



Setting the audit committee agenda for 2010

Introduction

On September 9, 2009, Canadian Audit Committee Network (CACN) members gathered in Toronto to discuss setting the 2010 audit committee agenda. As market and economic conditions show signs of improvement, audit committees and boards have an opportunity to move beyond crisis management and consider the key elements of the committee's 2010 agenda.

*VantagePoint*¹ reflects a synthesis of the key issues that emerged from the meeting. Between them, the members of the network who participated in the meeting and subsequent teleconference sit on the boards of 35 small-, mid-, and large-cap public companies. **For a full list of participants, see Appendix 1.**

Executive summary

Members generally expect few changes to the annual agenda-setting process and instead intend to leave time on their agendas to address new issues as they arise. To a much greater extent than past years' agendas, the 2010 agenda will reflect the transition from Canadian Generally Accepted Accounting Principles (GAAP) to International Financial Reporting Standards (IFRS). Much of the discussion on September 9 concerned this transition. Members also discussed how audit committees might renew their focus on core oversight responsibilities and cut back on what many have described as an ever-expanding scope.

- **Urgency over conversion to IFRS is increasing** (*Page 2*)

Members increasingly recognize that though the transition to IFRS is not mandated until 2011, their companies need to be ready to capture auditable financial information beginning in 2010, in order to minimize the likelihood of restatement and missed reporting deadlines in 2011. As a result, they are looking for more detailed timelines and information from management and their external auditors.

- **Conversion will require substantial audit committee attention in 2010** (*Page 4*)

Most audit committees plan to review pro forma IFRS financial statements in parallel with required Canadian GAAP disclosures throughout 2010 and will require focused IFRS education to stay on top of evolving standards. The market impact of IFRS is uncertain, and audit committees plan to spend time carefully reviewing disclosures and considering external communications.

- **Audit committees see an opportunity to renew their focus and limit scope creep** (*Page 6*)

Audit committees have taken on a range of issues in response to the economic and financial crisis and now see an opportunity to refocus their agenda on core oversight responsibilities. Members do not expect oversight of expanding disclosure requirements to consume significant audit committee time, and they do not seek to increase oversight of management's communication with the market. They

¹ *VantagePoint* reflects the network's use of a modified version of the Chatham House Rule whereby names of members and their company affiliations are a matter of public record, but comments made during the meetings are not attributed to individuals or corporations. Quotes in italics are drawn directly from comments made by Canadian Audit Committee Network members during and after the meeting.



do expect finance and liquidity issues to remain on the audit committee agenda to some extent. While audit committees retain a mandated responsibility for oversight of risk management processes, members see risk management as a full board responsibility or the responsibility of a separate risk committee if one is established.

▪ **Audit committees are identifying ways to better manage their time** (*Page 8*)

Network members expect six, seven, or eight audit committee meetings per year, each lasting between three and five hours. Members identified several tactics that can make meetings more efficient and effective: using question-only consent agendas and limiting presentations on material covered in the pre-reading, focusing quarterly meetings on required disclosures and focusing additional meetings on other issues, and improving coordination with the full board.

Urgency over conversion to IFRS is increasing

Companies reporting in Canada must use IFRS instead of Canadian GAAP for their financial reports for fiscal years beginning January 1, 2011 or later. While this date is more than a year away, many calendar-year companies must begin keeping accounts under IFRS starting on January 1, 2010, in order to report the required two-year IFRS financials in 2011. With 2010 quickly approaching, members realize they have few audit committee meetings left to ensure they are comfortable with their company's progress and preparation. Companies that do not have a calendar fiscal year-end may have more time for implementation, but at least one member cautioned that once other companies in their industry start implementing IFRS, it will put pressure on those further behind.

Audit committees are seeking more detailed information from management and their auditor

Most members report that their companies' management teams have an IFRS transition plan and are working through the potential impacts on the companies' financials. While members feel that managements' preparation is on track, the audit committee is less prepared for the transition. Though several members said the audit committees' lag was simply a timing issue, members agreed it is now time to bring the audit committee up to speed on IFRS issues in more detail. To validate management's decisions, members are looking for an explanation of why the selected approach is best and sensitivity analysis as to the impact of selecting other options; benchmarks with industry peers; additional regulator guidance; and insight from the European transition experience:

