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Audit Committee Self-Assessment Questions

Introduction[1]

The audit committee is a separately chartered committee of the board of directors. It meets quarterly — or more frequently — with management and the external and internal auditors to discuss audit plans and findings, compliance issues, disclosure matters, and other significant topics. Generally, the audit committee's purpose is to assist the board in overseeing:

- The reliability of the entity's financial statements and disclosures
- The effectiveness of the entity's internal control and risk management systems
- Compliance with the entity's code of business conduct and applicable legal and regulatory requirements
- The independence, qualifications and performance of the external auditors
- The independence, performance and effectiveness of the internal audit function

In recent years, some audit committees have seen their role expand beyond their core areas. In response, some boards have shifted certain audit committee responsibilities to other separately chartered committees to help balance workloads and ensure effective execution of duties.

The following audit committee self-assessment questions are intended to guide committees in evaluating their roles, responsibilities and performance, and to foster continuous improvement. These questions are intended to be illustrative and do not purport to cover every topic a committee may need to consider, nor will every question apply to every audit committee. The full list of questions may be best suited to larger organisations. Committees should tailor the questions to their specific needs and assessment focus.

[1] Protiviti made some updates to the audit committee self-assessment questions for 2026. They are offered in conjunction with our annual audit committee agenda white paper.

The questions can support facilitated discussion or be formatted into a questionnaire with a rating scale for individual audit committee members to complete.

In addition to this resource, Protiviti releases an annual summary of recommended agenda items for audit committee consideration for the upcoming year. Audit committees may wish to review our recommended agenda as part of their self-assessment and planning process.

Oversight of External Audit

Does the committee give adequate attention to the following areas to help ensure audit quality:

- Consider the hiring, retention, performance and compensation of the external auditor, including preapproval of non-audit services the auditor will provide?
- Assess the external auditor team structure, staffing and qualifications, including the utilization of onshore and offshore resources to deliver effectively on critical objectives?
- Set the tone for the company's relationship with the external auditor to preserve objectivity — in part by directly overseeing the audit relationship and evaluating the auditor's independence?
- Evaluate the effectiveness of coordination and collaboration between internal and external audit to achieve common objectives and maximize efficiencies where possible?
- Approve policies on hiring personnel from the external auditor with an appropriate "cooling-off" period?
- Understand the use of emerging technology and tools, including artificial intelligence, to deliver upon audit objectives and the impacts that should be expected for external audit fees?
- Evaluate the appropriateness of non-audit services, including those provided in the environmental, social and governance (ESG) space, especially when the auditor is attesting to the company's ESG disclosures?
- Meet periodically with the lead audit partner(s) and the specialists (e.g., tax, IT, valuation, actuarial) who contribute to the audit, and — when necessary — engage in dialogue outside of formal committee meetings to:
  - Address the scope of the annual audit, key risk areas and how the audit plan responds to the risk of financial statement fraud and approve modifications to the annual audit plan?
  - Review material written communications provided to management and discuss related concerns?
  - Understand any disagreements between the auditor and management?
  - Discuss any difficulties encountered in performing the audit and potential improvements considered for future engagements?
- Review trends in critical audit matters (CAMs) relevant to the company, its industry and peers, and challenge whether CAMs reflect the most judgment-intensive areas (e.g., valuation, impairment, revenue, tax) and contain decision useful specificity?

- Understand current Public Company Accounting Oversight Board (PCAOB) inspection report findings related to the external auditor and their potential implications for the nature, timing and extent of audit procedures and other matters affecting the audit process?
- Monitor PCAOB developments and their implications for the scope of the external audit?
- Discuss with the auditor how the firm is incorporating technology and Generative AI (GenAI) in its audits (including data governance, testing changes, and any impact on fees, timing and evidence), and how that aligns with PCAOB inspection priorities?
- Ask the external auditor to update the committee on the auditor's readiness for the PCAOB's QC 1000 standard (effective Dec 15, 2026) and the implications for engagement quality, independence, and firm culture?

