

Voices from the audit committee: A supplemental report

APRIL 2026



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Overview and Executive Summary



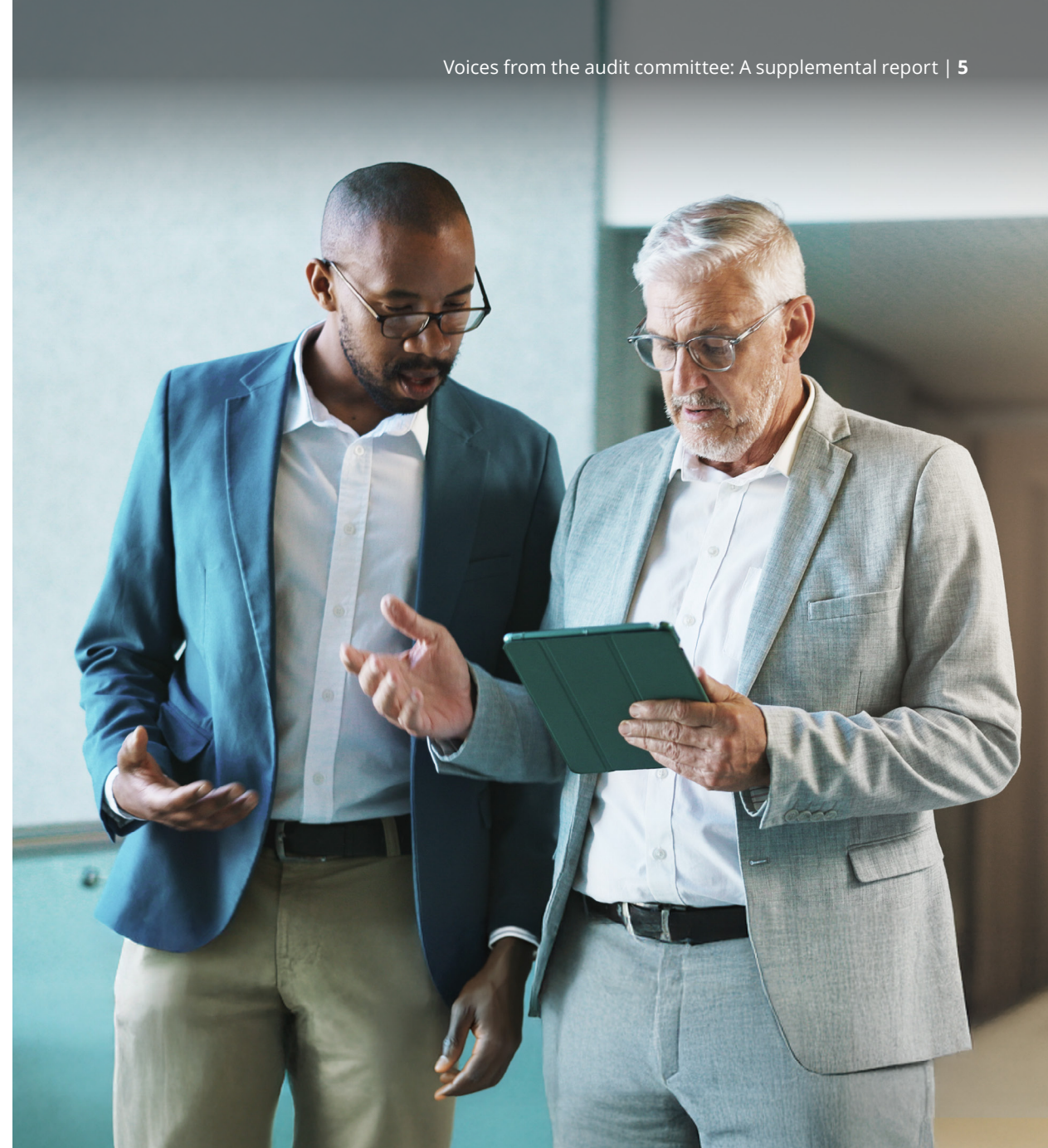
Overview and Executive Summary

In today's increasingly complex governance landscape, effective audit committee meetings are critical enablers of organizational resilience and strategic oversight. Through comprehensive interviews with 27 directors serving on audit committees, including 18 current or former audit committee chairs, this analysis reveals strategies that can elevate meeting quality, deepen member engagement, and strengthen governance practices. The insights drawn from these conversations supplement the findings of the *Audit Committee Practices Report (ACPR)*, a joint publication between Deloitte's Center for Board Effectiveness and the Center for Audit Quality (CAQ). According to the directors interviewed, the most impactful strategies for enhancing audit committee meeting effectiveness include:

