



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](mailto:centerforboardeffectiveness@deloitte.com).

### ARCHIVED EDITIONS

### Featured resource

#### **Special Edition *Audit Committee Brief*: Audit committee priorities in the current quarter and beyond**

Financial reporting during the first quarter of the COVID-19 pandemic was challenging for most companies, and the second quarter promises to be even more so. As companies continue to grapple with managing operations remotely, supplier disruptions, government assistance, and more, audit committee oversight will be critical.

This special edition of the *Audit Committee Brief* discusses the audit committee's role in overseeing financial reporting and risk and includes questions to consider. It also explores how audit committees have shifted their processes to operate effectively in this environment.

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### Publications and topics of interest

#### **On the board's agenda | US: ESG and corporate purpose in a disrupted world**

COVID-19 and the recent social justice movement have had a profound impact on the corporate community's approach to environmental, social, and governance (ESG) issues. In addition to increasing demands of primary

stakeholders, defining and integrating corporate purpose and ESG objectives will require companies to evaluate a wide range of decisions through a multistakeholder lens. For board members, the oversight of strategy and risk are key elements of how fiduciary duties are executed and it is critical to understand how corporate purpose and ESG principles are considered and effectively integrated into the strategy and enterprise risk management efforts of companies.

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#### **CAQ interviews the SEC chief accountant**

The Center for Audit Quality (CAQ) released an episode of its *Profession in Focus* video series in which Sagar Teotia, the SEC chief accountant, offers insights into corporate reporting challenges related to the pandemic.

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#### **Risks to consider for upcoming audits**

This *Journal of Accountancy* article highlights the unique difficulties posed by the pandemic and identifies areas that may present heightened risk of material misstatement for 2020 audits. Four of the areas noted are internal control, fraud risk, regulatory noncompliance, and the audit of accounting estimates.

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#### **Rule-making and standard-setting developments**

##### **Recent SEC statements on the impact of COVID-19**

The SEC has issued a number of statements on their activity and guidance with respect to the effects of COVID-19:

- Chief Accountant Sagar Teotia released a statement highlighting the Office of the Chief Accountant's engagement with stakeholders throughout the financial reporting system and some of the significant accounting, auditing, and financial reporting issues recently addressed.

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- The Division of Corporate Finance issued disclosure guidance on operations, liquidity, and capital resources. Companies should consider this guidance in analyzing the business and market disruptions related to COVID-19.

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- The SEC released an update on the targeted, temporary assistance it is providing in response to the pandemic. The update also discusses how relief should be adjusted based on market conditions.

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The Center for Board Effectiveness helps directors deliver value to the organizations they serve through a portfolio of high quality, innovative experiences throughout their tenure as board members. Whether an individual is aspiring to board participation or a veteran of many board experiences, the Center's programs enable them to contribute effectively and provide focus in the areas of governance and audit, strategy, risk, innovation, compensation and succession. For more information, contact us at [centerforboardeffectiveness@deloitte.com](mailto:centerforboardeffectiveness@deloitte.com)

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