Oversight of Internal Audit

Strategy, structure and staffing

Does the committee:

- Obtain a clear understanding of internal audit's strategic plan, transformation priorities and performance objectives for continuous improvement, and periodically evaluate internal audit's progress against those objectives?
- Ensure that the chief audit executive (CAE) has direct reporting access to the committee to support the function's independence from management?
- Review and recommend any personnel changes or additional qualifications for the CAE position?
- Play an active role in determining the highest and best use of internal audit and the appropriate structure of the group (e.g., in-house versus outsourced resources)?
- Understand internal audit staffing, funding, management support and succession planning, particularly the adequacy of resources to deliver on the audit plan?
- Confirm internal audit is performing independent assurance over the organisation's artificial intelligence (AI) governance framework (policy ownership, risk assessments, lifecycle controls, incident response) — and coordinating with second line functions to avoid gaps?
- Understand internal audit's deployment of AI-enabled audit activities, including the role of the "human in the loop" to reinforce the importance of critical thinking and a practical, empathetic perspective?
- Discuss, review and approve any potential conflict-of-interest issues that may arise from internal audit's advisory or consulting services, due to internal audit taking responsibility for other organisational activities, or from internal audit support provided by any co-sourced service provider that may also deliver other services to the organisation?
- Understand internal audit's plans for an external quality assessment of the function, including direct communication between the audit committee and the independent assessor?

Audit planning, execution and reporting

Does the committee:

- Have visibility into the internal audit risk assessment, internal controls over major risks, and activities and objectives for internal control over financial reporting?
- Obtain an understanding before approval of how the internal audit plan was developed, including whether any high-risk areas are being deferred or otherwise unaddressed?
- Provide input on appropriate coordination between internal audit and external audit?
- Regularly meet with internal audit to discuss internal control deficiencies discovered during its work, recommendations to address them and management's response?
- Ensure there is a process to follow up on internal audit's recommendations and to monitor the status of corrective actions taken?
- Ensure that internal audit maintains a "coverage view of risk," including the extent to which key risks are being addressed by other assurance functions (e.g., risk management, ethics and compliance, SOX financial controls PMO, and other second-line functions)?
- Meet with internal audit in executive session to allow a frank discussion of any issues or concerns?

Oversight of Financial Reporting

Financial reporting and accounting

Does the audit committee address the following topics:

- Consistency of financial reports and disclosures with the company's operations and underlying performance?
- Significant fluctuations in financial ratios and key indicators relevant to the company and industry, how the company's performance compares with its budgetary targets and its competitors, and how management plans to address unfavourable variances?
- The composition of the company's balance sheet, including the degree of management judgment inherent in the estimation processes supporting material accounts?
- Critical accounting policies, how they are applied and whether their application ensures that transactions fairly reflect the underlying economics?
- Existence of significant pressure to meet budgeted or expected performance targets?
- Consideration of fraud risk, including the risk of fraudulent financial reporting?
- The substance and quality of reserves, judgments and estimates used in the financial statements and the factors that may affect those reserves and estimates?
- Implementation of new accounting standards and disclosure rules?
- Adequacy of disclosures of significant transactions involving related parties?

- Significant, complex or unusual transactions, discussed with management and the external auditors?
- Committee review and discussion of the quarterly filings, related issues and any differences from earnings releases with management and the external auditors before the interim filing?
- Commitment of sufficient time by the committee to review, discuss and evaluate the financial statements?

Based on its review and discussions with management and the external auditors, does the committee recommend to the full board that the audited financial statements be included in the company's U.S. Securities and Exchange Commission (SEC) filings, if applicable? To that end, does the committee:

- Have a general understanding of the key controls and reporting risk areas identified by management, the internal auditors and the external auditor?
- Understand the auditors' views (external and internal) on the overall quality of the company's financial reporting process and whether it covers all key financial statement issues and risks?
- Focus its oversight on understanding high-risk and complex accounting and reporting areas — particularly areas involving significant judgment and estimation processes, unusual transactions, or changes to accounting policies — and evaluate how management addresses them and their financial statement impact?
- Discuss testing assumptions and approaches used to address the critical risk areas with management and the external auditors?
- Understand the issues raised in comment letters the company receives from the SEC and management's planned response, if applicable?
- Stay abreast of pending financial reporting and regulatory developments and assess how they may affect the company? For example, does it consider the nature of SEC comment letters issued to competitors and others on industry-relevant issues and emerging SEC focus areas?

Other related topics

Does the committee give adequate attention to overseeing the following areas:

- The financial reporting process, including reviewing annual and quarterly financial statements, earnings releases and the accompanying management's discussion and analysis (MD&A), information, and guidance provided to analysts and rating agencies, and pro forma or "adjusted" non-GAAP measures (including key performance indicators therein)?
- Company processes and policies for communicating with institutional investors, analysts and brokers?
- The company's approach to providing financial information and earnings guidance to analysts, lenders and rating agencies, including discussions with management, ideally before release?
- Management's purpose for reporting non-GAAP, alternate performance measures and other key operational measures in public reports — and the disclosure controls and procedures for ensuring their propriety, accuracy and consistency with prior periods?

