



Audit committee survey report 2025

Board Leadership Center (India)

KPMG. Make the Difference.



Audit committee insights

We are pleased to share the key findings from KPMG in the U.S. Audit Committee Pulse Survey, with participation from over 50 audit committee members across India.

The survey provides valuable perspectives on some of the top concerns, evolving risk priorities, and shifting oversight responsibilities facing audit committees in today's dynamic business environment.

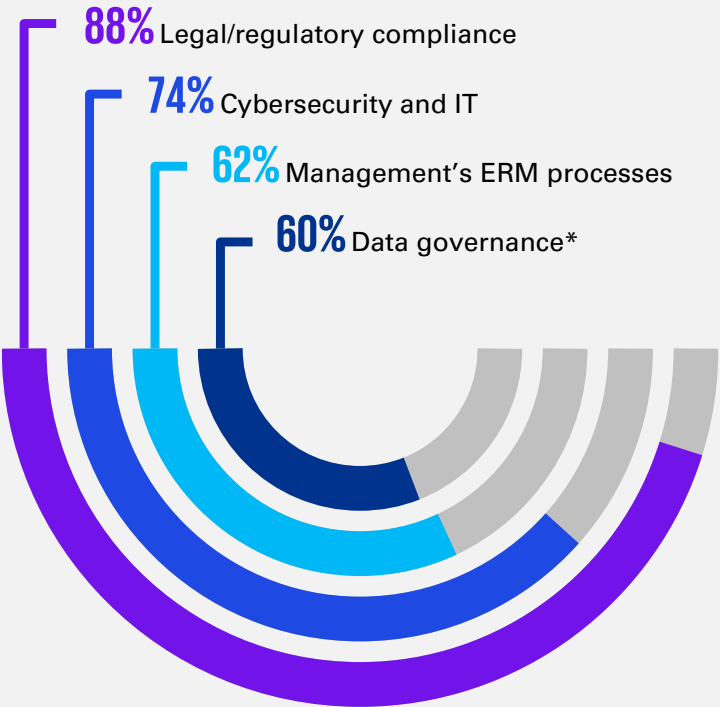
As audit committees respond to rising macroeconomic uncertainty, regulatory change, and complex risks—ranging from cybersecurity and AI to supply chains and ESG—the findings offer a window into how boards are reshaping their focus and processes to stay ahead. In a world of fractured alliances and real-time threats, committees must now interpret risks that are dynamic, intersecting, and deeply strategic. This publication explores how boards are recalibrating their oversight in response.

We hope this snapshot of views from Indian audit committee members helps inform your discussions and decision-making. Please feel free to reach out if you'd like to explore these insights further.

Top concerns and expanding mandate of audit committees

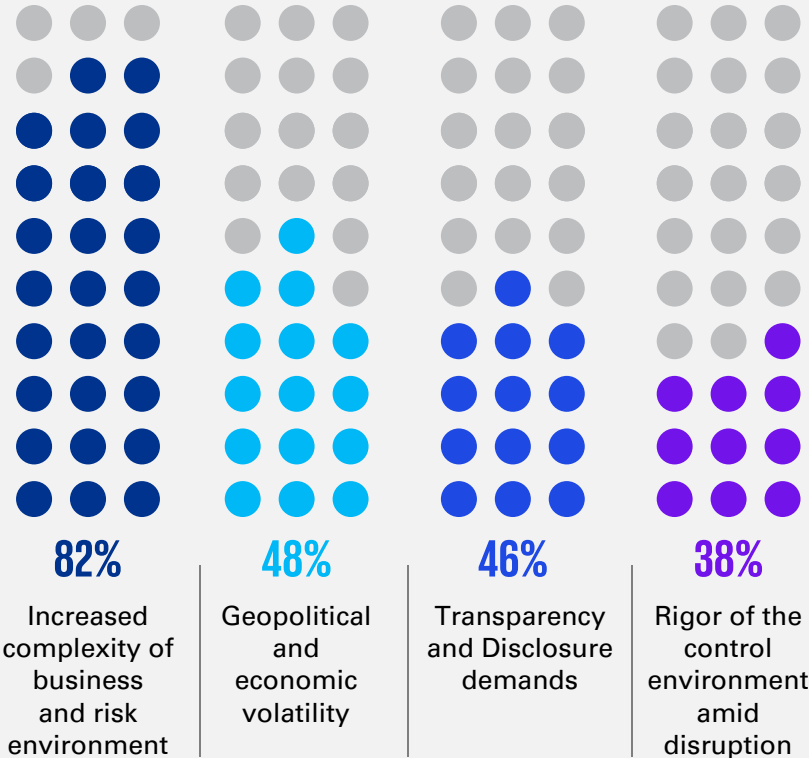
Audit committees are navigating a significantly more complex risk landscape, with their focus expanding well beyond traditional financial reporting and internal controls. Our survey reveals that **geopolitical and economic volatility, along with the growing complexity of the business and risk environment** driven by cyber threats, evolving technologies like AI, global supply chain disruptions, and increasing disclosure expectations—are among the top macro trends shaping the audit committee agenda today.