- 1 Improve presentation quality:** Presenters should assume members have read pre-read materials and focus on summarizing key points to allow more time for discussion. Lengthy readouts of routine communications should be avoided. Chairs can enforce time limits and manage the agenda to ensure meaningful engagement.
- 2 Increase member engagement:** Audit committee chairs play a key role in fostering discussion by encouraging participation, briefing members beforehand, and involving them in agenda setting. Engagement tends to decline during repetitive or highly technical topics but can be improved through active chair facilitation.
- 3 Enhance pre-read materials:** While the quality of pre-read materials is generally considered adequate, the volume can be overwhelming. Encourage executive summaries with detail in appendices, along with highlighted changes and concise formats to aid comprehension and minimize legal risks. Timely delivery—ideally about a week in advance—is important for preparation.
- 4 Manage meeting time:** With back-to-back scheduling of board and committee meetings, they should start and end promptly, focusing on discussions and priority topics. Allowing non-committee members to attend may extend meetings but can reduce committee reports in the full board meeting.

Additionally, respondents referenced several other topics in the course of answering questions about meeting effectiveness. The recurrence of these comments, despite the absence of direct questions about them, suggests that these subjects were top of mind:

- **Better leverage of internal audit:** Many ACPR respondents and interviewees see untapped potential in internal audit, with some functions still centered on operational audits. In some instances, interviewees thought there were opportunities for the internal audit organization to provide more support to the external audit.
- **Address cybersecurity oversight:** Cybersecurity is recognized as a critical issue, with many audit committee members pursuing relevant training. Boards rely on senior management and specialized external consultants for their specialization, rather than appointing dedicated cybersecurity experts, due to the rapidly evolving nature of the field.
- **Consider emerging technologies:** Oversight of artificial intelligence is becoming more prevalent, with some industries further along than others. Quantum computing has not yet been addressed by many boards or audit committees but is identified as a topic needing future education and discussion.



02

Strategies to improve audit committee meeting effectiveness



Strategy 1: Improve presentation quality

How would you rate the quality of presentations made during audit committee meetings you were a part of? What steps have you taken to improve presentations?

All interviewees rated the quality of presentations as high. However, 22 of 27 noted that presentations often take up so much time that little remains for discussion or questions. Many presenters spend too much time reading content that was already provided in the pre-read materials. In some instances, key points could be lost because of the volume of information presented.

Interviewees recommended that presenters assume everyone has read the pre-read materials. Most (19 of 27) suggested it would be more effective for presenters to briefly summarize key points, allowing more time for discussion and questions, focusing on areas of concern or heightened importance to the committee.

“Let’s focus on what is important and not on routine or rote things...tell us what is new and important.”

Many interviewees (17 of 27) suggested that getting answers to their questions prior to meetings could help meetings be more effective. While there was no consensus on the best approach, suggestions included having audit committee members send their questions to the committee chair (who would then forward them to the appropriate person on the management or audit team) or allowing members to communicate directly with management.

Some suggested having informal discussions about questions during meals at board and committee meetings. While some interviewees appreciated the opportunity for less formal, candid conversations, others expressed concerns about conducting substantive discussions outside of official meetings, preferring to keep all deliberations within the formal agenda.

To make sure all topics receive the discussion time needed, interviewees recommended meeting agendas be carefully thought through, with enforced time limits on discussions.

