



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—2018 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 2018 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

ASC 606 is here — how do your revenue disclosures stack up?

This *Heads Up* provides insight into Deloitte's review of the disclosures in the public filings of a sample of companies that adopted the FASB's new revenue standard (ASC 606) as of the first quarter of 2018. Entities may benefit from evaluating the disclosure trends we have observed as a result of this review. The newsletter includes (1) disclosure examples reproduced from various SEC registrants' Form 10-Q filings and (2) examples of SEC comments reproduced from publicly available comment letters issued to SEC registrants.

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SEC expands eligibility for "smaller reporting company" classification

This *Heads Up* discusses SEC Final Rule Release No. 33-10513, *Amendments to Smaller Reporting Company Definition*, which expands the number of companies

that can be classified as a smaller reporting company and, therefore, are able to take advantage of scaled disclosure requirements. The final rule is effective 60 days after its publication in the Federal Register and incorporates feedback from the SEC Advisory Committee on Small and Emerging Companies, the SEC Government-Business Forum on Small Business Capital Formation, registrants, and others.

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Rulemaking and standard-setting developments **SEC proposes amendments to whistleblower rules**

An SEC proposal would amend rules related to its whistleblower program. The proposal provides additional tools to assist with award determinations; establishes a definition of “whistleblower”; increases the efficiency of processing whistleblower award applications; and clarifies and enhances certain policies, practices, and procedures related to implementing the program. Comments on the proposed rule are due 60 days after the date of its publication in the Federal Register.

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FASB simplifies the accounting for share-based payment arrangements with nonemployees

This *Heads Up* discusses FASB Accounting Standards Update (ASU) No. 2018-07, *Improvements to Nonemployee Share-Based Payment Accounting*, which simplifies the accounting for share-based payments granted to nonemployees for goods and services. Under the ASU, most of the guidance on such payments to nonemployees would be aligned with the requirements for share-based payments granted to employees.

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Quarterly Accounting Roundup: Second quarter -- 2018

This issue of *Quarterly Accounting Roundup* discusses developments that occurred in the second quarter of 2018, including standards issued by the FASB, final rules from the SEC, and IASB publications.

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