Key oversight responsibilities beyond financial reporting for audit committee



**Data governance (e.g. privacy, protection, ethics, AI and algorithm bias)*

Key macro-trends shaping audit committee agendas



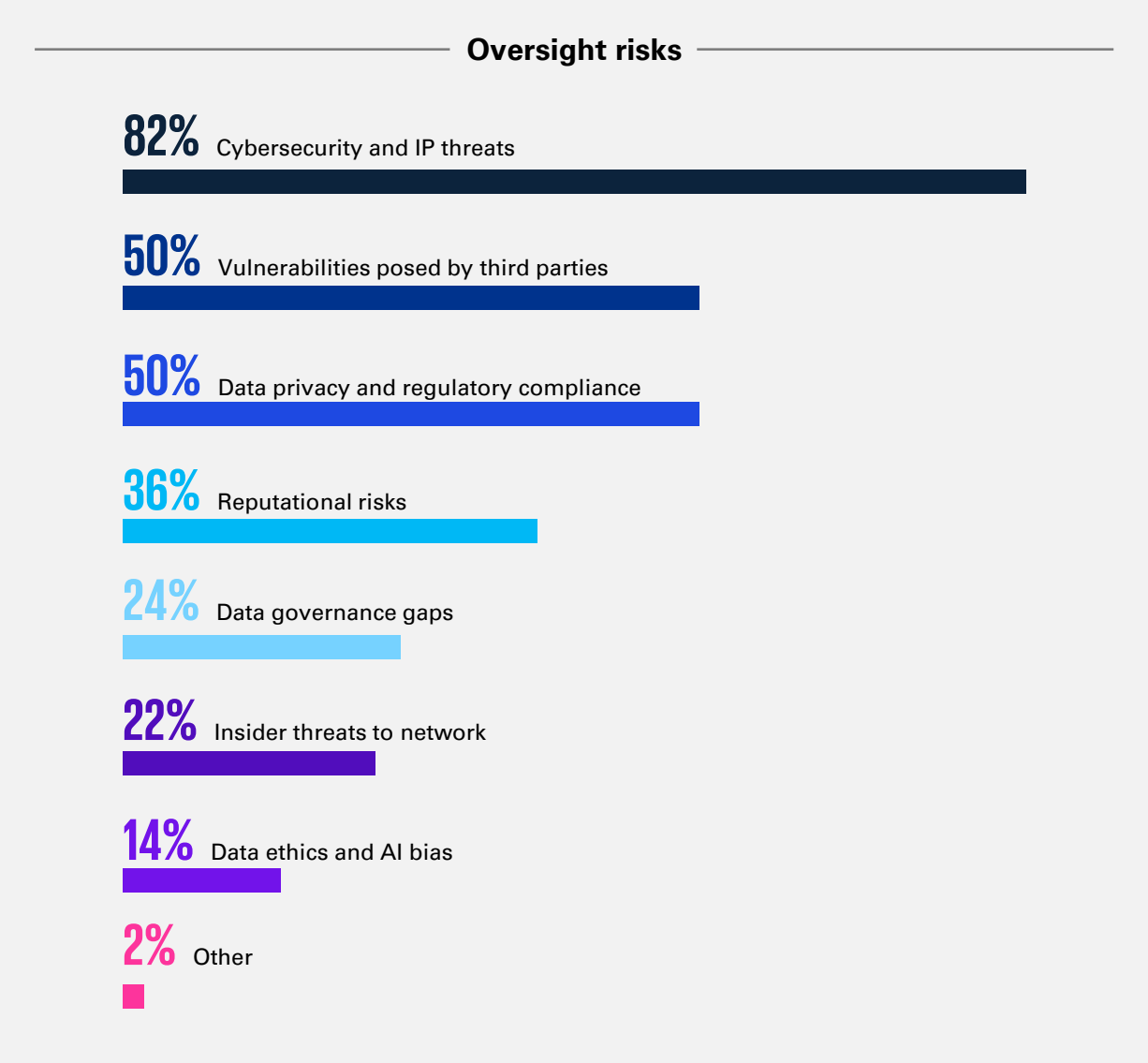
In line with this evolving risk profile, audit committees are assuming heightened oversight responsibilities in areas such as cybersecurity and IT governance, legal and regulatory compliance, data governance, ESG, and broader geopolitical and economic risk management. This broadening scope reflects the growing expectations on audit committees to be strategic risk overseers in a rapidly shifting environment.



Digital oversight in the hot seat; cyber, data and AI risks rising

Technology and digital risks have emerged as the top area of concern for boards, especially in terms of potential oversight and preparedness gaps. **Cybersecurity stands out as the most pressing risk within digital domain, with 78 per cent of respondents identifying it as a top concern, followed by insider threats, data privacy, and data ethics.**

Boards are also increasingly attentive to the risks associated with the growing adoption of Gen AI—particularly cybersecurity implications and the need for skilled AI talent within the organisation. While audit committees are playing a central oversight role in areas such as cybersecurity, data governance, data privacy, and data ethics, **their involvement in AI oversight remains limited for now.** As AI becomes more integrated into business operations, the need for clearer ownership and governance frameworks—beyond traditional oversight domains—will become critical.



Challenges

- Fragmented digital risk ownership across committees
- Limited GenAI-specific oversight capabilities
- Inadequate cyber preparedness amid rising threats
- Gap between board’s understanding and real-time tech evolution.

Opportunities

- Build tech-fluent boards with expertise in data ethics and AI
- Integrate cyber and privacy oversight into ERM frameworks
- Use tabletop exercises to stress-test digital resilience
- Elevate third-party and ecosystem-level digital scrutiny.

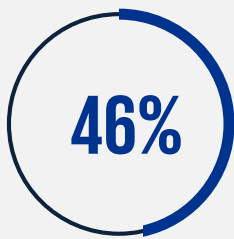
ESG on the agenda, but readiness still emerging

While ESG continues to be a focus area for boards, **audit committee involvement remains primarily centred on reviewing ESG and climate-related disclosures**—with 44 per cent of respondents indicating this as a key area of oversight. However, only 10 per cent of audit committee members are engaged in overseeing management’s **preparedness for emerging global ESG disclosure frameworks**, signaling a critical readiness gap. Compounding the challenge is a clear **shortage of ESG expertise at the board level**, as flagged by 36 per cent of survey respondents. As the regulatory landscape evolves and stakeholder expectations grow, building ESG fluency and strengthening board-level governance mechanisms are likely to be key to ensuring robust and future-ready oversight.

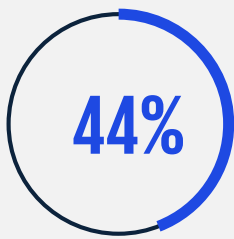
Role in the oversight of climate-related issues



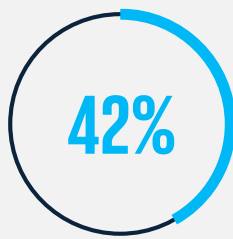
Oversees disclosures in regulatory filings



Oversees management's processes to materiality assessment of climate risk



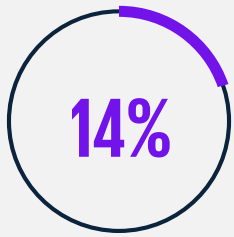
Management's disclosure committee oversight (Climate focus)



Oversees company's voluntary climate reporting



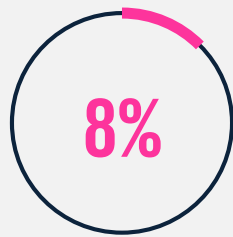
Oversight of climate-related risk



Board committees role clarity



Management's global disclosures readiness



Others

Challenges



- Unclear ESG oversight allocation between audit, risk, and sustainability committees
- Insufficient board-level literacy in climate reporting frameworks
- Resource constraints in sustainability functions.

Opportunities



- Map ESG disclosures to committee charters and define touchpoints across governance bodies
- Establish ESG reporting liaisons who can synthesize legal, climate, and financial materiality
- Use ESG assurance as an opportunity to elevate internal audit's scope.

Risk and disclosures: reactive or resilient?

