Dan Goelzer

AUDIT COMMITTEE AND AUDITOR OVERSIGHT UPDATE

Update No. 80
February – March 2023

This Update summarizes recent developments relating to public company audit committees and their oversight of financial reporting and of the company's relationship with its auditor.

In This Update:

ESG Meets Disclosure Controls in an SEC Enforcement Action

SEC EPS Enforcement Initiative Bags Another Company

CAQ Publishes a Primer for Audit Committees on Digital Assets

On the Update Radar: Things in Brief

IFAC Issues Third Report on ESG Disclosure and Assurance

ISSB Agrees in Principle on its First Two Standards

If Your Company May Have Violated the Law, DOJ Wants to Hear from You

PCAOB Makes Public a 2018 Criticism of D&T's Quality Control

EY on SEC Priorities for 2023

The Audit Blog

Oversight of Crypto Auditing: Asking the PCAOB to Go Out of Bounds

ESG Meets Disclosure Controls in an SEC Enforcement Action

On February 3, the Securities and Exchange Commission announced an administrative enforcement action against Activision Blizzard Inc. (Activision), a video game development company. The SEC charged that Activision failed to maintain disclosure controls and procedures to collect information relating to the company's ability to attract and retain talented personnel – one of its disclosed risk factors. (Activision was subsequently the subject of a high-profile state proceeding alleging a hostile work environment, including sexual harassment.) The SEC's action seems to reflect the extension of the concept of securities law

---

Dan Goelzer is a retired partner of Baker McKenzie, a major international law firm. He advises a Big Four accounting firm on audit quality issues. From 2017 to July 2022, Dan was a member the Sustainability Accounting Standards Board. The SEC appointed him to the Public Company Accounting Oversight Board as one of the founding members, and he served on the PCAOB from 2002 to 2012, including as Acting Chair from 2009 to 2011. From 1983 to 1990, he was General Counsel of the Securities and Exchange Commission.

disclosure controls and procedures into the area of workplace misconduct, at least in cases where employee attraction and retention have been identified in risk factor disclosure as a key business risk.

The SEC also charged Activision with using its separation agreements to inhibit departing employees from communicating with the SEC staff about potential securities law violations. Without admitting or denying the Commission's allegations, Activision agreed to settle the matter by paying a $35 million civil money penalty and ceasing and desisting from further violations.

Disclosure Controls and Procedures

Between 2018 and 2021, Activision's risk factors disclosure included an item headed, "If we do not continue to attract, retain, and motivate skilled personnel, we will be unable to effectively conduct our business." Among other things, this risk factor stated that the company's "success depends to a significant extent on our ability to identify, attract, hire, retain, motivate, and utilize the abilities of qualified personnel, particularly personnel with the specialized skills needed to create and sell the high-quality, well-received content upon which our business is substantially dependent."

Securities Exchange Act Rule 13a-15 requires SEC reporting companies to maintain disclosure controls and procedures "designed to ensure that information required to be disclosed * * * is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure." The SEC alleges that Activision violated Rule 13a-15 by failing to maintain "controls and procedures among its separate business units designed to collect or analyze employee complaints of workplace misconduct." As a result, of the lack of such controls and procedures, "complaints related to workplace misconduct were not collected and analyzed for disclosure purposes."

The SEC does not allege that Activision actually committed any disclosure violations. The gravamen of the charge is that, since the company did not have controls and procedures that collected information about employee complaints, personnel responsible for disclosure where unable to make an informed assessment of whether disclosure was warranted. (While not mentioned in the SEC order, in 2021, the California Department of Fair Employment and Housing filed a lawsuit against Activision Blizzard, alleging widespread discrimination and harassment of female employees at the company. In response to the lawsuit, over 2,000 current and former employees signed an open letter criticizing the company's handling of harassment and discrimination allegations.)

Impeding Whistleblowers

SEC also charges that Activision's agreements with departing employees violated the SEC's whistleblower protection rules because former employees were required to notify the company if they received a request for information from a government agency. Specifically, a clause in Activision's standard separation agreement stated: "Nothing in this Separation Agreement shall prohibit . . . disclosures that are truthful representations in connection with a report or complaint to an administrative agency (but only if I notify the Company of a disclosure obligation or request within one business day after I learn of it and permit the Company to take all steps it deems to be appropriate to prevent or limit the required disclosure)."

