Course Title: Audit Committee Essentials: A Director's Guide to Financial Oversight & Integrity

Duration: 5 Days (approximately 35-40 instructional hours)

Course Goal: To equip Audit Committee members with the comprehensive knowledge, critical judgment, and strategic insight necessary to effectively oversee financial reporting, risk management, and internal and external audit functions, thereby safeguarding organizational integrity and enhancing stakeholder confidence.

Core Focus: This is a governance and oversight course, not an accounting or auditing techniques course. It focuses on the "what to ask," "what to look for," and "how to govern," rather than the "how to do." The emphasis is on strategic questioning, professional skepticism, and fostering a culture of integrity from the top down.

Learning Objectives:

Upon successful completion of this workshop, participants will be able to:

- Articulate the core roles, responsibilities, and legal duties of the Audit Committee.
- Effectively oversee the financial reporting process, including reviewing financial statements and judging the appropriateness of accounting policies.
- Evaluate the performance, independence, and effectiveness of both the internal and external auditors.
- Provide robust oversight of the organization's enterprise risk management (ERM) framework.
- Understand and monitor the system of internal controls over financial reporting (ICFR).
- Oversee the organization's compliance and ethics programs, including whistleblower procedures.
- Engage in productive, challenging dialogue with management, auditors, and other experts.
- Stay current on emerging risks and regulatory changes impacting the committee's work (e.g., cybersecurity, ESG).
- Lead and contribute to an effective Audit Committee that adds strategic value to the board.

Target Audience:

- **Current and newly appointed Audit Committee members** of public, private, and non-profit boards.
- **Board Chairs and other Directors** seeking to understand the Audit Committee's role.
- **Chief Financial Officers (CFOs), Chief Audit Executives (CAEs), and senior finance professionals** who report to the Audit Committee.
- **Aspiring directors** looking to gain the necessary competencies for board service.

Prerequisites:

- **Financial literacy is essential.** Participants must be able to read and understand the three core financial statements (Income Statement, Balance Sheet, Cash Flow Statement).
- Experience in a senior management or governance role is highly beneficial.

Teaching Methodology:

This is an interactive, case-based seminar for senior leaders.

- **Governance Frameworks:** The course is structured around best-practice governance models and the typical annual calendar of an Audit Committee.
- **Real-World Case Studies:** In-depth analysis of major corporate scandals (e.g., Enron, Wells Fargo) and governance successes will be used to illustrate key principles and consequences.

ADEPT TRAINING CENTER

- **"Mock Committee" Sessions:** A key feature of the workshop. Participants will work in groups, acting as the Audit Committee, to analyze complex scenarios, debate courses of action, and role-play interactions with a "CFO" or "External Auditor" (played by the instructor).
- **Expert Guest Speakers (Optional):** Integrating sessions with a seasoned external audit partner, a Chief Audit Executive, or a long-serving Audit Committee chair provides invaluable real-world perspective.
- **Peer-to-Peer Learning:** Facilitated roundtable discussions allow participants to share their own experiences, challenges, and best practices in a confidential setting.

Materials Provided:

- **The Audit Committee Director's Briefing Book:** A comprehensive reference guide with:
    - Checklists for key oversight activities.
    - Sample Audit Committee charters and work plans.
    - A glossary of key technical and governance terms.
    - Questions every Audit Committee member should ask.
- All case study materials and workshop exercises.
- A curated reading list of recent articles on emerging governance topics.
- Certificate of Completion.

Detailed Day-by-Day Curriculum

Day 1: The Foundation - Role, Responsibility, and the Reporting Ecosystem

- **Module 1: The Mandate of the Audit Committee (Approx. 2 hours)**
    - Welcome, introductions, and course objectives.
    - The post-Sarbanes-Oxley world: Why the Audit Committee is the cornerstone of corporate governance.
    - Core Responsibilities: A deep dive into a typical Audit Committee Charter.
- **Module 2: The Financial Reporting Ecosystem (Approx. 2.5 hours)**
    - Understanding the players and their roles: Management, Internal Audit, External Audit, Regulators, and the Committee.
    - The "Three Lines of Defense" model as a framework for understanding risk and control.
- **Module 3: Financial Statement Oversight in Practice (Approx. 3 hours)**
    - Beyond the numbers: How to review quarterly and annual financial statements.
    - Understanding critical accounting policies, significant judgments, and estimates.
    - What to look for in the Management Discussion & Analysis (MD&A).
    - **Mock Committee Session 1:** Review a sample set of financial statements and MD&A, identifying key areas for questioning the CFO.