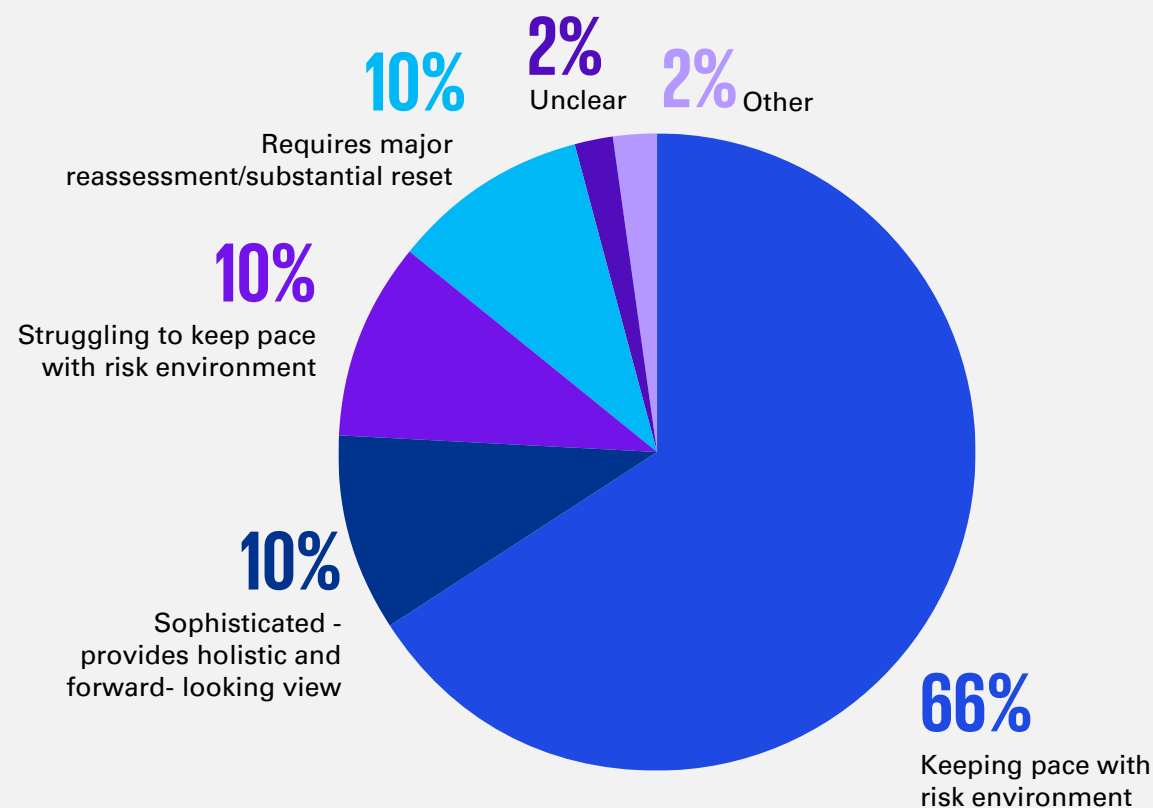
As scrutiny intensifies from investors, regulators, and other stakeholders, audit committees are playing a central role in overseeing the quality and completeness of disclosures, particularly in relation to risk management and governance oversight. However, the survey highlights **gaps in confidence and capability**.

When it comes to the company's overall risk management and reporting capabilities, **only 10 per cent of respondents feel they are sophisticated and future-ready**, while 66 per cent believe they are merely keeping pace with risk environment. The remaining respondents acknowledge struggles or the need for significant reassessment.

48%

respondents were only somewhat confident in the audit committee's external voice and transparency

Sentiment shifts on risk management



Challenges



- Gaps in holistic risk oversight capabilities
- Fragmented view of mission-critical risks across management layers
- Shallow board-management alignment on emerging threats
- Gaps in linking risk appetite to strategic ambition.

Opportunities

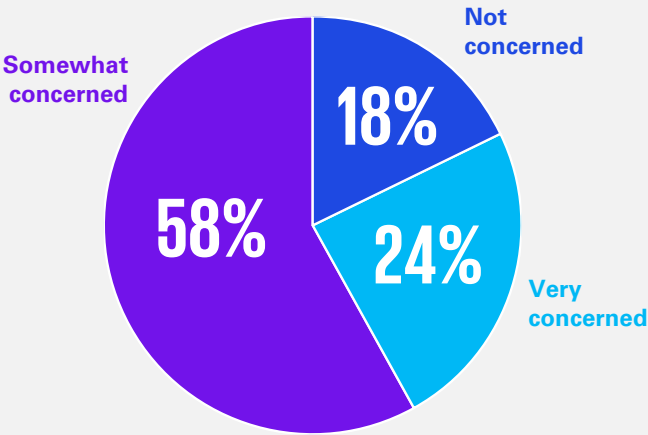


- Reframe board dashboards to focus on integrated risk signals
- Drive cultural alignment on risk awareness
- Deepen board-management interactions on resilience planning
- Link risk oversight with value creation levers.

Beyond silos: boards urge stronger alignments across the enterprise

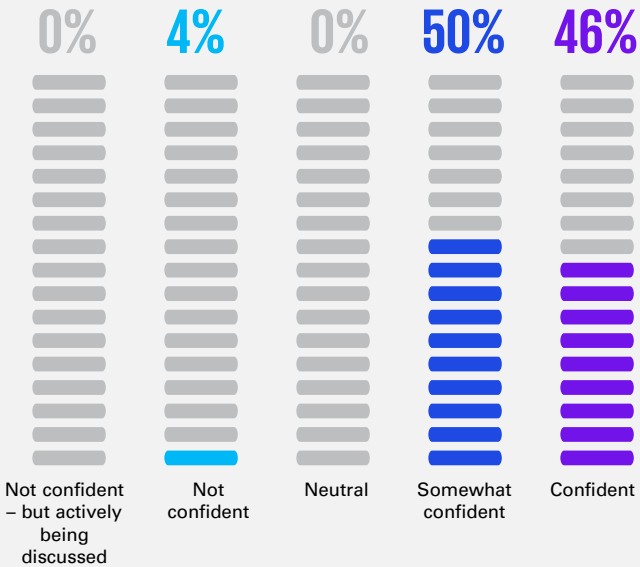
In a business environment marked by disruption, uncertainty, and increasing complexity, the ability of companies to maintain critical internal alignments—between purpose and culture, strategy and risk, compliance and controls, and performance metrics and talent—has emerged as a top concern. **82 per cent of audit committee members say they are either very concerned or somewhat concerned** about these alignments breaking down under pressure. Moreover, there are significant gaps in shared understanding and coordination across leadership levels. **Over half the respondents (54 per cent) are not confident or only somewhat confident** that the board and management share a common view of the company’s mission-critical risks. In addition, **62 per cent express dissatisfaction** with how effectively C-suite executives are aligning responsibilities around risk, internal controls, value creation, and related reporting. These findings point to a pressing need for stronger enterprise-wide coherence and clarity around risk ownership, strategic priorities and cultural anchors.

AC’s concerns about company’s abilities to maintain critical alignments* in a disruptive environment



* critical alignments includes culture and purpose, strategy and risk, compliance and controls, incentives, performance metrics, and people

AC’s confidence in shared understanding of mission-critical risks across board and management



AC’s satisfaction with c-suite alignment on risk and strategic oversight



2%
Not satisfied



60%
Somewhat satisfied



38%
Satisfied

* This assessment includes an evaluation of C-Suite effectiveness in coordinating and aligning their responsibilities for risk management, internal controls, value creation, and related communications and reporting.

