

AUDIT COMMITTEE ISSUES

TOP 10 TAKEAWAYS

1. “Risk” – the hot corporate governance buzzword. Audit committees will need to coordinate efforts with risk and compensation committees.
2. Companies are being required to provide additional disclosure regarding risk management.
3. The number of items the audit committee is responsible for continues to increase.
4. Conversion from US GAAP to IFRS continues to loom.
5. Internal control attestation reports will soon be required for all public companies – the small company exception is set to expire.
6. Small public company audit committee members should understand whether their companies are prepared for the internal control attestation report and the cost of the report.
7. Fair value accounting is here to stay and the application of fair value accounting is likely to increase.
8. Accounting rules are becoming more “principles based,” making the audit committee’s job more difficult.
9. Recent changes to accounting rules may require companies to consolidate less than majority-owned subsidiaries that were not previously consolidated.
10. Recent accounting pronouncements and proposals are requiring increased disclosure and resulting in more items being brought “on balance sheet.”