



# Assuming the Audit Committee Chair Role

This practice aid is designed to support audit committee chairs – whether assuming the role for the first time or seeking to enhance their effectiveness in an existing role. It draws on applicable regulatory requirements and evolving leading practices to provide practical guidance on fulfilling leadership oversight responsibilities in today’s complex governance environment.



# Defining the Chair Role

The role of the audit committee chair is without question a demanding one. It requires leadership, accountability, communication, and continual education along with a disciplined and adaptive approach to oversight as expectations evolve.

The audit committee chair strongly influences and upholds the committee's culture. To do this effectively requires a strong, independent, and competent communicator who balances two roles: giving a voice to and encouraging contribution of all committee members while also asking tough questions of fellow directors, management, auditors, and others. Ultimately, the chair helps keep the committee focused on agreed upon priorities for risk management, compliance, and financial oversight, so that the company's strategy remains grounded. The role requires healthy skepticism and application of appropriate judgment, including enabling constructive conflict, and considering diversity of thought and perspective.

The audit committee chair is responsible for maintaining accountability and compliance in performance of the committee's responsibilities as outlined in the audit committee charter and guided by laws, regulations, and stock exchange listing requirements, as applicable

## CHAIR REFLECTION QUESTIONS

- ▶ Would members describe the committee's culture as constructive, candid, collaborative, while being appropriately challenging?
- ▶ Do committee members actively present dissenting views, when applicable, or does "groupthink" tend to prevail?
- ▶ Do we model and exhibit the judgment and skepticism expected of an audit committee?



# Perspective by Chair Tenure

## GUIDANCE FOR FIRST-TIME AND EXPERIENCED AUDIT COMMITTEE CHAIRS

The following are general guidelines. In practice, audit committee chairs need to consider various factors and circumstances.

	First Time Audit Committee Chairs	Experienced Audit Committee Chairs
<b>Primary emphasis</b>	Establishing role clarity, credibility, and sound oversight foundations	Refining judgment, anticipating issues, and strengthening long-term committee effectiveness
<b>Focus areas</b>	<ul style="list-style-type: none"> <li>▶ Building a clear understanding of the company's risk profile, control environment, and areas of significant judgment</li> <li>▶ Clarifying expectations with the board chair, management, auditors, and fellow committee members</li> <li>▶ Developing confidence in agenda setting, questioning, and facilitating discussion</li> </ul>	<ul style="list-style-type: none"> <li>▶ Periodically reassessing whether long standing practices remain fit for today's risk environment</li> <li>▶ Shifting attention from process confirmation to quality of challenge, insight, and decision making</li> <li>▶ Developing committee members and planning for leadership continuity</li> </ul>
<b>Chair mindset</b>	<ul style="list-style-type: none"> <li>▶ Prioritize listening and learning early, particularly around ICFR, estimates, and judgment heavy areas</li> <li>▶ Use structure, preparation, and external resources to accelerate effectiveness</li> <li>▶ Recognize that credibility is built through disciplined oversight and thoughtful inquiry, not speed</li> </ul>	<ul style="list-style-type: none"> <li>▶ Leverage experience to anticipate issues before they surface formally</li> <li>▶ Use heightened situations to reinforce disciplined oversight and professional skepticism</li> <li>▶ Actively mentor future committee leaders, including potential future chairs</li> </ul>
<b>Shared Across Both New and Experienced Audit Committee Chairs</b>		
Regardless of tenure, effective audit committee chairs:		
<ul style="list-style-type: none"> <li style="width: 30%;">▶ Remain anchored in core oversight responsibilities</li> <li style="width: 30%;">▶ Exercise sound judgment and independence</li> <li style="width: 30%;">▶ Adapt their leadership approach as expectations, risks, and complexity evolve</li> </ul>		

# Executing the Chair Role

Executing the audit committee chair role requires more than meeting baseline requirements; it demands intentional leadership, disciplined governance practices, and a forward-looking oversight mindset.

The following practices highlight how chairs translate responsibilities into consistent, high-quality oversight.

