Audit Committee Practices Report Webinar
April 8, 2025

- The program will begin shortly.

- Make sure to complete all participation checks in order to receive credit for this webinar.

- CPE certificates will be emailed within three weeks.

Hosted by the
CAQ

Audit Committee Practices Report

Panelists

Tony Anderson
Board member

Marsh & McLennan, USGA

Karen Golz
Board member

Analog Devices, Aspen Technology, iROBOT, Exactech

Krista Parsons
Managing Director and Audit & Assurance Governance Services and Audit Committee Program Leader

Deloitte

Vanessa Teitelbaum, CPA
Senior Director, Professional Practice

CAQ
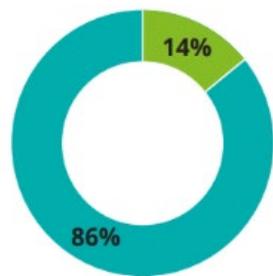
Audit Committee Practices Report

Overview and demographics

The fourth edition of the *Audit Committee Practices Report: Common Threads Across Audit Committees* presents survey data on audit committee priorities, emerging trends, and meeting practices.

- It reflects the views of 237 audit committee chairs and members, primarily from large-cap US public companies.
- The report is a collaborative effort by Deloitte's Center for Board Effectiveness and the Center for Audit Quality.
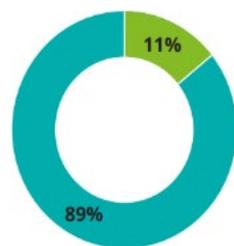- The survey was open from September 16, to October 11, 2024.

Audit Committee Practices Report

Overview and demographics

86% Public · 14% Private

89% United States · 11% Outside of the United States

73% Non-financial · 27% Financial

57% Chair · 43% Member

Large-cap: More than $10 billion — 36%
Mid-cap: $2 billion to $10 billion — 36%
Small-cap: $250 million to less than $2 billion — 21%
Micro-cap: Less than $250 million — 6%
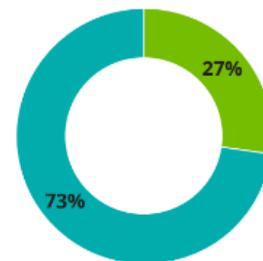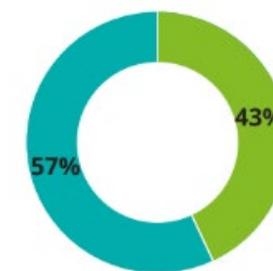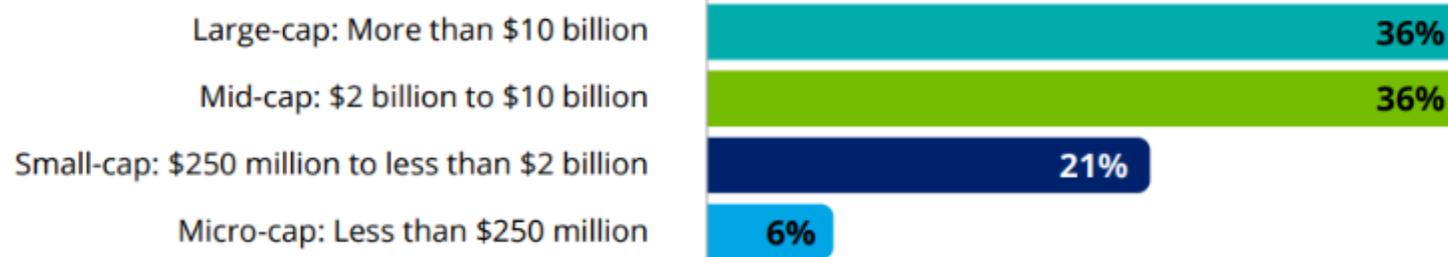
Audit Committee Practices Report

Top priorities

- Audit committee members were asked to rank their top three priorities beyond financial reporting and internal controls. Their complete rankings are below.
- For the fourth year in a row, cybersecurity was identified as the top priority for audit committees.