Securities Exchange Act Rule 21F-17 prohibits "any action to impede an individual from communicating directly with the Commission staff about a possible securities law violation." The order finds that the notice clause in the separation agreements "undermines the purpose" of Rule 21F-17, although the order adds that the Commission is not aware of any specific instances in which a former Activision employee was prevented from communicating with SEC about potential violations of the securities laws or in which Activision took action to enforce the notification clause.

Commissioner Peirce's Dissent

Commissioner Hester M. Peirce issued a statement dissenting from the Activision order. As to the disclosure controls and procedures charge, she emphasizes that the order does not allege that Activision's disclosures were at any time misleading or incomplete. She also points out that the logic of the order is potentially very far-reaching:

> "If workplace misconduct must be reported to the disclosure committee, so too must changes in any number of workplace amenities and workplace requirements, and so too must any multitude of factors relevant to other risk factors. The requirement cannot be that a company's disclosure controls and procedures must capture potentially relevant, but ultimately—for purposes of disclosure—unimportant information. * * * Using disclosure controls and procedures as its tool, [the Commission] seeks to nudge companies to manage themselves according to the metrics the SEC finds interesting at the moment. * * * [T]oday, that metric is workplace misconduct statistics, but other issues will follow."

Commissioner Peirce also disagreed that the Activision separation agreements violated whistleblower protection rules. She notes that the order does not explain how the notification requirement impedes former employees from communicating with the Commission.

Comment: The Activision order appears to be a product of the SEC's ESG enforcement taskforce. (See SEC is Serious About ESG Disclosure Enforcement, April-May 2022 Update). If nothing else, the case illustrates that the Commission's interest in ESG isn't limited to greenwashing or inaccurate disclosures and that it is prepared to be aggressive and imaginative in finding links between substantive corporate failings in ESG areas like a hostile workplace environment and the federal securities laws.

For audit committees and managements, a point to consider is what the Activision case says about the relationship between risk factor disclosure and disclosure controls and procedures. As Commissioner Peirce's dissent suggests, the order could be viewed as indicating that, for every material risk set forth in the risk factors, there need to be procedures to capture information which could be relevant to determining whether or not additional disclosure concerning that risk is necessary. Given the broad array of risks that are typically described, viewing disclosure controls and procedures through that lens could in many cases suggest the need for additional controls. Managements and audit committees may particularly want to consider whether the company's disclosure controls and procedures capture information in ESG areas that have been flagged as key to the business, even if those areas are not directly tied to financial reporting or to compliance with specific disclosure requirements.

SEC EPS Enforcement Initiative Bags Another Company

The SEC has brought another case as part of its initiative to uncover and prosecute accounting practices designed to manipulate earnings per share. See SEC Notches Another EPS Enforcement Case, April-May 2022 Update. In the most recent action, filed on February 7, the SEC charged that Gentex Corporation, a Michigan-based manufacturing company, violated financial reporting, books and records, and internal control requirements as a result of unsupported quarterly adjustments to an accrual for performance-based bonuses. In at least one case, the change in the accrual was apparently intended to cause Gentex's EPS to meet the analyst community's earnings expectations for the quarter. Kevin Nash, Gentex's CFO, who served as Chief Accounting Officer during the events in question, was also charged.

According to the SEC's order, Gentex maintained a discretionary profit-sharing bonus plan. Bonuses were paid annually, but accrued monthly based pre-tax, pre-bonus income. During the quarterly closing process, Nash, as CAO, determined whether the monthly accruals reflected the company's expected bonus payout for the quarter or whether adjustments were necessary. In 2015, the company decided to adopt a second bonus plan (the PB plan), which would take effect in 2016, and Gentex's then-CFO instructed Nash to reserve for the PB plan. Accordingly, on October 7, 2015, as part of the 2015 third quarter close, Nash

directed that $300,000 be reserved for the PB plan. No documentation or analysis supported the amount of this accrual.

On October 8, Nash realized that the $300,000 accrual would cause Gentex to miss the consensus analyst EPS estimate of $0.27 for the third quarter of 2015. He directed a journal entry to reduce the $300,000 accrual to $100,000. This journal entry, like the original accrual, was made without any supporting documentation or analysis. However, in an October 9 email exchange, the then-CFO asked Nash if he had reserved for the PB plan. According to the order, "Nash responded, '100K. had [sic] 300K, but had to reduce in order to keep .27 per share.' The CFO replied, '[g]ood call. That puts in line with consensus, right?' to which Nash replied, '[y]es.'" The order further states: "Had Nash not directed the partial reduction of the $300,000 accrual for the PB Bonus Plan expense, Gentex would have missed the third quarter 2015 EPS consensus estimate by a penny."

