For any new director — particularly when joining the audit committee — a learning curve comes with the territory. Just how steep that learning curve is and how quickly a new director is able to contribute meaningfully to committee meetings, hinges directly on the quality of the induction and onboarding process.

**Audit committee induction and onboarding**

**Audit Committee Questions**

Audit Committee Institute

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For new audit committee members, onboarding presents an added layer of complexity as compared to board members in general – given the intricacy and scope of the financial reporting/accounting, legal/regulatory compliance and risk oversight issues on the audit committee’s plate.

It is corporate governance best practice to offer a formal induction programme for new members. The chair and/or secretary to the committee should ensure that any induction programme is tailored to suit the individual’s specific needs. So, whilst all directors will require induction into the organisation itself, a director that is taking on their first audit committee role will need something different.

The audit committee chair should consider reviewing the induction program with the new member after several months to raise any questions they may still have and to improve the process for the next new member.

Even once a new committee member has been fully inducted, their development and education should still continue. Audit committee members should obtain ongoing professional development to ensure that they have the knowledge and skills to address the changing issues facing the company.

**Audit committee oversight essentials …**

Understanding the business – its operations, strategies, risks, and management team – as well as the responsibilities and culture of the board and its committees takes time. But a structured induction programme – including essential information and briefing materials, quality discussions with key people, and a “roadmap” for getting up to speed – can greatly accelerate a new member’s integration and contribution to the committee’s work.

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**Induction programme elements**

- Providing an information pack, including at least copies of latest financial reports and earnings releases, the committee’s terms of reference and recent meeting minutes, the internal and external audit plan, the risk register and any reporting on internal control effectiveness and relevant company policies, such as the code of conduct and the whistle-blowing policy
- Meetings with audit committee chair and other members to understand the role and expectations
- Meetings with management – including site visits – to discuss current audit and financial reporting issues as well as internal controls
- Meetings with the internal and external auditors to understand the audit risks and audit plans
- Meeting with the general counsel to understand the legal and regulatory specific and the status of any current litigations

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Key questions for audit committees to consider:

**Induction information pack**
- Who is responsible for preparing the induction information pack? When does it need to be made available?
- What should be included in the information pack? Who needs to be involved in preparing this?
- How will the information be provided to the new member? Will it be staggered and interspersed with meetings with relevant members of management?
- What is the new member’s background? Do they already have audit committee experience? How can the information pack be tailored so that it is best suited to the new member?

**Meetings with management**
- What does the new member need to know/ have been provided with before meeting different members of management to maximise the benefit of these meetings?
- Will it be sufficient for the new member to attend regular management meetings, or should additional specific meetings be scheduled?
- Who should the new member meet with? Which site(s) should the new member visit?
- At what point should the new member meet with the head of internal audit?
- How can it be ensured that the head of internal audit can provide an honest assessment of the company’s risks, management and internal controls?

**External advisors**
- At what point should the new member meet with the lead audit partner?
- How can it be ensured that the lead audit partner can provide an honest assessment of the company’s risks, management, internal controls?
- Are there any other external advisors with whom the new member should meet as part of the induction programme?
- Would it be beneficial for the new member to attend investor meetings?
- Would it be beneficial for the new member to obtain training/guidance from external facilitators (i.e. accounting, risk management, industry, etc.)?

**Ongoing professional development**
- Who is responsible for overseeing ongoing professional development? How is this monitored?
- Do committee members currently obtain enough exposure to industry issues? Are additional in-house briefings required to provide more regular updates on changing circumstances?
- Would attending externally organised seminars be of benefit to committee members? Would inviting subject matter experts to audit committee meetings be a good idea?
- Does the lead audit partner assist in providing guidance of financial reporting developments?

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