



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.

On the audit committee's agenda | Emerging fraud risks to consider: ESG

Environmental, social, and governance (ESG) issues increasingly appear on audit committee agendas and factor into financial reporting discussions, but they tend to arise less often in the context of fraud risk. ESG-related fraud risk should be top of mind for audit committees and a focal point in fraud risk assessments as many companies develop or consider new reporting.

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ESG disclosures become more standardized globally

Soon after the SEC proposed its rule on climate-related disclosures, the International Sustainability Standards Board and the European Financial Reporting Advisory Group also issued sustainability-related reporting proposals. This edition of *Heads Up* describes similarities and differences among the proposals, which are rapidly expanding the global reporting landscape.

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On the board's agenda | US: A new chapter in cyber

The SEC's cyber disclosure proposal is sparking increased dialogue in many corporate boardrooms about cyber risk. Boards can ask management many questions about the company's approach to cyber risk management, with the list of relevant questions growing and becoming more specific over time.

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PCAOB staff spotlights 2022 inspection plans

The PCAOB has developed its 2022 inspection procedures to focus on anticipated financial reporting and audit risks driven primarily by the recent economic environment, according to a newly published staff overview of inspection plans. Areas of planned focus include increased IPO and M&A activity, supply chain disruptions, COVID-19 effects, financial and commodity market volatility, and audit firm-related risks such as staff turnover and remote work arrangements.

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The SEC and auditor independence

Paul Munter, acting chief accountant at the SEC, recently issued a statement on the importance of auditor independence to the accounting profession. The statement focuses on topics such as the general standard of auditor independence under Regulation S-X, the Office of the Chief Accountant's approach to consultations, certain recurring issues in recent consultations, and the importance of fostering an ethical culture.

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PCAOB issues a standard on the auditor's use of other auditors

The PCAOB adopted amendments to auditing standards regarding audits involving multiple audit firms. "These amendments will require audit firms to ensure that lead auditors sufficiently plan, supervise, and evaluate the work of other auditors," said PCAOB Chair Erica Y. Williams in a statement.

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New accounting rules top quarterly roundup

The Financial Accounting Standards Board issued new rules related to troubled debt restructurings, credit loss vintage disclosures, and fair value hedge accounting of interest rate risk for portfolios of financial assets. Deloitte's *Quarterly Accounting Roundup* explains the new standards, new exposure drafts, and other auditing and regulatory developments.

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Accounting for nonfungible tokens

Nonfungible tokens are becoming a medium of exchange in a digital world, raising accounting considerations for issuers and developers in areas such as revenue recognition and development costs. Understanding the rights represented and what has actually been transferred is a critical first step, as explained in this *Accounting Spotlight* newsletter.

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Internal auditors can help foster a diverse culture

As connections between business performance and diversity, equity, and inclusion (DEI) increase, so do the opportunities for internal audit to add value, says this new report by Deloitte, the Institute of Internal Auditors, and the Internal Audit Foundation. The report explains how internal auditors can foster DEI by beginning with their own function.

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Survey seeks leaders' perspectives on workforce risk

A new survey by Deloitte Consulting and Oxford Economics seeks to understand how C-suite leaders and independent board members view workforce risk. Insights gained through the survey aim to further illuminate the types of workforce risks that threaten the ability of organizations to meet their business objectives, the role board members and C-suite leaders play in managing and governing workforce risks, and the various practices, tools, and methodologies organizations are implementing to identify, monitor, and address workforce-related risks.

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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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