

Redefining Perceived Boundaries: Insights into the Audit Committee's Evolving Responsibilities

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ABSTRACT: Oversight responsibilities for many audit committees (ACs) are evolving to include some of the hottest topics in the boardroom: enterprise risk management, cybersecurity, and environmental, social, and governance reporting. However, certain ACs avoid overseeing these evolving areas, creating significant variation across boards in the assignment of responsibilities. In this study, we seek to understand how ACs respond when environmental changes create new evolving risks that may extend the boundary of their traditional domain. To do so, we interview a diverse set of 29 AC members from U.S. publicly traded companies. We analyze our data through the theoretical lens of collaborative boundary work to identify how ACs respond by extending, blurring, or maintaining their perceived oversight boundaries, the related implications of these decisions, and their key tactics employed to manage AC workload. Our findings should be of interest to boards, investors, and regulators tasked with monitoring AC effectiveness.

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I. INTRODUCTION

The board of directors is responsible for overseeing the company's most important risks. However, the board often allocates detailed responsibilities to the committee level, with committees reporting their activities back to the full board (Kolev, Wangrow, Barker, and Schepker 2019). The Securities and Exchange Commission (SEC)

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requires each board to have an audit committee (AC), a compensation committee, and a nominating and governance (nom-gov) committee, but the board can also add new committees to help address its oversight obligations. Traditionally, the AC's boundary was formed based on regulatory mandates and specialized financial expertise such that its core responsibilities include financial reporting, internal controls, and auditor oversight (Hermanson, Hurley, and Obermire 2024). Instead of focusing on the AC's core responsibilities, we seek to examine the following research question: how do ACs respond to evolving risks that may extend the boundary of their traditional domain? Recent practitioner publications highlight the varying involvement of ACs in overseeing evolving risks such as enterprise risk management (ERM), cybersecurity, and environmental, social, and governance (ESG) reporting (EY 2021; KPMG 2021; Center for Audit Quality (CAQ) and Deloitte 2022), making this research question particularly relevant.

Although some ACs currently oversee all three of these highly complex areas (or some combination of the three), other ACs are firmly rooted in their core oversight responsibilities. For example, McDonald's 2024 proxy statement reveals a board structure with five committees where the AC has primary risk oversight responsibility over cybersecurity and ERM, whereas a separate sustainability and corporate responsibility committee is responsible for all ESG-related oversight. By contrast, the 2023 proxy statement for Tyson Foods indicates that the board also has five committees, but the AC focuses solely on its core responsibilities. Oversight of cybersecurity and ERM at Tyson Foods is primarily retained at the full board, whereas the nom-gov committee is responsible for oversight of ESG strategy and reporting. Understanding how ACs respond to evolving risks is important because ACs are critical to ensuring that high-quality information is communicated to capital markets, and most prior research focuses on traditional oversight roles (Hermanson et al. 2024).

To answer our research question, we interviewed 29 AC members (primarily chairs) from various industries, company sizes, and corporate governance maturity levels. Our interview participants have diverse backgrounds, such as retired Big 4 partners and retired CEOs of Fortune 500 companies. The primary interviews occurred between September 2021 and March 2022, which captures a period when board oversight strategies related to ERM and cybersecurity were becoming more mature while the oversight strategy related to ESG reporting was in its infancy. We also conducted a few follow-up interviews in August and September 2024 to acquire more details about key themes from our theoretical lens. In our analysis, we focus on ERM, cybersecurity, and ESG reporting because nearly all interview participants considered them to be significant risks that many ACs were being asked to consider overseeing. However, because boards are constantly reacting to companies' evolving business risks, our findings should offer insights into AC decision-making and workload management in other areas that arise in the future.

Following positivist field research methods, we rely on boundary work theory to analyze how ACs respond to potential shifts in oversight responsibilities outside of their core focus areas. Boundary work is common in interprofessional collaborations, like boards, where professionals establish boundaries based on their specialized knowledge and work together to achieve a shared goal (Abbott 1995; Comeau-Vallée and Langley 2020). Given the ambiguous nature of the work within interprofessional collaborations, professional boundaries are often fluid such that environmental changes may initiate boundary adjustments; these adjustments can result in new responsibility assignments that may no longer align with professionals' expertise (Langley et al. 2019; Weber, Kortkamp, Maurer, and Hummers 2022; Faulconbridge, Sarwar, and Spring 2023). Specifically, we draw on the notion of collaborative boundary work from Langley et al. (2019) because the board requires negotiation amongst committees to realign boundaries when new risks emerge. Thus, the AC's response to these board negotiations can result in the AC *extending* its boundary to accept new oversight responsibility, *blurring* its boundary to share oversight responsibility with another committee(s), or *maintaining* its boundary such that another committee or the full board assumes oversight responsibility instead. To further understand the response within each boundary decision, we analyze the key tactics used by ACs to manage their evolving responsibilities (Kreiner, Hollensbe, and Sheep 2009).

When assessing the boundary decision for each of the three evolving oversight areas, we note that ACs most often extended their boundary (54 percent) with fewer instances of blurring their boundary with another committee (8 percent) or maintaining their boundary (38 percent). First, among ACs who extended their boundary, we find that they either do so congruently or incongruently (Kristof-Brown, Zimmerman, and Johnson 2005; Kreiner et al. 2009). Congruent boundary extensions, in which both the board and the AC support the AC's assumption of responsibility, result from the AC's perceived expertise in the area or the AC's desire for comfort in knowing that the risk is properly overseen. By contrast, incongruent boundary extensions reflect a degree of mismatch—or lack of fit—between the AC's preferences and the assignment recommended by the overall board. In these cases, we observe that the AC reluctantly assumed responsibility based on the perception that the AC is the board's default choice. Second, for settings with a blurred boundary between the AC and another committee, we observed that AC respondents appeared to favor this approach because it allows them to share the oversight workload for these types of wide-reaching risks. Blurred boundaries tended to exist when the board also had a risk committee, whether adopted voluntarily or through the mandatory requirement

for financial institutions. Lastly, ACs that maintained their boundary perceived that either (1) another committee had more expertise or resources to oversee the new risk area, or (2) the magnitude of the risk was deemed so significant that primary oversight should be retained at the full board level instead of within a committee. This group with a maintained boundary demonstrates that ACs do not have to be the default choice, as ACs with incongruent extensions may believe. However, respondents emphasized that a potential consequence of retaining oversight at the full board—without at least some committee involvement—is that directors may have a hard time going deep and thoroughly analyzing an area within full board meetings because their agenda is already quite extensive.

Next, we identify key tactics to manage these evolving responsibilities and analyze how they vary across each boundary decision. Following [Kreiner et al. \(2009\)](#), we grouped the tactics into four categories: behavioral tactics that involve the use of others, temporal tactics that entail managing time, physical tactics that manipulate workspace, and communicative tactics that involve establishing expectations. We find that ACs who extend their boundary most often use behavioral tactics (e.g., using consultants or external auditors, evaluating management's expertise, and leveraging or increasing the expertise of committee members). These behavioral tactics are often used along with temporal tactics (e.g., adjusting meeting agendas and expanding meeting times). Within these responses, we noticed a divergence in ACs' approach between incongruent and congruent extenders. For example, respondents with incongruent extensions were more likely to discuss leveraging existing committee expertise or only catching special topics during other training sessions. By contrast, ACs with congruent extensions were more likely to seek out specific education related to the evolving risk in an effort to upskill. This pattern is consistent with extant organizational behavior research that suggests that congruency between employees and their organization can lead to better job commitment ([Hollenbeck 1989](#)). Regarding ACs who adopted a blurred boundary, our analysis illustrates that—because of the potential for both duplication and gaps in oversight—these ACs generally use physical tactics (e.g., scheduling shared meetings between the committees) and communicative tactics (e.g., using agenda calls between committee chairs to set expectations). Finally, we document how ACs who initially agree to maintain their boundary may need to confront boundary violators—a type of communicative tactic—by pushing back on attempts to add new duties to their agendas that were not agreed upon.

The findings in our study inform both research and practice because ACs play a vital role in corporate governance and investor protection. The importance of the AC has increased over time due to evolving stakeholder expectations, more legal and regulatory requirements, and greater complexity in business operations ([Kolev et al. 2019](#); [CAQ and Deloitte 2022](#); [Fontenot and Dickinson 2023](#)), yet little is known about AC responsibilities that are not subject to regulatory disclosure requirements. There is also a need for more research describing how ACs allocate their workload ([Hermanson et al. 2024](#)). Only a few qualitative studies investigate various AC functions within their traditional oversight role ([Cohen, Krishnamoorthy, and Wright 2002](#); [Gendron, Bédard, and Gosselin 2004](#); [Gendron and Bédard 2006](#); [Beasley, Carcello, Hermanson, and Neal 2009](#); [Cohen, Krishnamoorthy, and Wright 2017](#); [Free, A. Trotman, and K. Trotman 2021](#); [Gai, Cheng, and Wu 2021](#)); however, these studies do not explore how AC members manage these roles, nor do they provide insights into how duties are allocated. The evidence in our study highlights how variation in the ACs' boundary decisions following environmental changes can have different implications for overall board risk oversight.

Our study also contributes to understanding boardroom dynamics. Board committees play an essential role in how the full board makes decisions, addresses risks, and complies with its fiduciary duties. As most of the actual board decision-making occurs at the committee level ([Gai et al. 2021](#)), it is important for research to explore the interactions between committees and the full board ([Adams, Hermalin, and Weisbach 2010](#)). However, traditional lenses used to study board committees often assume that each committee is structured to concentrate on a set of well-defined problems. For example, the Sarbanes-Oxley Act of 2002 (SOX) required ACs to become very focused on financial reporting oversight such that most research assumes homogeneity in these core responsibilities without consideration of the AC's evolving workload. By contrast, integrating the boundary work perspective allows us to use a new lens to see “how the formal lines that divide and channel activity are at the same time worked for, at, and through by the agency of individuals and groups” ([Langley et al. 2019](#), 731). This perspective is especially useful when evolving oversight responsibilities are ambiguous and wide-reaching such that they do not fit into existing committee boundaries. Thus, our analysis provides insight into how these committee boundary decisions are made and why variation exists across companies. As new areas of risk continue to emerge, boards must consider whether and how to oversee these risks because recent court cases and investor actions illustrate that stakeholders will intervene if boards do not adopt adequate oversight strategies ([Lipton, Niles, and Miller 2018](#); [Fontenot and Dickinson 2023](#); [Lee 2023](#)).

Finally, we contribute to existing research by translating boundary work theory through a positivistic lens. Although boundary work has been primarily used in interpretivist research (e.g., [Hazgui and Gendron 2015](#); [Azambuja, Baudot, and Malsch 2023](#)), we adopted a positivist perspective to mobilize this theory and to provide explanations for the observed patterns in our data. In doing so, we took the AC participants' statements as given—rather than attempting

to interpret their meaning—and applied an objective approach to matching our field data with theory. We found boundary work theory to be rich in its definitions such that it could be fruitfully applied in this way. Our approach is similar to positivist field studies that draw on institutional theory as their theoretical lens (e.g., [Beasley et al. 2009](#); [Hermanson, Tompkins, Veliyath, and Ye 2012](#); [Bills, Hayne, and Stein 2018](#)), despite this theory's origin and rich use in interpretivist settings ([Bowring 2000](#)). Because boundary decisions are likely to permeate many accounting settings, we encourage further consideration of boundary work in positivist research.