All respondents (n = 200)

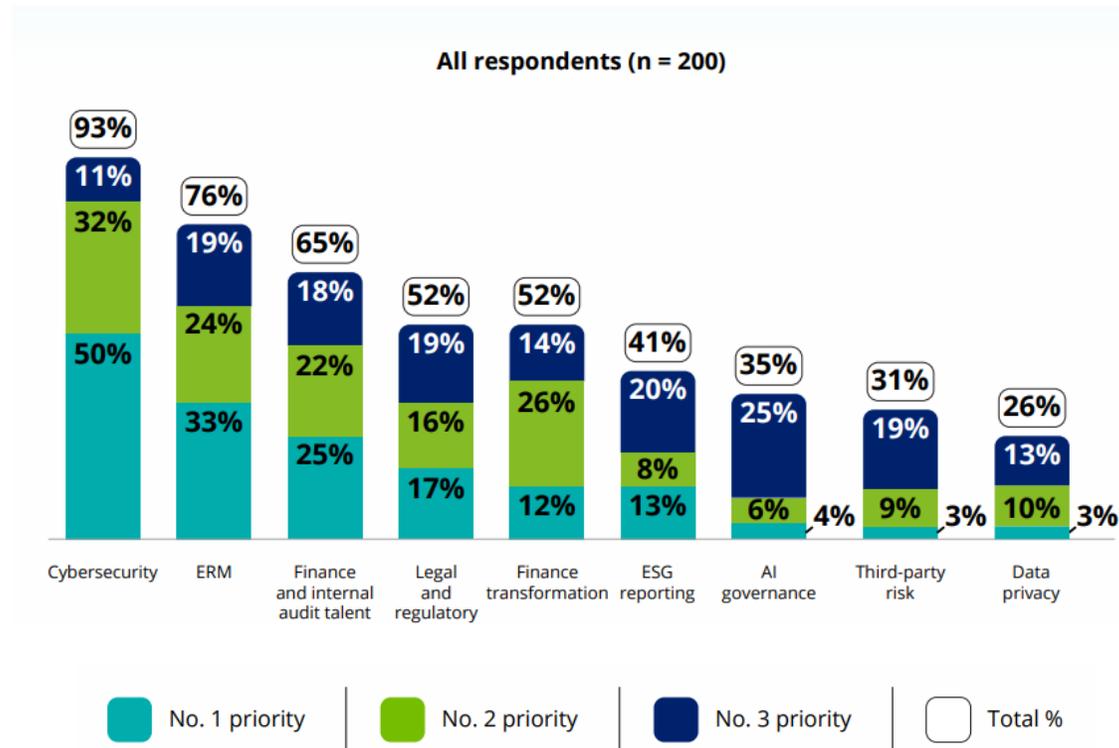|	Cybersecurity	ERM	Finance and internal audit talent	Legal and regulatory	Finance transformation	ESG reporting	AI governance	Third-party risk	Data privacy
Total %	93%	76%	65%	52%	52%	41%	35%	31%	26%
No. 3 priority	11%	19%	18%	19%	14%	20%	25%	19%	13%
No. 2 priority	32%	24%	22%	16%	26%	8%	6%	9%	10%
No. 1 priority	50%	33%	25%	17%	12%	13%	4%	3%	3%

Legend: No. 1 priority | No. 2 priority | No. 3 priority | Total %

Audit Committee Practices Report

Top priorities

- Outside of financial reporting and internal controls, the top three priorities of the audit committee over the next year are consistent with last year.

- Beyond these, there were slight changes in the remaining priorities compared to last year.

| Ranking	2025 priorities	Change	2024 priorities
1	Cybersecurity	⟷	Cybersecurity
2	Enterprise risk management	⟷	Enterprise risk management
3	Finance and internal audit talent	⟷	Finance and internal audit talent
4	Compliance with laws and regulations	↑ 1	Finance transformation
5	Finance transformation	↓ 1	Compliance with laws and regulations
6	ESG reporting	↑ 1	AI governance
7	AI governance	↓ 1	ESG reporting
8	Third-party risk	⟷	Third-party risk
9	Data privacy	⟷	Data privacy

Audit Committee Practices Report

Cybersecurity

- Beyond oversight of financial statements and internal control over financial reporting, cybersecurity ranked the top priority of audit committees based on our survey.
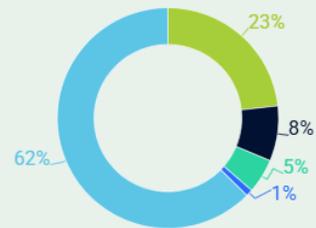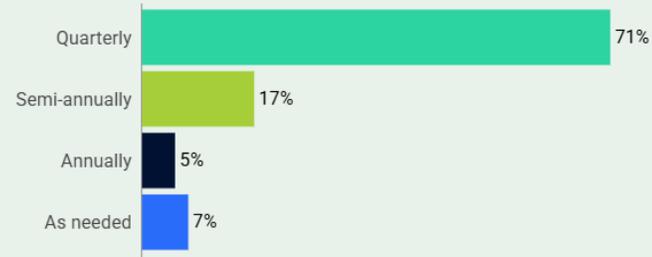
Who has primary oversight?

