

A woman with long brown hair, wearing a light grey blazer over a dark green top, stands in a modern office. She is holding a clipboard and a yellow highlighter, looking off to the side with a thoughtful expression. In the background, other office workers are seated at a long wooden table, working on laptops. The office has large windows and modern lighting.

Audit Committee Self-Assessment

PRACTICE AID

What is the Audit Committee Self-Assessment? This tool is designed to assist the audit committee in evaluating how well the audit committee is executing their responsibilities. Please refer to [BDO's Audit Committee Requirements Practice Aid](#) to track **WHAT** the audit committee should be doing throughout the year. The performance indicators included in this practice aid have been selected from BDO thought leadership available within [The BDO Center for Corporate Governance](#), review of other widely available self-assessment tools, and our knowledge and experience in working with both public company audit committees and those charged with governance at private companies.

Why should audit committees perform a self-assessment? Beyond listing exchange requirements, this tool is designed to assist in strategic improvements and identification of ongoing goals for the audit committee as a basis for good governance practice. As there is always room for improving quality and performance, we recommend that this document be used in conjunction with your organization's Audit Committee Charter to ensure that governance responsibilities are adequately aligned with the charter and are being fulfilled appropriately. You may choose to customize this self-assessment further to reflect specific attributes of your organization and develop specific action steps and estimated completion dates to enhance your audit committee's performance.

Who should use this practice aid? This Audit Committee Self-Assessment may be used by those charged with governance (in particular, audit committees) in performing an annual self-assessment. The Audit Committee Chair would generally compile the results, which may be obtained from individual committee members on a confidential basis, but should also contemplate feedback from other key stakeholders such as the board, internal and external audit, and management.

When should the audit committee use this practice aid? The audit committee should perform a self-assessment at least annually. The areas identified for improvement should be assessed throughout the year.

How should the audit committee use this practice aid? The audit committee should use this self-assessment as a guide and in correlation with the responsibilities laid out within the audit committee charter approved by the full board. In certain circumstances, some of the below line items may not be applicable or there may be additional considerations that the audit committee may want to include in their assessment. At the discretion of the audit committee chair and members, an additional free-form commentary box has been included to allow for specific recommendations or observations to be captured for further consideration.

This practice aid provides a suggested structure and illustrative content to support an audit committee's self-assessment process. It is not intended to be prescriptive. Each organization should tailor the assessment's format, scope, and criteria to reflect its governance framework, audit committee charter, and the evolving nature of risks, roles, and responsibilities.

Each board, typically through the nominating and governance committee in collaboration with the audit committee chair, should determine and customize an assessment process that aligns with the organization's culture and expectations.



Scope & Oversight Assignment Matrix

Define who owns primary and/or shared oversight for each of the following evolving risk/opportunity areas:

- ▶ **Primary oversight** at the full board level or at a specific committee level
- ▶ **Shared oversight:** Define what responsibilities the audit committee owns and how it interacts with the full board and/or other committees of the board.

Sample Evolving Key Risk Areas for Consideration	Primary Oversight Belongs To:	Define Shared Oversight Roles
AI/Advanced Tech		
Compliance/Regulatory		
Cybersecurity		
Data Privacy		
Enterprise Risk Management		
ESG/Sustainability reporting (if applicable)		
Global trade/sanctions/tariffs		
Third party risk		
Other:		

Consider updating following assessment practice aid with specific questions that address applicable oversight areas above with agreement to relative committee and board charters, agendas, and meeting minutes, such as:

Does our annual workplan explicitly allocate sufficient time to emerging and evolving significant risks with respect to:



Cyber/data privacy and technology resilience
(including the use of AI)



Regulatory and compliance developments
and enforcement trends



Supply chain/global trade/tariffs and
sanctions/export controls (where relevant)



Third-party/service provider
risk (including SOC reports)



Macroeconomic exposures (liquidity,
impairment triggers, going concern indicators)