During several subsequent quarters in 2016, 2017, and 2018, Nash made accruals to the bonus reserve account without adequate supporting documentation. In 2017, Nash recommended to the then-CFO that the company make bonus payments in an amount that would leave $568,000 in the reserve account, stating in an email that such a cushion "would not be bad to have for the third quarter and fourth quarter of 2017."

Gentex was charged with violations of the reporting requirements, the books-and-records requirements, and the internal control requirements of the Securities Exchange Act, including Exchange Act Section 13(b)(5) which prohibits any person from "knowingly circumventing or knowingly failing to implement a system of internal accounting controls or knowingly falsifying any book, record, or account." Nash was charged with violating Section 13(b)(5) and with causing Gentex's violations. Gentex and Nash agreed to settle without admitting or denying the Commission's allegations. Gentex was ordered to pay a civil money penalty of $4 million and Nash to pay a penalty of $75,000; both were ordered to cease and desist from future violations.

Comment: As noted in prior Updates, audit committees should be vigilant in circumstances where management seems focused on analysts' quarterly EPS expectations, particularly when the company has a long history of meeting expectations. The audit committee might also want to be sure that there are controls that require, and confirm the existence of, documentation to support discretionary accounting adjustments. Adjustments to estimated accruals, such as those in the Gentex case, are a classic vehicle for EPS manipulation.

CAQ Publishes a Primer for Audit Committees on Digital Assets

The Center for Audit Quality has released Jumpstart Your Digital Assets Journey: A Tool for Audit Committees (Jumpstart). This publication is intended to aid audit committees by providing an overview of the digital assets landscape and by suggesting questions audit committees can ask to better understand management's digital asset strategy and to oversee the related risks. The paper has five sections:

- Digital assets and blockchain. This section contains a brief, high-level description of the blockchain and defines digital assets as "an umbrella term for a spectrum of assets that leverage blockchain technology, including crypto assets, stablecoins, and nonfungible tokens (NFTs), among others." It states that crypto assets, or cryptocurrency, are a type of digital asset that function as a medium of exchange and that are not issued by a jurisdictional authority, do not give rise to a contract between the holder and another party, and are not considered a security under the federal securities laws.

- Why digital assets? Jumpstart states that digital assets can have a wide variety of uses, "ranging from serving as a medium of exchange (e.g., crypto assets) to representing rights to use a product or service or to obtain an asset (e.g., NFTs, a utility token, or an asset token)." The paper discusses company use of crypto assets as a form of payment, as an investment, and as a means of digitally representing something of value, whether physical or intangible (i.e., tokenization).

- Digital assets and risk. The CAQ notes that, given the inherent complexities associated with digital assets and blockchain technology, many types of risks can arise. Jumpstart discusses several of the more common risks: Safeguarding private keys and custody; cybersecurity; application of anti-money laundering and know your customer requirements; accounting treatment of digital assets; valuation of digital assets; and the uncertain digital asset regulatory environment.

- Digital assets in the financial reporting ecosystem. This section discusses various accounting, reporting and risk issues that arise in connection with the use of digital assets. These include accounting treatment of crypto assets; accounting, operational, and financial risks associated with making and accepting payments in crypto assets; stablecoins and central bank digital currencies; and accounting implications of the issuance and sale of NFTs. This section also touches on the audit implications of digital assets, particularly those resulting from the involvement of third parties, such as custodians or exchanges.

- Digital assets: Regulation and standard setting. Jumpstart notes the evolving legislative and regulatory environment for digital assets. This environment includes the enforcement activities of the SEC, CFTC, and other regulatory bodies which have targeted such things as unregistered securities offerings, failures to register trading platforms, AML violations, misrepresentations related to coin offerings, and other matters involving digital assets. The CAQ also states that the number of critical audit matters (CAMs) described in audit reports related to digital assets is increasing. There were 21 digital asset CAMs in fiscal year 2021 SEC filings, up from 18 the prior year. Fourteen of the 2021 digital asset CAMs related to challenges around auditing revenue from contracts with customers.

Jumpstart includes suggested questions for audit committees to pose to management or the auditor concerning the company's use of digital assets and its financial reporting. An appendix to the paper presents these suggested audit committee questions arranged by topic area.

