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 auditcommittee@deloitte.com.

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Publications and topics of interest
SEC director highlights the continued focus on enforcement and gatekeepers
A recent speech by Andrew Ceresney, Director of the SEC Division of Enforcement, addressed the SEC’s focus on reporting and disclosure, including the continuing focus on audit committees and external auditors who fail to provide adequate oversight of financial disclosures. Ceresney noted, “Audit committee members who fail to reasonably carry out their responsibilities, and auditors who unreasonably fail to comply with relevant auditing standards in their audit work, can expect to be in our focus.”
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BlackRock CEO and the SEC address long-term views
In letters to the CEOs of nearly 500 companies, Larry Fink, Co-Founder and CEO of BlackRock, urged resistance to corporate short-termism. Citing today’s culture of “quarterly earnings hysteria,” he asked them to provide shareholders with an annual strategic framework for long-term value creation. Fink is not the only one discussing the issue. The SEC’s Director of the Division of Corporation Finance, Keith Higgins, recently noted in a speech the potential link between short-term thinking and quarterly reporting requirements.
Read more about Larry Fink’s letter | Read more about the SEC speech

Disclosures of audit committees’ role increasing
As SEC regulations and investors’ demands grow, the effort required to craft concise, informative audit committee disclosure increases in importance. This video from the NACD’s BoardVision series discusses the benefits that audit committee disclosures can have for shareholders.
Watch the video
IA seeks to raise bar on internal audit practices
The international Institute of Internal Auditors Standards Board has proposed changes to the International Standards for the Professional Practice of Internal Auditing to meet the challenges of the evolving business environment. The proposed changes focus on enhancing existing standards for quality assurance and communications, as well as creating new standards addressing objectivity in assurance and consulting roles. Feedback is due April 30, 2016, and the changes will become effective January 1, 2017.
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A year in review from the Center for Audit Quality
The Year in Review highlights the CAQ’s accomplishments in support of audit quality. Among the topics, it covers CAQ initiatives relevant to audit committees, including those addressing audit quality indicators, audit committee disclosure, projects of the Audit Committee Collaboration, and internal audit.
Read the Year in Review
Read more about the CAQ’s AQI initiative

Rulemaking and standard-setting developments
Recent FASB updates
Recent accounting developments of note include developments in implementation guidance on the new revenue standard and a FASB proposal on guidance on cash flow classification.
Read more about revenue transition issues
Read more about revenue implementation issues relevant to multinational companies
Read more about cash flow classification

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