- Inline XBRL data quality (e.g., correct tags, scaling, consistency with financials and cover page), given the SEC's sample comment letter and Financial Data Transparency Act data quality focus?
- Where AI is material to strategy, operations or risk, management's evaluation of whether disclosures (MD&A, Risk Factors, Business) are balanced and specific — and not susceptible to 'AI washing' — considering recent SEC enforcement actions and comment letter trends?
- The status of the SEC climate-related disclosure rule litigation and stay, and how management is managing climate and broader sustainability disclosures in the interim (including any cross jurisdictional implications)?

Business Context

Does the audit committee have a strong business context to discharge its responsibilities effectively? For example, does it consider:

- Changes in the business environment that may result in revised assumptions underlying financial reporting assertions and different financial reporting risks?
- Significant changes to and/or rapid expansion of operations or unusual disruptions that can strain the control environment and increase the risk of a breakdown in key controls?
- Changes in the overall control environment, including tone at the top, which could affect its overall effectiveness?
- New business models, products, services or activities that may introduce new risks associated with financial reporting?
- New disclosure requirements, accounting pronouncements or tax regulations?
- Other relevant aspects of the business environment that differ from the prior year and could have financial reporting implications, such as increased credit risk, inventory write-downs, asset impairments, or the recording and disclosure of loss contingencies?
- Inspection focus areas (e.g., going concern, liquidity, valuations in rate-sensitive sectors including commercial real estate exposure) in planning and disclosures?
- Engaging outside advisers (e.g., legal counsel, forensic auditors) when concerns arise about significant fraud or impropriety on the part of management — and actively directing those advisers and experts?

Sustainability and ESG Reporting

Has the committee:

- Collaborated with the board and various committee chairs to ensure sufficient board-level input into ESG and sustainability performance, reporting and disclosures?
- Considered the implications of the company's human capital, climate and other ESG disclosures on the assumptions and estimates underlying financial reporting assertions?

- Engaged with management on disclosure controls and procedures relating to ESG metrics and reporting (often referred to as "internal control over sustainability reporting") and in anticipation of future reasonable assurance requirements?
- Asked if management has designated an ESG controller (or an equivalent) or at a minimum assigned proper governance in this area? If not, has the committee inquired how management is ensuring the integrity of the company's ESG disclosures to the market?
- Ensured appropriate board oversight, including safeguards for auditor independence, if the company opts to obtain external assurance?

Oversight of the Finance Organisation

Does the committee:

- Review the competence and experience of personnel responsible for financial reporting?
- Discuss succession planning for the chief financial officer (CFO) and accounting and finance staff, including bench strength within the CFO's organisation?
- Understand finance's process for early identification and resolution of accounting and other issues?
- Understand plans to address new accounting and reporting requirements and related risks?
- Understand how the integration of AI and other technologies into finance processes is being governed and managed?
- Understand finance's AI program, whether documented model inventories, change controls, access restrictions to sensitive data, and monitoring procedures are being addressed and whether the CFO is attesting to the adequacy of related disclosure controls?
- Provide input into the finance organisation's goal-setting process and monitor progress toward those goals?

Oversight of Risk Management

If the audit committee takes on only those risk oversight responsibilities that address the risks inherent in its typical chartered activities (e.g., financial reporting, fraud, reputation, and certain compliance, technology and other risks), does the audit committee:

- Understand the company's risk profile and discuss with management the policies for risk assessment and risk management? (Note: This is a requirement for NYSE-listed issuers.)
- Collaborate with other board committees and the full board to help ensure that significant risks such as cybersecurity, data privacy, compliance and third-party risks are not missed in the board's overall risk oversight?
- For risks inherent in the audit committee's charter, receive periodic updates from the members of management responsible for each priority risk?

If the board delegates its overall risk oversight responsibilities to the audit committee, is the committee able to devote sufficient time to the risk oversight process as well as to its other responsibilities? To that end, does the committee:

- Allow sufficient time to assess the strength of the company's risk governance and culture, enterprise risk management (ERM) framework, and key processes — including those for identifying emerging risks — and their linkage to the company's strategy?
- Periodically review management's assessment of the top enterprise risks, including the management owner for each risk and the board committee charged with oversight?
- Ensure management has a reasonable information reporting and monitoring system for critical enterprise risks, and that the committee receives insights from the system periodically and as otherwise needed?
- Require timely escalation of risks and alignment with strategic objectives and regulatory expectations?
- Periodically assess the quality and reliability of risk reports received from management?
- Continue to request risk reporting that is consolidated or coordinated across the Three Lines Model?
- Consider the company's risk appetite, including the propriety of tolerances for significant risks — and whether they may be too low and discourage appropriate innovation and entrepreneurial risk-taking?
- Periodically discuss with management whether (a) the appropriate "tone at the top" is reinforcing the company's values and promoting a risk-aware culture and (b) the "tone in the middle" is aligned with the "tone at the top"?
- Work with the compensation committee to understand whether existing incentive compensation plans encourage the undertaking of unacceptable risks?