- ▶ The audit committee chair fulfills their role by requiring and demonstrating strong understanding of audit committee requirements and leading practices.
- ▶ Annual evaluation of the audit committee charter to ensure it accurately defines the committee's authority and responsibilities, aligning the committee's mandate with the strategic priorities of the full board and other committees of the board.
- ▶ Alignment of audit committee actions to meeting agendas and minutes.
- ▶ Continuing education focused on enhancing oversight capabilities regarding financial reporting, risk management, and regulatory compliance, while keeping abreast of emerging industry trends, technological advancements, and other potential disruptors that could materially impact the business.
- ▶ Transparent, yet tailored insights into how the committee oversees risk, ensures financial reporting integrity, and maintains auditor independence in annual proxy disclosures.
- ▶ Annual self-evaluation of the audit committee demonstrates the committee's robust, forward looking, and independent oversight capabilities.

## CHAIR REFLECTION QUESTIONS

- ▶ Does our agenda consistently reflect the committee's highest risk and highest judgment areas?
- ▶ How do I add value before, during and after committee meetings to ensure committee discussions are focused, and decisions and actions are made timely?
- ▶ Am I allocating my time appropriately to oversight priorities, or losing focus to volume and detail?

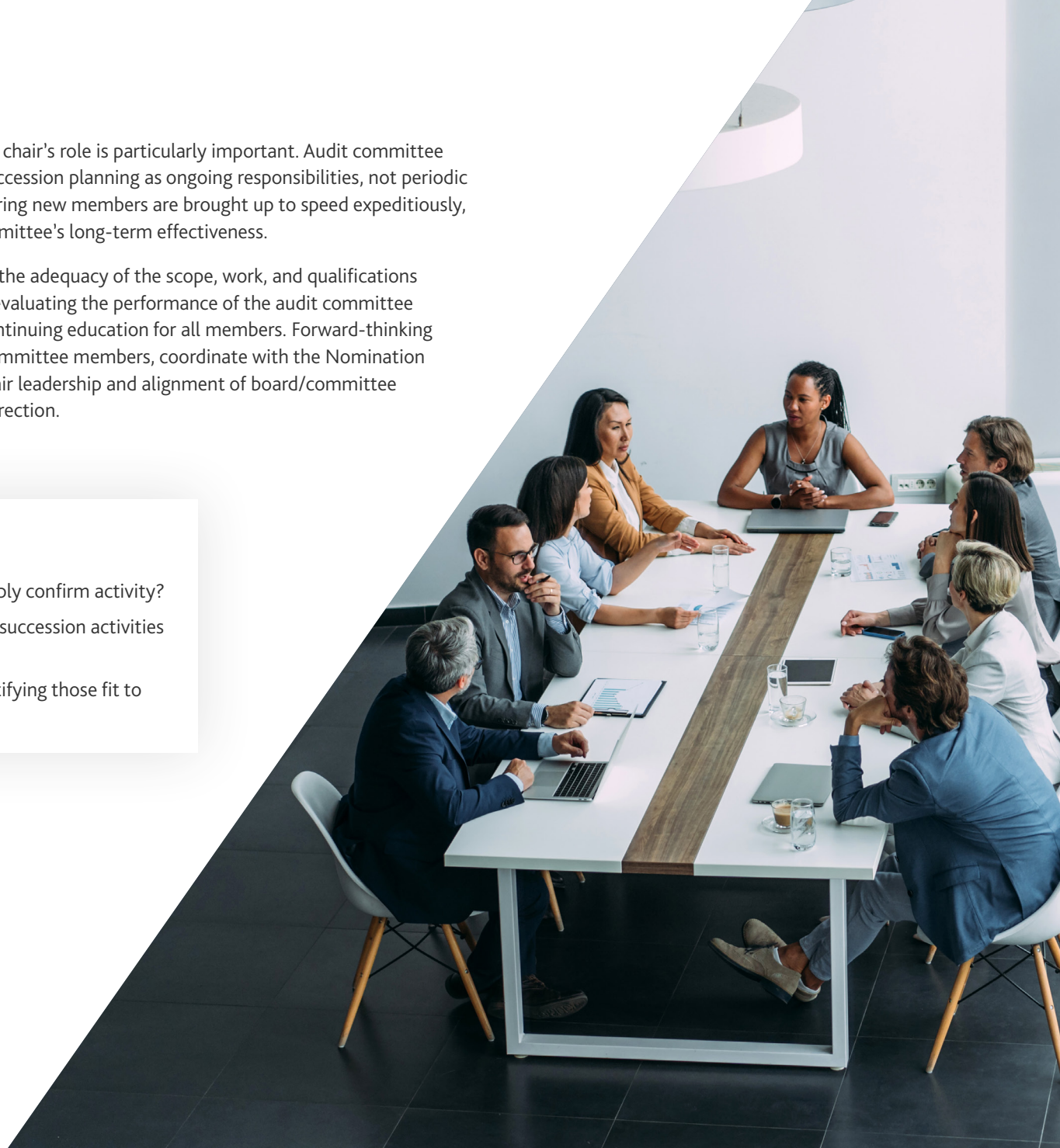
## COMMITTEE EFFECTIVENESS AND CONTINUITY

