



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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Publications and topics of interest

Center for Audit Quality publishes resource on critical audit matters

The Center for Audit Quality has issued a publication that focuses on the auditor's responsibility to determine and communicate critical audit matters (CAMs). *Critical Audit Matters: Key Concepts and FAQs for Audit Committees, Investors, and Other Users of Financial Statements* is designed to help investors and audit committees understand changes under the PCAOB's new auditor's reporting model. It provides information on identifying CAMs, required disclosure in the auditor's report, and differences between PCAOB and international auditor reporting standards.

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SEC to host roundtable on the proxy process

Investors, issuers, and other market participants will have the opportunity to discuss whether the SEC's

proxy rules should be refined. The SEC roundtable will focus on topics such as the voting process, shareholder proposals, proxy advisory firms, and technology and innovation. The roundtable date, agenda, panelists, and moderators will be made public as they are finalized. The SEC has invited the public to submit views on the proxy process in advance of the roundtable.

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Research shows that boards can foster an ethical culture

An article from *Journal of Accountancy* notes the importance of the audit committee asking questions to help understand issues that may impact company culture. Boards that "prioritize corporate culture, watch for red flags, and set clear expectations will encourage ethical behavior throughout the company," according to the article.

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Complying With New Accounting Standards With Consistency

Whether organizations are implementing the new revenue recognition standard or preparing for the upcoming lease accounting changes, the compliance function can play an important role in helping to bring consistency, effective communication, and risk mitigation to the processes. With an enterprise view of risks and protocols, the compliance function can help other functions, leaders, and boards understand and address business and operational risks related to applying new accounting standards.

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Rulemaking and standard-setting developments PCAOB seeks comment on its strategic plan

The PCAOB released a draft of its five-year strategic plan, inviting public comment on its areas of strategic focus in fulfilling its mission to protect investors and the public interest in overseeing public company and broker-dealer audits. The strategic plan is designed to align PCAOB programs, operations, and activities with its overall mission, goals, and objectives – and serves as a roadmap for the organization, as well as the basis for its budget each year. Comments are due September 10, 2018.

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SEC proposes disclosure simplification and relief related to guarantors and collateralizations of securities

This *Heads Up* discusses the SEC's proposed rule that would make specific amendments to simplify and streamline the disclosure requirements related to registered debt securities under SEC Regulation S-X, Rules 3-10 and 3-16.

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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.

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FASB releases targeted improvements to ASC 842

This *Heads Up* discusses the FASB's Accounting Standards Update (ASU) No. 2018-11, *Targeted Improvements to ASC 842, Leases*, which provides entities with relief from the costs of implementing certain aspects of the new leasing standard. Under the amendments in ASU 2018-11, entities may elect not to recast the comparative periods presented when transitioning to ASC 842, and lessors may elect not to separate lease and nonlease components when certain conditions are met.

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