Challenges

- Fragmented understanding of critical risks
- Weak cross functional alignment
- Breakdowns under pressure
- Ambiguity in risk ownership and strategic priorities.

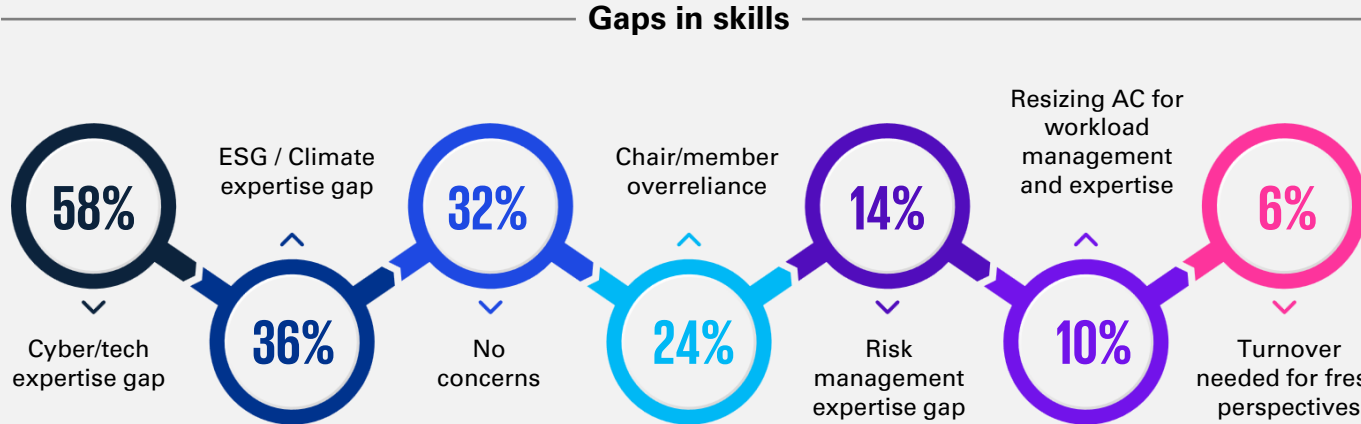
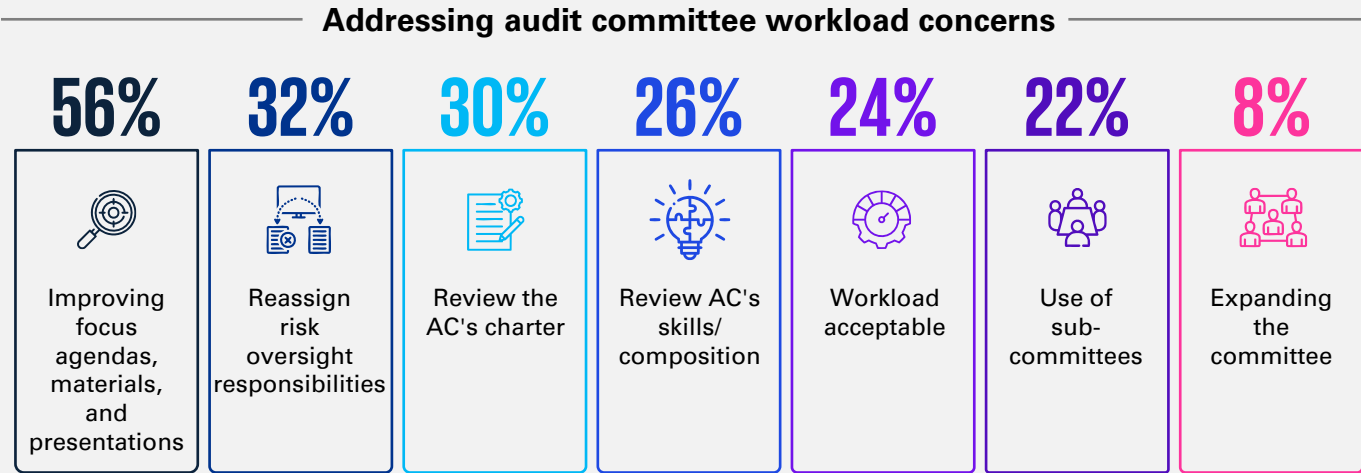
Opportunities

- Strengthen strategic coherence
- Enhance board-management calibration
- Embed cross-functional accountability
- Leverage audit committees as alignment catalysts

Boardroom strains: skill gaps and strategic challenges rising

Audit committees are increasingly acknowledging the **mismatch between growing responsibilities and existing capacity**. Only 24 per cent of respondents feel their committee’s workload is currently **appropriate**, while the rest are exploring solutions such as reallocating risk oversight, forming sub-committees, expanding skills and size, and improving the focus and structure of agendas, materials, and charters.

In terms of skills, a significant number of audit committees feel **under-equipped**—58% cite a lack of cyber and technology expertise, and 36% flag gaps in ESG capability. Other governance challenges include over-reliance on the committee chair or a single member, and a broader struggle across boards to address emerging issues. Key challenges cited include managing digital disruption (52%), attracting and retaining talent (48%), preparing for regulatory disclosures (38%), and driving strategic leadership and thinking (42%). These findings underscore the growing need to rethink board and committee composition, workload, and effectiveness in light of today’s governance demands.



Challenges

- Overdependence on a few members
- Limited tech/ESG fluency
- Agenda overload
- Gaps in succession planning.