Comment: Jumpstart concludes with this observation: "As the digital assets landscape continues to develop, the related risks will evolve, and audit committee oversight will be at the forefront. An understanding of digital assets, an awareness of the risks they present to financial reporting and inquiring with management and the auditor are essential tools for audit committees to discharge their responsibilities." Audit committees of companies that are involved with digital assets may find this publication a useful basic overview as they seek to increase their understanding of the risks inherent in this novel and evolving field. The suggested questions for management and for auditors could also serve as a good starting point for dialogue on these risks.

On the Update Radar: Things in Brief

IFAC Issues Third Report on ESG Disclosure and Assurance. The International Federation of Accountants (IFAC) and the Association of International Certified Professional Accountants (Association), in partnership with Audit Analytics, have released their third annual report on global sustainability (or ESG) reporting practices. The State of Play: Sustainability Disclosure & Assurance--2019-2021 Trends & Analysis is based on a review of 1,350 companies, representing the largest companies by market capitalization in 22 jurisdictions. (Russia was not part of the most recent review, although it was included in prior studies.)

The report finds that, in 2021, 95 percent of these large companies reported on ESG. This compares to 92 percent and 91 percent ESG reporters in 2020 and 2019, respectively. In addition, 64 percent obtained third party assurance/verification over some of the ESG information they provided. This reflects an increase from 58 percent last year and 51 percent in 2019. For a summary of the prior IFAC/Association report, see IFAC Reports on the State of ESG Assurance, August 2022 Update.

Other key findings of the new report include:

- In 2021, half of the 1,350 companies issued a stand-alone sustainability report (down from 57 percent in 2019), rather than including ESG disclosure in other documents. There are, however, "jurisdiction-specific trends toward reporting in annual reports and integrated reports, which provide more connectivity between ESG and financial information and support integrated decision making within companies." In 2021, 24 percent of the 1,350 companies studied reported ESG data in their annual report, 21 percent issued an integrated report, and five percent did not report on ESG.

- The great majority of reporting companies (86 percent) use more than one reporting standard or framework. Use of the Taskforce on Climate-related Financial Disclosure (TCFD) framework and of the Sustainability Accounting Standards Board (SASB) standards has "grown dramatically" since 2019. In 2021, 49 percent of ESG reporters referred to or applied the SASB standards and 63 percent referred to or applied the TCFD framework, up from 15 percent and 24 percent respectively in 2019.

- Sixty-seven percent of companies reviewed in 2021 disclosed emissions reduction targets. Eighty-seven percent of those companies also provided information about how they plan to reach their target.

- As noted above, 64 percent of companies obtained third party assurance on at least some of their ESG reporting. Assurance engagements most frequently covered greenhouse gas metrics, although more than half (53 percent) encompassed a range of ESG disclosures.

- Audit firms performed 57 percent of assurance engagements, a decrease from 63 percent in 2019. Ninety-seven percent of audit firm-related engagements resulted in limited assurance reports, while 58 percent of engagements conducted by other service providers resulted in limited assurance. (For other service provider engagements, 22 percent resulted in moderate assurance and 15 percent in reasonable assurance; 5 percent were classified as "other.")

The State of Play report contains detailed information concerning reporting and assurance practices on a country-by-country basis. Audit committees might find this material of interest in benchmarking their company's approach to ESG disclosure and assurance.

ISSB Agrees in Principle on its First Two Standards. In 2021, the IFRS Foundation announced the formation of the International Sustainability Standards Board (ISSB) to develop a comprehensive baseline of sustainability disclosure standards to meet investor information needs. The ISSB, which commenced operations in 2022, consolidated with two existing sustainability standard setting bodies, including the Value Reporting Foundation, the parent of the Sustainability Accounting Standards Board (SASB). Accordingly, SASB's disclosure standards are now under the jurisdiction of the ISSB. See IFRS Foundation Announces the International Sustainability Standards Board and Consolidation with CDSB and SASB, November-December 2021 Update.

In a February 17 statement, the ISSB announced that it had unanimously approved in principle its first two standards – IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures). These standards will be finalized and issued by June 30. The new standards, which were published as exposure drafts for public comment last year, will take effect in January 2024. However, since the ISSB itself has no direct authority to compel companies to use its standards, deadlines for mandatory compliance with the standards will be determined on a jurisdiction-by-jurisdiction basis.

S1 and S2 are foundational standards. S1 sets out the ISSB's general requirements for disclosure and prescribes the core content for sustainability-related financial disclosures that permit investors to

assess company value. S1 provides the basis for achieving a global baseline of sustainability disclosure by requiring that companies disclose material information about sustainability-related risks and opportunities. S1 requires companies to consider the industry-based SASB Standards for topics other than climate disclosure. S2 provides detailed requirements for investor-focused climate disclosures. It seeks to generate comparable climate-related disclosures, consistent with existing standards and frameworks, and particularly with the Task Force on Climate-Related Financial Disclosures (TCFD). S2 also includes industry-specific climate metrics based on the SASB standards as illustrative guidance.

