



## 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](mailto:centerforboardeffectiveness@deloitte.com).

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## Featured resources

### **On the audit committee's agenda | What's on the horizon for 2022**

As they navigate increasingly complex reporting requirements and a shifting regulatory landscape, audit committees should focus on establishing priorities in an expanding agenda. This edition of *On the audit committee's agenda* highlights five areas—financial reporting and controls; cyber risk; enterprise risk management; environmental, social, and governance; and digital finance transformation—that are likely recurring audit committee topics in 2022. The publication also includes questions audit committees can pose to management for each topic.

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### **Deloitte and CAQ Audit Committee Practices Report shares audit committee priorities and practices**

According to a new survey from Deloitte and the Center for Audit Quality (CAQ), audit committees are being challenged by increased complexity in core responsibilities and “scope creep” across other areas within their organizations. The inaugural Deloitte and CAQ *Audit Committee Practices Report* provides insight into today’s most pressing issues for audit committees and the leading practices that can serve as a benchmarking resource to gauge committee practices. The report is based on a survey of 246 audit committee members primarily with large, US-based public companies on areas of oversight, risk, and audit committee practices. [Join](#) Deloitte and the Center for Audit Quality on February 24 for a LinkedIn Live event to discuss the key takeaways from the *Audit Committee Practices Report*.

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### **On the Radar**

*On the Radar* provides summaries of issues and trends related to the accounting and financial reporting topics addressed in Deloitte’s *Roadmaps*. The following are recent issues relevant to audit committee members; additional overviews can be accessed from the resource library below.

[Current Expected Credit Losses \(CECL\)](#)

[Earnings per Share](#)

[Leases](#)

[SEC Comment Letter Considerations](#)

## **Publications and topics of interest**

### **BlackRock’s CEO releases annual letter**

In his annual letter to CEOs, Larry Fink highlights several issues through the lens of stakeholder capitalism. He reinforces the importance of creating and sustaining value; adjusting to the changing environment; and having a consistent voice, clear purpose, coherent strategy, and long-term view. He focuses on how important it is for companies to manage and disclose progress in a number of areas, primarily the more significant sustainability topics of climate change and human capital.

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### **The 2021 AICPA and CIMA conference on current SEC and PCAOB developments**

This issue of *Heads up* presents highlights of the AICPA and CIMA conference held in Washington, DC, in December of 2021. In addition to discussions of accounting and financial reporting matters, the event provided a platform for examining recent trends, such as the rising emphasis on ESG.

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### **CFO Signals™: 4Q 2021**

In the most recent *CFO Signals* survey, CFOs indicate higher expectations for growth in capital spending, domestic personnel, and domestic wages and lower growth in revenue, earnings, and dividends compared to the third quarter of 2021. While less optimistic about regional economies, most CFOs expect consumer spending and business investment to rise.

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### **Trends that influence the future of internal controls**

Organizations need to develop a future of controls strategy to stay agile. These *CFO Journal* articles focus on three factors risk and compliance leaders should consider: reconstructing the controls framework, designing a next-generation operating model, and establishing a controls technology ecosystem. The articles originally appeared in Deloitte Insights in *Risk & Compliance Journal* from *The Wall Street Journal* on January 6 and January 10, 2022. The Wall Street Journal News Department was not involved in the creation of this content.

[5 Trends Influencing Internal Control Strategy](#)

[Reimagine the Future of Internal Controls](#)

### **Internal auditors’ role in ESG**

Julie Sanders, senior vice president and chief audit executive at Dell Technologies, discusses the company’s commitment to accurate, consistent ESG reporting and the internal audit department’s contribution to the ESG journey. This article originally appeared in Deloitte Insights in *Risk & Compliance Journal* from *The Wall Street Journal* on December 10, 2021. The Wall Street Journal News Department was not involved in the creation of this content.