(n-237)

- 23%
- 8%
- 5%
- 1%
- 62%

Legend:
- Full board
- Risk committee
- Other
- Nominating and governance committee
- Audit Committee

How frequently is this discussed by the audit committee?*

(n-229)

Quarterly	71%
Semi-annually	17%
Annually	5%
As needed	7%

*Respondents only answered this question if they indicated the audit committee had primary oversight. "Don't know" was an option, but was excluded due to the low response rate.

Audit Committee Practices Report
Enterprise risk management

- Beyond oversight of financial statements and internal control over financial reporting, enterprise risk management ranked the second priority of audit committees based on our survey.
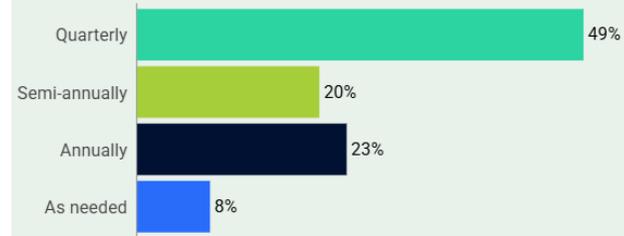
Who has primary oversight?
(n-237)

- 28% — Full board
- 19% — Risk committee
- 1% — Nominating and governance committee
- 52% — Audit Committee

Legend:
- ● Full board
- ● Risk committee
- ● Nominating and governance committee
- ● Audit Committee

How frequently is this discussed by the audit committee?*
(n-229)

Frequency	Percent
Quarterly	49%
Semi-annually	20%
Annually	23%
As needed	8%

*Respondents only answered this question if they indicated the audit committee had primary oversight. "Don't know" was an option, but was excluded due to the low response rate.

Audit Committee Practices Report

Finance and internal audit talent

- Beyond oversight of financial statements and internal control over financial reporting, finance and internal audit talent ranked the third priority of audit committees based on our survey.

Who has primary oversight?

(n-237)

5%
1%
1%
1%
92%

- Full board
- Risk committee
- Other
- Nominating and governance committee
- Audit Committee

How frequently is this discussed by the audit committee?*

(n-229)

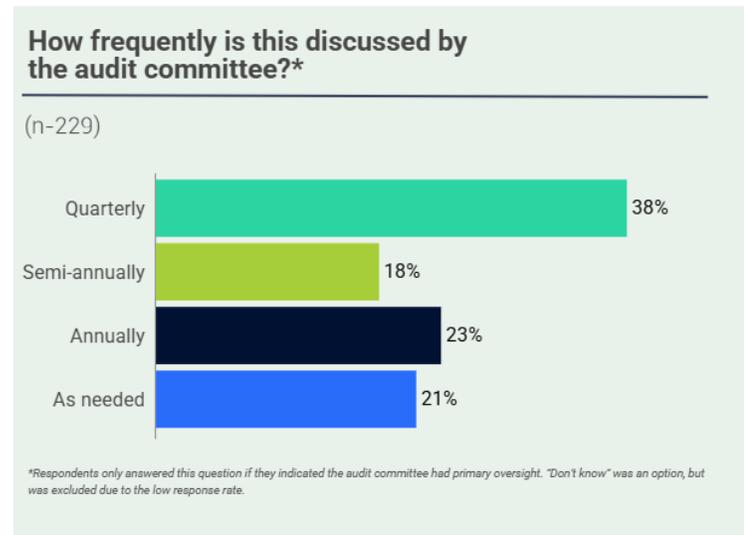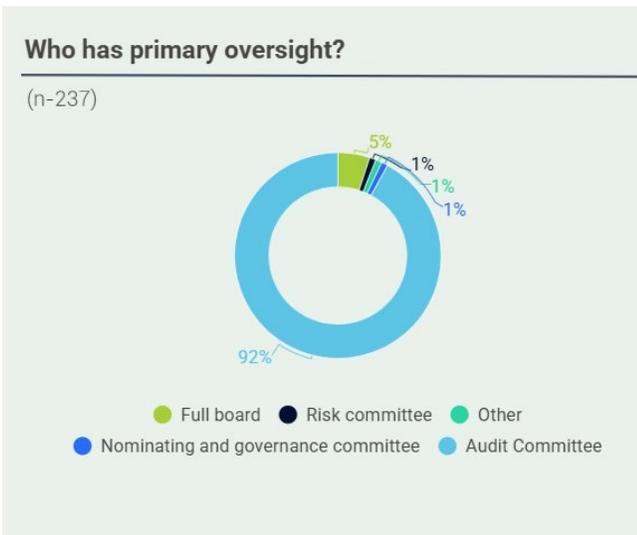|	
Quarterly	38%
Semi-annually	18%
Annually	23%
As needed	21%

