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.

Deloitte launches new Audit Committee Guide

Deloitte’s Center for Board Effectiveness has issued a modernized, digitized Audit Committee Guide (formerly the Audit Committee Resource Guide) to provide the latest resources and insights on how audit committee members can perform their duties effectively. Whether new in their role or seasoned veterans, audit committee members and those who work with audit committees can use the guide to access the latest resources regarding committee requirements, oversight responsibilities, and strategies for operating effectively.

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Audit committee practices survey

Deloitte’s Center for Board Effectiveness and the Center for Audit Quality invite current audit committee members of public and private companies to participate in the latest audit committee practices survey. The purpose of the anonymous survey is to identify trends and practices related to audit committee composition. The findings will be used to update the Audit Committee Practices Report: Common Trends Across Audit Committees, which is intended to help audit committees understand and identify leading practices.

SURVEY LINK
PCAOB publishes a resource for audit committee members
The PCAOB has published a report suggesting questions audit committees can consider as part of their engagement with auditors, including how auditors are responding to financial reporting and auditing risks posed by the economic environment. Questions address areas such as fraud, initial public offerings, mergers and acquisitions, audit execution, auditor independence, technology, and audit firms’ quality control systems.
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SEC adopts disclosure rules on pay versus performance
The SEC has adopted a requirement mandated under the Dodd-Frank Act for registrants to disclose information reflecting the relationship between compensation paid to executives and the registrant’s financial performance. The rule “makes it easier for shareholders to assess a public company’s decision-making with respect to its executive compensation policies,” said SEC Chair Gary Gensler in a published statement.
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PCAOB signs a statement of protocol with China over inspections
The PCAOB has reached an agreement with authorities in China that the board describes as a first step toward opening access for the PCAOB to inspect and investigate registered public accounting firms headquartered in mainland China and Hong Kong. The agreement “grants the PCAOB complete access to the audit work papers, audit personnel, and other information we need to inspect and investigate any firm we choose, with no loopholes or exceptions,” said PCAOB Chair Erica Williams in a published statement.
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PCAOB publishes observations from target team 2021 inspections
The PCAOB has published a report providing a view into the work in 2021 of its target team of inspectors, who focus on emerging audit risks and topics that staff believes could have important implications for audits performed by inspected firms. The report provides the team’s perspectives on the auditor’s responsibilities, observations, and good practices in four focus areas for 2021: fraud, interim reviews of special-purpose acquisition companies, going concern, and cash and cash equivalents.
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Board’s role in cybersecurity amid escalating risk, regulatory focus
The SEC’s cybersecurity proposal has sparked greater discussion of cyber risk in corporate boardrooms. Boards can consider several measures to increase the focus on cybersecurity, beginning with a cyber risk assessment.
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7 steps, 7 questions to prepare for climate disclosure
The SEC’s proposed climate disclosure requirements have prompted questions from executives to understand what they mean for companies. Seven questions are top of mind, focusing on topics such as materiality, the effect of proposed requirements on quarterly reporting, implications for smaller reporting companies, and the role of the board in governance.
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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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