



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.

Governing a relevant, effective, and valued internal audit function

The Institute of Internal Auditors' [Global Internal Audit Standards™](#) go into effect in January 2025. These standards emphasize several important attributes and practices for conducting internal audit activities with professionalism, consistency, and quality. This issue of Deloitte's *On the Audit Committee's Agenda* highlights ways in which the audit committee and senior management can support an effective internal audit function and the adoption of the new standards.

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Quarterly accounting roundup: Third quarter 2024

The latest issue of Deloitte's *Quarterly Accounting Roundup* highlights recent accounting and regulatory developments and provides links to relevant resources. Topics covered include the SEC's release of Compliance and Disclosure Interpretations related to the disclosure of cybersecurity incidents involving ransomware attacks; statements from SEC Chief Accountant Paul Munter on the FASB's finalized conceptual framework and on crypto asset safeguarding obligations; and recent IASB amendments to several IFRS Accounting Standards.

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CFO succession: Time to jump-start a high-stakes process?

Having a robust process for selecting and onboarding key roles in the C-suite can help facilitate leadership continuity, prevent disruption to finance operations, and allay shareholder concerns about changes in senior management. This *WSJ Risk & Compliance Journal* article discusses why CFO succession planning should be an ongoing process that seeks to build a pipeline of leaders to identify potential successors and try to avoid a scramble if and when the transition occurs.

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California climate legislation update – Reporting deadlines remain unchanged

California Governor Gavin Newsom has signed into law state senate bill SB-219, which amends some aspects of the California State Senate bills requiring certain companies conducting business in California to disclose their greenhouse gas emissions and climate-related financial risks. These amendments, which are summarized in this edition of Deloitte's *Heads Up*, do not change the reporting deadlines of the original bills, SB-253 or SB-261.

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Getting ambitious with ESG

Amid a rapidly evolving regulatory environment, controllers and their finance functions are expected to incorporate ESG information in their financial reporting. There often are significant complexities in how this data is sourced, calculated, and validated. This Deloitte blog post discusses how companies can benefit from thoughtfully defining their ESG strategy and ambitions and implementing an operating model that encompasses a multifunctional reporting process.

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C-suite leaders brace for rise in deepfake financial fraud

This *WSJ Risk & Compliance Journal* article discusses a recent Deloitte poll, which revealed that more than half of corporate executives expect deepfake attacks targeting their financial and accounting data to increase in the coming year. These attacks involve the nefarious use of AI to defraud organizations and their customers through approaches such as falsified invoices and deepfake customer service interactions. Companies that already have experienced multiple attacks are more likely to have developed policies and procedures to help their workforce prepare for such threats.

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Governance of AI: A critical imperative for today's boards

In a new Deloitte Global Boardroom Program survey of nearly 500 board directors and executives across 57 countries, 45% say AI is not yet on the board agenda. Is it time to step up AI oversight in the boardroom? The survey explored how involved boards have been in AI governance and sentiments about the current pace of adoption. It also looked at the board's role in strategic oversight of this emerging technology. How can boards best navigate these opportunities and challenges? What are a few immediate actions boards can consider taking to bolster AI governance?

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CAQ Q3 survey on critical audit matters

More than 90 percent of investors rely on critical audit matters (CAMs) when they are making investment decisions, and over half prefer to see more CAMs in the auditor's report to help inform their decisions. These are among the findings of a survey of investors conducted by KRC Research and the Center for Audit Quality.

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PCAOB observations from the target team's 2023 inspections

This PCAOB *Spotlight* summarizes observations from its 2023 inspection activities focused on emerging audit risks. It highlights three areas that the staff believes could have important implications for the audits and reviews performed by audit firms: crypto assets, multiple jurisdictions ("multi-location") audits, and significant or unusual events or transactions.

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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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