Opportunities

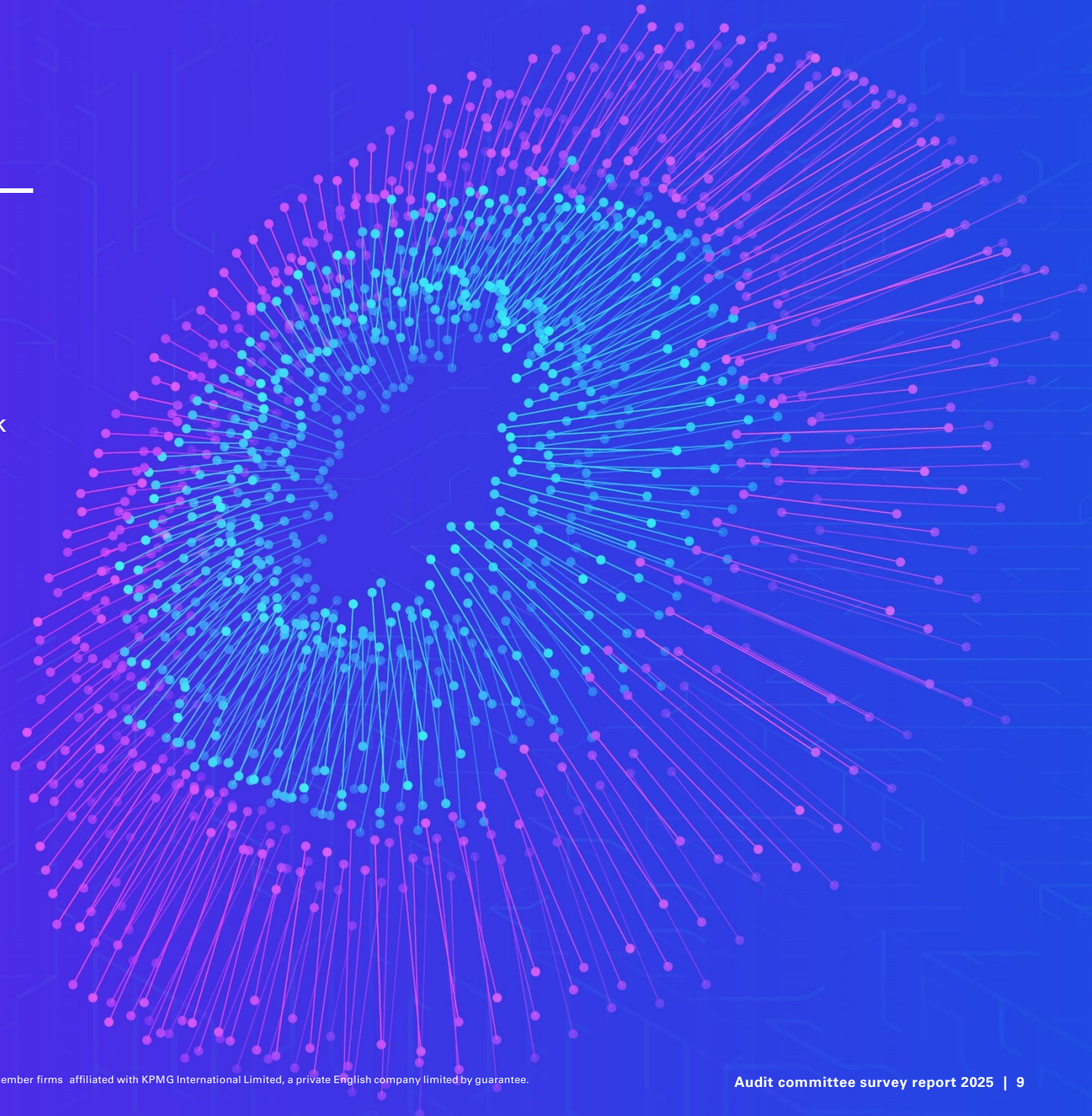
- Redefine charters to reflect new risks
- Upskill through targeted learning
- Bring in diverse expertise
- Consider subcommittees/advisors.

Conclusion

The findings of our survey point to a significant evolution in the role of the audit committee. While financial reporting and internal controls remain central, the remit of audit committees is broadening to encompass a growing array of interconnected priorities—from cybersecurity and data governance to climate disclosures and GenAI risk management. This expansion reflects the dynamic risk landscape companies are navigating and the critical role audit committees are playing in fostering resilience and trust.

Boards are not only keeping pace with these developments but are also recalibrating how oversight is structured and executed. Across the responses, we see committees engaging more deeply with digital oversight, reassessing disclosure frameworks, and collaborating closely with management to align risk, compliance, and performance. The growing focus on transparency, emerging technologies, and ESG signals a broader commitment to building robust, future-ready governance frameworks.

Looking ahead, the audit committee's success is likely to hinge on continued agility—adapting oversight practices, refining skills and composition, and leveraging collaboration across board committees. What emerges from this survey is a strong sense of direction: **audit committees are not only responding to complexity—they are actively shaping the governance response to it.**

