



Audit Committee Agenda

Q3 2026

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Leading Practice Guidance for Audit Committees

ENTERPRISE RISK MANAGEMENT: DRIVING PERFORMANCE & RESILIENCE

In today's volatile and interconnected environment, organizations need an ERM approach that goes beyond static risk assessments and siloed activities.

[BDO's Enterprise Risk Management: An Engine for Achieving Performance eBook](#) explores how leading organizations are building dynamic, enterprise-wide risk capabilities that align risk, resilience, accountability, and decision-making to support strategic objectives and performance.

Key Benefits of an Integrated ERM Approach:

- ▶ **Aligns** risk management with strategy and business performance
- ▶ **Enhances** organizational resilience and preparedness
- ▶ **Reduces** duplication and improves efficiency across risk activities
- ▶ **Strengthens** accountability and risk-informed decision-making
- ▶ **Provides** a coordinated view of risks across the enterprise

PODCAST RESOURCES



Changing Seats at the Strategy Table: Perspectives from an Operator, Overseer, & Enterprise Leader ▶



Beyond Risk Silos: Governance Agenda for Building Enterprise Resilience and Sustained Value ▶

BUILDING TRUST THROUGH PRIVACY, AI & DATA GOVERNANCE

As organizations accelerate their use of AI, analytics, and digital platforms, integrated privacy, AI governance, and data governance frameworks are becoming essential for resilience, compliance, and stakeholder trust. BDO's [Global Privacy, AI, and Data Governance for Resilience and Trust eBook](#) provides practical guidance for building operational, measurable governance programs that support innovation while reducing regulatory, reputational, and business risk.

Why Does It Matter?

- ▶ AI adoption and digital transformation are increasing data-related risks and regulatory scrutiny.
- ▶ Organizations must move beyond policies to operational, measurable governance practices.
- ▶ Effective governance enables innovation while reducing compliance, reputational, and business risk.
- ▶ Trust is built when legal, technical, and business teams work from a common governance framework.

Key Takeaways:

- ▶ **Treat** data as a strategic asset
- ▶ **Move** to continuous oversight
- ▶ **Align** governance across functions
- ▶ **Embed** responsible AI practices
- ▶ **Prepare** for evolving regulation
- ▶ **Build** organizational resilience

Board Resource: Check out BDO's recent webinar *Director's Guide to AI in Digital Assets: Practical Uses, Safeguards, and Governance*. ▶

WHAT THE 2026 BDO BOARD SURVEY REVEALS ABOUT TECHNOLOGY READINESS & SKILLSETS



Only **35%** of board members indicated in 2026 that **management is highly effective at implementing** effective change management strategies for integration AI & emerging technology.



Nearly 1/3 (**32%**) said in 2025 advancing the use of emerging technology implementation **will require the most board time and attention**. In 2026, over half (**51%**) agreed that keeping pace with AI & emerging technology **will present the most significant challenge adapting to change in the coming year**.



In 2026, boards believe that for both boards & management teams, **technology & innovation are the most critical skillsets needed to enhance the current composition of the board and C-Suite: 49% & 52%**, respectively. This has increased/remained consistent from 2025 at **42% & 38%**, respectively.



57% of boards view the pace of AI & cyber technology capabilities as **the factor outside their control that is of greatest concern in the near term**.



21% of directors in 2026 somewhat or strongly believed their company was **lagging in technological implementation**.

Sources: [BDO 2025 Public Company Board Survey](#)
& Preview of the soon to be released BDO 2026 Survey Findings.

THE HUMAN ELEMENT

MOST IMPORTANT SKILLSETS AND EXPERIENCES NEEDED TO ENHANCE BOARD COMPOSITION

	2026	2025
Technology and Innovation	49%	42%
Cybersecurity	45%	35%
Industry Experience	20%	34%
M&A/Transactional	17%	28%
Crisis Preparedness	17%	14%
People and Culture	16%	14%
Operational Transformation/Change Management	15%	28%
Legal and Regulatory	15%	19%
ESG Metrics and Reporting	13%	20%
Marketing/Branding	13%	18%
Global/International Experience	13%	16%

Sources: [BDO 2025 Public Company Board Survey](#) & Preview of the soon to be released BDO 2026 Survey Findings.