- **Developing a more detailed timeline.** As they consider the remainder of 2009 and begin to plan ahead for 2010, members seek a detailed timeline illustrating exactly what they should expect from management and when they should discuss it. A network member said audit committees should *"expect what you inspect."* Rather than waiting passively for what management presents, this member favors articulating clear expectations: *"I want to nail down timelines to audit committee meetings ... with specifics: what will you have, exactly, on which days? What deliverables do we need for an audited balance sheet? I am going to set up a meeting with the CFO and auditor to be sure everyone is interpreting the chart the same way."*



- **Ensuring coordination among peers and within Canadian industry sector groups.** Audit committees would like to see more coordination to ensure comparable interpretation and applications of IFRS. With some exceptions, audit committees are aware of little industry coordination to ensure consistent interpretation of unclear accounting issues under IFRS. One member said, *“I am encouraging the CFO to form a group of peers to avoid being an outlier.”*
- **Drawing on the external auditor to benchmark practices from outside Canada.** In addition to reviewing the white papers management produces on key standards, some audit committee chairs are looking for additional insight from the independent auditor. A member observed, *“The auditor is in a good position to tell us what industry is doing [regarding accounting treatments under IFRS], especially around the world, for example in Europe, where they’ve gone through it.”*

Some companies are already developing pro forma financials under IFRS, and some members said they are beginning to review sensitivity analyses to better understand the implications of management’s proposed accounting treatment, something all members expect more of in 2010. In general, network members don’t expect to be presented with a range of options, but rather expect management to reach a conclusion as to the best approach, then present the pro forma financials based on those decisions.

A network member stated, *“[Decisions] will be influenced by regulators and the rest of the industry, but management, quite rightly, arrives at a preferred option.”* Another member said management should identify *“best-in-class”* accounting among the potential interpretations of international standards such that *“given the options, they have really defined what the best option is and are doing pro formas on these.”* Most agreed with one member who stated, *“Most companies will try to do what makes the least impact on the P&L.”*

Audit committees should ensure companies can produce auditable financials in accordance with IFRS in 2010

Although some are beginning to see pro forma financials, several members said that the network meeting discussion had given them a new sense of urgency regarding the ability of their companies to produce auditable financials next year. The Canadian Securities Administrators’ (CSA’s) CSA Staff Notice 52-324 proposes

to require a domestic issuer to include a balance sheet that complies with IFRS as at the issuer’s ‘transition date’ in its first interim financial statements in the first financial year that the issuer adopts IFRS ... So, an issuer that has a calendar year-end and that elects not to ‘early adopt’ IFRS will be required to include, along with its quarterly financial statements for the period ended March 31, 2011, a balance sheet that complies with IFRS as at January 1, 2010.²

In order to avoid restatements in 2011, at least one meeting participant suggested that companies may need to have auditable financials by the second or third quarter of 2010. With these in hand, the company can work through any potential glitches or issues and ensure they have an audited opening balance sheet in 2011.

² Robert D. Chapman and Edward P. Kerwin, “Issues Relating to Changeover to IFRS: More from CSA Staff,” September 2, 2009. Available at http://www.mccarthy.ca/article_detail.aspx?id=4672. The text of CSA Staff Notice 52-324 is available at http://www.osc.gov.on.ca/Regulation/Rulemaking/Current/Part5/csa_20090521_52-324_changeover_ifrs.pdf.



This is significantly ahead of the mandated audited IFRS financials companies will need in early 2012, and making this happen will require setting aside some time in the audit planning for 2010.

The need to have auditable financials prepared sparked additional questions about how management is developing IFRS statements (e.g., manually in a spreadsheet or via fully embedded systems that have internal controls in place). Members expressed concern about whether their companies' finance IT systems have the ability to capture and report IFRS data and about the timing of any required changes. One questioned, *"Does anything have to happen to raw data accumulation, or is it all later in the process?"*

Conversion will require substantial audit committee attention in 2010

In a conversation prior to the meeting, one network member stated, "This [transition to IFRS] is the biggest issue for [audit committees] in 2010." Members compared IFRS implementation with Sarbanes-Oxley and expect to spend up to a quarter of their time on it during 2010: reviewing pro forma financials, considering changes to accounting standards, educating the committee on key standards and the implications for the company, and considering how best to disclose the changeover process and its potential impact. This is significant not just because it represents a substantial portion of the committee's time, but because members already report spending as much as 75% of their agenda on core oversight of financial statements and controls, which leaves little time for other discretionary items.