Attention to committee effectiveness is another area where the chair's role is particularly important. Audit committee chairs should view committee composition, onboarding, and succession planning as ongoing responsibilities, not periodic exercises. Establishing clear expectations for participation, ensuring new members are brought up to speed expeditiously, and planning for leadership continuity all contribute to the committee's long-term effectiveness.

Additionally, the chair should lead the committee in evaluating the adequacy of the scope, work, and qualifications of both internal and external auditors. The same holds true for evaluating the performance of the audit committee itself and adopting robust onboarding for new members and continuing education for all members. Forward-thinking audit committee chairs play active roles in developing fellow committee members, coordinate with the Nomination & Governance Committee on succession planning for future chair leadership and alignment of board/committee member refreshment strategies with the company's strategic direction.

### CHAIR REFLECTION QUESTIONS

- ▶ Does our annual self-evaluation drive real change or simply confirm activity?
- ▶ Are onboarding, continuing education, refreshment, and succession activities treated as ongoing priorities or periodic exercises?
- ▶ Am I actively developing committee members, and identifying those fit to serve as potential future chairs?



# Core Leadership Attributes of an Effective Chair

The audit committee chair, as with all members of the committee, should be financially literate. This is not to say that the chair must be the designated “qualified financial expert,” but often may be.

In addition to financial literacy, an effective chair is an experienced, forward-thinking leader who is approachable, encouraging timely communications from stakeholders on important news – whether good or bad – and who has the time and capacity to set agendas and conduct both regularly scheduled and special meetings that involve key participants.

Suggested attributes include but are not limited to:

- ▶ Independent mindset and healthy skepticism
- ▶ Facilitates constructive conflict and ensures every member has a voice
- ▶ Approachable; encourages timely escalation of material matters
- ▶ Disciplined agenda-setting and time management
- ▶ Commitment to continual education and staying current on emerging issues

## CHAIR REFLECTION QUESTIONS

- ▶ Do I consciously balance approachability with challenging thoughts and ideas?
- ▶ Am I actively recalibrating my own skills or knowledge to address emerging issues?
- ▶ Do I have the time and capacity required to lead effectively, particularly in heightened situations?
- ▶ With what frequency do I seek feedback from the committee and the Board on my performance? How do I act on that information to enhance my leadership skills?