ESG/sustainability
reporting and assurance

Topic/Issue	0 N/A	1 Strongly Disagree	2 Disagree	3 Neither Agree nor Disagree	4 Agree	5 Strongly Agree	Action Steps Required/Comments	Estimated Completion Date	Commentary
Committee Composition									
Ensures committee roles and responsibilities are understood by all members.									
Has the appropriate qualifications, integrity, time, and resources to serve the board of directors and satisfy the audit committee charter requirements.									
Has the appropriate number of members to address risk adequately and sufficiently.									
Has at least one financial expert member, and the inclusion of additional financial experts has been considered in light of the company's risk and planned activities and/or technology/controls expertise appropriate to systems footprint.									
Has the appropriate operational and industry expertise, business acumen, along with diversity in thought, to allow a solid understanding of the Company's risks.									
Maintains a committee skills matrix and refreshes annually and explicitly covers additional areas of shared or primary oversight of the audit committee.									
Members have adequate time to devote to their duties and are not considered to be "over boarded," including expected time for incident response/special meetings.									
Has capacity to meet increased demands during incidents (e.g., cyber, whistleblower, restatement, regulator inquiry).									
Assesses independence – in both form and appearance – of all members so that impartiality may be applied in its decision-making.									

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Committee Composition									
Annually confirms its independence to the board of directors.									
Evaluates member independence for both technical compliance and perceived conflicts (relationships, vendors, philanthropy, former consulting, etc.).									
Has completed and continues to periodically perform background checks on all audit committee members.									
Considers whether a change in composition of the audit committee is needed in order to provide a "fresh" perspective of the Company.									

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Committee Management									
Maps annual committee calendar/workplan agenda items/charter to top enterprise risks (including cyber/privacy/AI, third-party, macro/trade, regulatory uncertainty, etc.).									
Requires the board book to be prepared timely and concisely, focusing on appropriate issues and distributed with time for adequate review by members in advance of meetings.									
Receives and reviews materials in advance of audit committee meetings and comes to meetings prepared.									
Requires pre-read materials to be decision-oriented (e.g., what changed, why it matters, options, management recommendations, required committee decisions).									
Has allocated adequate meeting time throughout the year.									
Has a defined approach to obtaining independent expertise (e.g., standing advisors, rapid engagement in a crisis, education plan, etc.).									
Adheres to agenda time prioritized to discuss important issues.									
Meeting and agenda times are appropriately prioritized toward high-judgment, high-risk matters and key decisions rather than on routine updates.									
Maintains an audit issues log identified during internal/external audits including risk remediation items.									
Encourages constructive challenge, ensures all member viewpoints are heard, resolves or escalates disagreements appropriately, and documents how differing perspectives were considered in committee decisions.									

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Committee Management									
Applies a questioning mindset by corroborating key information (e.g., requesting underlying support and independent validation) rather than relying solely on management assurances.									
Ensures proper follow up to questions and issues that arise.									
Conducts its meetings efficiently and is able to focus, discuss, and debate significant issues.									
Maintains appropriate meeting minutes.									
Reviews of whistleblowers and investigations reporting includes trends, cycle time, repeat themes, root cause, and retaliation monitoring.									
Receives timely escalation of emerging issues through a defined reporting protocol, ensuring that significant incidents (e.g., cyber events, regulatory contact, or third party failures, etc.) are communicated early for oversight and action.									
Reports timely and adequately to the board of directors and solicits appropriate feedback from the board.									
Maintains clarity and conciseness of the audit committee's role, as a function of the over-all board of directors.									
Engages experts and advisors, as circumstances warrant.									

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Culture									
Exhibits the appropriate “tone from the top,” as defined by the audit committee chair.									
Members speak freely during audit committee meetings.									
Maintains a questioning mindset and respects dissenting opinions to foster robust dialogue on significant matters.									
Ensures that management clearly communicates to all employees that financial misreporting is absolutely unacceptable and this no tolerance policy is being appropriately enforced.									
Ensures management has established appropriate whistleblower policies and procedures to adequately manages this process.									
Ensures that management adheres to the Company's Code of Conduct.									
Reinforces a culture of transparency by requiring management to communicate difficult or adverse information fully and promptly, and by consistently modeling openness and candor in its discussions.									
Is able to ask difficult questions of management, the internal and external auditors and encourages candor.									
Is skeptical in its analysis of issues.									

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Culture									
Is able to react quickly to effect change and take preventative measures for the future.									
Uses the committee charter to guide its responsibilities and assist in setting agendas.									
Updates the charter annually, or as necessary, based on regulatory requirements and/or circumstances particular to the Company.									
Provides results of annual self-assessment and related action plans to the board of directors.									
Has the authority and adequate resources to retain and compensate auditors, independent counsel, and advisors and to fund ordinary administrative expenses.									