The "moving train" of changing standards exacerbates the challenge

Members note that transitioning to a new set of accounting standards would be challenging enough, but the task is even more difficult because IFRS themselves are in a state of flux. The International Accounting Standards Board, which oversees IFRS, is working on several key projects, including revenue recognition and lease accounting, to ensure greater convergence between IFRS and US GAAP.³ A network member said, *"IFRS is so much a work in progress. It's silent on a lot of areas, where, as a US filer, there may be a book on it, and under IFRS, there is no guidance."*

One member said the audit committee is briefed quarterly on potential changes to IFRS, with the understanding that the company is *"moving ahead on the assumption that [proposed changes] will be approved."* At least one member said their company is shifting to US GAAP, an option available to Canadian SEC registrants, and *"not getting off until this train is caught."*

Reviewing two sets of accounts raises questions about resources

An emerging practice is to run two parallel sets of books during 2010, one in Canadian GAAP and one in IFRS, for the audit committee to review and compare at each subsequent audit committee meeting. This gives the audit committee an opportunity to get a sense of the areas in which the greatest discrepancies exist between IFRS and Canadian GAAP and to raise questions about the decisions management is making.

This raises some questions about whether the resources required for this process are available. Several members noted that company finance functions are already busy dealing with a range of issues and may have

³ Audit Committee Leadership Summit, "Current issues in financial reporting: a discussion with Bob Herz," *ViewPoints*, August 4, 2009, 4-5. Available at http://www.tapestrynetworks.com/documents/Tapestry_EY_Summit_View9_Jul09.pdf.



been through a round of cost reductions. But several members agreed that the audit committee has enough time to ensure management allocates the necessary resources.

Audit committees and boards will require education

One member summarized the sentiments of most at the meeting, saying, *“I am not planning on becoming an expert in IFRS. What I need to understand are the implications [of IFRS] and [their] disclosure [and] the material consequences, and that will take some education.”* As management learns on the fly, audit committees will need education to be sure they understand the implications of management’s choices and are able to effectively oversee the implementation process. A member said, *“The trick is making the right choices. They won’t be simple decisions. We have a steep ... learning curve.”*

Education for audit committees should be tailored to the industry and company in order to have the greatest impact. A member described a generic IFRS training session as *“mind-numbingly technical,”* and said, *“From an efficiency point of view, you want to avoid getting into depth on some [less relevant] issues.”* Members generally agreed with another who suggested the best way to identify priority areas for education is to review the pro forma financials so that *“you can understand when you’ve made a decision and what it will look like when we send it to the public.”*

The audit committee may then have a role in helping to educate the rest of the board and in raising pertinent issues for the full board. A network member said, *“We have to get the whole chain engaged: up to the audit committee, then communication from the audit committee to the full board level.”*

IFRS implementation disclosures will require careful review

In 2010, companies will be expected to provide additional disclosure on the impact of IFRS. According to CSA Staff Notice 52-320:

To comply with [IFRS1] an issuer will need to prepare quantified information about the impact of IFRS on each line item presented in the financial statements for the interim and annual periods of the year preceding changeover (e.g., for the year ending December 31, 2010 in the case of an issuer that will change to IFRS for the financial year beginning January 1, 2011). If an issuer has quantified information about the impact of IFRS on the key line items in the issuer’s financial statements available when it prepares its interim and annual MD&A for the financial year beginning one year before an issuer’s changeover date, an issuer should include this information in its MD&A.⁴

One network member said that representatives of the Ontario Securities Commission have publicly expressed *“disappointment”* in the IFRS disclosures companies have thus far provided through the management discussion and analysis (MD&A). In August, the CSA released the results of their continuous disclosure review program of public companies for the 2009 fiscal year indicating that disclosure of IFRS changeover plans in the MD&A will receive greater attention in 2010.⁵

⁴ Canadian Securities Administrators, “Disclosure of Expected Changes in Accounting Policies Relating to Changeover to International Financial Reporting Standards,” CSA Staff Notice 52-320, May 9, 2008. Available at <http://www.gov.ns.ca/nssc/CSANotices/csanotice52-320.pdf>.

⁵ Lang Michener LLP, “CSA Release Results of Continuous Disclosure Review Program,” September 1, 2009. Available at <http://www.langmichener.ca/index.cfm?fuseaction=content.contentDetail&id=10711&lid=0>.



But other members suggested there are real risks in “over-disclosing” prematurely. A member stated, “*You don’t want to disclose before the rules are set,*” because a change in accounting standards could significantly impact key performance indicators. Another member noted that companies that provide earnings guidance may be forced to make some decisions early: “*It’s hard to say, ‘Here’s guidance on the first quarter in 2011, but we can’t tell you what the impact of IFRS will be because we want to keep our options open.’*”

Another member emphasized the need for alignment between financial disclosures in the MD&A and messages being delivered from investor relations to the market. Yet another member wondered about what will happen if companies issue a prospectus to raise capital in 2010 and the results in 2011 look significantly different under IFRS. Allaying these concerns will take time: audit committees will need to develop a better understanding of IFRS and will need to be diligent in their review of disclosures related to the impact of IFRS along the way.