II. BACKGROUND AND THEORETICAL LENS

Background and Prior Research

Extensive research sheds light on the history of ACs and their oversight roles, finding that many ACs have shifted from a largely ceremonial function ([Spira 1999](#)) to providing more substantive oversight ([Beasley et al. 2009](#)).¹ Most extant studies concentrate on understanding how AC members execute within their traditional domain of financial reporting, internal controls, and auditor oversight.² However, as environmental changes occur, boards must consider whether and how to oversee new emerging risks ([Lipton et al. 2018](#); [Fontenot and Dickinson 2023](#)). For example, a practitioner survey reports that many ACs report taking on at least partial oversight of cybersecurity, data privacy and security, ethics and compliance, third-party risk, and ERM, yet other ACs stay firmly rooted in their traditional responsibilities ([CAQ and Deloitte 2022](#)).

When ACs take on these expanded oversight responsibilities, they may need to shift their oversight process and develop new strategies. These new responsibilities require substantial time in meetings, with many ACs reporting a current focus on them at least semiannually and anticipating even more time in the future ([CAQ and Deloitte 2022](#)). Recent research suggests that despite ACs increasing the number of meetings ([Böhm, Bollen, and Hassink 2016](#)), these expanded responsibilities may negatively affect financial reporting oversight ([Ashraf, Choudhary, and Jaggi 2024](#)). Expanded responsibilities may also be met with ineffective oversight if AC members lack sufficient expertise ([Chen, Hartmann, and Gottfried 2022](#); [Couchoux 2024](#); [Lowry, A. Vance, and M. Vance 2025](#)). Because AC time is limited and failing to fulfill oversight responsibilities is costly, we seek to fill an important gap in the literature by examining how ACs respond to the potential shift in boundary lines following the emergence of new risks.

Theoretical Lens

Boundaries exist to distinguish one group from another such that they create categories of people, objects, and activities ([Lamont and Molnár 2002](#)). Boundaries can act as “barriers” that impose separation or as “junctures” that allow for connections ([Quick and Feldman 2014](#)). In the professional context, boundaries develop from professionals' perspectives of a given environment, and they are fluid because human, institutional, or organizational action can change these boundaries ([Comeau-Vallée and Langley 2020](#); [Langley et al. 2019](#)).³ The theoretical notion of boundary work involves efforts to create, maintain, blur, or extend boundaries in various contexts ([Gieryn 1983](#); [Langley et al. 2019](#)). Although some research examines boundary work at the profession or institutional level by analyzing professionals as a collective group ([Gieryn 1983](#); [Hazgui and Gendron 2015](#)), others examine boundary work at the microlevel by investigating the everyday negotiations among diverse professionals within interprofessional collaborations ([Comeau-Vallée and Langley 2020](#); [Weber et al. 2022](#)).⁴ Drawing on the latter, boundary work theory can provide a useful lens to evaluate our field data and understand how AC members consider boundaries that distinguish their work from the work of other board committees.

¹ The apparent post-SOX improvement in AC oversight is potentially due to several factors, including changes to the independence and qualifications of board members. Boards increasingly rely on search firms to identify potential director candidates and target a diverse range of demographics and professional experiences in building their boards. For example, a recent survey highlights the diversity of expertise represented in the modern AC: finance/accounting (99 percent), operations (77 percent), ERM (72 percent), compliance (66 percent), technology (54 percent), human capital (40 percent), cybersecurity (35 percent), and ESG (26 percent) ([CAQ and Deloitte 2022](#)).

² For example, several archival studies provide evidence that AC independence, the number of AC meetings, and the presence of expert AC members (i.e., financial, industry, accounting, or legal) are associated with the use of expert auditors, more modified audit reports, fewer restatements, less fraud, higher accruals quality, fewer internal control weaknesses, and improved financial disclosure quality ([Abbott and Parker 2000](#); [Carcello and Neal 2000](#); [Klein 2002](#); [Abbott, Parker, and Peters 2004](#); [Farber 2005](#); [Krishnan 2005](#); [Dhaliwal, Naiker, and Navissi 2010](#); [Ettredge, Johnstone, Stone, and Wang 2011](#); [Krishnan, Wen, and Zhao 2011](#); [Cohen, Hoitash, Krishnamoorthy, and Wright 2014](#)). Recent qualitative studies illustrate the importance of diversity, professional skepticism, substantive meeting preparation, and a willingness to challenge management ([Free et al. 2021](#); [Obermire, Cohen, and Zehms 2021](#)) and demonstrate a shift from a monitoring to an advising perspective ([Cohen et al. 2017](#); [Obermire et al. 2021](#)).

³ Professions, which are specialized occupations, derive from two types of boundaries—symbolic boundaries that create categories of people and social boundaries that limit access to resources ([Abbott 1988](#); [Lamont and Molnár 2002](#); [Faulconbridge et al. 2023](#)).

⁴ A few studies in auditing also highlight settings where professionals navigate work in interprofessional collaborations at the microlevel where boundary negotiations may arise. For example, studies examine issues surrounding interprofessional collaboration between audit teams and specialists ([Bauer and Estep 2019](#); [Griffith 2020](#); [Hux, Andiola, and Noga 2024](#)) and the role boundaries that develop between various levels within an audit team ([Blum and Hoang 2022](#)).

The board of directors is an interprofessional collaboration in which professionals with different specialized knowledge and expertise work together to achieve a common goal (Abbott 1988; Weber et al. 2022). As noted by Comeau-Vallée and Langley (2020, 1651), “boundary work is likely to be particularly prevalent in the context of interprofessional collaboration” because boundaries emerge from interactions and negotiations among individuals within an organization (Abbott 1995; Strauss 1978). Interprofessional collaborations often occur in complex fields, such as health care and professional service firms, where there is ambiguity regarding the demarcation of professionals’ roles and responsibilities (Comeau-Vallée and Langley 2020; Weber et al. 2022; Faulconbridge et al. 2023). For an interprofessional collaboration to achieve its shared goal, boundaries must exist to distinguish the activities of each group (Lamont and Molnár 2002).

In the board of directors setting, committees reflect professional boundaries that are defined based on regulatory and exchange listing rules as well as the company’s complex and idiosyncratic risks (Klein 1998; Kolev et al. 2019; Adams, Raganathan, and Tumarkin 2021). Although detailed work frequently occurs at the committee level, these committees report back to the full board such that the collective board is ultimately responsible for meeting its fiduciary duties. Board committees’ workloads are often divided based on the type of risk; as such, committee membership often reflects the specialized skills and expertise necessary to oversee the specific risk areas assigned to it (Kesner 1988; Kolev et al. 2019). For example, AC members tend to be financially sophisticated (Beasley et al. 2009), whereas compensation committee members often specialize in human resources and executive management (Hermanson et al. 2012). Committee boundaries can form through formalized structures such as committee charters, or they can mobilize informally through shared understandings or implicit expectations (Mikes 2011; Tremblay and Gendron 2011; Azambuja et al. 2023).⁵ Once committees’ work boundaries are defined, directors serving on each committee receive and allocate specific resources to meet their fiduciary duties.⁶ For example, committee members are provided access to company personnel and confidential information. Within the constraint of limited time resources, committee members allocate their time in meetings to cover topics related to their oversight responsibilities.

Although boundaries based on regulatory mandates and professionals’ specialized knowledge generally determine each committee’s primary oversight responsibilities, environmental changes like expansions or new technology can trigger boundary adjustments (Langley et al. 2019). Such environmental changes create uncertainty about existing boundaries and can make it challenging to identify which professionals should protect versus expand their domain (Mikes 2011; Comeau-Vallée and Langley 2020; Faulconbridge et al. 2023). For example, environmental changes may create a new risk (e.g., cybersecurity) that requires board oversight but does not directly align with committees’ perceived boundaries or current board members’ expertise. Therefore, the board must decide how to address the new risk by assigning primary oversight to an existing committee, a new committee, multiple committees, or the board as a whole. When a committee accepts new responsibilities, its professional boundaries expand as the committee devotes a portion of its resources to the new oversight task. In addition to considering the expertise necessary to oversee specific risks, frictions may exist in redefining boundaries because compensation is largely homogenous across committees.⁷ Thus, board boundary decisions involve an attempt to balance adequately overseeing risks while avoiding uncompensated and disproportionate workloads.

III. RESEARCH METHOD

Participant Selection

We began with a small selection of directors in our professional and social networks who served on the AC at U.S. publicly traded companies representing various company sizes, industries, and maturity levels. We then strategically sought additional participants through snowballing, recommendations from the CAQ (wherein our research team made all final recruitment decisions), and cold contacting through LinkedIn. In searching for additional participants, we continuously pursued a diverse set of companies that publicly disclosed varying AC responsibilities. We stopped recruiting participants once we reached saturation, meaning we reached the point where we did not learn new information that contributed to our

⁵ The ability of committee boundaries to develop through informal channels is particularly relevant to our setting of AC evolving responsibilities, which change over time and are less likely to fit within pre-defined formal structures.

⁶ Within their professional domain, directors have certain activities that can be defined and measured (e.g., attendance at meetings). However, much of their day-to-day work is ambiguous and encompasses both monitoring managers as well as providing advice (Hillman and Dalziel 2003; Beasley et al. 2009).

⁷ In untabulated analysis, we reviewed director compensation for the audit, compensation, and non-gov committees of each company in our dataset from 2012 to 2021. For simplicity, we captured total compensation (cash and stock) for the committee chairs. Despite practitioner articles highlighting increased AC workloads during this period, we found no significant differences in compensation. Specifically, in 2012, the average compensation for the AC chair was 4 percent higher (1 percent lower) than the average for the compensation (non-gov) committee chair. By 2021, all three committees’ compensation was within 1 percent of each other.

research study.⁸ In total, we interviewed 29 AC members, each from a different publicly traded company. We report demographics for the AC members and companies in our dataset in Panels A and B of [Table 1](#). Panel C of [Table 1](#) highlights that our AC participants typically serve on at least one other board committee at the focal company such that they can speak about committee-level boundary decisions from experience serving on the AC, other committees, and the full board.

Interviews and Coding

We completed all original interviews between September 2021 and March 2022, with follow-up interviews occurring in August and September 2024.⁹ Before conducting the original interviews, we developed a draft interview script based on relevant research and practitioner publications. We also went through several iterations of the script after receiving feedback from a qualitative researcher not associated with the project, the CAQ Research Advisory Board, and professionals from the corporate governance centers of two large accounting firms. Before each interview, we spent substantial time researching the participant's background and reviewing publicly available documents related to their role on the AC (i.e., AC charter, recent proxy statements, and corporate governance guidelines). Consuming this public information allowed us to ask well-informed questions and to make the best use of interview time to probe key themes and augment questioning ([Ma, Seidl, and McNulty 2021](#)). After the first few interviews, we adjusted the script based on themes that emerged in the initial data.

