WILMERHALE

KPMG Audit Committee Survey Addresses Disclosure, Risk Oversight and Other Issues

JANUARY 22, 2014

KPMG's Audit Committee Institute has released its 2014 Global Audit Committee Survey. The survey reflects the comments of nearly 1500 audit committee members from around the world. The survey has numerous findings, but perhaps the most noteworthy one concerns the question of whether audit committees should provide additional reporting to investors. Of the respondents, 40% did not favor any additional disclosures. Smaller numbers favored various types of additional disclosure. Of the possible alternatives, 30% favored additional disclosures regarding the committee's role in risk governance; 25% favored additional disclosures regarding auditor oversight and evaluation oversight/evaluation; and lesser percentages favored other options. Only 22% of the respondents favored additional disclosures regarding financial statement/audit issues and how they were addressed.

Other findings were consistent with themes from recent years. These include concerns by many audit committees about their being made primarily responsible for oversight of major business risks other than financial reporting and control risks and the "increasingly difficult" demands this was causing. There also appear to be continuing concerns among audit committee members about the information they received about cyber security and the impact of emerging technologies. The survey also identified other areas in which audit committee members believed the quality of information could be improved, including the company's growth and innovation plans, global systemic risks and supply chain dependencies, and non-financial drivers of long-term performance. Finally, the survey found that most companies do not have a CFO succession plan in place and that many audit committee members would favor expansion of internal audit's role in risk management.