The transition to IFRS: key issues for audit committee oversight

- Ask management and the auditor to provide a detailed timeline outlining what the audit committee should expect to review and when financials will be auditable.
- Ensure the necessary resources are available and assigned to the transition process.
- Encourage coordination among the company’s industry peer group to avoid being an outlier.
- Request insights from the external auditor’s experience with other clients, especially those that underwent the European IFRS conversion.
- Ask management to provide information about the IT system’s ability to gather and report data under IFRS.
- Carefully review and coordinate all public disclosures and messages to the market regarding the impact of IFRS.
- Identify areas for targeted, tailored education for the audit committee and the board.

Audit committees see an opportunity to renew their focus and limit scope creep

Members expect few changes to the agenda-setting process from past years; they are aiming to limit their scope rather than extend their oversight responsibilities. Audit committees are identifying ways to manage core oversight responsibilities efficiently to allow flexibility in the agenda for issues that arise throughout the year, as well as leave time for the “*IFRS bulge.*” A member said, “*It’s a capacity issue. We can’t add anything else. I’m trying to take things off the agenda and streamline reports to have time to get to operating results.*”

Despite efforts to cover routine items more efficiently, members still see only scant time left on their agendas for additional items or for delving into issues beyond core oversight responsibilities. What available time they do have is often reserved for deep dives into areas directly related to core oversight responsibilities.



Audit committees are reluctant to expand their role in reviewing financial communication

Some audit committees are beginning to scrutinize earnings call scripts, presentations to analysts and credit rating agencies, and other financial communications to be sure these are consistent with the information in continuous disclosure documents. Yet network members suggested this may cross a line. One said, *“Reviewing call scripts beforehand is doing [management’s] job for them.”*

In fact, no meeting participants review earnings call scripts in advance, though most do review reports to analysts and said they can get the *“flavor”* of what will be covered on calls from the press release and discussions with management during audit committee meetings. A network member said, *“You want to know that when you listen to the analysts’ call the next day that ... [you won’t be] surprised by what you’re hearing ... [and it won’t be] different from what you heard at the audit committee.”*

One member noted that companies that do not provide guidance should be careful about how management answers questions because analysts could piece together those answers and use them as the equivalent of guidance. This member said analysts will often say, *“Can you provide more color?”* which leads to information being discussed that analysts are able to insert into models. This member listened to an analyst call with another audit committee member and provided specific feedback to the CEO and CFO to help them avoid unintentionally providing too much forward-looking information.

The audit committee has a limited role in expanding governance disclosures

Although Canadian and US regulators and investors continue to call for greater governance disclosures, members expect audit committees to take no more than a limited role in reviewing the expanded disclosures. The US Securities and Exchange Commission recently proposed increased disclosure requirements related to executive compensation and its impact on risk, which will affect Canadian companies listed in the United States.⁶ Members see some elements of disclosure regarding the connection between compensation and risk as problematic because, as one commented, *“You wouldn’t say, ‘This compensation plan we put together is risky or encourages fraud,’”* but most also agreed with the member who said, *“Disclosure is getting very prescribed. It’s almost a template in Canada.”*

Compensation disclosure could improve review and discussion of the connection between compensation and risk up front, as a network member asserted, *“The audit committee needs to understand the levers that lead to risk and how compensation is connected ... Disclosure is [only provided] after the horse has left the barn. We need to understand compensation before we get to the proxy.”* But members insist that the audit committee’s role is limited: *“The board delegates compensation to the compensation committee, which reports back to the full board. It’s not an audit committee issue.”*

Finance and capital structure have a permanent place on most audit committee agendas

Oversight of finance issues such as liquidity and capital structure is clearly company specific, and indeed, in some industries many companies have a separate finance committee. But some smaller boards have renamed the audit committee the “audit and finance committee” or the “audit, finance, and risk committee,” making

⁶ Melissa Klein Aguilar, “Preparing Now for SEC Disclosure Changes,” *Compliance Week*, July 21, 2009. Available at <http://www.complianceweek.com/article/5503/preparing-now-for-sec-disclosure-changes>.



finance explicitly an audit committee responsibility. Members generally expect to spend less time on these issues in 2010 than in 2008 or 2009, though several said the audit committee's involvement will depend on debt maturities, market conditions, capital markets activity, etc.

