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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.

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Publications and topics of interest PCAOB publishes 2019 audit committee inspections outlook

The Public Company Accounting Oversight Board (PCAOB) published its "2019 Staff Inspection Outlook for Audit Committees" on March 14, 2019. The Audit Committee-specific outlook supplement's the PCAOB's "2019 Inspections Outlook" and outlines the PCAOB's plans to communicate with audit committees, key areas of focus for the 2019 inspections cycle, and relevant topics for the audit committee to discuss with their auditors. More

Survey indicates boards not corroborating risk information enough

A recent survey from the Institute of Internal Auditors notes that directors, and particularly those on the audit committee, may place too much weight on the assurance received from management rather than corroborating it with the internal auditors to confirm that the necessary controls are in place. The report also challenges the common practice of having the chief audit executive report to the CFO.

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Study indicates linkage between financial restatements and long-term capital market consequences

A recent study by Audit Analytics explores potential correlations between financial restatements and stock price movement. The study reports that although abnormal returns were not found within the first 30 days following a financial restatement, abnormal positive returns were identified in the second 30-day period and beyond.

More

Crisis resilience and the board—Taking risk oversight to the next level

Companies seek to anticipate and avoid crises that pose risks to their business or to take proactive steps toward mitigation. No matter how prepared a company is, and regardless of the levels of management and board oversight, crises can happen, and it is important for companies to build resilience. This issue of Deloitte's *On the Board's Agenda* discusses how boards seek to assist management in carrying out these responsibilities. More

Rule-making and standard-setting developments FASB proposes an accounting standards update on share-based payments

The FASB has proposed an accounting standards update (ASU) to clarify the accounting for share-based payments issued as sales incentives to customers. Entities would be required, among other things, to apply the guidance in ASC 718 when measuring and classifying these payments. Comments on the proposed ASU are due April 4, 2019.

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