

D&O, AUDIT COMMITTEE & GOVERNANCE REVIEW

WRITTEN FOR BOARDS, AUDIT COMMITTEES, OUTSIDE AUDITORS, AND OFFICERS (CEO, CFO, INTERNAL AUDIT, COMPLIANCE AND ETHICS, AND LEGAL) OF PUBLIC COMPANIES, PRIVATE COMPANIES AND NONPROFIT ORGANIZATIONS

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APRIL 20, 2009

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1. A LIST OF 20 PERSONAL QUALITIES AND CHARACTERISTICS THAT WOULD TEND TO BENEFIT AN AUDIT COMMITTEE MEMBER, A DIRECTOR, OR AN EXECUTIVE OFFICER

At times we get narrowly focused on the technical requirements and aspects of being an audit committee member (or a director, or an executive officer). Taking a broader, principle-based viewpoint, the following is a list of 20 personal qualities and characteristics that would tend to benefit an audit committee member, a director, or an executive officer. I started considering personal qualities and characteristics after reading case after case of business-related mistake or misfeasance, neglect or lack of diligence, malfeasance, or failure of appropriate governance, attitude or approach. Of course, unexpected events or results, and bad luck, can occur even in the best of circumstances. However, the probabilities of success can be increased. The list is not ranked in any particular order; nor have I attempted to quantify, such as on a scale of 1 to 10, the amount or level of the quality or characteristic that is desired for a particular task, function or responsibility. However, I would tend to put “integrity” near the top of any list.

1. Integrity.
2. Subject matter and position competence—experience, expertise, knowledge and education (current, and through ongoing learning) relevant to the company, the industry, and the audit committee’s (director’s or executive officer’s) functions and responsibilities.
3. Leadership—a leader.
4. Commitment to the interests of the shareholders and the company; fiduciary/service.
5. Preparedness.
6. Diligence.
7. Proactive approach—prompt follow through—completes tasks.
8. Professional and courteous demeanor—interactive, approachable, interested in and works well with others, and a good listener.
9. Independence.
10. Forward thinking—imaginative/creative—a planner/builder.
11. Time dedication—has and makes available the time to fulfill the functions and responsibilities.
12. Adept at and comfortable dealing with uncertainty and conflict.

13. Stick-to-it-ness—willingness to stick with or make a tough call or decision based on prudent judgment.
14. Inquisitiveness—an appropriately skeptical, questioning, and analytical approach to issues.
15. Sincerity.
16. Reliability; trustworthiness.
17. Good writing and reading skills.
18. Good speaking skills—comfortable speaking to a group—able to think and respond on his or her feet.
19. Seeks and obtains help, input, advice and information necessary to the issue or task.
20. Plus, an overall ability to keep things in perspective—well-roundedness of interests and life—and an appropriate level of humor and humility at times.

TATE: ANNUAL AUDIT COMMITTEE EVALUATION

http://davidtate.us/files/Annual_Audit_Committee_Evaluation_Dave_Tate_CPA_Esq2._3.28.09_.pdf