These semistructured interviews lasted an average of 72 minutes, ranging from 53 to 98 minutes. The interviews consisted of two parts: (1) understanding the evolving responsibilities of ACs and how ACs manage increasing workloads and (2) understanding AC disclosure choices. This paper uses the AC data from the first part of the interviews, which lasted approximately 30 minutes on average.¹⁰ We also conducted follow-up interviews with five of the original participants (all AC chairs)—lasting 32 minutes on average—to acquire more details about key themes from our theoretical lens. All participants consented to being recorded, and we used professional transcription services to obtain a transcript of each interview. A research assistant and two separate coauthors anonymized and verified the transcripts. We conducted all but one interview using Zoom, with the remaining interview conducted via phone. At least three coauthors attended every interview to enhance the verifiability of our data; however, one coauthor led most of each interview for consistency and to reduce concerns about overwhelming participants.¹¹

At the beginning of each interview, we reinforced that the interview would remain confidential such that the empirical material would not be attributed to specific individuals or companies ([Ma et al. 2021](#)). Our initial questions were also intended to establish trust and rapport with each participant. We sought to engage in meaningful conversations by allowing participants to speak openly with minimal interruptions. This approach resulted in the interviewer deviating from the established script from time to time as interesting themes arose and integrating follow-up questions to gain a deeper understanding of the participants' experiences ([Kenno, McCracken, and Salterio 2017](#); [Empson 2018](#)). To reduce the concern that participants could exaggerate their roles and experiences, we asked them to expand upon answers by providing detailed examples. Participants frequently described negative aspects of their responsibilities as AC members, reducing concerns about an inability to share both positive and negative experiences.

To analyze the data collected, we first divided the interview transcripts into categories using NVivo software: why the participant joined the AC at the focal company, how AC responsibilities have evolved, how the AC manages its evolving set of responsibilities, and how evaluations keep up with evolving responsibilities.¹² In the next stage, two

⁸ After completing each interview, the coauthors debriefed insights gained from the interview on its own as well as relative to all interviews conducted to date. This discussion allowed us to consider whether saturation was reached at various intervals ([Malsch and Salterio 2016](#); [Dai, Free, and Gendron 2019](#)). The review process introduced us to a new theoretical lens, at which point we reassessed saturation. Specifically, we noted that our original interviews revealed all the categories shown in [Table 2](#) within the first ten interviews. To gain further insight into the tactics and consequences of each type of boundary work, we conducted additional interviews with existing participants to explore these key themes. These additional interviews provided us with richer quotes, but we did not learn of any new key themes.

⁹ Before conducting interviews, this study was reviewed and approved by the institutional review boards at the universities at which the authors are employed.

¹⁰ The second part of the interviews related to understanding AC disclosure choices is not related to boundary work. Instead, the data from this part of the interviews are examined in a separate paper ([Cunningham, Stein, Walker, and Wolfe 2024](#)).

¹¹ Our original justification for including at least three coauthors in every interview was to enhance the verifiability of our data, given its proprietary nature. However, a potential concern about this approach is that we might undermine the participant's comfort. To address this issue, when recruiting participants, we distributed a one-page document with photos and professional backgrounds of each research team member, and we referred to the full team when talking about who would be present during the interview. We believe that our participants were very comfortable with this arrangement because they agreed to be interviewed after receiving this information. Moreover, the experience level of our participants is quite high such that this approach is less likely to affect their comfort level.

¹² At times, participants would discuss topics before being asked in the interview. In these instances, we maintained rapport by allowing the participant to continue talking and adjusted our remaining questions. Because the semistructured interview process does not allow for automated parsing of interview data, NVivo enabled us to carefully review the entire transcript for themes related to each section to ensure that all relevant data were analyzed together. To ensure consistency in this process, all four coauthors worked with the first four interviews in NVivo and then met to discuss and reconcile any differences. For each of the remaining interviews, one coauthor completed the coding in NVivo to divide transcripts into appropriate sections, and a second coauthor reviewed it for reasonableness.

TABLE 1
Participant Demographics

Panel A: Audit Committee Participants (n = 29)

	Mean	Min	Max
Personal Characteristics			
Age (years)	65.1	Mid-40s	Upper 70s
Tenure at focal company (years)	7.6	1	>15
Experience as an AC member (years)	10.7	1	>20
Number of unique public companies served	2.9	1	7
Chair of the AC	86%		
Female	48%		
Career Experiences			
External audit partners	62%		
Public accounting firm leadership position	21%		
Chief executive officer	28%		
Chief financial officer	24%		
Private investment services	10%		
Regulator	3%		

Panel B: Focal Companies Discussed (n = 29)

Company/AC Characteristics	Mean	Min	Max
Size (market cap, \$ billions)	18.9	<1	>100
Size (employees, thousands)	31.8	<1	>100
ISS Governance QualityScore	4.6	1	9
Number of directors on the AC	4.3	3	>7
Number of financial experts on the AC	3.1	1	>4
Number of AC meetings in the past year	8.2	4	>12
Listing exchange (NYSE)	66%		
Auditor type (Big 4)	86%		

Panel C: Audit Committee Participants' Membership on Other Board Committees

Other Committees at Focal Company	Total
Nominating and Governance (nom-gov)	9
Compensation	9
Executive	5
Risk	4
Finance	3
ESG/Public Responsibility/Health & Safety	3
Trust and Financial Services	1
None—Only on the AC	5
Average Number of Other Committees	1.2

AC participants can have multiple career experiences; as a result, career experiences in Panel A do not add up to 100 percent. As part of the sampling strategy, we invited participants to focus on specific focal companies. Two participants requested that they talk in terms of their collective experiences; in those cases, we present the characteristics of the focal company for which we initially sought their participation in Panel B. In Panel C, we present the other board committees that our AC participants serve on at the focal company board.

coauthors independently coded theoretically informed themes related to whether the AC extended, blurred, or maintained its boundary for each evolving risk. Another coauthor identified, discussed, and reconciled any differences such that the data subsequently presented in the paper are based on the reconciled coding.¹³ We performed our coding at the committee-task level,

¹³ The Cohen's kappa from this initial coding was 0.80, which reflects a substantial level of agreement (Gummerum and Willis 2024).

TABLE 2
Audit Committee Boundary Work

Panel A: Extend, Blur, or Maintain Boundary for Each Evolving Oversight Area

	ERM		Cybersecurity		ESG Reporting		Total	
Extend Boundary								
Congruence: Perceived expertise or desired comfort	5	22.7%	7	24.1%	11	47.8%	23	31.1%
Incongruence: Reluctance; AC is the default choice	7	31.8%	10	34.5%	0	0.0%	17	23.0%
Total	12	54.5%	17	58.6%	11	47.8%	40	54.1%
Blur Boundary	4	18.2%	2	6.9%	0	0.0%	6	8.1%
Maintain Boundary	6	27.3%	10	34.5%	12	52.2%	28	37.8%
Total AC participants that discussed the oversight area (out of 29 possible participants for each area)	22	100.0%	29	100.0%	23	100.0%	74	100.0%

Panel B: Other Groups Affected by the AC's Boundary Work Decision

	ERM	Cybersecurity	ESG Reporting	Total
Blur Boundary: With Which Other Committee?				
Risk/Finance & Risk	4	2	0	6
Maintain Boundary: Who Extended Instead?				
Full Board	3	4	4	11
Existing Committee:				
Nom-Gov	0	0	6	6
Risk/Finance & Risk	2	5	0	7
Public Responsibility	0	0	1	1
New Committee:				
Technology	0	1	0	1
ESG/ESG & Risk	1	0	1	2
Total	6	10	12	28

ERM, cybersecurity, and ESG reporting represent the three evolving oversight responsibilities that most AC participants voluntarily discussed, and, if not, we often prompted them to discuss. It was not uncommon for a participant's boundary work decision to differ across the three areas of evolving oversight responsibility. In Panel A, we document the frequency of ACs that extend, blur, or maintain their boundary for each evolving oversight area. Our data include less than 87 decision-level observations (29 participants \times 3 oversight topics) because a few interviews either did not touch on all three topics or the participant's response did not include sufficient detail to classify the behavior with our theoretical lens. Throughout the paper, we discuss the observed behaviors in total instead of by oversight topic because the theory should allow us to generalize to future evolving responsibilities rather than being specific to only ERM, cybersecurity, and ESG reporting. In Panel B, we provide a summary of the other parties within the board who are affected by the AC's boundary work decision. The top of Panel B shows our coding for the other committee involved in settings when the AC perceived a blurred boundary. These blurred boundaries occurred when the board had a risk committee—whether required for financial institutions or adopted voluntarily. The bottom of Panel B shows the other groups who extended their boundary in cases when the AC maintained its own boundary for a specific evolving oversight area.

as shown in Table 2, to reflect the potential for differing boundary work considerations depending on the area. Moreover, our analyses focus on ERM, cybersecurity, and ESG reporting because nearly all interviews focused on these three topics as the next big wave of AC evolution that impacted contemporary boundaries.¹⁴ For example, an AC chair stated,

Well, I mean the last two, three years, and as we sit here today, for company and board responsibilities, there's been this explosion of new topics to deal with: ESG, DEI [diversity, equity, and inclusion], cybersecurity, climate change, all these things. They're all just blowing up in every direction. And people want quick and thorough answers, and solutions, and disclosures, and processes. Five years ago, none of that even existed. (N-5)

For the remaining analysis related to tactics used within each boundary work decision, three coauthors reviewed the transcript data and discussed potential themes in relation to existing theory. This iterative process led to the

¹⁴ As interviews continued and we observed this pattern, we adjusted the script to include follow-up questions for these three areas after the participant answered open-ended questions related to their primary evolving responsibilities.

identification of coding categories shown in [Table 3](#) (behavioral, temporal, physical, and communicative). Each coauthor was assigned to code the tactics within one of the boundary categories (extend, blur, and maintain), and then a different coauthor reviewed the coding. Any disagreements were discussed and agreed to by the coauthor team before finalizing. These three coauthors also verified that the selected quotes for the paper were representative of the data. Finally, we corroborated the reasonableness of our analysis by distributing a detailed summary of our findings to all participants. We received positive feedback from several participants and only one request to edit a quote for professional tone.

Theory Application

In the subsequent analysis reported in [Sections IV, V, and VI](#), we match patterns observed in our data with existing theory. This process led us to use collaborative boundary work theory to understand and explain the boundary considerations of ACs. We further use theory to analyze the key tactics for managing a new boundary, which allowed us to diagnose potentially problematic outcomes where the tactic used may not fully address the AC's expanded oversight responsibility. In applying the theory, we considered, but ultimately rejected, the potential for configurational boundary work or competitive boundary work to fit meaningfully in our setting ([Langley et al. 2019](#)).¹⁵ Configurational boundary work does not fit because outsiders are not developing and mobilizing spaces to influence boardroom interactions.¹⁶ Similarly, competitive boundary work does not necessarily align with our setting because the full board is ultimately responsible for meeting its fiduciary duties. An AC chair emphasized this by stating, "Of course, we do a lot of the background work in the committees, but it's all presented to the board. And all board members are ultimately responsible for all of these key issues" (N-3). We recognize that situations may exist when ACs exert power or are more focused on protecting their resources, so we were alert to these possibilities when analyzing our data. However, although tension sometimes existed in the negotiations, we found that collaboration toward achieving a common goal was pervasive in the boundary considerations of public company boards in our dataset. An AC chair's response to a question about whether ACs can push back on the board regarding new responsibilities illustrates this pervasive sentiment of collaboration:

I think they are [comfortable pushing back], but you have to be realistic. If there's not another committee, then you're going to have to figure it out amongst [the rest of the board], because the risk has to be covered. So the board's either going to have to be willing to say, "We'll step up and we'll take this risk as a whole, or we will have to go back and look at everyone's agenda to see if there are things that we can move." (N-13)

Moreover, we noted that respondents emphasized the ambiguity regarding the demarcation of committees' responsibilities when environmental changes occur, consistent with recent research on interprofessional collaborations ([Comeau-Vallée and Langley 2020](#); [Weber et al. 2022](#); [Faulconbridge et al. 2023](#)). Specifically, respondents often described how their boards must determine oversight roles for ERM, cybersecurity, and ESG reporting before management is able to fully complete strategic plans. Without a clear understanding of how these issues will impact operations or strategy, it is difficult for board members to make decisions about oversight. As a result, "everyone cuts things differently" (N-29) such that significant variation exists in the AC's boundary considerations in our data. Another AC chair further elaborated that—although it varies for each board—there is a "heavier lift in the audit committee almost always" (N-5).¹⁷ These factors demonstrate the applicability of our theoretical lens because collaborative boundary work often "require [s] accommodation in the moment to overcome problematic boundary rigidities" ([Langley et al. 2019](#), 715) that arise from formal designations such as committee charters.¹⁸

¹⁵ [Langley et al. \(2019\)](#) highlight three types of boundary work: *collaborative* boundary work applies where professionals adjust their professional domain to enable collaboration, *configurational* boundary work applies where others reconfigure spaces to either bring certain professionals together or keep them apart, and *competitive* boundary work applies where professionals protect their professional domain to establish an advantage over others.