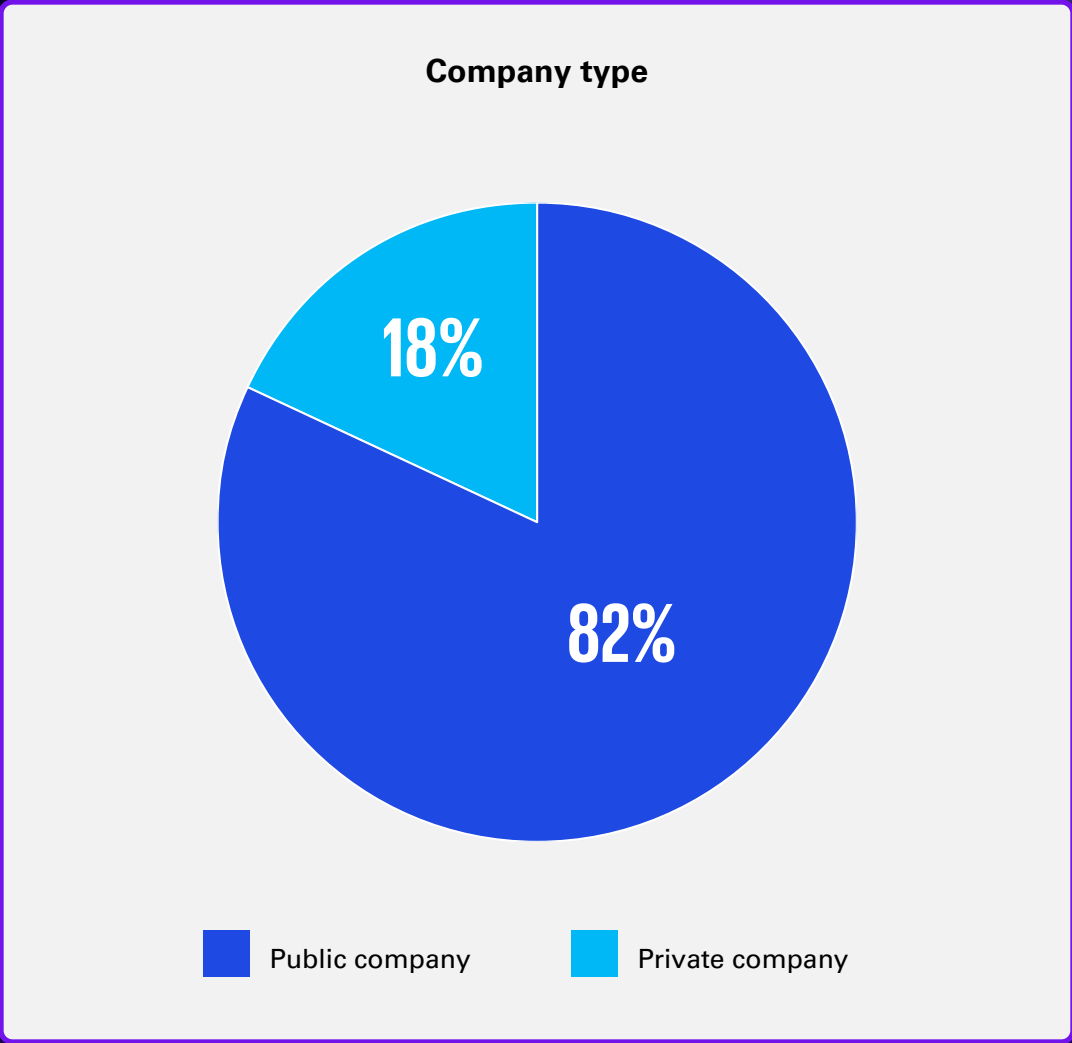
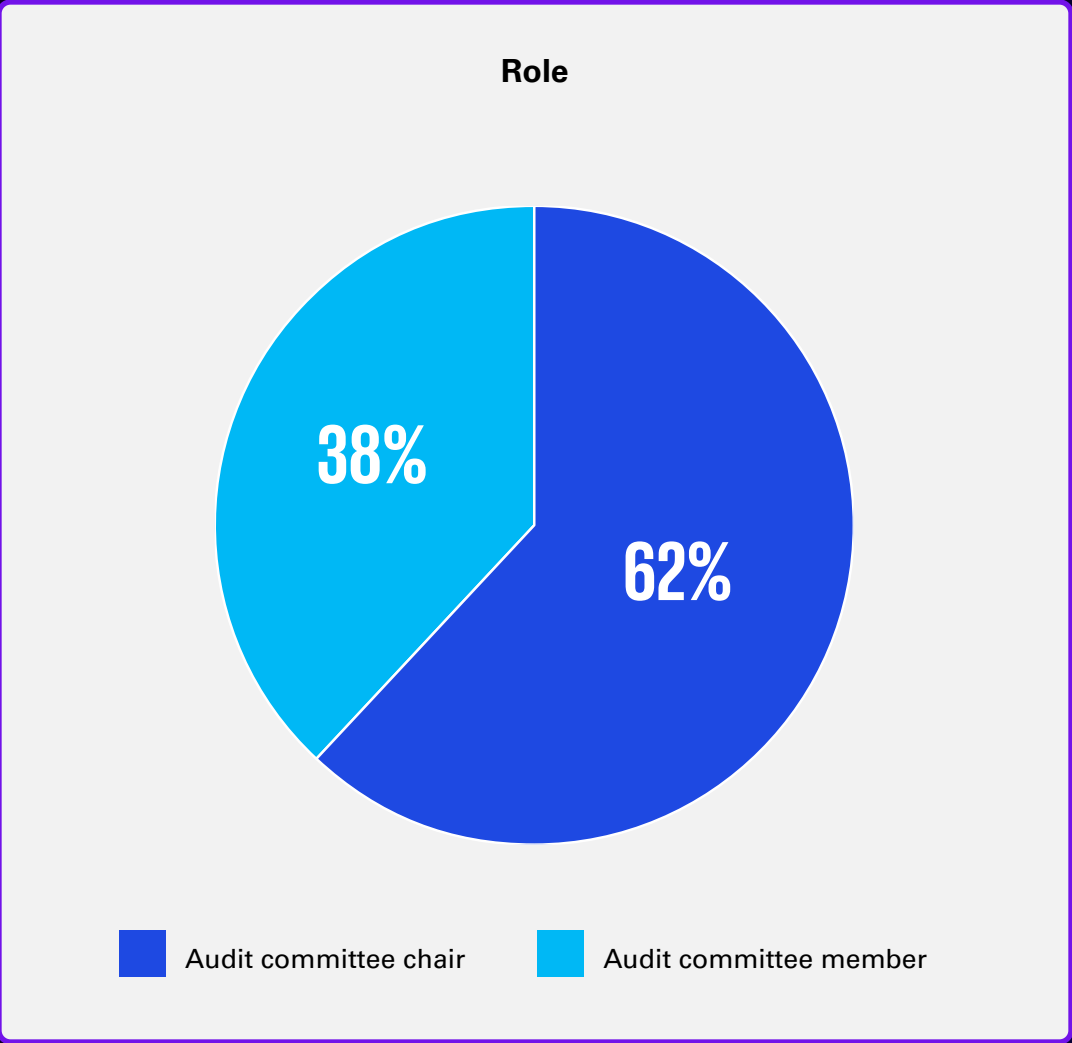


