

PwC's Governance Insights Center

New audit committee member orientation

When a director is assigned to the audit committee, it is important to orient him or her to their new role. This will help the new member contribute to the committee quickly.



Audit committee orientation

Orientation would likely include meetings with the following people, to the extent the roles exist:

- CFO, chief accounting officer (CAO), controller and other leaders in financial management
- Internal audit leader
- Partner and others from the independent audit firm
- Other executives including the chief compliance officer (CCO), chief risk officer, legal counsel, treasurer, tax leader, chief information security officer (CISO), investor relations

The orientation program could cover:

| Areas of responsibility | Possible individuals involved |
|--|---|
| Management financial reports | CFO, CAO, controller, AC chair |
| Critical accounting policies | CFO, CAO, controller, AC chair |
| Financial statement areas involving a high degree of judgment | CFO, CAO, controller, internal audit leader, tax leader, external audit partner, AC chair |
| Internal control over financial reporting | CFO, controller, internal audit leader, external audit partner |
| Earnings trends, earnings guidance practices, and analyst interactions | CFO, controller, investor relations, AC chair |
| Financing and liquidity | CFO, controller, treasurer |
| Key areas of audit focus | External audit partner, internal audit leader, AC chair |
| Views of risk | CFO, chief risk officer, AC chair, chief information security officer (CISO) |
| Statutory and regulatory requirements | General counsel, chief compliance officer (CCO), tax leader |
| Compliance matters | CCO, general counsel, tax leader |
| Whistleblower program | CCO, general counsel, internal audit leader |
| Code of conduct | CCO, general counsel, internal audit leader |
| Legal issues and possible loss contingencies | General counsel |

PwC's audit committee resources

The audit committee's role in ensuring accurate and transparent disclosure as it pertains to financial reporting and risk management is more important today than it has ever been. Clearly, the job is also more difficult and challenging than ever—given increased expectations by stakeholders and more responsibilities.

Visit [PwC's audit committee resources web page](#) for a list of consolidated resources audit committees can use on a myriad of topics.

Depending on their background and board exposure/experience, individual directors may need different levels of orientation. For example, new audit committee members may already have:

- Financial accounting and reporting experience as a CFO, controller, CAO, or external audit partner, or have education and/or a professional credential in accounting, such that they understand financial reporting, critical accounting policies, internal control over financial reporting, and the role of internal and external auditors
- Industry experience so they may not need a full briefing on industry issues
- Board experience so they understand how an audit committee operates

How PwC can help with an audit committee orientation program

Often, when a company adds a new audit committee member, the board chair and/or the audit committee chair will ask PwC to help with the new member's transition. In such cases, there are a few approaches we can offer:

- 1.** The lead engagement partner can meet with the new director to discuss our role and key areas of financial reporting, internal control and audit focus. This discussion might also cover the way PwC coordinates and uses the work of internal audit, and works with other groups within the company.
- 2.** PwC's Governance Insights Center (GIC) team can meet with the new director to provide an update on emerging governance and audit committee issues.
- 3.** We can provide relevant publications and ensure the new director receives our governance materials, including:

a) Audit Committee Excellence Series

This series provides practical and actionable insights, perspectives and ideas to help audit committees maximize their performance. Topics in the series include: cybermetrics, investigations, overseeing external auditors, overseeing internal auditors, overseeing financial reporting, and others. Click [here](#) to download any issue in this series.

b) Governance Insights

A biweekly electronic publication that brings you the latest corporate governance and investor news—covering the intersection of shareholders and directors. It is also the launching point for new governance publications. Sign-up [here](#).



c) Annual Corporate Directors Survey

Each year the survey draws close to 800 respondents, many from the largest public companies. The results bring insight into what other directors think about key issues in the boardroom. Results are shared each fall. The 2016 survey results are available [here](#).

d) Directors and IT

This recently updated guide helps directors bridge the “IT confidence gap” by helping them focus on IT risks and strategy. The core is the “IT Oversight Framework,” a six-step system that directors can follow to best meet their IT oversight responsibility. It also discusses “cybermetrics” including a menu of baseline metric information and other possible metrics. Click [here](#) to download.

e) Risk Oversight Series

This series offers practical advice for directors on how they can add value when it comes to risk matters and provides a series of board actions that can be taken to help influence and oversee the culture a company adopts. Click [here](#) to download any issue in this series.

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PwC’s Governance Insights Center (GIC) maintains a website for directors and investors that you can visit at: www.pwc.com/us/governanceinsightscenter

The website has information on key governance issues, audit committee resources, publications, director education, and more. And while on the site register for our mailing list for the latest updates and archives on corporate governance issues.

Other considerations

A director who is new to the audit committee may also be new to the board.

See the ***toolkit*** for orienting a new director to the board.

Contacts

Paula Loop

Leader, Governance Insights Center

+1 (646) 471 1881

paula.loop@pwc.com

Catherine Bromilow

Partner, Governance Insights Center

+1 (973) 236 4120

catherine.bromilow@pwc.com

Terry Ward

Partner, Governance Insights Center

+1 (612) 326 2066

terrence.j.ward@pwc.com

www.pwc.com/us/GovernanceInsightsCenter