¹⁶ In terms of AC responsibilities, one consideration could be whether regulators are "others" who can reconfigure the AC's roles, including the SEC, PCAOB, NYSE, and NASDAQ regulations surrounding AC oversight of financial reporting, internal controls, and auditor oversight. However, the *evolving* AC responsibilities that we examine are not yet subject to this type of regulation. Further, even within the core responsibilities that are more likely to be covered by specific regulation, prior research documents substantial variation in ACs' approaches ([Beasley et al. 2009](#); [Ashraf et al. 2024](#)), suggesting that configurational boundary work is not likely a dominating force.

¹⁷ This type of comment was frequently made during interviews. In reference to how this impacts the AC's mentality when discussing allocation of risk oversight with the rest of the board, another AC chair described it as follows: "I've been doing it forever—audit committees have the most work on any board committee. You know that going in, so you have that expectation" (N-13).

¹⁸ Earlier iterations of our data analysis considered organizational citizenship behavior as an alternative theoretical lens through which to analyze how ACs respond to evolving risks; however, there was a much weaker fit between that theory and our data, as evidenced by a substantially lower Cohen's kappa (0.57).

TABLE 3
Key Tactics Used When Extending or Blurring Boundaries
Example Situations and Quotes

Tactic Name	Description	Example Situations and Quotes
Behavioral Tactics		
Using other people	Use the skills and availability of other individuals (i.e., consultants or external auditors)	[Extend-Congruent] The external audit firm is a key component of the trust factor, and they're in the trenches with the company more so than audit committee members. (N-21) [Extend-Incongruent] I don't have any great expertise around cyber. So, I have to work harder to make sure that I get in the right experts. I ask the right questions. (N-3)
	Ensure management has the resources and skills to properly manage evolving areas	[Blur] Maybe it's an outside law firm; maybe it's somebody inside of that Big 4 organization that's meeting with the SEC, that's inside the national office, that can give an audit committee a good, "Hey, here's all the emerging trends. Here's what we see." (N-13) [Extend-Congruent] The audit committee can't manage the risk. We're only there for so many hours. What we have to do is get comfortable with management. And that starts with making sure management has the right people. If you don't have the right people doing a particular job or [acting as] the risk owner, you're taking a big risk...So that's the reason we upgraded the CIO role. (N-8)
	Build trust with management	[Extend-Incongruent] Look, I'm just your plain auditor. Put a bunch of numbers in front of me and I can tell you what they mean. But you get to cyber, I mean I understand the business risks associated with that, but I can't speak to the intricacies of what becomes a best-in-class cybersecurity framework...And I said, "That [attending cyber-specific continuing education] is not my role. My role is to be smart enough to ask about business issues and to insist that we are hiring the best and brightest to run that function, and to insist that both the CIO, as well as the chief security officer of the company, the CISO, make enough money that they understand that they're part of the executive team of the organization." That's how I see it. Others may very well see it differently. (N-22)
	Defer some of their assigned responsibilities by pushing topics back to the full board meetings	[Extend-Congruent; when asked about incorporating evolving topics into quarterly agendas] Well, I would say that it's definitely a finessing experience, because you have different management teams—some are very receptive to adding agenda items, to evolving the audit committee oversight. And you have some that are really going, "Why are you asking that question?" So it really is building consensus, building trust with the leadership team, and with the rest of the audit committee. (N-1) [Extend-Incongruent] If an issue is coming up, for example, in internal audit—and this has happened where there's an issue brewing, but they're not sure where it's going to go—the head of internal audit will call me and just give me a heads up. "This is happening. I don't know if it's going to be a big issue or not." I don't do anything with it other than know that this might be coming. So then they know that they can come to me, and I won't say anything until it becomes an issue and then we deal with it. (N-16) [Extend-Incongruent; when initially asked about evolving responsibilities in general, this participant responded with Response 1 below; then later in the interview when pushed for more details on how the AC manages its expanded responsibility, the participant clarified with Response 2 that these discussions largely get pushed back to the full board level, despite the charter and proxy disclosures indicating that cybersecurity and ERM are AC oversight responsibilities.]

(continued on next page)

TABLE 3 (continued)

Tactic Name	Description	Example Situations and Quotes
Leveraging expertise of AC members	Re-evaluate committee membership with technical skill sets and diversity of viewpoints in mind	<p>Response 1: I think there's been a glacial but appropriate movement toward enterprise risk management. ERM is a discussion with management; it's really an ongoing dialogue about risks. And obviously the risk that gets the attention the most in the audit committee is cybersecurity. I mean, shoot, 15 years ago nobody was talking about cybersecurity. Well now it's really a big focus. And most companies have actually moved a significant amount of their legacy systems to the cloud...Most people in the audit committee don't understand enough, including myself, about that because it's an evolving subject and most of us are dinosaurs. I mean, we grew up without computers.</p> <p>Response 2: ERM is a full board responsibility, and cyber falls within that. All of the cyber discussions that we have, not all of them, but a lot of them take place at the full board level. I don't want you to think that the audit committee is taking on the weight of the world and that this all falls within the audit committee. (N-27)</p>
Re-evaluate committee membership with technical skill sets and diversity of viewpoints in mind	Re-evaluate committee membership with technical skill sets and diversity of viewpoints in mind	<p>[Extend-Congruent] I like having those different perspectives [CFOs, auditors, and CEOs] because sometimes when you're looking at an issue, you want to see the forest for the trees. You want to have that balance where people bring different perspectives. (N-29)</p>
Rely on current expertise or improve technical knowledge of existing members	Rely on current expertise or improve technical knowledge of existing members	<p>[Blur] One thing that [Company Name] did—we brought in two new board members right before COVID-19, both in the tech and cybersecurity world. So we supplemented by bringing on that expertise [one on the audit committee and one on the risk committee]. It's been really helpful. (N-13)</p> <p>[Extend-Congruent; upskilling via training] One of the things I judge is whether I learned anything at those [Big 4 or NACD trainings]. Because most of the time, I don't learn anything because I've already done it...Did I get a lot of additional [insights]? No. And do I think that's a good thing? Yes. Because that means I'm doing my job. I'm not happy to be a laggard or even a fast follower. I want to be at the front. (N-26)</p> <p>[Extend-Congruent; helping committee members see their role] We had an honest discussion amongst ourselves: Who feels comfortable here? Who feels less comfortable? Despite having different backgrounds and different levels of expertise, how could everyone participate and bring something to the table? For example, an audit committee member with no experience at all in cyber, but maybe they had a lot of experience in project management, they could certainly bring a risk approach to [the cyber project management process]. And I thought as audit committee chair, my responsibility was to make sure everyone understood there was a role to be played there versus someone tuning out and saying, "I don't know anything about cyber, I'm off here." The audit committee chair can make sure everyone feels included. (N-29)</p> <p>[Extend-Incongruent] Several members have had extensive experience in their companies with enterprise risk management. We've got a variety of industries represented there in terms of their backgrounds. And that's been very helpful in the back and forth with management. (N-24)</p>
Temporal Tactics	Temporal Tactics	
Controlling meeting time	Increase the number or length of meetings	<p>[Extend-Congruent] I hate meetings where you're rushing to finish it and you're cutting things short. You have to get buy-in from your other committee members, but if you have good committee members, maybe you don't finish it then, maybe you do a call the following week. Or maybe there's an item, you know you're running a little bit long and there's an item on the agenda that's not time sensitive, so during the meeting, you call an audible and you say, "Hey, this update probably can wait until the June meeting. Let's keep talking about cyber." (N-19)</p>

(continued on next page)

TABLE 3 (continued)

Tactic Name	Description	Example Situations and Quotes
Controlling agenda items	Strategically rotate deep-dive topics or change the frequency of topics on the agenda	<p>[Extend-Incongruent] I always say prepare for a four-hour meeting. I mean, sometimes we go four hours, but usually they're about three hours. Maybe the first time they [management personnel in the area] come in, it takes a little longer to understand. But then you can break it into more meetings. Once they've presented once, I just want to know what's changed. Change is where the risk is. (N-10)</p> <p>[Extend-Congruent] You could have a rotating process. You cover cyber one meeting and then you cover the ESG metrics another meeting, and then you have transactional events such as an acquisition or system implementation that has control impacts, and so forth and so on. (N-21)</p> <p>[Extend-Incongruent] We've had to even more carefully manage our agendas because time is a consideration...We add time when it's necessary and we got a little more ruthless in cutting time that some people probably misused. They enjoyed the opportunity to talk to the audit committee and it really wasn't totally necessary. (N-24)</p>
Physical Tactics		
Creating space for coordination and communication	Schedule committee members together in joint meetings	[Blur] We meet separately and have completely separate membership, but we also have a joint meeting at the regular board meetings where we cover the highlights of the overlap issues... We thought about how we are going to make sure that things don't fall through the cracks or that we aren't both focusing on the same issue. (N-15)
	Encourage committee members to attend each other's meetings	[Blur] We both see the same material [cybersecurity updates], because it overlaps...So if you really work closely and you allow the committee members to participate in each other's meetings, then it can actually help you prevent future issues because you can make pivots on the spot if you need to. (N-1)
Communicative Tactics		
Setting expectations in advance	Use a matrix to document responsibilities	[Blur] Communication and coordination become real important, just to make sure nothing is missed. A lot of times in my boards, it'll be like a defined matrix, I'll say, to where it's clear that, when we're talking about cyber security, risk [committee] will own cybersecurity: "They're going to be responsible, but, hey, the audit [committee] over here, you have to be aware and up to speed, because that could have financial statement implications." On those, we'll make sure that we coordinate. It's doing a very good job at the front end of your ERM program, and saying, "Okay. Now I'm going to take it down a step further, and say who at the company, and who at the board is going to be responsible for, I'll say, checking the box with respect to making sure we're taking care of that." (N-13)
	Verbally communicate expectations of each committee's responsibilities in advance	[Blur, via formal communication]: One of the other things we do is, about a month out, we have what I call the "agenda call." The chair of the risk committee and I, along with the key members of management who present to the two committees, have a call and we talk about the agendas. So we know what's on the joint [agenda], what's on the risk committee [agenda], and what's on the audit committee [agenda]. For example, internal audit will present at both, but what they present is different. So we make sure that we're not being redundant. (N-15)
		[Blur, via informal communication]: There is a lot of interaction between issues that audit faces and risk faces. I've got a very good relationship with the chair of our risk committee. There is a lot of cross-pollination and communication. I think we've got a pretty natural delineation in terms of how those responsibilities work out. We're willing to accept a little bit of overlap, so that both committees can do their job. We don't put absolute blinders on, but I think we've got a pretty clear delineation as to how it's supposed to be divided up. (N-7)

Informed by prior boundary work research (Langley et al. 2019), we focus on three types of boundary responses in our data. First, we observe situations when an AC *extends* its boundary to accept new oversight responsibilities under the perceived notion that it is the best solution for the board. Because these ACs take on primary oversight of an evolving area, their response to evolving risks also includes shifting their approach to managing workloads to accommodate the extended boundary (Section IV). Second, we observe situations where oversight of the new risk involves *blurring* of the oversight boundary between the AC and another committee. The boundary remains ambiguous in this group; therefore, their responses to evolving risks can necessitate enhanced coordination across committees (Section V). Finally, we observe some ACs responding to evolving risks by *maintaining* their current professional boundary such that another committee or the full board assumes oversight responsibility instead. Given that these ACs do not take on additional responsibility, they can continue to manage their workload with a focus on the core oversight areas. Our analysis concludes by examining whether and how ACs in this category confront violators who may attempt to extend the AC's boundary (Section VI).

