



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 resource

Board Practices Quarterly: Cyber oversight

Board Practices Quarterly is a series of periodic reports from Deloitte and the Society for Corporate Governance. Each report is based on a brief survey of Society members and is designed to provide insights and benchmarking data on a frequent basis. This edition presents findings from a March 2021 survey about how respondent's companies' boards oversee cybersecurity and cyber risk, an area 66% of survey respondents indicated is delegated to the audit committee.

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Publications and topics of interest

Missing Pieces Report: The Board Diversity Census of Women and Minorities on Fortune 500 Boards, 6th edition

This study is the culmination of a multiyear effort organized by the Alliance for Board Diversity (ABD), collaborating with Deloitte for the 2016, 2018, and 2020 censuses, which have examined and chronicled the representation of women and minorities on public company boards of directors, as well as the audit committee chairs, across America's largest companies. Originally organized as a "snapshot" of board diversity, the data accumulated since 2004 has enabled the ABD to report on trends regarding the overall diversity of boards, as well as the relative differences across the equitable rates of representation for women and minorities by gender, race, and ethnicity.

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How ESG affects accounting and financial reporting

This issue of *Heads Up* examines the potential effects of ESG on financial accounting and reporting in the context of the current accounting guidance and regulatory environment. Although these effects vary by industry and in response to regulatory, legal, and contractual obligations, all companies should evaluate the implications of ESG-related financial accounting and reporting.

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PCAOB updates research on data and technology for preparers and auditors

This PCAOB *Spotlight* previews observations related to the increased use of technology by auditors and other financial stakeholders. It also includes updates on auditors' responses to risks of material misstatement and the effect of technology on the audit of inventory.

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Climate and ESG policy and market developments

This issue of *Heads Up* discusses market developments related to climate and ESG disclosures. It also highlights the commitments announced at the Biden administration's climate summit, where world leaders, activists, and business executives came together to discuss global climate challenges and to pledge their support for steps to address them.

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Internal auditors adapt to change resulting from innovation and digitization

Rob King, corporate vice president, internal audit at FedEx Corp, discusses how innovation and digitization have changed internal controls at companies. He also outlines how executives and audit committees are prompting internal audit functions to adapt to emerging risks and challenges. This article originally appeared in *Risk & Compliance Journal* from *The Wall Street Journal* on May 21, 2021. The Wall Street Journal News Department was not involved in the creation of this content.

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A cloud security controls framework

Integrated cloud security can strengthen the business objectives related to trust, as described in this *Risk & Compliance Journal* article. This approach helps establish agile and secure processes, improving technology resilience and integrity for customers. This article originally appeared in *Risk & Compliance Journal* from *The Wall Street Journal* on May 26, 2021. The Wall Street Journal News Department was not involved in the creation of this content.

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Rule-making and standard-setting developments

The PCAOB proposes a framework for HFCAA determinations

The PCAOB proposed a rule on May 13, 2021, related to its responsibilities under the Holding Foreign Companies Accountable Act (HFCAA). The proposed rule would establish a framework to determine when it is unable to inspect or investigate completely registered firms located in foreign jurisdictions, because of a position taken by authorities in that jurisdiction. The PCAOB's determination would be used by the SEC in executing its obligations under the Act. Comments on the PCAOB's proposal are due on July 12, 2021.

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SEC announces regulatory agenda

On June 11, the SEC's Spring 2021 *Unified Agenda of Regulatory and Deregulatory Actions* was released. The report lists its short- and long-term planned regulatory actions. Among the planned rulemakings highlighted by the SEC were those addressing disclosure relating to climate risk, human capital, including workforce diversity and corporate board diversity, and cybersecurity risk; enhancing shareholder democracy; and special purpose acquisition companies.

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On the Radar: Accounting and financial reporting topics

Looking for quick summaries of emerging issues and trends related to major accounting and financial reporting topics?

On the Radar is a series of executive-level overviews of topics addressed in Deloitte's comprehensive *Roadmaps*, which provide accounting guidance on select financial reporting topics. Recent issues of *On the Radar* that may be of interest to audit committee members address fair-value measurements and disclosures, contingencies, loss recoveries, and guarantees. Additional issues will be published throughout the year.

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Upcoming Dbriefs and programs

Connectivity and mobile trends: A crowded house (CPE eligible)

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Chief Liquidity Officer: The time is now (CPE eligible)

June 24, 2:00 p.m. ET

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Financial accounting and reporting for income taxes: Midyear update (CPE eligible)

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About the Center for Board Effectiveness

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.

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