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### **Financial reporting considerations for ESG and climate reporting**

This issue of *Heads Up* highlights the formation of the International Sustainability Standards Board (ISSB) to promote enhanced sustainability disclosures. The Technical Readiness Working Group, created in 2021, has published two prototypes for general sustainability disclosures and climate-related disclosures that are the foundation for the ISSB standards expected by mid-2022. These advances and the ESG rulemaking expected from the SEC demonstrate the increased demand for consistent, transparent sustainability reporting. Another article from the *Risk and Compliance Journal* assesses trends and highlights why companies should increase their focus on climate related reporting and disclosures. This article originally appeared in Deloitte Insights in *Risk and Compliance Journal* from *The Wall Street Journal* on January 13, 2022. The Wall Street Journal News Department was not involved in the creation of this content.

[Setting the Standard: ESG Reporting Meets Financial Reporting](#)

[Climate-Related Accounting and Reporting: Assessing Trends](#)

### **The SEC's acting chief accountant addresses financial reporting in a complex environment**

The SEC's acting chief accountant, Paul Munter, issued a statement in December 2021, describing the role of the Office of the Chief Accountant, several SEC priorities, and the responsibilities of various stakeholders in the financial reporting system. Munter noted the significant contributions audit committees make by overseeing financial reporting, internal control over financial reporting, corporate culture, and the quality of the independent audit.

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### **SEC vigilant on non-GAAP measures and metrics**

As a result of COVID-related uncertainties, companies are facing financial reporting and disclosure challenges that can trigger non-GAAP adjustments. Non-GAAP reporting is consistently among the top areas of SEC comment, and this trend is expected to continue. This article originally appeared in Deloitte Insights in *CFO Journal* from *The Wall Street Journal* on December 7, 2021. The Wall Street Journal News Department was not involved in the creation of this content.

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### **Financial reporting related to the supply chain, inflation, and labor disruptions**

These *CFO Journal* articles consider the accounting and reporting challenges related to inflation, supply-chain disruptions, and labor shortages that companies are facing individually and collectively. The articles originally appeared in Deloitte Insights in *CFO Journal* from *The Wall Street Journal* on December 14 and December 15, 2021. The Wall Street Journal News Department was not involved in the creation of this content.

[Financial Reporting Considerations: Forecasts and Inflation](#)

[Financial Reporting Considerations: Supply Chain and Labor Disruptions](#)

### **Quarterly Accounting Roundup: Year in Review—2021**

This Deloitte publication summarizes major accounting and financial reporting trends in 2021, focusing on the continued impact of the pandemic, ESG issues, and SPAC transactions.

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### **Global survey: The Audit Committee Frontier series**

Deloitte's *Audit Committee Frontier* series reports findings from surveys of audit committee members across the globe. A new survey, open to all directors and c-suite members, explores their role with respect to digital transformation and cyber risk. This is the second edition of *The Audit Committee Frontier* series and the results will be published in May 2022.

[SURVEY LINK](#)

[The Audit Committee Frontier: Addressing climate change](#)

## ***On the Radar:*** **Accounting and financial reporting topics**

Looking for summaries of issues and trends in accounting and financial reporting?

*On the Radar* is a series of executive-level overviews of topics addressed in Deloitte's comprehensive *Roadmaps*, which provides accounting guidance on select financial reporting topics. Recent issues of *On the Radar* that may be of interest to audit committee members address current expected credit losses, earnings per share, leases, and SEC comment letter considerations. Additional issues will be published throughout the year.

[ACCESS THE ON THE RADAR LIBRARY](#)

## **Upcoming virtual experiences**

### **LinkedIn Live event: Key Takeaways from the Audit Committee Practices Report**

February 24, 1:00 p.m. ET

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### **Climate Resolutions for 2022**

March 8, 11:00 a.m. ET

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### **Tech Trends for the Board**

April 6, 11:00 a.m. ET

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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](mailto:centerforboardeffectiveness@deloitte.com).

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