AICPA AUDIT COMMITTEE FINANCIAL EXPERT

The following decision tree may assist audit committees in evaluating a candidate for consideration as their financial expert:

Has the person completed a program of learning in accounting or auditing?
- NO

Does the person have experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor?
- NO

Does the person have experience in one or more positions that involve the performance of similar functions?
- NO

Does the person have experience actively supervising a person(s) performing one or more of these functions?
- NO

Does the person have experience overseeing or assessing the performance of organizations or public accountants with respect to the preparation, auditing, or evaluation of financial statements?
- NO

Does the person have other relevant experience?
- NO

In connection with the education or experience, does the person have each of the following attributes:
- an understanding of generally accepted accounting principles (GAAP) and financial statements
- AND
- the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves
- AND
- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that can reasonably be expected to be raised by the organization’s financial statements, or experience actively supervising one or more persons engaged in such activities
- AND
- an understanding of internal controls and procedures for financial reporting
- AND
- an understanding of audit committee functions?
- NO

The candidate does not meet the requirements to be designated audit committee financial expert.

Yes

The candidate satisfies the attributes to be identified as the audit committee financial expert.

BDO Commentary:
If, upon reaching the bottom of the left column of the flow chart, all of the answers to the preceding questions are “NO,” then the candidate would not meet the requirements to be designated as an audit committee financial expert. “Statutory requirements” within the pentagon on the right of the flowchart indicates statutory requirements of the SEC.

Source:
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