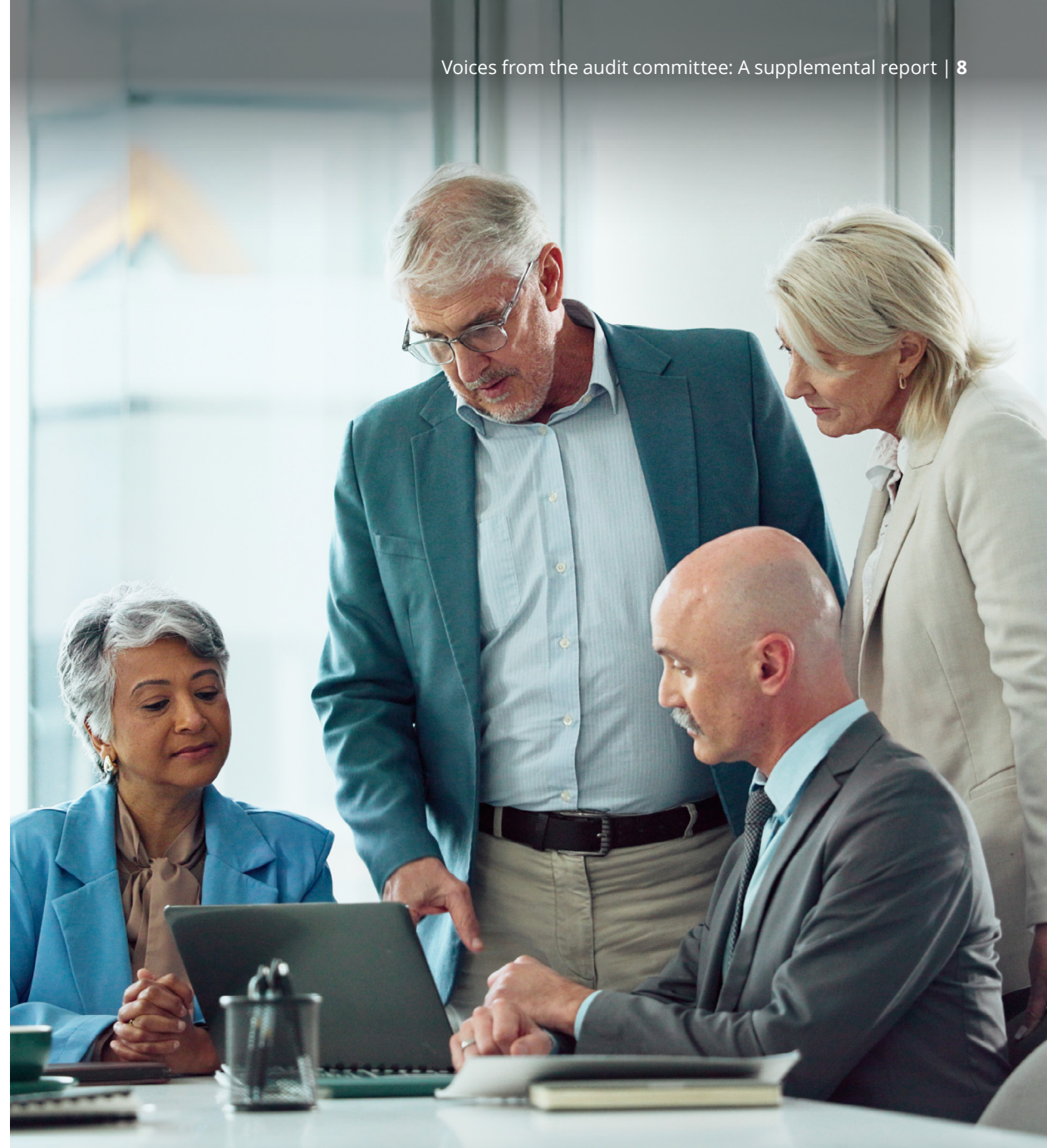
“If presentations are going too long, the chair should force presenters to summarize and move to discussion.”

More than half of interviewees (15 of 27) believed there was sufficient time for the meetings. In the event more time was needed to cover a particular topic, interviewees indicated follow-up meetings could be scheduled on an as-needed basis.

Interviewees indicated presenters may not realize they are not providing audit committee members with the information most relevant or useful for effective oversight. New meeting presenters may focus too much on reading slides rather than highlighting key points. To address this, some interviewees:

- Request feedback from committee members on presentations and share it with the presenter—and for new presenters, sometimes with their supervisor.
- Encourage first-time presenters from management or the external audit team to attend an audit committee meeting before they present to get an understanding of what is expected of them.

“When deciding what material to present, think of these three questions: ‘Does it need to be said? Does it need to be said by me? Does it need to be said by me now?’”



Strategy 2: Increase member engagement

How would you rate the discussions and/or engagement during audit committee meetings you are a part of? What steps have chairs taken to improve presentations? What do members do before meetings to ensure they are prepared to discuss and be engaged during meetings?

Nearly all (25 of 27) interviewees described their fellow audit committee members as highly engaged and professional during meetings, and no one reported a lack of engagement. However, topics like auditor communications or more technical matters (e.g., cybersecurity) were less likely to result in discussion. Also, engagement was lower when presenters simply read their presentation materials to the committee.

