



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 article

Audit committee disclosure in proxy statements—2019 trends

Investors and other stakeholders continue to push for greater proxy statement disclosure related to the independent auditor and how audit committees execute their duties in this changing environment. This includes how the audit committee evaluates, selects, and oversees the independent auditor, as well as methods for the oversight of risk and the company's financial reporting processes.

Deloitte's review of the 2019 proxies of S&P 100 companies indicates that companies are voluntarily increasing these types of disclosures, albeit at a slower pace in some areas. Areas that saw significant increase this year include audit committee oversight of risk

and cybersecurity, as well as how the audit committee evaluates the independent auditor.

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Publications and topics of interest

CAM insights for audit committees

The PCAOB has released a new resource for audit committees to help audit committee members better understand critical audit matters (CAMs). This report includes the basics of what constitutes a CAM, PCAOB staff responses to frequently asked questions, and questions to guide audit committee discussions with their auditor.

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Helping investors understand CAMs

A new report from the Center for Audit Quality helps investors understand auditors' assessment of CAMs and provides information on additional resources.

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Investors' role in improving cybersecurity

The World Economic Forum's Centre for Cybersecurity has issued a report detailing incentives investors can use to encourage corporations to prioritize cybersecurity. These include raising investor awareness, conducting due diligence on cybersecurity policies, and increasing accountability.

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Rule-making and standard-setting developments

Impacts of lease disclosures under new standards

The first quarterly filings since the implementation of the FASB's new leasing standard provide an opportunity to understand their impact. This issue of Heads Up discusses Deloitte's observations on the effects of the transition.

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Understanding the effects of the credit impairment model outside of banking

The FASB amended its guidance on accounting for credit impairment in 2016, adding a model based on expected, rather than incurred, losses. The change has had a marked effect in banking, but many commercial enterprises other than banks also have financial instruments or other assets subject to the CECL model. To meet the approaching implementation deadline, businesses should identify these assets and evaluate what changes are needed to comply with the new standard.

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