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Onboarding and Education									
Has a robust onboarding and mentoring process for new members.									
Has an effective process for participating in continuing education in keeping current on accounting, reporting, and other relevant governance and industry-specific matters.									
Has a process for members to remain current on independence requirements.									

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Audit Committee Chair									
Has adequate time scheduled to fulfill his/her responsibilities.									
Is knowledgeable of committee members' skill sets and draws on such expertise/experience as needed.									
Sets the appropriate tone for meetings, demonstrates effective leadership, and is able to manage various personalities and dissenting opinions maintaining a productive and respectful environment.									
Sets the audit committee agenda with appropriate allocation of time for discussion and decision-making related to risk, complexity, and other significant considerations.									
Coordinates with other board committee chairs to prevent gaps/overlap of significant areas of risk and opportunity and confirms ownership annually.									
Effectively listens to and communicates with members and others – internal and external – to the organization.									
Meets independently with management, internal and external auditors, etc. and encourages interactions among the directors and with management, the auditors, and others internal and external to the organization.									
Solicits input for meeting agendas from other audit committee members, management, and both the internal and external auditors, and the board chair, as appropriate.									

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Audit Committee Chair									
Ensures crisis readiness (e.g., via scenario planning, tabletop exercises, pre-identified outside advisors, and clear decision rights).									
Ensures robust "onboarding" of new members occurs timely.									
Engages the appropriate external resources, if and when needed.									
Adequately reports out to and works with the other committees or the full board, as appropriate.									

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Communications									
Understands the pressures faced by management that could impact the financial reporting of the Company and maintains skepticism and exercises appropriate professional judgment.									
Maintains open and honest communication with management.									
Maintains open and honest communication with internal audit.									
Maintains open and honest communication with external auditors.									
Maintains governance over KPIs and non-GAAP measures (definitions, owners, controls, change management, consistency across channels).									
Ensures MD&A disclosure is supported by scenario/sensitivity analysis for key uncertainties (macro, trade, regulatory, etc.).									
Ensures external audit inquires, requests, and recommendations are responded to in a timely fashion.									
Holds executive sessions with key members of management (including operations) as often as necessary to understand business risks.									
Ensures executive sessions follow a consistent set of prompts (pressure, resourcing, disagreements, responsiveness, tone) with internal auditor, external auditor, and appropriate risk leaders (e.g., CISO/GC) when relevant.									

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Consideration of Risk									
Understands the strategic direction of the Company.									
Is alert to fraud risk factors, particularly the potential for management override of internal controls.									
Reviews and understands risk assessments developed by management and the auditors.									
(If appropriate) Is adequately briefed on management's cybersecurity risk management program and has confidence that this program is designed and operating effectively.									
Ensures the annual workplan allocates sufficient time to the following emerging and evolving significant risks, as applicable: ▶ Enterprise risk management (ERM) ▶ Cyber/data privacy and technology resilience (including the use of Artificial Intelligence) ▶ Third-party/service provider risk (including SOC reports) ▶ Regulatory developments and enforcement trends ▶ Macroeconomic exposures (liquidity, impairment triggers, going concern indicators) ▶ Supply chain/global trade/tariffs and sanctions/export controls (where relevant) ▶ ESG/sustainability reporting and assurance ▶ Other									

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Oversight of Financial Reporting									
Understands and challenges the appropriateness of critical accounting policies, estimates, and judgements, including the implementation of new accounting standards.									
Understands and challenges the completeness and transparency of the financial statements, annual report, and other releases.									
Has adequate procedures in place to ensure that review of earnings releases and filing documents (including 10-Qs, 10-Ks, MD&A, CD&A, proxies) occur prior to public release.									
Is satisfied with the quality and transparency of disclosures within the financial statements.									
Has discussed management's use and disclosure of non-GAAP measures with the auditor and is agreement with use of such disclosures within the financial statements.									
Reviews materials outside of the financial statements (e.g., industry reports, trend analysis, budget to actual, financial ratios, earnings calls, etc.) and encourages management to provide this information on a timely basis.									
Has a process for assessing non-financial information that may materially impact financial statements (e.g., Company's Sustainability Reports, website, marketing materials, etc.).									