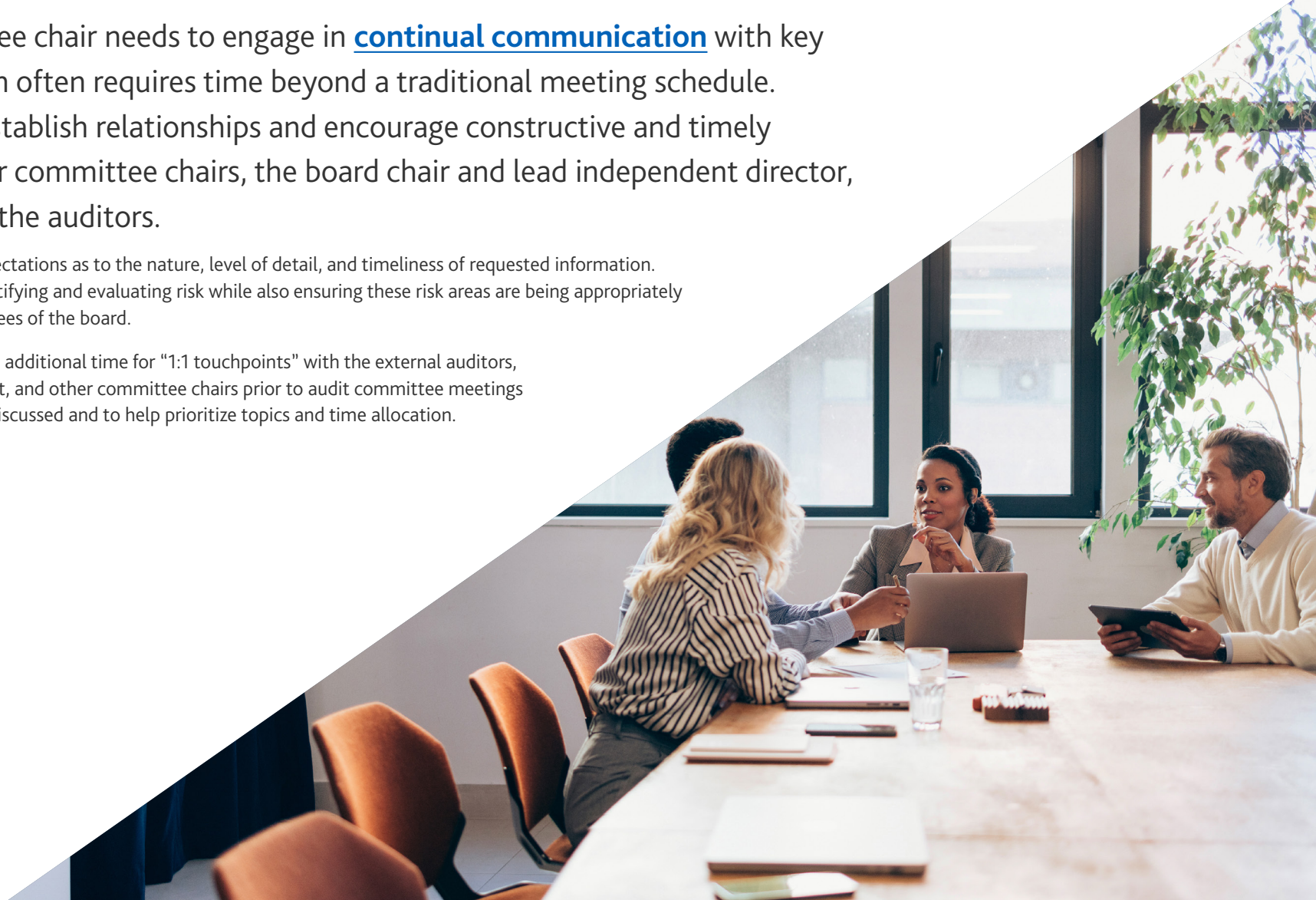


# Stakeholder Communication and Meeting Preparation

The audit committee chair needs to engage in [continual communication](#) with key stakeholders, which often requires time beyond a traditional meeting schedule. The chair should establish relationships and encourage constructive and timely dialogue with other committee chairs, the board chair and lead independent director, management, and the auditors.

The chair should set clear expectations as to the nature, level of detail, and timeliness of requested information. These actions will help in identifying and evaluating risk while also ensuring these risk areas are being appropriately allocated among the committees of the board.

A leading practice is allocating additional time for "1:1 touchpoints" with the external auditors, internal auditors, management, and other committee chairs prior to audit committee meetings to understand matters to be discussed and to help prioritize topics and time allocation.



# Leading the Audit Committee Through Expanding Expectations

As the role of the audit committee continues to expand, effective oversight increasingly requires both a strong grasp of core responsibilities and an ability to navigate a broader governance landscape.

The chair needs a deep understanding of the entity's strategy, challenges, and emerging risks to properly prioritize, allocate adequate time to agenda items, and to stay disciplined in how enterprise risk management aligns with corporate strategy and financial accounting and reporting.

This includes obtaining clarity of how risk oversight is allocated across the full board and its committees, and where the audit committee fits within that structure. Audit committee chairs benefit from early and continuing conversations with the board chair, other committee chairs, and management to align expectations, escalation protocols, and information flow.

## BEYOND THE FINANCIAL STATEMENTS (NON-GAAP AND OTHER DISCLOSURES)

While an audit committee already takes responsibility for non-GAAP reporting, audit committee chairs should also prepare the committee to oversee information that extends beyond the traditional financial statements. This may include nonfinancial disclosures and other regulatory reporting that are increasingly subject to stakeholder scrutiny. While management is responsible for preparing disclosures, the audit committee chair plays an important role in helping the committee assess whether appropriate governance, controls, and oversight processes are in place, and whether the committee has sufficient visibility into how this information is produced and reviewed. This is especially important where regulatory developments require or will require compliance in reporting of certain metrics – e.g., environmental, social, or governance – that require or may require assurance.

