

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

Audit committee disclosure trends in 2015

Published jointly by the Center for Audit Quality and Audit Analytics, the second annual *Audit Committee Transparency Barometer* provides a year-over-year comparison of audit committee proxy disclosures. The 2015 report addresses voluntary, enhanced disclosure of external auditor oversight and offers examples of leading practices in this area.

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[Read Deloitte's Current Trends in Audit Committee Reporting](#)

SEC chief accountant discusses issues facing audit committees

At the second annual UC Irvine Audit Committee Summit, Jim Schnurr shared his perspectives on several issues facing audit committees, including the SEC's concept release on audit committee disclosures, the importance of internal control over financial reporting, and disclosure effectiveness. He also discussed implementation of the new revenue recognition standard, which is effective in 2018. Schnurr

encouraged audit committees to get involved in overseeing the standard's implementation and noted that companies should begin disclosing the expected impact in their 2015 financial statements.

[Read the speech](#)

[Read more on Schnurr's revenue recognition remarks](#)

Compliance Risk Assessments: The Third Ingredient in a World-Class Ethics and Compliance Program

The constantly changing regulatory environment increases the vulnerability of most organizations to compliance risk. The complexity of the risk landscape and the penalties for noncompliance make it essential for organizations to conduct thorough assessments of their compliance exposure. Deloitte's publication examines the use of compliance risk assessments to gain a broader view.

[Read more](#)

Related-party transactions for 2015 audits

For most companies, the 2015 year-end audit will be the first under the new Auditing Standard No. 18, *Related Parties*, adopted by the PCAOB last year. A *Compliance Week* article discusses the requirements for auditors under AS 18. Although AS 18 does not set new accounting requirements for companies, or establish new rules for management's processes and controls, auditors will be more focused on how companies have identified their related parties and what the processes and controls are

for monitoring related party transactions. AS 18 will mean greater scrutiny of any relationships that top executives, board members, or shareholders have with outside entities doing business with the company.

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Eighteen Safeguards to an Audit Committee's Investigation of Financial Reporting

In light of the SEC's renewed focus on fraudulent financial reporting, Michael Young from Willkie Farr & Gallagher LLP suggests taking a fresh look at audit committee investigations of financial reporting. Although the needs of each investigation differ, certain procedures can be established at the outset to safeguard against undue compromise of an investigation's adequacy and objectivity.

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SEC Comment Letters—Including Industry Insights: What "Edgar" Told Us

This new release in Deloitte's SEC comment letter series includes extracts of common SEC staff comments, additional analysis, and links to resources that are relevant to SEC filers.

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Rulemaking and standard-setting developments **FASB to issue leasing standard**

At its recent meeting, the FASB voted to proceed to issuing a final standard on its long-awaited project to overhaul lease accounting. The final standard is expected to be issued at the end of 2015 or in early 2016 and will be effective in 2019.

[Read more](#)

Highlights from the FASB's November 2 meeting

At its recent meeting, the FASB discussed the disclosure framework project, pension costs and postretirement benefit costs, and the conceptual framework.

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SEC announces enforcement results for FY 2015

The SEC reported in October that it filed 807 enforcement actions in FY 2015. The enforcement actions are summarized in categories, including: "holding gatekeepers accountable" and "combating financial fraud and enhancing issuer disclosure." The report also notes that financial reporting remains a key enforcement priority.

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SEC issues final rule on crowdfunding

The SEC issued a final rule that will permit eligible companies to use crowdfunding to offer and sell securities.

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PCAOB highlights deficiencies in the application of its risk assessment standards

The PCAOB released a report detailing deficiencies noted during its 2012–2014 inspections of registered audit firms with respect to their implementation of and compliance with the risk assessment standards.

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IASB publishes proposed practice statement on materiality

The IASB published an exposure draft of a proposed IFRS practice statement, *Application of Materiality to Financial Statements*. The purpose of the practice statement is to explain and illustrate the concept of materiality and help financial statement preparers apply this concept. Comments are due February 26, 2016.

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Upcoming Dbriefs webcasts

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November 19, 2:00 pm ET

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December 10, 2:00 pm ET

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