We recognize that ACs' willingness to accept oversight responsibility over a new area may vary due to differences in their perceptions of expertise and available resources as well as preferences for specific director involvement. These perceptions affect whether ACs view a negotiated boundary decision as congruent or incongruent. Congruence occurs when the board's oversight assignment preferences align with the AC's preferences (Kreiner et al. 2009). Incongruence reflects a degree of mismatch—or lack of fit—between the AC's assignment preferences based on their perceived abilities or desires and the responsibility assignment recommended by the overall board (Kristof-Brown et al. 2005; Kreiner et al. 2009). In cases with incongruence, boundary violations occur when ACs are unable to prevent unwanted spillover into their domains (Kreiner et al. 2009). Thus, in each section, we focus on the AC's perception of fit in the boundary decision because existing research—albeit outside of the board setting—suggests that this perception could affect subsequent outcomes. Specifically, organizational behavior research indicates that congruency between employees' personal attributes (i.e., preferences and competencies) and employer's attributes (i.e., resources and job requirements) may lead to more optimal effects like job commitment and satisfaction, whereas incongruency can cause more stress and conflict (Hollenbeck 1989; van Vianen 2018). Collectively, our analysis attempts to illuminate the various boundary work conditions that influence AC oversight assignments because these decisions can affect subsequent committee workloads and overall board collaboration.

IV. EXTENDING THE AUDIT COMMITTEE'S BOUNDARY

Reasons Underlying the Boundary Extension and Related Implications

Consistent with practitioner surveys (Center for Audit Quality (CAQ) and Deloitte 2022, 2024), our data indicate that ACs frequently extend their boundary to accommodate oversight of new risks (40 of 74 decision-level observations in Panel A of Table 2). However, their reasons for doing so vary, resulting in different implications and tactics for managing the boundary extension. Our analysis identified that some ACs accepted the new oversight responsibilities because their boundary beliefs were congruent with their board's preferred assignment (i.e., "Congruent Extenders"). By contrast, others accepted responsibility even though their beliefs were incongruent with their board's preferences, which resulted in boundary violations (i.e., "Incongruent Extenders").

The Congruent Extenders

Agreeing with the board's oversight assignment preference, ACs in this category congruently extend their traditional boundary to oversee an evolving risk area (23 of 40). Our data indicate that these extensions occur because one or more AC members—typically the chair—expressed either (1) perceived expertise over the evolving area or (2) a desire for comfort in knowing how well the oversight function is being fulfilled. The following examples reflect ACs who congruently extended their boundary due to a perceived skill set or specific type of expertise:

The audit committee historically has always been a little closer and a little more detailed than the other committees. You probably saw I serve on a lot of committees at [Company Name], but in terms of having your arms around what's going on with the business at a granular level, that's always been the nature of the audit committee...With cyber, we've always had an understanding of systems and controls in the company. And so much of cyber is wrapped up in those systems and controls. (N-29)

I am voracious. I'm constantly hungry for education and knowledge. I have peers that have been retired for 30 years, and they don't pay attention to what's happening in the market. They're not getting any governance training to stay current. I introduced ESG into my [Company Name] boardroom, and I was told that it wasn't a big deal. It's like, "Whoa, it is a big deal." The general counsel actually said, "Oh, we don't have to worry about that." I said, "Oh, yes, we do." Now, of course, I helped them build an ESG plan. (N-1)

Although these companies can benefit from AC members' expertise, gaps in oversight effectiveness could occur if boards fail to account for dependence on individual AC members during succession planning or if the members' expertise changes over time. Further, other committee members may rely on certain AC members when discussing risk oversight within the committee, thus failing to challenge them or offer diverse viewpoints.

The second type of Congruent Extender did not emphasize a specific skill set or expertise but instead expressed an understanding of the area's importance and a desire for comfort in knowing how well the oversight function is managed. When referring to cybersecurity oversight, an AC chair highlighted this desire for comfort by stating,

It's a topic I'm very concerned about, and so I certainly influenced where it resides. Because I wanted to make sure we're doing whatever we can do and it's getting the oversight it needs. And so I probably was the logical person. Since I was chairing the audit committee, it probably more followed me because I led it there. (N-5)

Another respondent emphasized his/her focus on oversight of ESG reporting as follows:

The world's attention is now properly focused on this issue. So it matters more today whether it's accurate because I'm 100 percent convinced that the next crisis we're going to be dealing with in a reporting sense is errors and restatements of ESG disclosures...I was reviewing the [Company Name's] 10-K, and I asked some questions: "So where does this number come from?...Talk to me about this statement here." It was a throw-away statement that someone in our ESG team had put in about a particular topic in the social arena. I said, "Time out. Where does this come from? Did this come from our systems and processes? Or did this come from someone quoting someone else saying something, and now it's in our audited financial statements?" Sorry to get on my soapbox on this, but this is, by far, the thing I am most worried about right now—getting this right. (N-28)

Although these ACs recognize the economic importance of the risk, the choice to take on oversight responsibility was not skills driven. Thus, a potential implication for this group is that gaps in oversight may exist if these committee members fail to adequately upskill in the evolving area.

The Incongruent Extenders

Our data also indicated that ACs extend their boundary despite a perceived incongruence with their boards' allocation preference (17 of 40). In these cases, we often heard that "the audit committee is the kitchen sink; it gets everything that doesn't easily go into nom/gov or comp" (N-16). Differing from the Congruent Extenders, these ACs appeared to extend their boundary reluctantly and with resignation because the AC is the "dumping ground" (N-18) or "default" (N-24) option for new areas. A respondent elaborated:

When something new comes up, oftentimes the quick default position is that it's the audit committee's responsibility to take that...I think the audit committee is the platform that has the broadest range of natural span of the organization. When a topic that doesn't neatly fit anywhere else comes up, a lot of times, it'll start out there [in the audit committee]. And it might evolve from that. It doesn't mean it's housed there forever, but oftentimes I just think it's an easy catch-all to do that. (N-5)

To provide more context to this "default" sentiment, respondents with long histories of working with boards often began the interview with a high-level discussion about how the AC's boundary has continuously evolved since the passage of SOX. They pointed to various reasons, such as other regulatory reforms (e.g., Dodd-Frank Act), listing exchange rules, and increasing regulatory pressure. An AC chair detailed this sentiment as follows:

Sarbanes-Oxley initially, in its construct, was all about providing oversight of the auditors. But then the NYSE put a bunch of rules, and NASDAQ did too, that talked about risk management and what the independence requirements and expectations were...And so by definition, the [audit] committee was getting a lot of focus. There was a huge aperture in the lens in terms of the expectation of what that committee was going to do. And so you talk about risk management, well what does risk management entail? Let's look at legal risk and let's look at regulatory risk and let's look at code of conduct risk and let's look at cybersecurity risk. And so it just has morphed because of that framework that was created post-Sarbanes-Oxley. And therefore every time a complex issue comes in front of the board, who's going to deal with it? The audit committee. (N-22)

This continuous evolution within boards appeared to create the perception that the AC's boundary is more permeable than that of other committees. As a result, directors often look to the AC first when environmental shifts lead to new risks, and the following examples illustrate the AC's incongruent boundary extension in these areas:

Oversight of ERM, that's a complicated topic, I think it's very company specific. The solution, which is okay for now, we're probably going to outgrow it quickly, is that the head of internal audit has taken on a role to coordinate, if you will...And then there is reporting to the audit committee a couple of times a year on how those risks are being remediated. So, yet another audit committee thing. I mean, no other committee on the board is really set up to do that. Other committees on the board have some risk oversight responsibilities with respect to compensation risk and with respect to oversight of ESG. But we still, I think, carry most of the water when it comes to oversight of ERM. (N-24)

There's a lot that's put on the audit committee at this time, in my opinion...Well, cyber just takes a lot of time anyways. And one of the concerns I have around cyber is that it's such a fast-moving area...In my opinion, something has to happen. And if I had to say what I would prefer, I think cyber is such a big risk. It needs to get pulled out into its own committee with its own expertise. (N-3)

Notably, these AC respondents appear to express a more negative perspective of their duties, which may be due to them feeling a sense of boundary violations from the board (Kreiner et al. 2009).

Overburdening the AC is a real concern because committee members face time constraints. Respondents described spending a substantial amount of time preparing for meetings and participating in meetings themselves. In particular, an AC member reflected that “the expectations of the AC have grown, so the materials we get and the discussions we have are more expansive and intense...The regulators have been getting tougher over the years, and there are more regulations, more requirements” (N-15).¹⁹ It is perhaps not surprising then that several respondents explicitly pointed to the AC's heavy workload, voicing concerns that these additional responsibilities jeopardize all areas of oversight.²⁰ For example:

I think we ought to just make sure we're focused on the basics. The primary mandate is making sure the integrity of the financial statements is there, and that internal controls are functioning. And, quite frankly, every time another responsibility comes onto the audit committee, you have to give a little less somewhere else. (N-16)

I think that too many times, because there's so much on the plate, that some people will take the shortcut—they'll read the executive summary and then move on and see what else they need to do. (N-18)

Significantly extending the agenda—especially when the AC is not in favor of doing so—can also lead to other issues. Setting the scene for concerns about a check-the-box mentality, an AC chair described how “meetings are moved along at a good pace, there's a lot to cover in the time that we have, and honestly everyone is mindful of the clock and trying to be respectful since there's another committee meeting after ours” (N-24). The concern is that this mentality can lead to complacency and failure to identify significant issues, as described by this respondent:

The first time you look at the risk, it's a lot of substance, but then it becomes routine, then it becomes rote. And my fear always is that when you get to that routine and rote part, people are just going through the motions. How do you keep its substance? (N-8)

Another respondent emphasized how assigning too much to the AC can create issues with overall board collaboration. Specifically, she/he stated, “The risk you have from a cohesion of the board is if too much is in audit [committee], then you end up having “those that know” and “those that don't know” on the board” (N-28). Finally, we observed signs of frustration and resentment toward committees with less workload; for example:

I think one of the bad practices of a board would be if you let a committee get either overwhelmed or unfairly burdened relative to the other committees. That not only is unwise, it also creates risk. I mean, if you kept asking too few people to do too much and not that they won't do it and do it well, but it makes it harder. (N-5)

Key Tactics for Managing the Extended AC's Boundary

Respondents discussed several key tactics used in response to increased workloads when the AC extended its boundary. Tactics can be considered as actions or decisions made to recalibrate boundaries (Allen, Merlo, Lawrence, Slutsky, and Gray 2021). Following Kreiner et al. (2009), we analyzed our data with four categories of potential tactics in mind: behavioral, temporal, physical, and communicative. Behavioral tactics involve receiving assistance from others to satisfy

¹⁹ Respondents reported needing at least 250 hours (N-13) to 300 hours (N-16) available to devote to a particular board as an AC member in a typical year, with one respondent describing a year where she/he spent 1,600 hours as an AC chair dealing with a restatement and potential fraud (N-16).