Maintaining member engagement was identified by 24 of 27 interviewees as one of the most important responsibilities of the audit committee chair. Some chairs (2 of 18) indicated they actively encourage participation by asking specific members questions or their opinions, especially if they have not yet contributed to the discussion.

“If engagement is a problem, then the committee chair did not do his or her job.”

Chairs reported that a successful engagement strategy was briefing members on key issues to be discussed—either before the meeting or during an executive session at the start. This can help ensure everyone is prepared to participate meaningfully and clarify whether members are expected to make decisions or are simply being informed. Another effective strategy is involving committee members in developing the meeting agenda, which increases their sense of ownership and engagement.

“I want members to walk away believing that they added value by attending the meeting and that they are glad they came.”

Strategy 3: Enhance pre-read materials

How would you rate the quality of the pre-read materials for the audit committees you are a part of? How far in advance do you prefer to receive materials, and how far in advance do you typically receive them?

Most interviewees (24 of 27) rated the quality of pre-read materials as adequate to good. Typically, materials include executive summaries with details in appendices. However, the most common complaint was on the large volume of materials received. Many members indicated a preference for concise memos or lists to lengthy slide decks.

“If you want them to read it and you want them to pay attention, do not make it too long because that means you have not summarized the issue enough.”

One recommendation was to limit the length of appendices; however, omitting information may increase legal risk for committee members. Other suggestions included splitting materials between recurring items (which take less time) and new/complex topics (which may merit deeper discussion).

Regarding timing, most interviewees (25 of 27) reported receiving materials a week in advance, although certain items—such as earnings releases and SEC filings—are often provided closer to the meeting date. Some interviewees preferred to receive materials two to three days before the meeting to keep the content fresh in their mind. Unpredictable delivery times were cited as a significant challenge, with 6 interviewees noting they had to reschedule plans when materials arrived later than expected.

“An incomplete draft a week before the meeting is better than a complete document the day before.”

Additional suggestions for improving pre-read materials include:

- Audit committee chairs meeting with the financial reporting team in advance to discuss the materials (24 of 27).
- Clearly highlighting changes from previous versions to help members focus their attention on new information (4 of 27).
- Adopting a ‘fact/insight/action’ approach when preparing the materials so members can determine the relevance of each fact, the associated insights, and recommended actions.

Strategy 4: Manage meeting time

While not a specific interview question, multiple chairs emphasized that effective time management is critical for audit committee meetings. Because board committee meetings are typically held back-to-back, extending the audit committee meeting is generally not an option. As a result, keeping discussions focused and not letting meetings go past the scheduled ending times is essential.

“I sometimes have to remind members that our job is oversight, not to manage the business.”

Meeting management can become more complex when non-committee members attend audit committee meetings. According to the ACPR, 82 percent of audit committees surveyed permit non-committee members to attend meetings, compared with only 8 percent prohibiting their attendance. Nearly half of audit committees allow non-members to actively participate (46 percent), and a similar proportion (49 percent) allow them to attend as observers only.

While permitting non-members to ask questions during audit committee meetings may result in longer meetings, several interviewees noted that this practice tends to make subsequent board meetings more efficient. With fewer non-committee members present, fewer audit committee-related questions may need to be addressed at the full board meeting, reducing the need for extensive debriefing and minimizing overall discussion time.