The United States is unlikely, at least in the near term, to require compliance with ISSB standards. Indeed, as discussed in SEC Unveils its Climate Disclosure Proposals, March 2022 Update, the SEC is developing its own climate disclosure requirements. However, the ISSB's standards are likely to be adopted in much of the rest of the developed world and, as a practical matter, U.S. public companies are likely to be under investor pressure to make ISSB disclosures. Companies currently complying with the TFCD recommendations and the SASB standards will have a head start on ISSB compliance. In any case, audit committees may want to follow the ISSB's work and discuss with management voluntary disclosure under ISSB standards.

If Your Company May Have Violated the Law, DOJ Wants to Hear from You. The decision whether to make a voluntary disclosure of potential corporate criminal conduct to the Department of Justice is one of the most difficult and high-stakes challenges a board is likely to face. As discussed in DOJ Announces Tougher Corporate Enforcement and Self-Policing Policies, September-October 2022 Update, the Biden Administration DOJ has emphasized that it expects companies to disclose potential misconduct voluntarily and promptly and, in appropriate cases, will reward those that do so by declining to prosecute or with "cooperation credit" in sentencing determinations. In a January 17, 2023 speech, Assistant Attorney General Kenneth Polite expanded on this theme, announcing revisions to the Department's Criminal Division's Corporate Enforcement Policy ("CEP") that enhance the benefits for voluntary disclosure, cooperation, and remediation. However, he also promised "dire consequences" for companies that fail to take these steps.

Under existing DOJ policy, the Department may decline to prosecute a company that voluntarily reports misconduct, cooperates with the investigation, and appropriately remediates the underlying problem. However, such a "declination" is not available if certain aggravating circumstances are present, such as involvement of senior management in the violation. According to Assistant AG Polite, this has led companies and their counsel to conclude that, if aggravating circumstances are present, it is more prudent not to disclose the misconduct. The CEP revisions seek to change that calculus by offering the possibility of declination even if aggravating circumstances are present (and threatening "very different outcomes for companies that do not self-disclose, meaningfully cooperate with our investigations, or remediate").

Specifically, the under the CEP revisions announced by Mr. Polite, prosecutors may determine that, notwithstanding aggravating circumstances, a declination is appropriate if the company can demonstrate that it has met three factors:

- Voluntary self-disclosure to the Department immediately upon becoming aware of the allegation of misconduct.
- An effective compliance program and system of internal accounting controls that enabled the identification of the misconduct and led to the company's voluntary self-disclosure.
- Extraordinary cooperation with the Department's investigation and extraordinary remediation measures. (What constitutes "extraordinary" cooperation and remediation remains to be determined.)

Another revision to the CEP seeks to promote disclosure of wrongdoing by increasing the potential sentencing reductions for companies that voluntarily self-disclose, fully cooperate, and appropriately remediate, even if a criminal prosecution is brought. Finally, for companies that do not self-disclose but are prosecuted after the Department discovers the violation through other means, the revisions offer increased, but more limited, benefits in the form of potential sentencing reductions, provided the company cooperates in the investigation and undertakes appropriate remediation.

For audit committees, the most notable part of the CEP changes is the emphasis on an effective compliance program and a system of internal accounting controls that is geared to identifying misconduct so that it will come to the board's attention and can potentially be disclosed to the Department. Audit committees may want to revisit whether the company's compliance program and internal controls are appropriately designed and functioning effectively with respect to the objective of bringing potential criminal conduct promptly to the board's attention.

PCAOB Makes Public a 2018 Criticism of D&T's Quality Control. On January 24, the PCAOB made public a portion of the previously nonpublic section of Deloitte & Touche's 2018 inspection report. This action indicates that, in the Board's view, the firm did not satisfactorily address the quality control issue discussed in that portion of the inspection report within 12 months of the report date. Criticisms of a firm's quality control system are discussed in Part II of the firm's inspection report. Under the Sarbanes-Oxley Act, Part II is nonpublic when the report is issued. If the firm does not satisfactorily address the quality control criticism within 12 months, the Board makes the criticism public.