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Oversight of Financial Reporting									
Understands the status of any major litigation or compliance matters encountered by the Company (including results of regulatory reviews/reports) and how management is addressing and responding to these matters.									
Oversees the qualifications and competency of management and senior financial executives.									
Has an adequate succession plan in place for key financial management personnel (e.g., Chief Financial Officers, Chief Accounting Officer, and Internal Audit Director).									

Topic/Issue	0 N/A	1 Strongly Disagree	2 Disagree	3 Neither Agree nor Disagree	4 Agree	5 Strongly Agree	Action Steps Required/Comments	Estimated Completion Date	Commentary
Oversight of Internal Controls Over Financial Reporting									
Has a good understanding of the internal controls of the Company and management's assessment of the effectiveness of internal controls.									
Is alert to "red flags" which may signal improper earnings management, fraudulent financial reporting, and misappropriation of funds or illegal acts.									
Has a process in place for reacting to alleged fraud.									
Is well informed and satisfied as to the knowledge and skillset with the accounting department, including middle management positions.									
Considers whether the internal audit plan includes coverage of cyber, data privacy, AI and emerging technology, and third-party risk (directly or via co-source).									
Ensures auditors have skills/resourcing to audit technology and analytics-enabled controls.									
Requires management to communicate significant deficiencies or material weaknesses directly to the audit committee along with plans for and status of remediation.									
Adequately monitors and follows up on management's remediation plans.									

Topic/Issue	0 N/A	1 Strongly Disagree	2 Disagree	3 Neither Agree nor Disagree	4 Agree	5 Strongly Agree	Action Steps Required/Comments	Estimated Completion Date	Commentary
Oversight of Internal Audit									
Is responsible for and has adequate knowledge of the selection, operation, and retention of the internal audit function.									
Meets regularly – both formally and informally – with the internal auditors and understands the scope of their work.									
Discusses the overall scope, risk identification, and audit plan with the internal auditors and suggests adjustments, as appropriate.									
Requires direct reporting by the internal auditors, providing the committee with unfiltered information.									
Periodically evaluates the adequacy, effectiveness, and independence of the internal audit department.									
Ensures internal audit is adequately resourced.									

Topic/Issue	0 N/A	1 Strongly Disagree	2 Disagree	3 Neither Agree nor Disagree	4 Agree	5 Strongly Agree	Action Steps Required/Comments	Estimated Completion Date	Commentary
Oversight of External Auditors									
Ensures the external audit team includes appropriate specialists (e.g., IT, cybersecurity, valuation, and tax, as needed) aligned to the company's risk profile.									
Evaluates audit quality using indicators beyond satisfaction (e.g., inspection themes, partner workload, rotation, engagement team continuity vs. fresh perspectives, etc.).									
Is responsible for and has adequate knowledge of the selection and retention of the external audit function, including the selection of the engagement partner(s).									
Specifically considers the technical, industry, and financial reporting expertise, including geographic reach, of the auditor.									
Has evaluation procedures in place for the external auditors used in continuance and hiring decisions of the auditors.									
Has inquired of and is satisfied that the auditors have adequate quality control policies and procedures in place to ensure services rendered meet professional, independence, and regulatory requirements as well as the audit committee's expectations.									
Has obtained sufficient information to ensure that the audit fee is in line with risk profile expectations and the scope of the audit.									
Is satisfied with on-going technical training, competence, and supervision of auditors.									
Has adequate access to the auditors.									

Topic/Issue	0 N/A	1 Strongly Disagree	2 Disagree	3 Neither Agree nor Disagree	4 Agree	5 Strongly Agree	Action Steps Required/Comments	Estimated Completion Date	Commentary
Oversight of External Auditors									
Is satisfied that communications with the auditors are meaningful, compliant, timely, and occur often enough.									
Has policies and procedures governing the pre-approval of services (audit and non-audit) and is satisfied that these are operating effectively.									
Understands critical accounting policies and practices employed by management and has discussed these with the auditors. This includes but is not limited to: ▶ Critical accounting policies ▶ Changes in accounting principles ▶ Management judgments and estimates ▶ Corrected and uncorrected misstatements ▶ Other information in documents containing audited financial statements (e.g., MD&A, selected financial data, etc.) ▶ Disagreements with management ▶ Consultations with other accountants ▶ Major issues discussed with management, including those held prior to retention ▶ Significant difficulties encountered in performing the audit ▶ Fraud/potential illegal acts involving senior management and those that cause a material misstatement of the financial statements ▶ Quality, not just the acceptability, of the entity's accounting principles as applied in its financial reporting									