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Additional observations



Additional observations

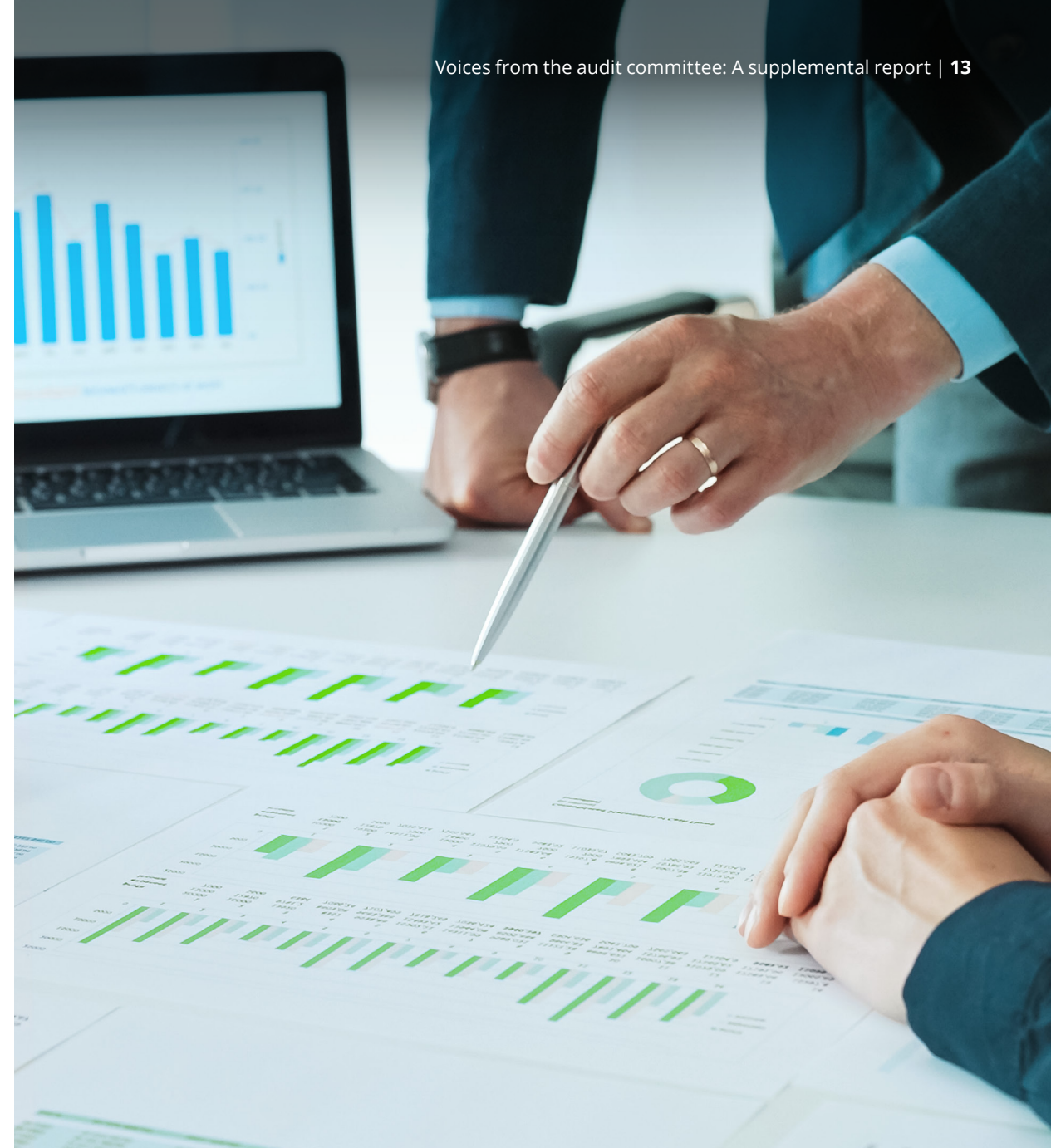
Better leverage internal audit

According to 82 percent of ACPR respondents, the internal audit function can provide more value to audit committees. Interviewees echoed this, noting that internal audit typically focuses on operational issues at many companies. Only 2 interviewees reported that their internal audit function is used to support the external audit.

Additionally, 23 of 27 of the interviewees stated that internal audit is generally last on the meeting agenda. As a result, certain internal audit matters can get postponed to future meetings when time runs short.

Address cybersecurity oversight

Interviewees confirmed that cybersecurity is an important topic for the audit committee. The few interviewees who indicated experiencing reportable cybersecurity events described the process as routine. Interviewees have adjusted to the required disclosures, and many have obtained training through various organizations such as the National Association of Corporate Directors (NACD), Massachusetts Institute of Technology (MIT), and others.



Interviewees also discussed whether there is a need for dedicated cybersecurity experts on boards or audit committees. Many interviewees thought it was unnecessary to require specific expertise from new members, as it is challenging for directors to stay current in a rapidly evolving area. As a result, boards and audit committees typically rely on senior management (such as CIO, CISO, CTO) and external consultants to provide this expertise.

“Cyber is evolving so quickly, unless you are in it all day and every single day you are not going to be up to speed on what is going on. If you add a retired cyber expert to the board, he may know what was going on two years ago but probably does not know what is happening now. That is why the outside consultant is the better way to go.”

