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.

FASB directs staff to draft final standard on crypto assets
FASB’s standard on the accounting, presentation, and disclosure for certain crypto assets is moving closer to finalization. This Deloitte Heads Up article discusses how the guidance calls for entities to measure crypto assets at fair value, and for changes in fair value to be reflected in net income in each period. In response to feedback, FASB has proposed amendments to better reflect the economics of crypto assets and reduce the complexity of recognizing impairments.

How COSO can help with sustainability reporting
Sustainability data often is more qualitative and forward-looking than traditional financial information and can originate from a variety of disciplines and functional areas. This WSJ Risk & Compliance Journal article discusses how COSO’s recent report on the application of its framework to sustainability activities and information can serve as a resource to help companies build toward the complete and accurate measurement and disclosure of ESG-related information.
The importance of a comprehensive risk assessment by auditors and management
This statement from SEC Chief Accountant Paul Munter highlights the responsibility of management to look at their business holistically, staying alert to changing economic conditions and other new or evolving business risks that could impact internal controls. Similarly, auditors should remain aware of changes to a company’s objectives, strategies, or business risks, and should apply objective judgment when determining whether management has sufficiently monitored deficiencies.

First bias audit law starts to set stage for trustworthy AI
The New York City Department of Consumer and Worker Protections has issued a first-of-its-kind rule that prohibits companies and employment agencies from utilizing automated employment decision-making tools unless the organization conducts an annual bias audit of the associated technology. Local, state, and federal regulations related to various facets of AI are likely to increase. This WSJ Risk & Compliance Journal article discusses what company leaders can do to adjust their risk mitigation and governance procedures to prepare for compliance with evolving standards related to AI technology.

Comparing IFRS accounting standards and US GAAP: Bridging the differences
This issue of Deloitte’s On the Radar provides an overview of the most significant differences between US GAAP and IFRS® Accounting Standards that need to be considered when preparing, aggregating, consolidating, comparing, or interpreting financial information that involves both sets of accounting standards.

SEC reporting considerations for business acquisitions
This issue of Deloitte’s On the Radar walks through several of the requirements associated with SEC reporting regarding acquisitions, including determining the significance of the acquired business, preacquisition financial statements, pro forma financial information, and when such statements and information are required to be provided.

ISSB’s first standards set a global baseline for sustainability disclosures
The adoption of two International Sustainability Standards Board (ISSB) standards represents a significant milestone in providing for globally consistent sustainability information. This WSJ Risk & Compliance Journal article discusses how the standards are intended to be largely aligned to and compatible with the SEC’s proposed climate disclosure rule as well as European sustainability standards.

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