Annexure

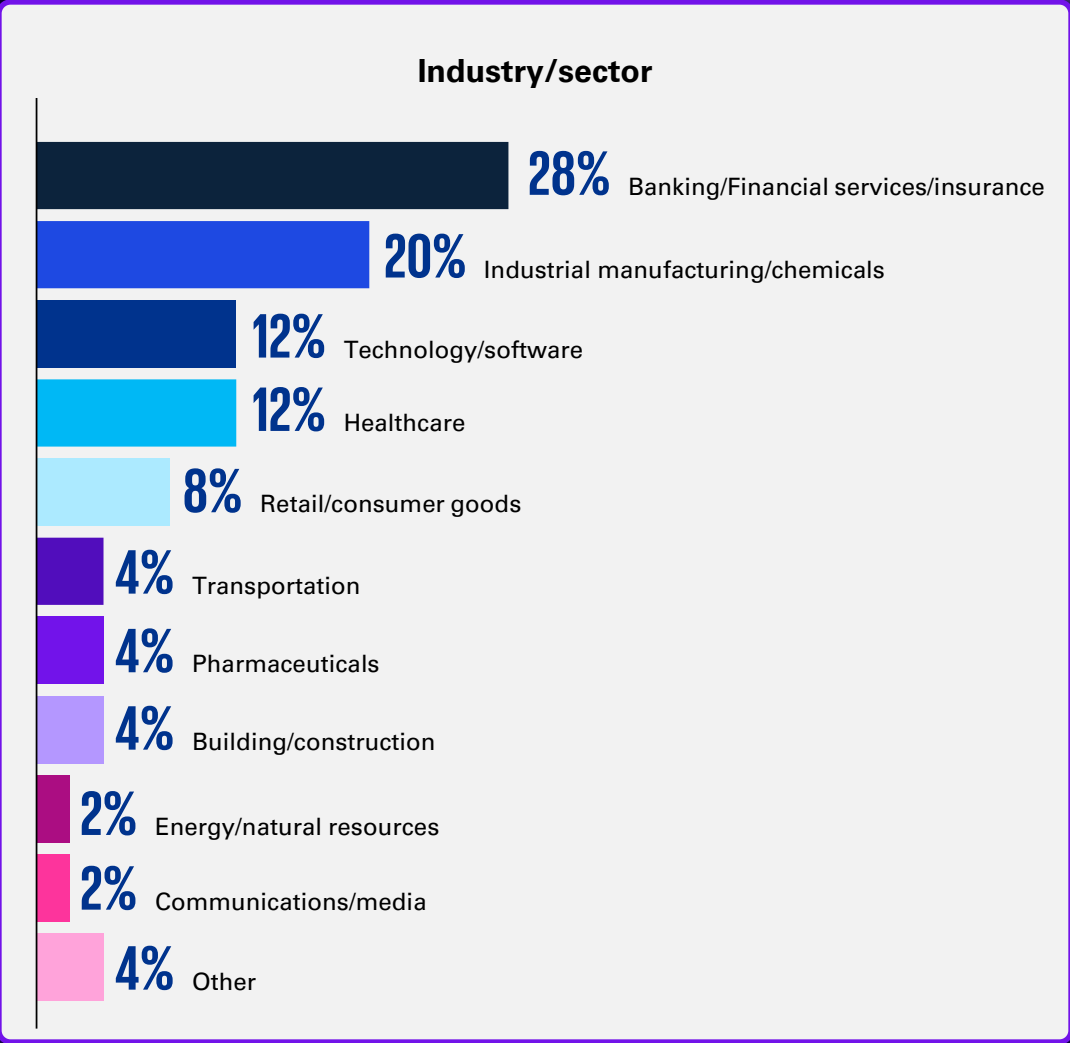
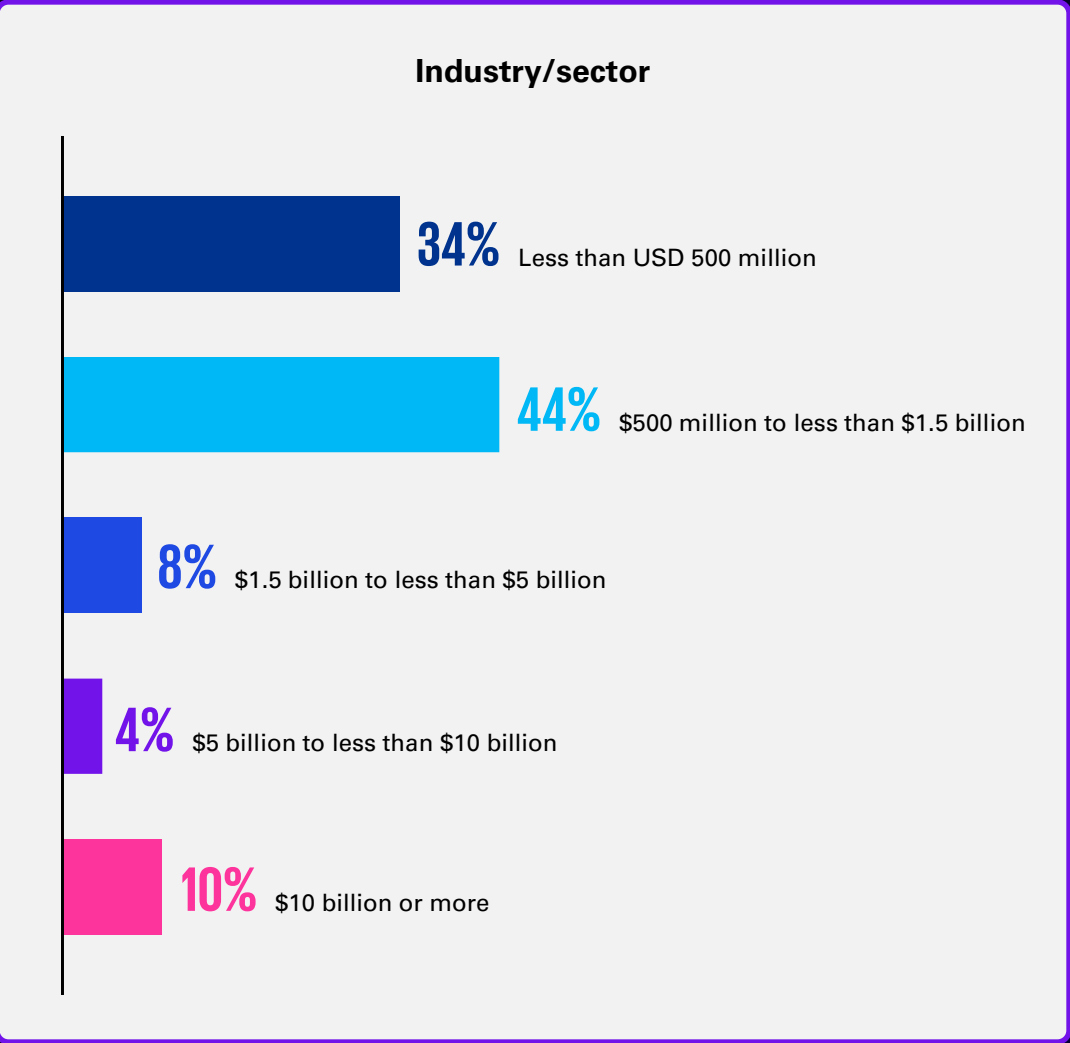


India survey respondents

Results are based on a survey of 50 India audit committee members and chairs conducted in Q-1 FY-26



India survey respondents



Survey questionnaire and responses

Which macro-trends will have the greatest impact on your audit committee’s focus and agenda in the months ahead? (select up to 3)	
Geopolitical and economic risks, including inflation and possible recession	48%
Increased complexity of business and risk environment – e.g., cybersecurity, AI, supply chains, workforce challenges	82%
New disclosure requirements/demands for greater transparency	46%
Company’s environmental, social, governance (ESG) reporting	26%
Rigor of the control environment in light of business disruption and/or pressures from economic slowdown	38%
Talent issues in finance and/or internal audit functions	20%
Other	4%

Of the various enterprise risks under the purview of multiple board committees, which ones are you most concerned about in terms of potential oversight gaps?(select up to 3)	
Cybersecurity/data privacy/AI	64%
Legal/regulatory compliance	38%
Human capital management (HCM)	36%
ESG/sustainability generally	32%
Geopolitical	32%
General concern – reassessment of risks and oversight responsibilities is needed	30%
Supply chain	20%
Climate	12%
M&A	6%
Other	0%

In addition to financial reporting and related control risks, for which risks does your audit committee have significant oversight responsibilities? (select all that apply)	
Cybersecurity and IT	74%
Climate	6%
ESG/sustainability generally	34%
Supply chain and other operational activities	26%
Geopolitical and economic	26%
Legal/regulatory compliance	88%
Data governance (e.g. privacy, protection, ethics, AI and algorithm bias)	60%
Brand/reputation	32%
Management’s enterprise risk management processes	62%
Other	4%

Of the risks posed by the company’s data/digital activities, which risks are particularly concerning or challenging from the audit committee’s oversight perspective? (select up to 3)	
Cybersecurity – including ransomware and IP risk	78%
Insider threats to network/systems	22%
Data privacy – including national and international regulatory compliance	50%
Data ethics – including bias in AI/algorithms	14%
Reputational risks	36%
Vulnerabilities posed by third parties/vendors	50%
Lack of a holistic approach to data governance	24%
Other	2%

