



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

Highlights of the 2016 AICPA Conference on Current SEC and PCAOB Developments

This Deloitte *Heads Up* extracts key insights from this year's three-day AICPA Conference on Current SEC and PCAOB Developments. The conference features speeches by, and question-and-answer sessions with, members of the SEC, PCAOB, FASB, IASB, and other professional groups on current accounting, reporting, and auditing practice issues. This year, several speakers discussed the importance of audit committee engagement on a number of financial reporting issues.

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Publication helps audit committees prepare for revenue recognition standard

The Center for Audit Quality has released a guidebook for audit committees on the new revenue recognition standard. The publication poses numerous questions to consider in assessing the effect of the new standard on a company and understanding the status of the company's implementation project plan. It also includes a compilation of additional resources on the standard.

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CAQ issues *Non-GAAP Financial Measures: Continuing the Conversation*

This Center for Audit Quality publication provides information on non-GAAP measures, including their definition and use, regulatory oversight, disclosure requirements, and the auditor's involvement in evaluating these measures. It also provides key questions and considerations related to non-GAAP financial measures for a variety of stakeholders, including audit committee members, management, internal auditors, investors, and analysts.

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PCAOB's Standing Advisory Group discusses best practices for effective auditor and audit committee communication

This summary of the most recent meeting of the PCAOB's Standing Advisory Group (SAG) includes highlights from Board Member Jay Hanson's panel discussion with SAG members on leading practices for communication between the audit committee and the auditor, among other topics. The leading practices



discussed included the need for increased transparency through approaches such as enhanced audit committee disclosures, whether required or voluntary, as well as the use of audit quality indicators by auditors and audit committees.

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Risky business: SEC focuses on internal controls

In this article from CFO.com, Howard Scheck, former chief accountant in the SEC's Division of Enforcement, offers his perspectives on the SEC's trend toward prosecuting an increasing variety of ICFR violations. He notes that such violations are more frequently being viewed as "primary considerations" rather than being tied in with fraud cases or as fallbacks in non-fraud settlements.

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Tax policy decisions ahead: Impact of the 2016 elections

This report from Deloitte Tax LLP looks at President-elect Trump's tax proposals, the views of key congressional leaders, and the outlook for enacting significant changes to the tax code in the coming year.

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Rulemaking and standard-setting developments SEC issues report on the modernization and simplification of Regulation S-K

The SEC recently released a report on Regulation S-K, as required by the Fixing America's Surface Transportation (FAST) Act, which includes staff recommendations on several topics, including core company business information; company performance, financial information, and future prospects; corporate governance; and registration statement and prospectus provisions. The SEC has encouraged public comment on the report.

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FASB proposes amending the scope of modification accounting for share-based payment arrangements

The FASB's proposed Accounting Standards Update (ASU), *Scope of Modification Accounting*, provides guidance on the types of changes to the terms and conditions of share-based payment awards for which an entity would be required to apply modification accounting under ASC 718. An entity would not apply modification accounting if the fair value, vesting conditions, and classification of the awards are the same immediately before and after the modification.

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