²⁰ Overburdening the AC can also lead to liability for the directors if they are accused of failing to fulfill their fiduciary duties. For example, a respondent stated:

I think to sit on a public company board today is not for the faint of heart. There are risks, and there are expectations. A lot of people rely on us to do that job well and with thoughtful consideration and diligence and all those other things. (N-11)

duties. Temporal tactics entail manipulating work time to ensure responsibilities are met. Physical tactics involve modifying physical workspace to assist in the completion of duties. Communicative tactics entail setting expectations to satisfy responsibilities and addressing boundary violations.²¹ We provide specific examples from our data in Table 3 and discuss the general themes in further detail below. Overall, our analysis indicates that respondents who extended their boundaries often used behavioral or temporal tactics to manage their additional workload.²²

From a behavioral perspective, AC members often cited distinct tactics related to using people outside the committee. Some respondents discussed how they leveraged experts (e.g., consultants or external auditors) and focused on asking these experts the “right” questions (N-3). Others discussed the importance of ensuring management has the resources and skills to manage evolving areas properly, emphasizing the distinction between management’s responsibility for managing the risk and the AC’s responsibility for overseeing it. Recognizing that collaboration between management and committee members is essential, several respondents shared trust-building tactics to develop consensus between these parties. Importantly, an AC chair cautioned that this tactic is becoming more difficult in the post-COVID-19 era. She/he emphasized:

I’ve spent a lot of time with the CFO. She/he’s got most of the corporate enterprise support functions reporting to her/him. So she/he has a very big stake in this. I have to say this [building relationships], in my mind now, is a constant struggle. Part of the reason for that is that the board no longer meets in person four times a year. Previously before COVID, we used to have an audit committee dinner with the CFO on the night before the audit committee meeting. That was a very rich opportunity to dialogue with her/him about her/his concerns, about talent development within the finance function, and an opportunity to build trust and get to know her/him better. We don’t have that opportunity with virtual meetings. So we’ve had to get a little bit creative, and we’ve added some virtual meetings on special topics, brief meetings for like an hour at a time. (N-24)

Although AC members tried to adapt as much as they could, the greater use of virtual board meetings appears to affect their ability to build trust with key members of management. This is consistent with prior research documenting that remote work negatively affects auditors’ socialization and communication skills in accounting firms (Jenkins, Loraas, and Stanley 2024). For example, Bailey, Dalton, Harp, and Phillips (2024) indicate that although remote work allows for the acquisition of technical skills, it hinders forming bonds with coworkers and clients, leading to lower commitment to the firm and profession.

We concluded that these tactics for using other people generally appear comparable between observations in the Congruent Extender and Incongruent Extender groups. However, we observed differences in the final tactic within this behavioral category: deferring some assigned responsibilities by pushing topics back to the full board. Here, we observed a small number of Incongruent Extenders who avoid executing their primary oversight responsibility (refer to Table 3 for an example). Despite initially accepting the new responsibility—a responsibility that is detailed in public disclosures—they refrained from engaging in detailed discussion during AC meetings and instead pushed management presentations and oversight conversations back to the full board meeting. These AC members appear to be uncomfortable with their ability to oversee the evolving area and, therefore, rely on the full board for assistance.

The next set of behavioral tactics relates to the expertise of the AC itself. This category includes ACs who actively re-evaluated their current membership for technical expertise and diverse viewpoints, as well as AC members who relied on their own expertise or encouraged committee members to upskill. Regarding the latter, respondents often pointed to training offered by large public accounting firms, the CAQ, the Council of Institutional Investors, the International Corporate Governance Network, the National Association of Corporate Directors (NACD), the AICPA, and the SEC. Moreover, a few respondents described how their ACs allocate committee meeting time for director training on a specific topic or how the entire board is invited to attend training sessions before committee meetings begin. In these cases, the presenters often include members of management, such that respondents described how the training accrues benefits for both parties. For example, an AC chair stated that “it’s as much of an education process for the audit committee as it is our fiduciary responsibility to make sure that management is on top of the risk” (N-8). To prevent other committee members from simply relying on their current expertise, a respondent explained that she/he proactively asked members to share their comfort level with the new risk area and then guided them on how they could contribute to risk oversight discussions.

Although expertise was often discussed among Congruent Extenders, we rarely observed it within Incongruent Extenders, and even then we observed it only in a passive way. For example, a Congruent Extender would describe

²¹ Kreiner et al. (2009) study how individuals manage potential boundary violations in the work-from-home setting. As expected, our participants’ tactics differ from those studied in Kreiner et al. (2009) but still map well into their four-piece framework. These four categories are consistently described in organizational behavior research, and this research suggests that different boundaries require different types of tactics (Rothbard and Ollier-Malaterre 2016). We maintained awareness of other potential themes that did not fit one of these four categories, but none emerged.

²² We recognize that the absence of data related to physical or communicative tactics does not suggest that this group is not using these tactics but rather implies that they are not likely to be a key tactic for specifically responding to extended boundaries (Malsch and Salterio 2016).

actively seeking out specific education topics, whereas an Incongruent Extender would describe leveraging limited existing expertise or only catching special topics when included as part of a Big 4 firm's pre-scheduled quarterly webcasts. This divergence in education techniques across groups highlights the potential for oversight failures when perceived incongruence exists in the boundary extension.

Finally, our data indicated that respondents often adopt temporal tactics such as lengthening meeting times, adding meetings, or strategically adjusting agenda items to ensure sufficient time for each key risk area. Although both Congruent Extenders and Incongruent Extenders use this tactic, we again noted a difference in the substance of that usage. For example, an AC chair with cybersecurity expertise from the Congruent Extenders group stated:

Well, evolution is something that happens *to* you, if you will. And I'm not as passive as that. I'm much more proactive on this. So, for example, on some boards that I joined eight or nine years ago, at that point, I said, "What are we doing on cybersecurity?" I added an entire hour to the audit committee as I took on chairing, and I'm like, "This is not enough time given what's going on with digital transformation." And to this day, every audit committee, we have cybersecurity briefings, every one. I have done that for nine years and will continue certainly as long as I'm in control. (N-26) (emphasis in the original)

By contrast, the examples of Incongruent Extenders in [Table 3](#) highlight the use of time extensions on a short-term basis (i.e., when discussing the issue for the "first time" [N-10]) or only when it was "necessary" given the need to be "ruthless" (N-24) in cutting time to avoid further extensions.

V. BLURRING THE AC'S BOUNDARY

Reasons Underlying the Blurred Boundary and Related Implications

Although extending the AC's boundary is more prevalent in our data, we identified a few cases when the respondent explicitly discussed a blurred boundary between the AC and another committee within the board (6 of 74 decision-level observations in Panel A of [Table 2](#)). These blurred boundaries occurred when the board had a risk committee—whether required for financial institutions ([Iselin 2020](#)) or adopted voluntarily—as shown in Panel B of [Table 2](#). When referring to cybersecurity oversight, an AC chair stated, "there's severely blurred lines between risk and audit. We both see the same material because it overlaps" (N-1). Another respondent went on to provide the following details:

I'm a member of the risk committee also. I think my sense, not only from our [company type] but just keeping my ear to the ground in terms of how other publicly traded institutions approach it, there's a lot of cross-pollination between audit [committee] and risk [committee] typically. Because the skill sets are different, some people say audit looks backward and risk looks forward. I don't necessarily agree, that's a little too black and white. There is a lot of interaction between issues that audit faces and risk faces...A lot of compliance work before we had a risk committee fell on audit. That was a lot. I think that was a healthy thing when we formed a risk committee that some of those buckets of responsibility logically went to the risk committee, even though there is, as I said, a lot of cross-pollination and communication. That was, I think, a nice change from a governance standpoint. (N-7)

This setting highlights how the board may not draw a distinct boundary between the audit and risk committees for a specific oversight responsibility due to commonality in the topics covered.

Some AC respondents appeared to favor the blurred boundary, reflecting congruence with the board's allocation preference. For example, a respondent who serves on multiple ACs discussed how she/he prefers the blurred structure between the AC and the voluntarily created risk committee on one of her/his boards. She/he explained:

All of that risk sits in the audit committee [on another board]. For me, and this is my opinion, the board at [Focal Company Name] has it right, because one of the biggest risks and problems on an audit committee is there's so much to cover that things could be missed. Right? You can't meet 30 times a year; that's not feasible. So I really like the model at [Focal Company Name] the best, because you have separate committees dealing with those issues. It does require more coordination, but that's okay. (N-13)

However, potential adverse implications of this blurred structure can occur through oversight gaps (i.e., both committees assume the other group is overseeing the responsibility) or duplication (i.e., both committees perform the same tasks). The former presents a risk to stakeholders due to ineffective oversight, whereas the latter presents inefficiencies and frustrations for management when reporting to both committees. As an AC chair emphasized, "I do think, candidly, whenever you have multiple committees, or the committee and the board, both doing things, it always increases the risk of gaps or duplication. So, you have to be really careful about that" (N-28). Another AC chair at a financial institution pointed out how these blurred lines increase the AC's risk of failing to meet its fiduciary duty if risk oversight

allocation is not transparent. In the context of describing an unsuccessful attempt to amend the AC's charter to add clarity to the oversight responsibilities, the respondent noted:

One of the problems of having risk as a committee and audit as a committee is because the line is gray. And if you look at our charter, you'll see that the audit committee charter is very open-ended about risk management and the audit committee. And I wish it were a bit more limiting, but that's the way it is. (N-4)

Thus, this approach to interprofessional collaboration across board committees necessitates enhanced communication and coordination to avoid these types of negative implications.

Key Tactics for Managing the Blurred AC Boundary

As detailed in [Table 3](#), respondents mostly discussed physical and communicative tactics to facilitate the blurred boundary between the board committees. By bringing committee members together in the same space using physical tactics, the relevant materials and related discussion can be disseminated to both groups at once, reducing the risks of gaps and duplication. Communicative tactics similarly allow the two committees to set expectations within the blurred boundary, whether formal or informal. Examples of these tactics include using an agenda call between the two committee chairs (and relevant members of management) to decide the specifics of each group's agenda or having strong rapport and regular informal communications with the other committee chair. Another communicative tactic involved using a matrix to formally document specific areas of risk oversight and the allocation of responsibilities to each committee.

A less common response was the use of behavioral tactics, and our respondents did not refer to temporal key tactics. These tactics may be less frequently used in response to blurred boundaries because ACs can leverage the other committee if concerns exist about a lack of expertise, and the shared workload may require less total time from AC members than a full extension of the AC's boundary.

VI. MAINTAINING THE AC'S BOUNDARY

Reasons Underlying the Maintained Boundary and Related Implications

In contrast to situations when the AC extended or blurred its boundary, we identified several cases when the AC maintained its boundary (28 of 74 decision-level observations in Panel A of [Table 2](#)). An AC chair emphasized the need to maintain the AC's boundary because "audit committee members have a pretty good bullseye on their back to begin with, and they don't need to take on additional reasons to make that bullseye even bigger" (N-23).

