
SEC Officials Question Increased Demands on Audit Committee Members

DECEMBER 24, 2015

In a December 9 [address](#) at the 2015 AICPA National Conference on SEC and PCAOB Developments, SEC Chair Mary Jo White discussed the “heavy demands” placed on audit committees. In particular, she suggested that new, non-financial reporting responsibilities being imposed on audit committee members might impair their ability to carry out their core oversight functions.

Noting that many audit committees are “being charged with overseeing additional risks, including incredibly important areas such as cybersecurity,” Chair White expressed “growing concerns about the amount of work required of some audit committees.” In particular, she suggested that “[t]he increasing workload may dilute an audit committee’s ability to focus on its core responsibilities: selecting and overseeing the independent auditors; internal controls and auditing; setting up an appropriate system for the receipt and treatment of complaints about accounting; and reporting to shareholders.” She also questioned whether directors who serve on multiple boards, including multiple audit committees, can do the job effectively.

In other comments about audit committees, Chair White emphasized the need for audit committee members to be carefully selected. She noted that “only those who have the time, commitment, and experience to do the job well” should be selected, and “[j]ust meeting the technical requirements of financial literacy may not be enough.” She added that financial reporting experience in one industry may not be transferable to another. Finally, Chair White stressed that audit committees “must be entirely committed to their oversight of financial reporting” and must “take seriously their reporting to shareholders.”

SEC Chief Accountant James Schnurr’s [comments](#) at the Conference echoed Chair White’s concerns about expanding audit committee responsibilities. Mr. Schnurr noted that “audit committees are often charged by the board with oversight of a host of major risks facing the company, including cybersecurity, emerging technologies, and compliance risks posed by government regulation.” He emphasized that “in this environment of growing audit committee agendas, it is important not to lose sight of the key SEC and exchange listing requirements for audit committee performance.”

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