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

CAQ issues publication on non-GAAP measures
The Center for Audit Quality's Questions on Non-GAAP Measures — A Tool for Audit Committees helps audit committees assess management’s presentation of non-GAAP measures outside the audited financial statements. The publication addresses transparency, consistency, and comparability.
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Read more: Deloitte Heads Up - SEC urges companies to take a fresh look at their non-GAAP measures

Financial reporting considerations related to the UK’s vote to leave the EU
This Financial Reporting Alert discusses considerations related to the United Kingdom’s vote to leave the European Union. The decision has given rise to a host of questions about the near-term and longer-term effects on an entity’s financial reporting.
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SEC chair focuses on board diversity, non-GAAP financial measures, and sustainability
At the recent International Corporate Governance Network annual conference, SEC chair Mary Jo White discussed how the SEC aligns with the US regulatory framework with respect to corporate governance matters. Additionally, she shared her perspective on board diversity, non-GAAP financial measures, and sustainability disclosures.
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Internal controls face heightened scrutiny and more documentation
Compliance Week notes that companies should get used to heightened scrutiny and increased demands from auditors around internal controls documentation, based on indicators emerging from the latest year-end audit cycle. The article includes an excerpt of a speech from SEC Deputy Chief Accountant Wesley Bricker on the importance of internal control over financial reporting.
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Rulemaking and standard-setting developments

SEC proposes disclosure-related updates and simplification
The SEC has issued proposed rule, Disclosure Update and Simplification, as part of its overall efforts to improve disclosure effectiveness, as well as to implement certain provisions of the Fixing America’s Surface Transportation Act.
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FASB issues final standard on accounting for credit losses
Under the FASB’s new guidance, Measurement of Credit Losses on Financial Instruments, an entity recognizes as an allowance its estimate of expected credit losses, which the FASB says will result in more timely recognition of such losses. The ASU is also intended to reduce the complexity of US GAAP by decreasing the number of credit impairment models that entities use to account for debt instruments.
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FASB tentatively decides on income tax disclosure requirements
As part of its disclosure framework project, the FASB continued to deliberate various income tax disclosure requirements at its June 8 meeting, including indefinitely reinvested earnings, as well as operating loss and tax credit carryforwards.
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SEC issues final rule on resource extraction disclosures
The final rule implementing Section 1504 of the Dodd-Frank Wall Street Reform and Consumer Protection Act is designed to improve transparency to help “combat global corruption and empower citizens of resource-rich countries to hold their governments accountable for the wealth generated by those resources.”
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