Other related topics, regardless of the committee's risk oversight scope

- If the audit committee oversees cybersecurity, does it have access to sufficient cybersecurity expertise to ensure that the right questions are asked, including those related to cybersecurity disclosure rules for SEC registrants?
- What methods are being used to provide assurance regarding evolving risks to the organisation's cybersecurity and data governance strategies — and are those methods robust and consistent enough to be considered sufficient?

Regardless of the scope of risk oversight, as designated by the full board, are committee members satisfied that they:

- Understand the business, technology and other risks that could affect financial and public reporting?
- Understand the extent to which management obtains adequate assurance regarding the sufficiency of internal controls over outsourced functions that affect financial reporting?

- Receive appropriate overviews from business leaders concerning matters germane to financial risks and other factors influencing the financial statements and public reports?
- Have confidence in how the organisation has defined and clarified ownership for AI governance?
- Receive a consolidated view of third-party risk (cloud/outsourcers, data processors) covering resilience, access management, data retention/transfer, and incident notification SLAs — and how those dependencies affect financial reporting and cyber disclosures?
- Coordinate with other board committees, if/as applicable (e.g., risk, cyber, sustainability)?

Oversight of Compliance

Unless responsibility is delegated to one or more other board committees, does the audit committee oversee:

- Periodic briefings on the major legal and compliance risks the company faces, how management addresses those risks, the impact of those risks on the financial statements, and how management monitors emerging risks?
- The organisation's ethics and legal compliance policies, including its code of conduct and the tone at the top set by management regarding ethical and responsible business behaviour?
- The adequacy of the organisation's confidential, anonymous hotlines and other procedures for handling complaints and employee concerns related to accounting, financial reporting, internal control, auditing and code of conduct matters, and compliance with applicable laws, regulations and internal policies?
- The testing of the hotline and escalation protocols for culture/ethics issues and cyber events (tabletop exercises), including cross-border notification requirements, materiality determination and disclosure triggers?
- The initiation of internal and independent investigations into matters within the committee's scope of responsibilities?
- The impact of remote or hybrid work on the company's culture and control environment?
- The handling of management's overrides of established controls and waivers of conflict-of-interest policies, including the risk mitigation and control mechanisms in place?
- The establishment of mechanisms that enable decisive committee responses to reputational crises or ethical breaches?

Audit Committee Governance

Charter

Does the audit committee charter, approved by the board, address the following (at minimum):

- Background and experience requirements of committee members?
- The committee's authority and specific responsibilities (including any expansion)?
- The committee's role in overseeing (a) cybersecurity and data governance reporting (including incident disclosure controls) and (b) the organisation's AI governance framework, including risk management for AI systems and related disclosures?
- The committee's relationships and meetings with members of the management team, internal audit, external audit and other stakeholders?
- Meeting frequency?
- Requirement to update the charter at least annually, or more frequently if circumstances warrant?
- Focus on the issues most likely to affect the quality of financial and other information reported?

Onboarding and member education

- Do all members of the committee meet the applicable independence requirements, such as not receiving additional compensatory income outside of director fees, not having family members serving in senior executive positions, and not being affiliated with the company, its subsidiaries or the external auditor?
- Is at least one audit committee member an expert in financial reporting matters relevant to the industry-specific issues the company faces in preparing financial reports in accordance with applicable accounting standards?

Does the audit committee do the following when selecting and maintaining committee members:

- Recruit members with sufficient industry background, accounting knowledge and seniority?
- Periodically rotate committee members, including the chair, to encourage fresh perspectives in discharging the committee's responsibilities and to avoid any potential perception of impaired independence or objectivity?
- Ensure that new members receive appropriate onboarding and orientation covering the committee's chartered responsibilities, agenda and focus as well as the company's business and most significant accounting and reporting issues?
- Include educational topics on meeting agendas periodically — such as a deep dive into a specific area of the business and related risks, or a refresher in a significant accounting area?
- Address board education requirements in accordance with the company's corporate governance guidelines and consistent with applicable listing standards to help ensure that committee members keep current on company business and regulatory, industry and financial reporting developments?

