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.

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Featured resources

Comprehensive analysis of the SEC’s proposed rule on climate disclosure
The SEC’s proposed rule would significantly change climate-related disclosure requirements for public companies. As discussed in this issue of Heads Up, most companies will face a substantial effort to comply.
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CFO Signals™: 1Q 2022
CFOs may have had a foreboding of the devastation taking place in Ukraine and the implications for the global economy. According to the recent CFO Signals survey, the views of CFOs have dimmed in several areas, including the outlook for the North American and European economies, expectations for earnings and capital spending, and their own companies’ financial prospects.
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On the board’s agenda | US: From next-generation to now—Digital assets
The proliferation of digital assets has accelerated rapidly, generating a level of market interest sufficient to influence strategy. This edition of On the board’s agenda describes risks and opportunities boards should understand as they fulfill their duty to oversee strategy and risk.

Publications and topics of interest

Preparing for the SEC’s climate disclosure proposal
A Deloitte survey of 300 finance, accounting, sustainability, and legal executives at public companies with more than $500 million in revenue reveals that more than half expect data availability and data quality to present challenges for ESG disclosure. A significant majority say they will need additional resources, according to this Deloitte article in the Risk & Compliance Journal of The Wall Street Journal.

SEC proposes cybersecurity disclosure rules
Under the SEC’s proposed rules, companies would provide disclosures about the oversight of cybersecurity risk by the board of directors, as outlined in a Deloitte article in the CFO Journal of The Wall Street Journal. One is whether the entire board or only certain members are responsible for cybersecurity risk oversight. Another is the name of every board member with expertise in cybersecurity, if any, along with a description of that expertise.

Board practices reflect the pandemic’s long-term effects
The pandemic prompted companies to modify some of their core business and board practices in response to limitations on travel and in-person gatherings, according to a survey from Deloitte and the Society for Corporate Governance. Now many are making the changes more permanent, as described in a Deloitte article in the CFO Journal of The Wall Street Journal.

SEC guidance addresses obligations to safeguard crypto-assets
The SEC issued Staff Accounting Bulletin No. 121 to provide guidance regarding the accounting for an entity’s obligation to safeguard crypto-assets. This Deloitte article in the CFO Journal of The Wall Street Journal describes the staff’s view of recording a liability and corresponding asset on the balance sheet.

Rule-making and standard-setting developments

PCAOB seeks feedback on new auditing standard
The PCAOB has issued a request for comment on initial experiences with and the initial impact of amended requirements for auditing accounting estimates and using the work of specialists. The request is connected to a post-implementation review of the standard. Comments are due June 10, 2022.

PCAOB spotlights auditing considerations related to Ukraine
The PCAOB notes that there are important considerations for auditors as they plan and conduct audits and reviews of interim financial information for companies affected by the war in Ukraine. The staff release addresses economic implications, fraud and cybersecurity risks, audit procedures, possible illegal acts, and more.

Accounting and reporting considerations for SPAC transactions
The SEC’s proposed rule on special-purpose acquisition companies (SPACs) would change a number of financial reporting requirements related to de-SPAC transactions, and it would require enhanced disclosures in several areas. Details are available in this updated Financial Reporting Alert.
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 provide 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.

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Upcoming virtual experiences

The inflation outlook: How can boards prepare for the future of global inflation?*
May 4, 11:00 a.m. ET
REGISTER

Digital Frontier: Technology and the Board*
May 19, 11:00 a.m. ET
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Chair of the Future*
June 21, 11:00 a.m. ET
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*Not CPE eligible

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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.

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