



Center for Board Effectiveness

Audit Committee Brief

The *Audit Committee Brief* focuses on the timely coverage of issues and insights important to audit committees. Questions, comments, or suggestions should be directed to centerforboardeffectiveness@deloitte.com.

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Featured articles

Special Edition *Audit Committee Brief*: Accounting and financial reporting considerations for audit committees regarding COVID-19

The impact of COVID-19 can be profound as companies face a variety of risks while navigating through shifting priorities and business activities. During these unprecedented times, it's imperative that audit committees work closely with management to understand these risks and to oversee the impact they may have on financial statements and related reporting. This special edition *Audit Committee Brief* focuses on the accounting and financial reporting implications that may result from the pandemic and includes audit committee considerations, as well as questions they can ask management, in the following areas:

- SEC relief
- Financial reporting and disclosure consideration
- Accounting implications
- Internal control over financial reporting

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[Additional COVID-19 resources](#)

Highlights of the CARES Act

To date, the US government has passed three laws in response to the pandemic. This issue of *Heads Up* summarizes the primary points of the Coronavirus Aid, Relief, and Economic Security Act, enacted March 27, 2020; the Families First Coronavirus Response Act, enacted March 18, 2020; and the Coronavirus Preparedness and Response Supplemental Appropriations Act, enacted March 6, 2020.

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Publications and topics of interest

PCAOB highlights reminders to assist auditors

The global economic uncertainty caused by COVID-19 has brought unique challenges to auditors. For those with audits nearing completion, the PCAOB released reminders on April 2, 2020, covering a number of topics, including the identification and assessment of risks of material misstatement, communication with the audit committee, communication of critical auditing matters in the auditor's report, and companies' systems of quality control.

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CAQ releases a resource guide on audit and audit committee considerations

The Center for Audit Quality released a resource on April 9, 2020, that provides financial reporting considerations for auditors and audit committees and helps them address some of the challenges arising from COVID-19.

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Assessing corporate culture to manage risk and avert misconduct

Culture can be a critical component in managing risk, and taking a proactive approach to assessing corporate culture can help deter misconduct. The Anti-Fraud Collaboration's report, *Assessing Corporate Culture: A Proactive Approach to Deter Misconduct*, highlights the importance of assessing culture and the roles management and the board play.

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Rule-making and standard-setting developments

SEC's chairman Jay Clayton and director William Hinman emphasize the importance of disclosure

As companies try to address the impact of COVID-19 and issue their earnings releases, the SEC chairman and the director of the Division of Corporation Finance released a public statement on April 8, 2020, on the importance of providing the information investors need to make informed decisions. The statement focuses on a number of areas companies should be considering including the importance of forward-looking disclosures.

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SEC expands qualifications for nonaccelerated filer status

This *Heads Up* discusses the SEC's final rule to amend the eligibility criteria for nonaccelerated filer status. The most significant reporting accommodation is that nonaccelerated filers are not subject to Sarbanes-Oxley Section 404(b) requirement that an issuer obtain an audit report on internal control over financial reporting from its independent auditor.

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FASB decides to defer certain effective dates and provides guidance on COVID-19

This issue of *Heads Up* highlights topics addressed in the FASB's April 8, 2020, public meeting, which was held to discuss the ongoing efforts to monitor and respond to COVID-19. The board discussed delaying the effective dates of certain recently issued standards and provided feedback on stakeholders' technical inquiries regarding accounting topics related to COVID-19.

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