

AUDIT COMMITTEE SELF-ASSESSMENT

What is the Audit Committee Self-Assessment?

This is a tool 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 and Financial Reporting](#), 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 (or similar document) 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 with areas identified for improvement to be assessed throughout the year.

How should the audit committee use this practice aid?

This self-assessment tool is to be used 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.

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Topic/Issues	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
The audit committee periodically evaluates the adequacy, effectiveness, and independence of the internal audit department.									
Internal audit is adequately resourced.									
11. OVERSIGHT OF EXTERNAL AUDITORS									
The audit committee is responsible for and has adequate knowledge of the selection and retention of the external audit function, including the selection of the engagement partners.									
The audit committee specifically considers the technical, industry, and financial reporting expertise, including geographic reach, of the auditor.									
The audit committee considers the relationship and tenure of the auditor in the appointment and retention decision.									
(If available) The audit committee reviews annual auditor transparency and/or voluntary audit quality reports.									
The audit committee has evaluation procedures in place for the external auditors, and responds to areas of dissatisfaction in a timely manner.									

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Topic/Issues	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
The audit committee discusses with the auditor the quality, not just the acceptability, of the entity's accounting principles as applied in its financial reporting.									
The audit committee discusses with the auditor all alternative accounting treatments within GAAP related to material items that have been discussed with management.									
The audit committee reviews and discusses with the auditor any material written communications made to management (e.g., management and engagement letters) and the status of recommendations made.									
12. OVERALL ASSESSMENT									
The audit committee function is operating efficiently and effectively in fulfillment of its oversight responsibility.									