**

14% Non-financial services  
15% Financial services  
**14% Total**



**Human capital/talent**

11% Non-financial services  
11% Financial services  
**11% Total**



**Climate**

11% Non-financial services  
4% Financial services  
**8% Total**



**Operations**

10% Non-financial services  
5% Financial services  
**8% Total**



**Other subject matter specialists**

3% Non-financial services  
7% Financial services  
**4% Total**



**Not met with subject matter specialists outside of management in the last 12 months**

18% Non-financial services  
24% Financial services  
**20% Total**



**Don't know**

3% Non-financial services  
4% Financial services  
**3% Total**

Survey Q17, non-financial services base 114, financial services base 55, total base 169



# Appendix

## Survey methodology and demographics

### ABOUT THIS REPORT

This is the second annual edition of the Audit Committee Practices Report. It presents findings from a survey distributed to audit committee member contacts of the Deloitte Center for Board Effectiveness and the Center for Audit Quality (CAQ). The survey was distributed from August 24 to October 14, 2022. It contained 17 questions covering audit committee composition and core and emerging priorities and practices. Survey results are presented for all companies in total. The questions as well as this report were developed jointly by the CAQ and the Deloitte Center for Board Effectiveness. The data provided in response to the survey were presented and analyzed anonymously. The responses and results cannot be attributed to a specific company or companies individually or collectively. A total of 164 individuals participated in the entire survey. In some cases, percentages may not total 100 due to rounding and/or a question that allowed respondents to select multiple choices.

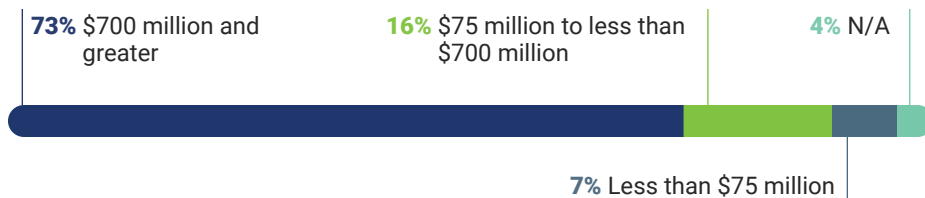
The questions and answers below provide insight into respondent demographics.

#### 1. What is your role on the audit committee of the company for which you have chosen to respond?



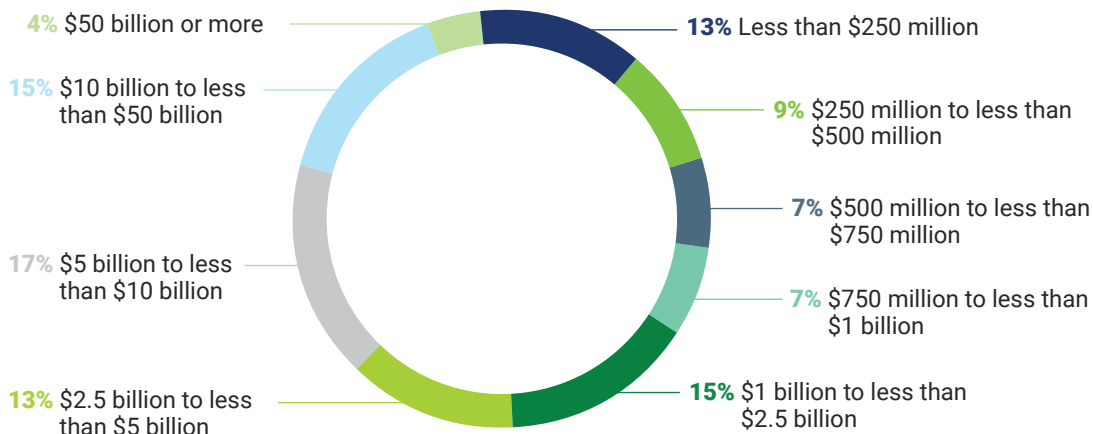
Survey, demographics Q1, base 165

#### 2. Based on the most recent fiscal year, which best describes the company's market capitalization in U.S. dollars?



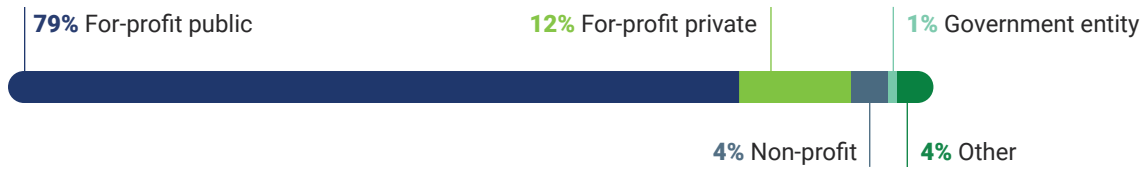
Survey, demographics Q2, base 165

#### 3. In the last 12 months, what was your organization's approximate global revenue or, for private and nonprofit institutions, the annual budget?