AC respondents in this category often perceived that another committee had more expertise or resources than the AC to oversee a new risk area. For example, a respondent discussed how his/her board assigned responsibility for oversight of ESG reporting to an existing committee:

I think it made a lot of sense, because the nom-gov committee didn't necessarily have the same level of responsibilities as the audit committee. And the [nom-gov] members were very comfortable taking on that responsibility [ESG reporting], they're very familiar with the company and those aspects, so it just made a lot of sense. (N-2)

In a couple of cases, the evolving risk was assigned to a new committee.²³ The AC chairs provided the following context for these new committees:

Some audit committees handle cyber risk, but we have a separate technology committee. They are responsible for overseeing technology advances, technology uses in the company, and also assessing and managing cyber risk, which is a little bit different than some companies' boards. But we tried to come up with something that was more efficient. (N-9)

And then actually at [Company Name], we're one of probably few companies at this point that actually formed a separate committee for ESG and ERM. I don't know if there's consistency out there, but I think from an ESG and ERM perspective, I think it's nice that we've put it into a committee so that it has focus every quarter. Some companies may do ESG and ERM updates at the general board meeting but they'll do that once a year. Our approach adds to the focus and attention to this topic through a committee. (N-21)

²³ We learned that discussions about the potential creation of a new committee generally occur offline between individual directors and the board chair. If the board chair supports the formation of a new committee, the nom-gov committee gets involved to consider logical directors to serve as the chair and members of the new committee. The idea is often brought to the full board at the final stage for normal board operating procedures.

As shown in Panel B of [Table 2](#), the creation of a new committee occurred less frequently than the assignment to an existing committee (or the full board, discussed next). An AC chair whose board created a new ESG committee illustrated the additional costs to consider in this decision:

There have been board members that have suggested committees and not been successful in getting new committees formed. You don't want to create committees just for committee sake. I mean, a committee of the board takes a good deal of time, not just by the board members that are participating, but by the executives that are preparing reports and presentations for the committee and helping form agendas. (N-23)

In other cases, the magnitude of the risk was deemed so significant that primary oversight was retained at the board level instead of within a committee. A respondent reflected on how the AC maintained its boundary related to the oversight of cybersecurity due to its broad nature:

So specifically, cybersecurity, and I know a lot of audit committees do cybersecurity, and I don't think it's an audit committee responsibility. I think it's a board responsibility, because it touches everything within the company. If you put it in a bucket, it's like, "well, they're taking care of it." No, it needs to be taken care of everywhere...So that's one that I know a lot of audit committees have, which we put at the board. (N-25)

This AC chair discussed how his/her board's approach is to "talk about everything as a group" (N-25) because the directors attend all committee meetings, regardless of their official committee membership. She/he further emphasized that the "audit committee can play a really important coordinating role, but I don't think it has to all sit in the audit committee agenda" (N-25). However, a potential consequence of retaining oversight at the full board level is insufficient time to devote to a new oversight area because the board agenda is already quite full. Despite the choice to assign evolving responsibilities to the full board, a respondent acknowledged this risk, stating that "most boards have a hard time going deep. It's because there are so many different topics on the agenda. That's why you have committees to actually roll up their sleeves and get granular with things" (N-28). Respondents who agreed to extend the AC's role often cited this reasoning as the basis for assuming new oversight duties instead of keeping those responsibilities with the full board. For example, an AC chair expressed the following perspective:

My personal view is that ERM, for most companies of any size, really requires detailed meeting by meeting follow-up, and so having a committee involved in that to some extent is probably going to yield a better result than leaving it up to the full board. (N-24)

Another respondent echoed this sentiment by stating: "When you have everybody monitoring, you have nobody monitoring. Do you know what I mean?" (N-10).

Finally, we identified situations where respondents perceived that the AC boundary is currently maintained but indicated the potential for future changes. These situations relate to oversight of ESG reporting, given that it was the newest area of evolving risk at the time of our data collection. As reported in Panel B of [Table 2](#), we noted that—when not assigned to the AC—the non-gov committee or the full board tended to assume oversight responsibility of ESG reporting, especially if the company did not yet have a fully formed ESG program. However, AC respondents often reflected on potential boundary changes, as indicated in the following response:

As we think about the next several years and continue to see so much change in the ESG area, I think that you're really going to see a lot of change with respect to the audit committee. Particularly, there's so many disclosures and information that happens today outside of the company's financial statements. They're all separate reports somewhere on the website that you can find. I think we're going to see more of that pulled into company's financial statements. The SEC is going to require it, I guess it'll be driven primarily by the SEC. There's going to be all kinds of guidance and regulatory requirements around ESG, so I think that's going to be at the forefront of audit committee discussions. (N-13)

This sentiment shows how environmental and regulatory shifts can change perceptions of boundary work such that boundaries reflect fluid—rather than static—perceptions of those involved ([Kreiner et al. 2009](#); [Langley et al. 2019](#)).

Confronting Violators

Because respondents who maintained the AC's boundary avoided additional oversight responsibility, we do not offer additional commentary on tactics to manage their workload.²⁴ Instead, we discuss a tactic unique to this category:

²⁴ When asked about how they manage their responsibilities *in general*—including evolving aspects of auditor and financial reporting oversight—responses included broad AC workload management tactics already described in [Beasley et al. \(2009\)](#), such as forming agendas and spending time analyzing materials circulated in advance of a meeting.

confronting violators. Kreiner et al. (2009) discuss this tactic within the context of communicative strategies by studying how priests maintain their boundaries by confronting parishioners who attempt to violate them (e.g., parishioners who repeatedly call the priest at home). In our setting, ACs in the Maintain category likely need to be aware of attempts to renegotiate these previously established boundaries (e.g., asking the AC to further investigate issues discussed during full board meetings).

Most observations in the Maintain category arrived at decisions congruently with the board, with no signs of conflict or evidence of potential boundary violations. However, we identified a couple of exceptions when the respondent conveyed initial incongruence that later resulted in the board siding with the AC's allocation preference. An AC chair who was successful in pushing back on the board to maintain only core oversight responsibilities described the decision surrounding ESG reporting oversight allocation as follows:

As ESG is better considered by every company, it increasingly is appreciated that this [topic] is very, very wide in scope. There's going to be, and there already is, reporting on ESG. Because of that reporting, the idea was, "well, let's throw that to the audit committee, and then the audit committee can oversee how these reports are developed and how the statistics that they want to claim are being developed, and whether there are controls and whether they're consistently reported year over year." And I said, "No, that's not an audit committee function. We've got a full plate. Our agenda covers the financial reporting, but reporting the amount of the carbon footprints or the water usage in facilities or who knows, that's not something that the audit committee should logically be in."...That's a good current example of a topic that's been thrown at the audit committee, and I was successful in saying, "No thanks. Appreciate the opportunity, but we'd like that to stay at the full board level, and if appropriate, send it to a special ESG committee." And in fact, that's what we ended up deciding to do. (N-23)

This respondent believed that extended, or even blurred, responsibility could compromise the AC's ability to fulfill its oversight over core financial reporting issues. Thus, when discussing the reason for actively pushing back on the board's preference, this AC chair maintained that "accurate financial reporting remains a critical responsibility to oversee by the audit committee" (N-23). Logistically, the respondent recalled how these oversight assignment conversations "would best occur outside of any audit committee or board meeting" (N-23), typically in advance of a meeting after seeing the agenda items. Despite successfully negotiating a maintained boundary, this respondent also recalled the need for constant vigilance for their committee's boundary:

When presentations were being made to the full board, it just so happened that the audit committee members were the ones most active in the discussion by asking follow-up questions of the presenters and reaching conclusions on what should be done in protecting ourselves from [cyber] attack. Afterwards, I've had the chairman say, "are you sure you don't want to take that on? It's all of you and your people that are doing all the work in this area." And I said, "I'm absolutely sure we don't want to take this on. The rest of these board members need to hear it [the presentations from management] and understand it to the extent they can. It's critical to the business as a whole." (N-23)

Consistent with this argument, the respondent described a time when a cyber breach was reported through the whistleblower hotline, which is overseen by the AC, and she/he immediately involved the board chair so that it would be handled by the overall board and not only within the AC.

Another AC chair similarly described the need to confront a potential boundary violation after it was initially decided that the AC would maintain its traditional boundaries. In this second case (N-10), the board had agreed to retain oversight of all topics related to ESG at the full board level. However, the respondent noticed that a discussion about ESG reporting had crept into one of the AC meetings in response to SEC rulemaking activity. Because this topic was not within the agreed-upon boundary and the respondent wanted to maintain its AC boundary until all SEC rule-making efforts were resolved, she/he consciously removed it from future AC agendas so that discussion would occur only at the board level.

Finally, our data illustrated a unique scenario in which the AC chair disagreed with their board's decision to retain cybersecurity oversight at the full board level (i.e., expressing incongruence with the decision to maintain the AC's boundary). She/he expressed that "it was a decision made by a now retired board chair, and I am not comfortable with it" (N-24). This respondent's view is that—in addition to time within the full board—a committee should be focused on oversight, emphasizing that "it should be in two places [board and committee] because 45 minutes once a year is not enough to really grasp the issue of cybersecurity and how the company is prepared" (N-24). She/he have been working offline to confront this scenario and renegotiate an alternative, but so far unsuccessfully.

Collectively, these confrontations, although rare, are important for illustrating that boundary negotiations are permeable and that ACs can negotiate with boards to achieve a desired boundary, albeit with mixed success. We appreciate

the observed variation in these settings as they include clear up-front confrontations to avoid extensions of the AC's boundary, awareness of the ongoing potential for scope creep, and attempts to change a maintained boundary even if it results in more work for the AC. Consistent with [Kreiner et al. \(2009\)](#), these approaches reflect a type of communicative tactic because the AC member confronts the board when approached with a potential boundary violation and uses logical arguments to defend or achieve desired bounds.

VII. CONCLUDING DISCUSSION AND CALLS FOR FUTURE RESEARCH

In this study, we use collaborative boundary work theory as a lens for understanding how ACs respond to evolving risks that may extend the boundary of their traditional domain. Our findings detail how ACs engage in boundary work within their boards to extend, blur, or maintain their oversight responsibilities when new risks related to ERM, cybersecurity, and ESG reporting emerge. In doing so, our analysis provides insight into why significant variation in oversight responsibilities exists across ACs and highlights the related implications of each decision. We also identify the key tactics used by ACs to manage their workload following the boundary decision, which primarily include behavioral and temporal tactics for ACs that extend their boundary, physical and communicative tactics for ACs that blur their boundary, and communicative tactics to confront potential violators for ACs that maintain their boundary. In [Table 4](#), we summarize our data analysis from [Sections IV](#) through [VI](#) to emphasize the links between the reasons for boundary decisions, the tactics used, and the related implications.

Although existing research often focuses on board committees in the context of well-defined oversight responsibilities (e.g., the AC's focus on financial reporting as discussed in [Hermanson et al. 2024](#)), a boundary work lens allows us to understand boardroom decisions when environmental changes create new risks that do not fit neatly into existing committee structures. We expect that the insights gained from our analysis will apply to future oversight topics, especially because evolution is a recurring issue for ACs. For example, when asked how she/he has seen AC responsibilities evolve, an experienced respondent who has served as a public company director for almost 20 years noted: "That's a great question, and it's one of those almost timeless questions that I hear posed at meetings of corporate directors in the years that I've been doing this" (N-24).

