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.

Accounting and reporting considerations for environmental credits

Environmental credits can help entities accomplish their carbon emission and renewable energy goals, but their treatment is not explicitly addressed in US GAAP. This Deloitte article highlights how they are obtained, how they are accounted for in the US context, and related FASB and SEC regulatory developments.

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On the Radar: Derivatives

Derivative accounting remains among the most complex elements of US GAAP. This issue of Deloitte’s On the Radar walks through the definition, categorization, and measurement of derivatives and corresponding standard-setting activities, including FASB’s research project on defining derivatives, which takes into account potential applications for sustainability-linked financial instruments.

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PCAOB publishes a resource for audit committee members
This PCAOB staff Spotlight: Audit Committee Resource suggests questions that audit committee members may want to consider discussing amongst themselves or with their independent auditors, particularly given today's economic and geopolitical landscape. The questions included address, among other things, fraud, risk assessment and internal controls, auditing and accounting risks, and cybersecurity.

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Continuing your digital assets journey: A tool for audit committees
The Center for Audit Quality has issued a guide for audit committees that explores the evolving landscape of digital assets through a variety of lenses, including the legal and regulatory environment, risk assessment, asset security, and accounting and auditing considerations. The guide includes dozens of questions to consider posing to management and the external auditors.

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The Missing Pieces report 7th edition: Board diversity census of women and underrepresented racial and ethnic groups on Fortune 500 boards
In the Fortune 500, there are notable proportionality differences for women from underrepresented racial and ethnic groups versus White women who serve on the audit committee. This is one of the findings in this report by the Alliance for Board Diversity, in collaboration with Deloitte.

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PCAOB issues proposal to increase auditor vigilance against fraud and other forms of noncompliance
The PCAOB has proposed for public comment amendments that would increase the auditor’s responsibility to identify, evaluate, and communicate potential or actual instances where companies are not in compliance with laws and regulations. In proposing the amendments, the PCAOB said that requiring auditors to timely identify and communicate noncompliance would encourage more timely remediation by companies and lower the risk of material misstatement.

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The talent frontier and the role of the board: How boards shape the future of their workforce
The future of work is subject to new technologies and business models, demographic shifts, changing worker expectations, and pressures to control costs and boost productivity. Deloitte’s Global Boardroom Program invites audit committee members to take a thought-provoking confidential survey that seeks to identify trends in how board members are navigating these and other developments.

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