Risk management is increasingly taken up by the full board

Though most audit committees oversee risk management processes, members describe risk management as a full board responsibility and report progress in assigning oversight of key risks across committees. A member commented, *"The world changed on risk with [the collapse of] Lehman [Brothers]. Now, risk reports are earlier and more frequent."* The economic and financial crisis demonstrated that the most damaging risks are generally less predictable, more dynamic, and more strategic than directors often appreciated: *"stealth risks"* can sneak up on a company, and seemingly unrelated risks can reinforce one another in unexpected ways. It has never been harder for boards to oversee risks; at the same time, stakeholders' expectations have never been higher. This had helped make risk oversight a full board priority.

Oversight of risk management, like oversight of finance issues, is *"very company specific."* Some companies, especially financial institutions, have a separate risk committee. Overall, members agreed that comprehensive, enterprise-wide risk management is not an issue that can be delegated to a committee, but is the responsibility of the full board. Members do see a specific role for the audit committee overseeing the management of key financial, control, and compliance risks. Several members said they'd worked through the top ten risks identified in the annual report, and two or three remained with the audit committee, while the rest were delegated to other committees for deep dives. Another board went through a more complete list of over 100 risks identified by management and realized that the vast majority did not fall within the purview of the audit committee.

In areas in which the audit committee has a clear oversight responsibility, members see an opportunity to spend more time with executive vice presidents, division heads, and functional leaders. A member said that getting closer to executives in major risk areas of the business can reveal issues that audit committees should be aware of or should look into that may not have been brought to their attention before.

Audit committees are identifying ways to better manage their time

Members emphasized the value of coordinating agendas with the chairman or lead director, as well as with the chairs of other board committees. This will ensure all key issues are receiving due attention, focus the audit committee time on the most relevant issues, and avoid duplication of efforts.

As the number and length of meetings has grown, members see limited opportunity to reduce activities and little appetite for adding new activities. Therefore, they have turned their attention to finding ways to cover core oversight activities more efficiently to ensure they have time for IFRS implementation, issues that may come up throughout the year, and deep dives into key risk areas. Members are using "question-only" consent agendas and limiting in-meeting presentations that mirror pre-reading materials. One member said, *"The audit committee and the board are becoming much more ruthless with management about repeating what can be read beforehand."* One way to streamline presentations is to ask management to identify the five key points of each presentation and focus discussion and questions around those.



Members also recommend that education sessions, including those on IFRS, be kept brief to ensure the greatest retention. A network member said, *“Keep it short. It’s hard to take away so much at once ... [Management] often tries to cram in too much at once.”* Another member emphasized the importance of providing educational materials in advance of sessions so participants can prepare.

Agenda setting requires coordination with the full board through the chairman

Because audit committees are often the default committee for a range of issues and risks, audit committees need to coordinate with the chairman and with management to be sure emerging issues are allocated to the appropriate committee or handled by the full board. A network member said that the audit committee should ask, *“What’s new and hot?”* and went on to say, *“Each committee chair needs to discuss with the [board] chair which committee should handle it or if it’s best for the full board to handle something. This could be discussed with the CEO, CFO, or corporate secretary as well.”*

To avoid duplication between audit committee and full board financial discussions, one member asks the CFO to focus the audit committee presentation on mechanics; for example, what issues arose in developing financial statements, where management made estimates and judgments. That allows the CFO to focus on the substance of operating performance in the board presentation. Another member said the role of the audit committee chair is demanding because the audit chair has to work with management and other board chairs, and *“the output of the meeting is proportional to the planning that goes in.”*

Audit committee meeting agendas can be more focused

To ensure all the issues on audit committee agendas get due attention, network members recommend focusing quarterly audit committee meetings on required quarterly disclosure issues and compliance issues and using additional meetings throughout the year to address other issues, such as education, risk management, internal audit, staffing and capabilities of the finance team, IT, etc. Members’ audit committees generally have two to four meetings a year in addition to the four quarterly meetings. Each of these meetings can last three, four, and occasionally five hours. Several agreed with a member who said, *“It takes three hours to do what you have to do, [which leaves] maybe one hour to cover everything else.”* If quarterly meetings are focused on quarterly financial reporting and the additional meetings are devoted to other agenda items, those other items are assured of receiving the committee’s full attention. Another member suggested audit committee chairs should reconsider the meeting planning process: *“We don’t need to fill up the allotted time; we need to figure out what we want to do, then how long we need to do it.”*

Conclusion

As economic and market conditions improve, audit committees may want to refocus their agendas for 2010. For Canadian companies, IFRS implementation will demand significant audit committee time. Though the economic and financial crisis put additional stress on companies and their boards, it may also have sparked new thinking about risk management and raised board awareness about the need for effective oversight. As audit committees set their agendas, they are focusing not on redefining their scope, but on fulfilling core responsibilities effectively and efficiently by improving coordination with the full board and other committees.



