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Postcard from the AICPA SEC Conference - Day 3

PUBLIC COMPANIES

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Greetings from the final day of the AICPA Conference on Current SEC and PCAOB Developments in Washington, D.C.!

Day 3 started with a panel discussion on Foreign Private Issuers (FPIs), including filing requirements, financial reporting developments, and comment letter trends specific to FPIs.

Up next was a panel presentation on lease accounting, which included Adena Lerner, Controller General Dynamics Mission Systems, and Cathy DeGenova, Avis Budget Group, sharing their insights on implementing the new lease standard. The group discussed some key takeaways from their own implementation experience. Some recommendations they shared include: digitizing all leases, creating committees dedicated to implementing the standard, and training all employees involved, even outside of the accounting department; so that leases now and in the future are negotiated and recorded appropriately.

As auditors, we then got a glimpse of what's to come as a panel discussed auditing in the future. Topics included updates on guidance and standards as well as utilizing technology in future audits, including artificial intelligence, block chain and robotic process automation. Continued changes in standards and regulations are creating significant amounts of work for companies and auditors, creating a need for technology to remain efficient. The panel also discussed new guidance on data analytics that will be released by the AICPA in the coming weeks.

Things shifted to the topic of cybersecurity with a panel discussion on the cybersecurity risk management reporting framework developed by the AICPA. The group discussed the new framework, which is meant to help organizations with their efforts and communications in the area of cybersecurity risk management.

With the recent approval of the PCAOB's new auditor's reporting standard, we learned about the changes to the auditor's reporting model from a panel of various experts. The panel discussed the newly required elements including auditor tenure, changes in the order of the report, and the communication of critical audit matters (CAMs). The group talked at length about the importance of management and audit committees communicating and working with their auditors to understand what these changes will look like and how they could be interpreted by investors.

The afternoon session kicked off with an update on U.S. capital markets. Of positive note is the fact that U.S. markets continue to outperform, with stock market indices

continuing to trade at or near record highs and unemployment is at the lowest it's been in 17 years.

We then heard about the PCAOB's recent inspection observations, registration issues and enforcement actions from PCAOB officials, including Helen Munter, Director, Registration & Inspections, and Claudius Modesti, Director, Enforcement & Investigations. Inspections continue to note findings; however, they do note that firms continue to make improvements although more is needed. New standards and economic factors continue to pose challenges for firms due to the ever-changing landscape. Ms. Munter stressed that much like a home, a strong foundation based on the "tone at the top" is key to effective and efficient audits, and firms continue to make great strides in this area.

The conference closed out with a mad dash for the airport and a panel discussion on key sustainability reporting updates from leaders of the Sustainability Accounting Standards Board and the Global Reporting Initiative.

That's all from the AICPA Conference on Current SEC and PCAOB Developments. Thanks for following Schneider Downs at the conference!

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