- Do committee members have the requisite business and leadership experience and is the committee's composition sufficiently diverse to oversee the financial reporting process, expanded emphasis on disclosing nonfinancial information to investors and other relevant issues germane to the committee's chartered activities?
- Are all members of the committee financially literate (e.g., capable of reading and understanding the financial statements)?
- Does the committee have access to other sources of expertise beyond financial reporting needed to fulfil its chartered responsibilities (e.g., technology, AI, cybersecurity and regulatory matters)?
- Does the composition of the committee reflect a range of backgrounds, experiences and perspectives to foster robust dialogue, challenge conventional wisdom and bring a variety of insights to bear on audit-related issues and decision-making processes?

Agenda and meeting operations

Does the audit committee do the following with regard to planning and conducting meetings:

- Schedule all planned meetings for the year, mapping how the committee's responsibilities will be addressed over the year?
- Meet at least quarterly or more frequently if dictated by the charter or circumstances?
- Develop a meeting agenda driven by the committee chair and in consultation with management, external audit and internal audit?
- Confirm the agenda strikes the right balance of compliance and strategic topics?
- Include executive summaries that highlight issues and critical points to enable focused discussions — not presentations — during meetings?
- Distribute concise, focused preparation materials with the appropriate level of business and financial information and provide sufficient time before meetings for member review?
- Challenge management effectively and drive constructive discussions?
- Retain and review detailed meeting minutes?
- Periodically meet separately with the external auditor and internal audit?
- Meet in closed executive session for its members to discuss topics such as the evaluation of the CAE, CFO and other finance executives?
- Confirm next steps on any issues of concern, areas requiring a better understanding and agenda topics to cover in future meetings?
- Foster open and candid discussions among all attendees?
- Obtain updates from management on committee areas of responsibility outside of financial reporting, e.g., (i) cyber posture and incidents (internal/third party); (ii) AI governance status and exceptions; (iii) ICSR readiness (if in scope); (iv) SEC comment letter status (financial/AI/XBRL)?

Proxy disclosures

- If applicable to the organisation, is the name of the "audit committee financial expert" disclosed in the proxy?
- Has the audit committee accurately disclosed how it executes its role to the public?

Communication with executive management

Does the audit committee do the following when communicating with executive management:

- Articulate expectations — including involving the audit committee promptly on significant matters affecting the quality of earnings and the reliability of financial reporting (e.g., changes to significant accounting policies)?
- Define protocols and procedures for management to report significant deficiencies and material weaknesses to the audit committee, including timelines for remediation?

Is the committee satisfied with communication from executive management on the following:

- Confirmation that appropriate financial reporting and disclosure controls and procedures are in place?
- Timely communication of significant deficiencies or material weaknesses in the design or operation of internal controls over financial reporting?
- Timely notification of evidence of any fraud involving management or other employees who have a significant role in the company's internal control over financial reporting?
- Timely notification of significant compliance issues and briefings on the status of outstanding issues and their remediation?
- Timely reporting of any disagreements between management and external audit to the audit committee?

Reporting to the full board

- Does the committee chair report after each meeting to the board on the committee's activities, major issues discussed and any recommendations for board actions?
- Prior to reporting on its activities to the full board and/or to shareholders, is the committee satisfied a process is in place to ensure that all matters in the committee charter are covered sufficiently by its activities?
- Does the committee communicate any potential changes needed to the board committee structure and coordinate its activities with other board committees to ensure sufficient board oversight coverage of significant matters?

- Does the committee serve as an advocate for financial reporting, and related internal controls, in working with other board committees and the full board to monitor the execution of corporate initiatives (e.g., cost-reduction plans, AI implementations, workforce transition to or from remote and in-person work arrangements, enterprise resource planning, and financial system implementations) so they are not implemented in ways that could compromise management's financial reporting responsibilities?

Performance assessment

Does the audit committee do the following when assessing its performance:

- At least annually, perform a robust self-assessment, including the contribution and performance of individual members, and discuss the results with committee members in executive session to develop plans and implement improvements?
- Receive informal feedback from the board, CEO, CFO, external auditors and internal auditors on how it can best contribute value?
- Assess the adequacy of committee members' time to do their jobs effectively and fulfil the responsibilities specified by the charter?
- If a member serves simultaneously on multiple audit committees (e.g., more than three public companies), consider whether that individual can devote sufficient time and attention to the company's audit committee agenda?
- Evaluate the effectiveness of meeting structure and cadence?
- Ensure that committee members are comfortable contacting each other or the committee chair between meetings if issues or concerns arise?