Audit committee chairs may need to be more proactive in requesting detailed information on IFRS implementation from management and their auditors to ensure that the transition is progressing according to an agreed timeline and that key implications are understood by management and the board. Audit chairs also should consider how best to effectively and efficiently manage their crowded agenda in 2010 to leave time for oversight of the implementation process and for director education, while also accepting that new issues will emerge that demand audit committee time.

About this document

The Canadian Audit Committee Network is a group of audit committee chairs drawn from leading companies committed to improving the performance of audit committees and enhancing trust in financial markets. The network is convened by Ernst & Young and orchestrated by Tapestry Networks to access emerging best practices and share insights into issues that dominate the new audit committee environment.

VantagePoint is produced by Tapestry Networks to stimulate timely, substantive board discussions about the choices confronting audit committee members, management, and their advisers as they endeavor to fulfill their respective responsibilities to the investing public. The ultimate value of *VantagePoint* lies in its power to help all constituencies develop their own informed points of view on these important issues. Anyone who receives *VantagePoint* may share it with those in their own network. The more board members, members of management, and advisers who become systematically engaged in this dialogue, the more value will be created for all.

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Appendix 1: Meeting participation

The members of the network present at the meeting were:

- Bev Briscoe, Audit Committee Chair, Goldcorp
- John Caldwell, Audit Committee Chair, IAMGOLD
- Denis Desautels, Audit committee chair, Bombardier
- Don Fullerton, Audit Committee Chair, Husky Energy
- Krys Hoeg, Audit Committee Chair, Sun Life Financial
- Tom O’Neill, Audit committee chair, Loblaw
- Ted Reevey, Audit Committee Chair, Bell Aliant
- Ron Tysoc, Audit Committee Chair, CIBC

Ernst & Young participants in the meeting included:

- Les Brorsen, Americas Director of Public Policy, Ernst & Young
- Colleen McMorrow, Senior Client Service Partner and Greater Toronto Area Leader, Technology, Communications, and Entertainment Industry Practice, Ernst & Young
- Lou Pagnutti, Area Managing Partner; Chairman and Chief Executive Officer, Ernst & Young Canada
- Rob Scullion, Managing Partner for Assurance and Advisory Business Services, Ernst & Young

The following members participated in a teleconference on the same topics following the meeting. Comments from that call have been incorporated in this issue of *VantagePoint*.

- Brian Canfield, Audit Committee Chair, Suncor
- Alice Laberge, Audit Committee Chair, Potash Corporation of Saskatchewan
- Eileen Mercier, Audit Committee Chair, CGI Group
- Barbara Stymiest, Audit Committee Chair, Research in Motion



Appendix 2: Questions for audit committees

- ? How would you describe the transition to IFRS? Have there been any surprises? What challenges remain for the rest of 2009? What about 2010? How will these challenges impact the audit committee agenda?
- ? How much technical facility should audit committee members have with IFRS? How should audit committees get comfortable with new accounting policies, especially when some aspects of IFRS are in a state of flux?
- ? How does IFRS reporting impact other board oversight activities (e.g., strategy, compensation)? How might the audit committee support other board members or committees during this transition?
- ? What is the role of the audit committee in reviewing broader financial communications?
- ? What about the committee role in reviewing governance disclosures? How does the committee determine its role, relative to other committees, in reviewing such disclosures?
- ? How is board and audit committee oversight of risk management likely to change in 2010?
- ? Recognizing that many core audit committee responsibilities are prescribed by regulation, what discretionary issues should audit committees take up? How is this issue set likely to change in 2010?
- ? Should audit committees reconsider their charters?
- ? What impact will expanded regulation and disclosures have on the audit committee's 2010 agenda?
- ? When and how will you set the 2010 audit committee agenda? How do you ensure the audit committee agenda is aligned with the agendas of the board and other committees? What challenges does this present? What opportunities do you anticipate?
- ? How can audit committees get through their agenda more efficiently? How can you assess the effectiveness of the agenda?