The now-public PCAOB criticism in D&T's 2018 report relates to D&T's policies and procedures with respect to financial holdings of its personnel. In 2018, D&T conducted a sampling review of compliance with its internal requirement that firm personnel report certain financial relationships to the firm. The review found that 26 percent of partners and 38 percent of managing directors and managers in the sample had not reported financial relationships that they were required to report in accordance with the firm's policies. The PCAOB's inspection report states: "These high rates of non-compliance with the firm's policies, which are designed to provide compliance with applicable independence regulatory requirements, provide cause for concern, especially considering that these individuals are required to certify on a semi-annual basis that they have complied with the firm's independence policies and procedures." The 2018 D&T inspection report is dated April 28, 2020. Therefore, release of this portion of the inspection report indicates that D&T failed to persuade the PCAOB that, as of April 28, 2021, it had satisfactorily remediated this quality control deficiency.

Disclosure of a portion of Part II of a major firm's inspection report is unusual, but not unprecedented. The Board has taken such action at least once with respect to each of the Big Four firms. On October 17, 2022, the PCAOB made public a portion of Ernst & Young's 2018 inspection report that is virtually identical to the portion of D&T's 2018 report described above. See PCAOB Gives EY a Partial Fail on 2018 Remediation, September-October 2022 Update. In both cases there is no indication that the firm violated the independence requirements.

EY on SEC Priorities for 2023. What Should be on the Audit Committee's 2023 Agenda?, January 2023 Update lists accounting and consulting firm publications that describe issues on which audit committees should focus in 2023. In setting their agendas, audit committees may also want to review a new EY publication, SEC top four: What public companies, boards and investors should watch for in 2023. While the focus is broader than issues that directly affect audit committees, many of the topics discussed will impact the committee's work in some way.

EY groups pending SEC initiatives under four headings – disclosure, the proxy process, regulation of crypto assets, and enforcement. With respect to disclosure, EY discusses six "expected actions":

- Adoption of climate-related disclosure rule. (See SEC Unveils its Climate Disclosure Proposals, March 2022 Update.)
- Adoption of cybersecurity risk governance disclosure rule. (See SEC Proposes Cyber Risk Management and Attack Reporting Requirements, March 2022 Update.)
- Adoption of disclosure proposal for share repurchase modernization.
- Adoption of SPAC-related disclosure rule.
- Release of human capital-related rule proposals.
- Dodd-Frank Act disclosure rulemaking, including changes to the resource extraction payments disclosure rule. (See If at First You Don't Succeed: SEC Adopts Revised Resource Extraction Disclosure Rule, December 2020 Update.)

As to the proxy process, EY states that the SEC will take final action on proposed rules that would impose new limits on the ability of companies to exclude shareholder proposals from the proxy statement. On the regulation of crypto assets, EY expects "continued scrutiny of the crypto asset industry and related disclosures, but minimal rulemaking activity"; the SEC is likely to continue to rely primarily on aggressive enforcement, premised on the idea that most crypto assets are securities under the federal securities laws. Finally, in the area of enforcement generally, EY anticipates that the SEC will focus on high-profile areas such as crypto, cybersecurity, and ESG disclosures.

In addition to the four priority areas, EY also discusses the PCAOB's agenda, compliance with the Holding Foreign Companies Accountable Act (which addresses the PCAOB's ability to inspect audits performed in China), and SEC initiatives relating to private company and private fund disclosure.

The Audit Blog

I am a co-founder of The Audit Blog and blog on developments in auditing and financial reporting, on auditor oversight and regulation, and on sustainability disclosure. Occasionally, items that appear in the Audit Committee and Auditor Oversight Update also appear on the blog. Recent blog posts include –

- Oversight of Crypto Auditing: Asking the PCAOB to Go Out of Bounds (Dan Goelzer, February 28, 2023)

The blog is available here. You can follow @BlogAuditor on twitter or @the-audit-blog on medium.com.

For further information, please contact:

Daniel L. Goelzer
301.288.3788
dangoelzer@gmail.com

The Update's website is www.auditupdate.com.

Email distribution of the Update is free of charge. If you would like to be added to the distribution, please email me at the address above. Readers are also free to recirculate the Update.

The Update seeks to provide general information of interest to audit committees, auditors, and their professional advisors, but it is not a comprehensive analysis of the matters discussed. The Update is not intended as, and should not be relied on as, legal or accounting advice.

Updates issued after June 1, 2020, are available here. Updates issued between January 1, 2019, and May 31, 2020, are available here. An index to titles and topics in the Update beginning with No. 39 (July 2017) is available here.