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The Barometer analyzes S&P Composite 1500 proxy disclosures to understand transparency around audit committee oversight of the external auditor and other key audit-related topics. This year's report provides examples of effective disclosure from ...

Isaac M. O'Bannon • Nov. 09, 2021

New data from the Center for Audit Quality and Audit Analytics' report, 2021 Audit Committee Transparency Barometer, shows that overall audit committees continue to increase their disclosures in proxy statements. This has significant implications for investors, as the oversight role of independent audit committees is vital to investor protection and is positively associated with audit quality.

The report, now in its 8th year, found that the most dramatic increase continues to be disclosure of audit committee responsibility for cybersecurity risk oversight, from 11% of S&P 500 companies in 2016 to 46% of S&P 500 companies in 2021, which can be attributed to rising cybercrime and trends towards remote work that have exposed new vulnerabilities. Other increased disclosures identified in the 2021 Barometer include audit committee oversight of non-audit services, auditor tenure, criteria considered to evaluate the audit firm and involvement in audit partner selection.

"We are pleased to see that the positive, long-term trend of increased audit committee disclosures in public company proxy statements has continued," said Julie Bell Lindsay, Chief Executive Officer of the Center for Audit Quality. "Investors do not always have insight into the oversight activities that audit committees perform, which is why these disclosures are so important."

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its kind for audit committees and other stakeholders, providing them with comprehensive data across the S&P 1500 related to audit the committee,” said Michael Nohrden, CEO of Audit Analytics. “We are pleased to continue our partnership – now in its eighth year – with the CAQ in developing this important tool.”

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