

NACD PROGRAM

December 7, 2016

AUDIT COMMITTEE PEER EXCHANGE

On December 7, the Chapter co-hosted, together with KPMG, a small group peer-to-peer idea exchange among specially invited audit committee experts, with no planned agenda. The group itself generated the following important questions that were then discussed in depth:

1. Scope creep: Are audit committees engaged in too many issues? Who decides what issues are put on its agenda? Are some issues better left up to the whole Board?
2. Are audit committees in sync with management as each compiles its own list of the most severe risks faced by the company?
3. What is the committee's role in fostering the appropriate "tone at the top?"
4. Should the committee insist that the CEO attend its meetings?
5. What are the "best practices" applicable to the committee's role in supervising outside vendors?
6. How can the committee best deal with the technical issues related to cyberrisk? For example, should a CIO be a committee member?
7. What other skill sets should be looked for in populating the committee? Would a proven crisis manager be someone worth having on the committee even in advance of the onset of any crisis?
8. Non-GAAP financial measures: Have we gone too far in creating and publicizing them and should they be reflected in executive compensation plans?
9. Do committee members have the appropriate understanding of tax issues and the differences between them and financial measures?
10. How do committees handle the many complexities involved in M&A transactions?
11. Should the company issue earnings guidance and if so what is the committee's role in monitoring how they are developed and publicized?

This event was part of an ongoing periodic series of small group events hosted by the Chapter at which sensitive cutting edge issues are discussed frankly and at length by experienced directors.