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Oversight of External Auditors									
Has discussed overall scope, risk identification, and audit plan with the auditors and suggests adjustments, as appropriate.									
Has discussed with the auditor all significant findings from the audit.									
Has evaluated whether the auditor's identification and assessment of critical audit matters (CAMs) is effectively understood and challenged and whether the committee can clearly articulate how the CAMs affected audit scope, risk assessment, use of specialists, audit procedures performed, and auditor's final conclusions/ communications.									
Has discussed with the auditor all alternative accounting treatments within GAAP related to material items that have been discussed with management.									
Has reviewed and discussed with the auditor any material written communications made to management (e.g., management and engagement letters) and the status of recommendations made.									

Topic/Issue	0 N/A	1 Strongly Disagree	2 Disagree	3 Neither Agree nor Disagree	4 Agree	5 Strongly Agree	Action Steps Required/Comments	Estimated Completion Date	Commentary
Overall Assessment									
Identifies issues early and remediates within expected timelines.									
Challenges by the committee resulted in improved disclosures/controls/audit scope in the last year.									
Regularly validates crisis readiness and ensures improvements are tracked.									
Is operating sufficiently and effectively in fulfillment of its oversight responsibility.									

Material discussed in this guide and related practice aids is meant to provide general information and should not be acted upon without first obtaining professional advice appropriately tailored to your individual circumstances.

Appendices

Instructions: For each topical area listed in the appendices, the audit committee should pause and consider whether further discussion, additional inquiry, or follow-up actions are warranted if any of the following apply: (a) the topic is a top enterprise risk, or (b) any related line item scored ≤ 3 , or (c) there was a major event (incident, acquisition, regulator inquiry).

APPENDIX A: CYBER/PRIVACY OVERSIGHT DEEP DIVE

- ▶ Program governance and ownership; reporting cadence to AC
- ▶ Threat landscape and recent incidents; tabletop results
- ▶ Incident response plan, roles, and notification/disclosure readiness
- ▶ Identity/access, privilege, segmentation; third-party connections
- ▶ Key metrics (dwell time, patching, MFA coverage, phishing, data loss)
- ▶ Independent assessments (SOC 2, ISO, regulators) and remediation status
- ▶ Privacy: consent, data mapping, retention, cross-border transfers
- ▶ Evidence list: charter/excerpts, risk register, last tabletop report, metrics pack

APPENDIX B: AI/ADVANCED TECH GOVERNANCE DEEP DIVE

- ▶ Inventory of AI/use cases and models (internal and vendor-provided)
- ▶ Risk assessment: data provenance, bias, explainability, safety, IP
- ▶ Controls: validation, monitoring, change management, kill-switch
- ▶ Disclosure/financial reporting touchpoints (if any)
- ▶ Evidence: model registry, policies, validation reports, monitoring metrics

APPENDIX C: THIRD-PARTY RISK & SOC REPORTING DEEP DIVE

- ▶ Third-party inventory and criticality tiering; concentration risk
- ▶ SOC 1/SOC 2 coverage; complementary user entity controls identified and tested BCP/exit strategy for critical vendors; performance SLAs and monitoring
- ▶ Evidence: SOC reports, remediation tracker, vendor risk assessments

APPENDIX D: MACRO/TRADE/REGULATORY UNCERTAINTY DEEP DIVE

- ▶ Scenario planning for key macro/trade/geopolitical exposures
- ▶ Liquidity/covenants; impairment and going-concern triggers
- ▶ Regulatory watchlist; enforcement trends; readiness plans
- ▶ Evidence: scenarios, sensitivities, trigger matrix, board updates

APPENDIX E: DISCLOSURE GOVERNANCE & NON-GAAP/KPI DEEP DIVE

- ▶ Policy over KPIs and non-GAAP: definitions, owners, controls, change approvals
- ▶ Consistency across channels (earnings release, 10-K/Q, IR deck, website)
- ▶ Triggering events outside finance (cyber, investigations, supply chain)
- ▶ Evidence: disclosure committee charter, control memos, MD&A support, tie-outs



HAVE QUESTIONS OR WANT TO LEARN MORE? CONTACT US!

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