Survey questionnaire and responses

What is the scope of the audit committee’s oversight responsibility for each of the following areas? (select one per row)					
Areas	Primary oversight	Significant oversight	Limited oversight	No formal oversight	Unclear
Cybersecurity	16%	48%	30%	6%	0%
Data privacy	12%	56%	24%	6%	2%
Data governance	22%	52%	22%	0%	4%
Data ethics*	16%	40%	34%	6%	4%
Gen AI	8%	12%	44%	30%	6%
<i>*How the company manages the tension between how it uses customer data in a legally permissible way with customer expectations to protect their personal privacy</i>					

What has been the focus of audit committee discussions regarding cybersecurity? (select up to 3)	
Increased and more sophisticated cyber threats, including those posed by GenAI	28%
Need for improvement in company’s cyber prevention and detection	40%
State of company’s resilience in event of cyber attack	54%
Determination of materiality for regulatory filings	10%
Adequacy of management’s cyber incident response plan	54%
Cybersecurity talent	10%
Cybersecurity resources/budget	14%
Third-party cybersecurity risks	34%
Participation in cyber incident response tabletop exercise	10%
Role of audit committee versus full board/other committees	12%
Other	2%

What has been the focus of audit committee discussions regarding data privacy and security? (select up to 3)	
Compliance with evolving data privacy and security laws and regulations (federal, state, local, and global)	74%
State of the company’s data governance framework, including the controls, processes, and protocols in place around the integrity, protection, availability, and use of the data	52%
Data ethics	30%
Need for Chief Data Officer, CISO, CIO, or deeper data talent	26%
Employee training	30%
Third-party data governance risks	38%
Role of audit committee versus full board/other committees	8%
No significant discussion in this area	4%
Other	0%

Survey questionnaire and responses

What is your audit committee’s role in the oversight of climate-related issues? (select all that apply)	
Oversees company’s voluntary reporting (quality and disclosure controls)	42%
Oversees disclosures in regulatory filings	50%
Oversees management’s preparations for US, state, and global disclosures	10%
Oversees management’s disclosure committee activities related to disclosures – including internal controls and disclosure controls and procedures, as well as the committee’s composition	44%
Oversees management’s processes to determine which climate risks are material to the business	46%
Oversees climate-related risks	26%
Helps to coordinate/allocate oversight responsibilities among board committees	14%
Other	8%

How would you describe the company’s risk management and reporting capability? (select one)	
Keeping pace with risk environment	66%
Sophisticated – provides holistic, forward-looking view of company’s risks	10%
Struggling to keep pace with risk environment	10%
Requires major reassessment/substantial reset	10%
Unclear	2%
Other	2%

What risks associated with the company’s use of GenAI are generating significant discussion in audit committee meetings? (select all that apply)	
Cybersecurity – including ransomware and IP risk	26%
Increased cybersecurity risk, including risks posed by hackers’ use of GenAI	34%
Data privacy and compliance risks posed by various GenAI-related and other laws and regulations	28%
IP risks, including risk of unintended disclosure of company’s IP to an open GenAI system and unintended use of third-party IP	18%
Reputation risks - Adequacy of company’s responsible use policy to manage risks GenAI may pose to individuals, organisations, and society	24%
Need for employees with GenAI talent and expertise	38%
Employee training	24%
Role of audit committee versus full board/other committees	8%
Third-party GenAI risks	24%
No significant discussion in this area	30%

How confident are you that there is a clear, common understanding – across the board and management – of what the company’s key/mission critical risks are? (select one)	
Confident	46%
Somewhat confident	50%
Not confident	4%
Not confident – but actively being discussed	0%

Survey questionnaire

and responses

In addition to regular interactions/reporting to the board, with whom is the audit committee spending significantly more time in light of the evolving risk and disclosure environment?	
Chief accounting officer	34%
Chief audit executive (CAE)	42%
Chief risk officer	50%
Chief sustainability officer	14%
Chief financial officer	74%
Chief information security officer	36%
Chief technology officer	26%
Chief human resource officer	18%
General counsel	22%
Chief tax officer	6%
Chief compliance officer	48%
Controller	16%
Management’s disclosure committee	10%
External auditor	62%
Other	8%

How concerned are you about the company’s ability to maintain critical alignments— culture and purpose, strategy and risk, compliance and controls, incentives, performance metrics, and people—given the disruptions and complexities of the business and risk landscape? (select one)	
Very concerned	24%
Somewhat concerned	58%
Not concerned	18%
Other	0%

How satisfied are you that the company’s C-suite executives are effectively coordinating and aligning their responsibilities for risk, internal controls, value creation, and related communications and reporting? (select one)	
Satisfied	38%
Somewhat satisfied	60%
Not satisfied	2%
Unclear	0%
Other	0%

Survey questionnaire and responses

In your view, what are the top challenges facing the finance organisation? (select up to 2) - Selected choice	
Attracting and retaining talent	48%
Preparing for new regulatory disclosures on climate, cybersecurity, HCM, and other ESG-related issues	38%
Managing digital disruption/transformation	52%
Strategic thinking and leadership	42%
Other	2%

What concerns, if any, do you have about your audit committee's composition and skill sets? (select all that apply)	
No concerns	32%
Overreliance on the chair or a single member who has deep background /experience to oversee complex financial reporting, disclosures, and control issues	24%
Lack of expertise in cybersecurity, technology	58%
Lack of expertise in climate and other ESG issues	36%
Lack of expertise in risk management	14%
Committee size – potential need to add members to spread the workload and/or add expertise	10%
Need for turnover to bring in fresh perspectives	6%
Other	0%

How is your audit committee addressing concerns about the committee's workload? (select all that apply)	
Not concerned – agenda/workload is appropriate	24%
Reallocating risk oversight responsibilities among committees	32%
Greater use of sub-committees for more in-depth work	22%
Expanding the size of committee	8%
Reassessing the audit committee's charter	30%
Reassessing the committee's skills/expertise and composition	26%
Improving focus of meeting agendas, materials, and management presentations	56%
Other	0%

How confident are you that the audit committee currently provides investors, regulators, and other external stakeholders with a robust description of the committee's oversight work? (select one)	
Confident	52%
Somewhat confident	48%
Not confident	0%
Not confident and currently considering expanding the audit committee report	0%

KPMG in India contact:

Ritesh Tiwari

Partner

Board Leadership Center

E: riteshtiwari@kpmg.com

kpmg.com/in



Access our latest insights
on KPMG Insights Edge

Follow us on:

kpmg.com/in/socialmedia



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

KPMG Assurance and Consulting Services LLP, Lodha Excelus, Apollo Mills Compound, NM Joshi Marg, Mahalaxmi, Mumbai - 400 011 Phone: +91 22 3989 6000.

© 2025 KPMG Assurance and Consulting Services LLP, an Indian Limited Liability Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

This document is for e-communication only.