The application of boundary work theory in the AC setting allows us to illuminate several key insights. First, we illustrate how boards function as a form of interprofessional collaboration, engaging in boundary work to divide responsibilities among committees to achieve a shared goal. Given the apparent permeability of the AC's boundary in particular, our analysis provides insight into the perspectives of AC members who influence these boundary decisions. Whereas existing research often assumes that committee structures are driven primarily by regulatory mandates, our data offer an alternative viewpoint. Specifically, we illustrate how individual AC members' perspectives shape these boundaries when evolving risks arise. For example, we identify many instances in which AC members want to extend their boundary based on perceived expertise or desire for comfort in overseeing the risk. However, we also identify many cases where AC members reluctantly extend their boundary because no other option seems viable. Notably, these two types of boundary extensions likely appear similar to external stakeholders based on public disclosures, even though they stem from very different perspectives. Our analysis details these congruent versus incongruent boundary decisions and also emphasizes the varying levels of tension and potential implications of each.

Second, much of the existing research on collaborative boundary work involves negotiations when status or power dynamics are in play (e.g., health care workers such as nurses and doctors in [Apeso-Varano 2013](#) and [Weber et al. 2022](#)). By contrast, our setting involves groups of similarly high-status individuals with long professional careers. When asked whether ACs are given a chance to decline taking on additional responsibilities when new risks emerge, an AC chair stated, "Everyone in the committee and on the board, they're grownups. They've had success in their career. They have the ability to say 'no' or to at least set the boundaries" (N-29). Therefore, although status dynamics did not appear to weigh heavily on their boundary decisions, a couple of respondents indicated that experience may play a role; specifically, less experienced AC chairs may not be willing to push back on the board. Consistent with this sentiment, we note that the respondent who was the strongest in pushing back to maintain the AC's boundaries had a long tenure with the board and even held the role of board chair at one point. A few other AC members discussed how their boundary decisions may be constrained by their specific settings. For example, respondents mentioned that board size matters: smaller boards with fewer independent board members will likely have less flexibility, whereas larger boards with more independent board members have opportunities to strategically decide where oversight should reside. Because power could be present in other subtle ways ([Santos and Eisenhardt 2009](#)), we encourage future research to further explore the role of power and status within the board in the context of boundary negotiations and the related tactics.

Third, our data highlight the fluidity of boundaries in ambiguous settings ([Comeau-Vallée and Langley 2020](#)). In contrast with the AC's core responsibilities related to financial reporting, we observe much more fluidity in ACs'

TABLE 4
Reasons Underlying the Boundary Decision, Key Tactics Used, and Potential Implications

Extend-Congruent	Extend-Incongruent	Blur	Maintain
<p>Reasons</p> <ul style="list-style-type: none"> • Perceived expertise of one or more AC members • Desire for comfort in knowing an area is properly overseen given the significance of the risk <p>Key Tactics</p> <ul style="list-style-type: none"> • <i>Behavioral</i>: Using consultants or external auditors, ensuring management (mgmt) has sufficient resources and skill sets, building trust with mgmt, re-evaluating AC membership, actively upskilling or leveraging existing AC skill sets • <i>Temporal</i>: Generously expanding meeting time and rotating agenda topics <p>Potential Implications</p> <ul style="list-style-type: none"> • Members' expertise/passion should be considered during AC succession planning • Other members may defer to the individual with expertise/passion, failing to present alternative viewpoints or sufficiently diverse viewpoints • Members' passion for a topic and personal desire to maintain expertise can change over time • Potential for lack of expertise if driven by desire for comfort 	<p>Reasons</p> <ul style="list-style-type: none"> • AC perceived as the default group to take on new risks; "kitchen sink" mentality <p>Key Tactics</p> <ul style="list-style-type: none"> • <i>Behavioral</i>: Using consultants or external auditors, ensuring mgmt has sufficient resources and skill sets, building trust with mgmt, deferring back to the full board, re-evaluating AC membership, passively upskilling or leveraging existing AC skill sets • <i>Temporal</i>: Frugally extending meeting time and rotating agenda topics <p>Potential Implications</p> <ul style="list-style-type: none"> • Check-the-box mentality on additional workload • Frustration or resentment toward other committees with less workload • May avoid responsibility by pushing oversight back to full board • Passive efforts to expand expertise 	<p>Reasons</p> <ul style="list-style-type: none"> • Natural interaction of issues between AC and risk committee • Desire to avoid overburdening AC alone <p>Key Tactics</p> <ul style="list-style-type: none"> • <i>Behavioral</i>: Using consultants or external auditors, re-evaluating AC membership • <i>Physical</i>: Creating space for coordination and communication across committees • <i>Communicative</i>: Setting committee expectations in advance <p>Potential Implications</p> <ul style="list-style-type: none"> • Oversight gaps (i.e., both committees assume the other group is overseeing the responsibility) • Duplication of efforts (i.e., both committees perform the same tasks) • Lack of external transparency about how risk area is overseen • Requires expertise in both committees (as opposed to one) 	<p>Reasons</p> <ul style="list-style-type: none"> • Relevant expertise or resources better aligned with another committee • Risk is so pervasive that the full board should hear details <p>Key Tactics</p> <ul style="list-style-type: none"> • <i>Communicative</i>: Confronting boundary violators <p>Potential Implications</p> <ul style="list-style-type: none"> • Creation of a new committee likely involves those already serving on the AC, which means extra committee meeting times; also requires additional time for management to report to the new committee • Difficult for full boards to dedicate enough time to sufficiently dive deep on any given topic

perceived boundaries for these evolving risks. Respondents often made statements such as “it doesn’t mean it’s housed there forever” (N-5) or “we’re probably going to outgrow it quickly” (N-24) when the AC extended its boundary to help the board with oversight of an evolving risk. Other cases suggested that the AC’s boundary could be extended in the future, especially when the board was still considering how to handle a specific oversight area such as ESG reporting (“I think that you’re really going to see a lot of change with respect to the audit committee” (N-13)). Thus, this lens allows us to illustrate a feature that seems to be absent from much of the existing research on AC workloads. We encourage academics to consider how AC responsibilities and their related workloads vary not just across companies but also across time.

Finally, our study shows that the collaborative boundary work of ACs and their boards is not without tension. We document how some ACs reluctantly extend their boundaries, reflecting a mismatch between the AC’s preferences and the assignment recommended by the overall board. Our data also highlight a couple of cases when AC members confront violators who attempt to extend the AC’s boundary beyond what they originally agreed. The existence of tension in these negotiations is consistent with theory because “collaborative boundary work is often underpinned by threads of tension and competition” (Langley et al. 2019, 716). Therefore, these cases showcase how tensions can arise—especially when the AC feels pressure to take on the additional oversight responsibility—despite the shared goal that encourages collaboration within the board.

Our collective evidence raises several important questions for future research, which we present in Table 5. We organize these questions into two categories: broadly analyzing historical trends in AC and board activities and further

TABLE 5

Potential Future Research Questions

Broadly Analyzing Historical Trends in AC and Board Activities

1. Has the expansion of AC responsibilities in recent years, particularly as it relates to cybersecurity and ESG reporting, caused a change in the substantive versus ceremonial nature of ACs’ oversight of financial reporting?
2. To what extent should the AC collaborate with the full board and other committees to address and manage evolving risks to achieve collective board effectiveness?
3. What combination of skill sets allows for greater AC effectiveness, given the AC’s involvement with these evolving areas of oversight?
4. What inputs (i.e., meeting agenda) and outputs (i.e., meeting deliverables) make an AC meeting more effective at overseeing evolving risks?
5. Should “AC expertise” be redefined, given the evolving set of oversight responsibilities? Skill sets may be mismatched between those directors who were initially appointed to the AC for their financial expertise and risks that require an understanding of cybersecurity, data privacy, environmental regulations, and social policy standard setting.
6. What are other research proxies that appropriately reflect the activities of the AC to measure AC workload? Prior research often uses the number of meetings to proxy for AC effort. However, AC members often rely on interim discussions and informal meetings as well as lengthening the formal meeting time to manage their workload, which will not be captured in the number of meetings. The number of meetings is also driven by administrative factors, such as whether the earnings are released in conjunction with or separately from the 10-Q or 10-K release.

Boundary Work: ACs and Beyond

7. Are there characteristics (including demographic or behavioral) associated with board members who extend AC boundaries? For example, are certain AC characteristics, such as gender, personality, skill, tenure, and prior experience, associated with AC members who either congruently or incongruently extend their boundary?
 8. How do perceived status or power dynamics between AC members and other board members impact boundary decisions, related tactics, or their implications?
 9. What is the effect of congruent versus incongruent extension of the AC’s boundary on company outcomes and social interactions within the board?
 10. How do ACs undergo decision-making processes as a group? Our study provides the perspective from one committee member—generally the AC chair—but it is unknown how often AC members disagree about the boundary decision. If disagreements exist, how are they handled in boundary decisions?
 11. How do board members on other committees view and provide input on boundary decisions when evolving risks arise?
 12. How do ACs’ boundary decisions unfold and change over time?
 13. How can boundary work inform other aspects of accounting, such as boundaries between audit teams and specialists, between different levels within an audit team, or between members of management collectively responsible for financial reporting and risk management?
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application of boundary work theory. For example, as it relates to the former, existing research shows a shift toward more substantive AC oversight of financial reporting in the post-SOX era. A potential concern, however, is that ACs with extended boundaries face overloaded agendas and may revert back to ceremonial or perfunctory actions in their core responsibilities. Important research also remains in evaluating whether the nature of oversight in newly added risks is substantive, particularly as skill sets are mismatched between those who were initially appointed to the AC for their financial expertise relative to the new risks that require an understanding of cybersecurity, data privacy, environmental regulations, and social policy. Our interviews further revealed several institutional issues that we believe warrant further inquiry, such as the extent to which the AC should collaborate with the board and other committees to collectively manage risk oversight, the combination of skill sets needed to address evolving risks, and whether meetings themselves need to change to adapt to evolving risks. We also believe AC research should reconsider certain topics, such as defining what it means for an AC to have “expertise” and how to measure AC workload.

Regarding our theoretical use of boundary work, several important questions remain, starting with a better understanding of how personal identities and power dynamics intersect with boundary decision-making, how those can change over time, and how congruent versus incongruent extensions affect board effectiveness. A limitation of our study is that we use the perspective of one AC member (primarily chairs) to understand the variation in boundary decisions across companies.²⁵ Therefore, we encourage future research to dig further into boundary decisions to better understand how ACs undergo decision-making processes as a group, how disagreements are resolved, and how board members on other committees provide input. Because these negotiated boundaries are fluid, we encourage future research to study ACs’ boundary work over longer periods of time to further capture how these dynamics unfold, including through the use of historical research methods. Finally, we more broadly call on accounting researchers to consider boundary work in other aspects of accounting where there are interprofessional collaborations, evolving risks, and fluid boundaries, including audit, financial reporting, and risk management teams—although many other applications likely exist. This expansion into other settings could stimulate innovativeness in terms of theorizing within accounting research and push the boundaries of accounting research itself (Hopwood 2007; Gendron and Rodrigue 2021). We hope these suggestions for future research will inspire further consideration of the varying and evolving responsibilities of ACs in today’s environment.

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²⁵ During our follow-up interviews, we asked participants whether they were aware of any AC members or other board members who would disagree with the perspectives they shared with us (i.e., about the reasons for the boundary decisions), but no contradictory viewpoints were shared. We realize that our focus on AC members is a limitation of our data collection process and that there is likely a fluctuating collective informing these decisions. This collective includes AC members but also, depending on circumstances, the other committees and board members.

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