Day 2: Overseeing the Auditors

- **Module 4: The External Audit Relationship (Approx. 3.5 hours)**
    - Appointing, compensating, and overseeing the external auditor.
    - The importance of auditor independence and professional skepticism.
    - Reviewing the audit plan, scope, and key audit matters (KAMs).

ADEPT TRAINING CENTER

    - **Workshop:** Develop a scorecard for evaluating external auditor performance.

- **Module 5: Maximizing the Value of Internal Audit (Approx. 3.5 hours)**
    - The role of Internal Audit as the committee's "eyes and ears."
    - Ensuring the internal audit function is independent, objective, and well-resourced.
    - Reviewing and approving the risk-based internal audit plan.
    - **Mock Committee Session 2:** Role-play a meeting with the Chief Audit Executive to discuss the annual audit plan and significant findings.

Day 3: The World of Risk and Control

- **Module 6: Enterprise Risk Management (ERM) Oversight (Approx. 3 hours)**
    - The committee's role in overseeing the process by which management identifies, assesses, and mitigates strategic risks.
    - Reviewing the organization's risk appetite and key risk indicators (KRIs).
- **Module 7: Internal Controls Over Financial Reporting (ICFR) (Approx. 4 hours)**
    - What are internal controls? The COSO framework explained.
    - Understanding management's and the auditor's assessment of ICFR effectiveness.
    - The committee's role when material weaknesses are identified.
    - **Case Study Deep Dive:** Analyzing a real-world case of internal control failure.

Day 4: Beyond the Financials - Compliance and Emerging Issues

- **Module 8: Compliance, Ethics, and Whistleblower Programs (Approx. 3 hours)**
    - Overseeing the code of conduct and ethics programs.
    - The committee's responsibility for ensuring robust whistleblower and investigations protocols.
    - Oversight of key compliance areas (e.g., anti-corruption, sanctions).
- **Module 9: Navigating Emerging Risks (Approx. 4 hours)**
    - A forward-looking discussion on key risks demanding committee attention:
        - **Cybersecurity Risk:** Key questions to ask the CISO.
        - **ESG (Environmental, Social, Governance):** The growing link between ESG factors and financial reporting/risk.
        - **Third-Party and Supply Chain Risk.**
    - **Workshop:** Develop a list of key questions the committee should ask management about cybersecurity preparedness.

Day 5: The Effective Committee in Action

- **Module 10: The Dynamics of an Effective Committee (Approx. 2.5 hours)**
    - Running effective meetings: agenda setting and executive sessions.
    - The importance of financial expertise and continuous education for members.
    - Building a constructive, yet challenging, relationship with the CFO and CAE.
- **Module 11: Capstone Case Study: The Ticking Clock (Approx. 5 hours)**
    - **Final Project:** A complex, multi-issue case study presented to the "Audit Committee."

ADEPT TRAINING CENTER

- **Scenario:** "You are the Audit Committee. It is two days before the quarterly earnings release. A whistleblower has just made a credible allegation of channel stuffing in a key division, and the external auditor is raising concerns about a new, aggressive revenue recognition policy."
- Teams must work through the crisis, deciding:
    1. What immediate questions to ask management and the auditors.
    2. What immediate actions to take.
    3. Whether to delay the earnings release.
    4. How to structure an independent investigation.
    5. What to communicate to the full board.

- **Debrief & Course Wrap-up (Approx. 0.5 hours)**
    - Debrief of the capstone exercise.
    - Final Q&A and sharing of best practices.

ADEPT TRAINING CENTER