

Governance Leaders Release Auditor Evaluation Tool for Audit Committees

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Washington, DC, October 15, 2012 - A number of organizations have joined forces to launch a [new tool](#) to assist audit committees in performing an annual evaluation of the external auditor in order to make an informed recommendation to the Board whether to retain the auditor. The groups behind the effort are: the [Association of Audit Committee Members, Inc. \(AACMI\)](#), [Center for Audit Quality \(CAQ\)](#), [Corporate Board Member](#), an NYSE Euronext Company, [Independent Directors Council \(IDC\)](#), [Mutual Fund Directors Forum \(MFDF\)](#), [National Association of Corporate Directors \(NACD\)](#), and [Tapestry Networks](#).

Audit committees play a critical role in the governance of public companies and registered investment companies and in the integrity of financial reporting. They are broadly charged with overseeing a company's financial reporting process and controls, and to hire, assess, and oversee the work of the external auditor – holding themselves and the auditor to the highest standards of independence, objectivity and skepticism.

The new annual evaluation tool provides a brief, scalable approach that allows audit committees to take advantage of formal and informal opportunities to objectively evaluate the auditor's performance. The tool contains sample questions to gauge the quality of: services and sufficiency of resources provided by the auditor, communication and interaction with the auditor, and the auditor's independence, objectivity and professional skepticism. It also provides a sample form for obtaining input from company personnel. Audit committees also are encouraged to find ways to communicate to shareholders that they perform an annual evaluation of the auditor and explain their process and scope of the assessment.

The organizations participating in this effort share a commitment to enhance the effectiveness of audit committees through education and other types of support. The assessment tool is the first outcome of

an ongoing collaboration that will allow the participating organizations to leverage their separate efforts to expand access to useful tools and materials with the objective of strengthening audit committee performance and transparency.

The Annual External Auditor Evaluation Tool for Audit Committees can be accessed at the organizations' websites noted below.

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<http://www.thecaq.org/resources/pdfs/AuditorAssessment.pdf>

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<http://www.tapestrynetworks.com/issues/corporate-governance/overseeing-the-external-auditor.cfm>

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