Consider emerging technologies

The discussion of oversight of artificial intelligence (AI) is evolving. Only one person said that their audit committee would have a formal AI governance plan soon. Others were discussing the topic and looking into developing a plan to oversee AI. Many interviewees had not specifically addressed AI oversight or AI policies unless they were in industries with well-advanced AI products, such as health care and financial services.

Quantum computing (QC) was not specifically discussed in the interviews. QC has the potential to present significant risks and opportunities for industries that rely heavily on encryption, including health care and financial services. Audit committee members and chairs may benefit from additional education, training, and further discussion with peers and management to better understand and prepare for the implications of QC.

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Conclusion



Conclusion

The Audit Committee Practices Report was developed to understand audit committee priorities and challenges. Audit committee chairs, members, and management can use the strategies identified in the survey and insights from follow-up interviews to improve the quality of presentations and increase the level of discussion and engagement to enhance audit committee effectiveness. Additional topics discussed in the follow-up in-depth interviews provide further insights to assist those charged with governance.



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Participant profile and research methodology



Participant profile and research methodology

This analysis draws upon 27 comprehensive interviews with directors serving on corporate audit committees (18 chairs, 9 members). Participants brought an average of 3 years of audit committee experience to the discussion. The sample encompassed a diverse spectrum of organizational scales, including 8 directors serving on Fortune 1000 boards. Respondent organizations spanned multiple industry sectors including financial services, technology, energy, and health care.

The interviews were conducted via Zoom during January and February 2025. All sessions were recorded with participant consent. Two researchers independently performed thematic analyses to identify recurring patterns within the transcripts, with any interpretive discrepancies resolved through consultation with the original recordings.

Because interviews were semi-structured and probes were tailored to each participant, not all 27 participants were asked every prompt or had the opportunity to comment on every topic. Accordingly, the percentages in the results are calculated using only those participants who were asked the relevant question or who raised the topic unprompted. These figures are descriptive indicators of salience within our sample and are not intended as prevalence estimates beyond the study context.



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About the researchers



About the researchers

Interviews were conducted by Dr. Andrew J. Felo, CMA, CFM, CFE, professor of accounting at Sigmund Weis School of Business, Susquehanna University, and Dr. Steven A. Solieri, CPA, CMA, CIA, CISA, CITP, CFF, CGMA, CRISC, associate professor at Queens College.

Dr. Andrew J. Felo is professor of accounting at Susquehanna University where he teaches cost and managerial accounting and fraud and forensic accounting. His research covering topics such as accounting ethics, business ethics, audit committees, sustainability, executive compensation, and XBRL has been published in journals such as *Journal of Forensic and Investigative Accounting*; *Research on Professional Responsibility and Ethics in Accounting*; *International Journal of Accounting Information Systems*; *International Journal of Management Accounting Research*; *Accounting and the Public Interest*; *Journal of Forensic Accounting*; and *Journal of Business Ethics*. Dr. Felo has also made a number of presentations at scholarly and practitioner conferences. Dr. Felo (with his co-author Dr. Steven Solieri) received the 2021 Curt Verschoor Award for their article on accounting ethics from *Strategic Finance magazine*. Dr. Felo is currently on the editorial boards of *Research on Professional Responsibility and Ethics in Accounting* and *Corporate Law and Governance Review*. Dr. Felo is a Certified Management Accountant (CMA), Certified Financial Manager (CFM), and

Certified Fraud Examiner (CFE). Dr. Felo has been a member of the Institute of Management Accountants (IMA) since 1999, is currently on the IMA Committee on Ethics and the IMA Research Foundation, and was the President of the Northeast Pennsylvania Chapter from 2022–2024.

Dr. Steven Solieri has been an associate professor at Queens College, which is part of the City University of New York system (CUNY), since 2009 and is an active member of the CPA firm Solieri & Solieri, CPAs, PLLC in New Hyde Park, NY. His PhD was earned at Binghamton University (part of the SUNY system), and he holds four masters in the fields of accounting, business, computer information systems, and manufacturing management. Dr. Solieri is published in several journals primarily in the subdisciplines of corporate governance, strategic control systems, fraud and forensic accounting, and ethics. Dr. Solieri is the Information Systems Audit & Control Association (ISACA) student organization faculty moderator at Queens College and has participated in the ISACA Case Competition annually with his team finishing in the top three positions in four of the last five years.

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About this publication



About this publication

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