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Summary:

A study conducted by KPMG and the National Association of Corporate Directors (NACD) reveals risk management is the chief concern of audit committees, marking the first time risk has topped the list during the 3 year life of this annual survey. Conducted between November 2007 and January 2008, the study of audit committee members revealed that:

- Only 28% of respondents were satisfied that audit committees understood management processes well enough to identify and assess significant business risks
- 90% of respondents felt Sarbanes-Oxley made audit committees more effective
- Audit committees are relatively more confident with financial reporting oversight, the chief concern in previous surveys
- 28% felt IT was the area needing the most attention

Ed Smith of KPMG identifies the probable impact of the credit crisis on the survey, pointing out that Audit committees “used to think that financial institutions were head and shoulders above everyone else in terms of risk management.” Many may now be wondering what could happen to their own companies if a crisis of this proportion hit companies with superior risk management?

Link to Original:

<http://www.financialweek.com/apps/pbcs.dll/article?AID=/20080702/REG/604541344>

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Audit Committee Members Rank Risk Management as Top Worry

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