### CHAIR REFLECTION QUESTIONS

- ▶ Which “new” oversight areas meaningfully align with the committee's mandate versus distract from it?
- ▶ How do I help the committee stay grounded in core responsibilities amid expanding expectations?
- ▶ Where do we need to evolve our oversight approach without overextending committee bandwidth?

## ICFR OVERSIGHT AND HEIGHTENED SITUATIONS

Chairs should be prepared for situations that require heightened engagement, such as control deficiencies, financial reporting issues, regulatory inquiries, or auditor transitions. In these circumstances, the chair's ability to exercise sound judgment, maintain independence, and facilitate candid and constructive dialogue among the committee, management, and auditors is especially critical.

As part of its responsibility in overseeing management's internal controls over financial reporting (ICFR), the audit committee chair should be well versed in the company's internal control environment and ensure the committee is fully briefed on areas where deficiencies, significant deficiencies, and/or material weaknesses are identified and the status of progress in their timely remediation.

When heightened events arise—such as alleged fraud, a cyber incident, or other potential crises—the audit committee chair's role is to provide steady, independent leadership by maintaining objectivity and reinforcing disciplined oversight and sound judgment. In practice, this may include challenging assumptions underlying management's assessments, ensuring the committee remains focused on facts rather than speculation, supporting the appropriate use of independent expertise, safeguarding auditor independence and professional skepticism, and helping the committee maintain perspective and composure as issues evolve.

### CHAIR REFLECTION QUESTIONS

- ▶ How do I personally respond under pressure and how does that influence the committee?
- ▶ Do I consistently steer discussions toward facts, judgment, and oversight rather than speculation?
- ▶ How do I effectively reinforce auditor independence and professional skepticism when scrutiny increases?



## EMERGING RISK OVERSIGHT

Risk oversight within an enterprise can vary based on how risk is allocated between the full board and its committees. The audit committee chair should be acutely aware of the risks most likely to have a material financial impact. The chair should further promote timely information flow, coordination, and escalation across the board, management, auditors, and others as appropriate.

### CHAIR REFLECTION QUESTIONS

- ▶ Is it clear to me, and to others, where audit committee oversight begins and ends relative to other committees?
- ▶ What risks are most likely to have a material financial impact and is the committee's focus appropriately aligned?
- ▶ How are committees collaborating to ensure that key risks and strategic priorities are being effectively monitored and not overlooked?

## TECHNOLOGY & DATA GOVERNANCE

As technology becomes more embedded in financial reporting and control environments, audit committee chairs are expected to be sufficiently conversant to ask thoughtful questions about data reliability, cybersecurity risk, and the impact of technology on internal controls and audit quality. Audit committee chairs should expect all committee members to expand their technology literacy and recognize when additional briefings or outside expertise may be needed. This is not simply to understand the evolution but how such opportunities and risks are being considered in the operations of the organization as well as in the context of the company's "[technology debt](#)."

### Questions for the Chair to Ask:

- ▶ What are the highest-impact cybersecurity and data governance risks, and how are they monitored and reported to the board?
- ▶ How is evolving technology affecting ICFR (including automated controls, access, change management, and reliance on third parties)?
- ▶ What is management's plan for addressing "technology debt," and what are the audit and control implications?
- ▶ Do we have the appropriate composition in the committee to deal with identified emerging risks?
- ▶ Where do we need additional briefings or outside expertise to strengthen oversight?

### CHAIR REFLECTION QUESTIONS

- ▶ Am I able to clearly articulate the technology-related risks that matter most to this company?
- ▶ Where am I relying too heavily on assurances rather than informed questioning?
- ▶ How do I determine when to seek outside expertise versus seeking further internal education?

# Resources for Audit Committees

- ▶ [Audit Committee Requirements Practice Aid](#)  
Assists audit committees in fulfilling their oversight responsibilities and documenting their activities.
- ▶ [Audit Committee Self-Assessment](#)  
Assists in evaluating how the audit committee is executing governance responsibilities.
- ▶ [Audit Committee Illustrative Charter](#)  
Assists audit committees in constructing their own company-specific charter to be used as a working document or practical roadmap of responsibilities and duties.
- ▶ [BDO Professional Judgment Framework](#)  
Assists audit professionals in their capacity to logically assess situations or circumstances and to draw sound, objective conclusions that are not influenced.
- ▶ [Audit Committee Pre-Approval of Services](#)  
Reinforces the responsibilities of the audit committees over auditor independence—especially the requirement to pre-approve audit and non-audit services—and to encourage stronger oversight given increased PCAOB scrutiny.





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