*Respondents only answered this question if they indicated the audit committee had primary oversight. "Don't know" was an option, but was excluded due to the low response rate.

Audit Committee Practices Report

Internal audit value

Survey respondents indicated that they continue to value the work of internal audit stating the following:

Internal audit… (n=218)	Agree or strongly agree
has a high level of understanding about business operations	89%
plans are promptly updated in response to emergent risks	86%
is effective at assisting management in identifying new risks	82%
professionals (other than the chief audit executive/internal audit director) bring needed insights to stakeholders	77%

Audit Committee Practices Report

Top priorities

- Outside of financial reporting and internal controls, the top three priorities of the audit committee over the next year are consistent with last year.

- Beyond these, there were slight changes in the remaining priorities compared to last year.
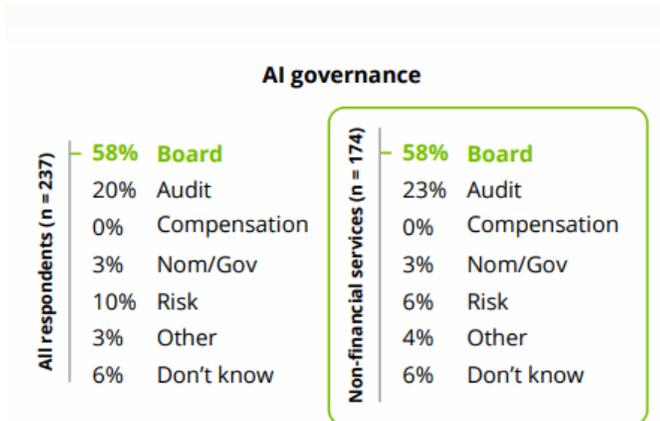
Ranking	2025 priorities	Change	2024 priorities
1	Cybersecurity	⟷	Cybersecurity
2	Enterprise risk management	⟷	Enterprise risk management
3	Finance and internal audit talent	⟷	Finance and internal audit talent
4	Compliance with laws and regulations	↑ 1	Finance transformation
5	Finance transformation	↓ 1	Compliance with laws and regulations
6	ESG reporting	↑ 1	AI governance
7	AI governance	↓ 1	ESG reporting
8	Third-party risk	⟷	Third-party risk
9	Data privacy	⟷	Data privacy

Audit Committee Practices Report

Key insight: Oversight of AI

- While not among the top three areas of focus for the next 12 months, there has been an increase in the percentage of respondents (20%) who identified the audit committee as having primary oversight of artificial intelligence governance, up slightly from 14% in our 2024 report.

- For most respondents, such oversight is the responsibility of the full board (58%) with 10% allocating oversight to the risk committee.

- Notably, in last year's survey, 17% of respondents replied "Don't know" when asked which committee had primary oversight. This year, a smaller percentage of respondents (6%) said "Don't know"," suggesting that as AI becomes a bigger focus, boards are increasingly clarifying and defining their oversight responsibilities around it.

AI governance

All respondents (n = 237)		Non-financial services (n = 174)	
58%	Board	58%	Board
20%	Audit	23%	Audit
0%	Compensation	0%	Compensation
3%	Nom/Gov	3%	Nom/Gov
10%	Risk	6%	Risk
3%	Other	4%	Other
6%	Don't know	6%	Don't know

Audit Committee Practices Report

Resources

- [CAQ/Deloitte Audit Committee Practices Report 2025](#)
- [Deloitte Strategic governance of AI: A roadmap for the future](#) (February 2025)
- [CAQ Audit Committee Oversight in the Age of Generative AI](#) (July 2024)

Thank you for joining us today and to our panelists.