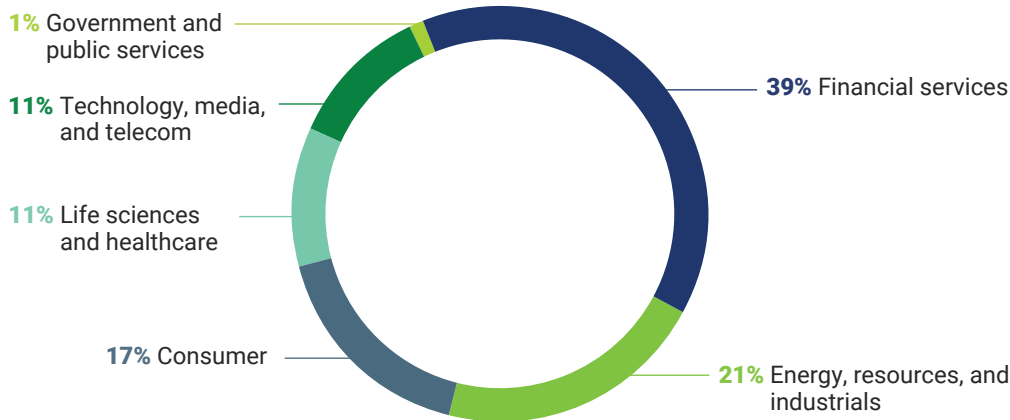
Survey, demographics Q3, base 165

4. What is your organization's ownership structure?



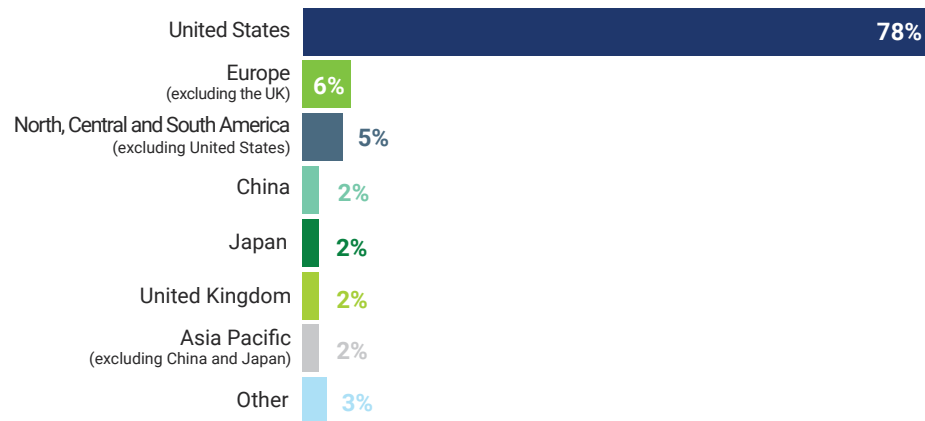
Survey, demographics Q4, base 164

5. Within what industry and sector does the company primarily operate?



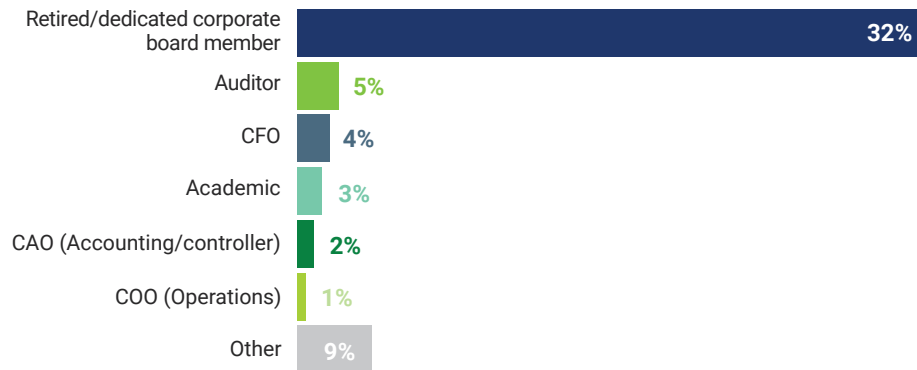
Survey, demographics Q5, base 164

6. Which of the following best describes where your company's primary operations are located?



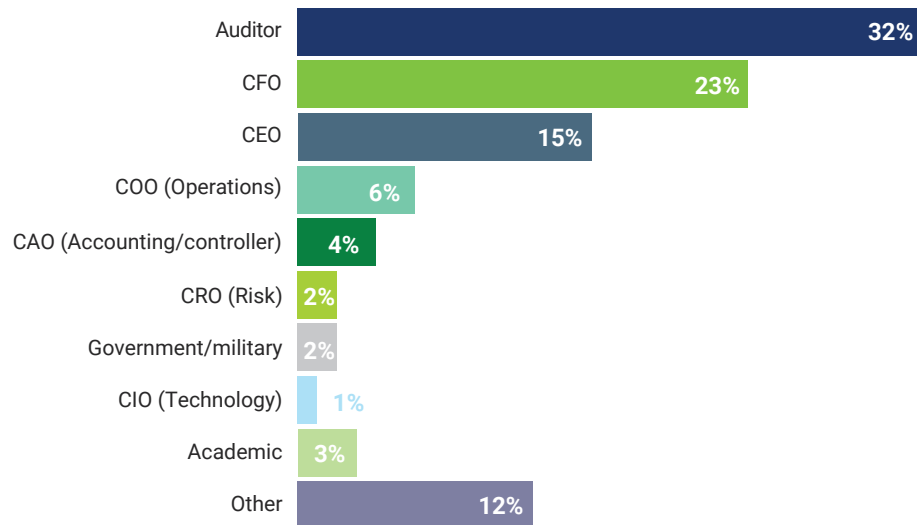
Survey, demographics Q6, base 181

### 7. Which of the following best describes your current primary occupation?



Survey, demographics Q7, base 164

### 8. Which of the following best describes your previous primary occupation(s)?



Survey, demographics Q8, base 219

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The Center for Audit Quality (CAQ) is a nonpartisan public policy organization serving as the voice of U.S. public company auditors and matters related to the audits of public companies. The CAQ promotes high-quality performance by U.S. public company auditors; convenes capital market stakeholders to advance the discussion of critical issues affecting audit quality, U.S. public company reporting, and investor trust in the capital markets; and using independent research and analyses, champions policies and standards that bolster and support the effectiveness and responsiveness of U.S. public company auditors and audits to dynamic market conditions.

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