According to [The Conference Board](#), over the past five years disclosed independent director qualifications of the Russell 3000 increasingly report skills/experience in **governance, technology, cybersecurity, human capital, and international markets.**

CENTER FOR AUDIT QUALITY RESEARCH FINDINGS INSTITUTIONAL INVESTOR SURVEY | AI USE

Key Takeaways:

- ▶ **AI is mainstream and growing:** **68%** of investors use AI in research and decision-making, and **83%** expect usage to increase.
- ▶ **Capabilities are still developing:** **38%** of firms have proprietary AI tools; **54%** are developing or planning them.
- ▶ **Approaches vary:** Firms use in-house, third-party, and hybrid strategies, with hybrid most common at **37%**.
- ▶ **Qualitative research leads:** AI is primarily used to analyze disclosures and extract metrics, with scenario and projection use expected to grow.
- ▶ **Trust requires verification:** **54%** “trust but verify,” while one-third largely or fully trust AI insights.
- ▶ **Human oversight remains essential:** **60%** use AI to support decisions with human review.
- ▶ **Efficiency is the top benefit:** Speed and reduced manual work lead, followed by better identification of patterns, anomalies, and risks.
- ▶ **Data quality is the primary concern:** Reliability remains the biggest barrier to AI adoption.
- ▶ **AI is improving performance:** **67%** report better investment performance, driven by stronger decisions, faster analysis, and improved risk assessment.



STRENGTHENING BOARD OVERSIGHT OF SPECIAL COMMITTEE INVESTIGATIONS: INDEPENDENCE, ESCALATION, & GOVERNANCE EXCELLENCE

As boards face increasing expectations around independence, accountability, and risk oversight, effective governance of special committee investigations requires disciplined processes, clear escalation protocols, and credible investigative independence.

Key Takeaways:

- ▶ **Boards face increasing pressure to oversee investigations in a more complex risk environment**, driven by whistleblower activity, cyber and privacy incidents, regulatory scrutiny, and stakeholder expectations for transparency and accountability.
- ▶ **Investigations are no longer viewed as purely reactive exercises**. Leading boards are using them as part of broader governance, risk management, and organizational resilience efforts.
- ▶ **A disciplined escalation and triage process is critical**. High-performing boards formalize protocols that distinguish routine compliance matters from issues requiring board or special committee involvement.
- ▶ **Whistleblower and disclosure processes must balance responsiveness with proportionality**. Companies increasingly categorize complaints by risk level and materiality to avoid overreacting while ensuring significant matters receive appropriate oversight.
- ▶ **Regulators continue to reward credible, independent investigations**. The SEC has indicated that companies conducting thorough inquiries and promptly reporting misconduct may receive more favorable treatment.
- ▶ **"True independence" extends beyond technical compliance requirements**. Boards and advisers must be free from financial, professional, personal, or other relationships that could impair objectivity or create the appearance of bias.

Learn more in *BDO's Board Oversight in Special Committee Investigations*. ▶

TESTING ORGANIZATIONAL READINESS FOR DEEPFAKE FRAUD

As AI-powered fraud becomes more sophisticated, organizations must move beyond awareness training and actively test their ability to detect, verify, and respond to deepfake-enabled attacks. Tabletop exercises and red-team simulations help build resilience before a real incident occurs.

Key Takeaways:

► Deepfake Risk Is Rising

- AI-generated videos, voice clones, and highly personalized phishing attacks are becoming increasingly difficult to detect.
- According to Gartner, **62%** of organizations have experienced a deepfake attack, yet only **7%** believe they are prepared to defend against one.

► Build “Muscle Memory” Through Simulation

- Tabletop exercises allow teams to discuss response plans, roles, and decision-making processes.
- Red-team simulations test responses in real time under realistic conditions, helping identify control gaps before attackers do.

► Strengthen Governance & Controls

- Test verification procedures, escalation protocols, and cross-functional coordination.
- Include Finance, IT, Legal, Compliance, Operations, and senior leadership in exercises.
- Use findings to improve policies, controls, and fraud response plans.

For more, check out *Deepfake Fraud: Prepare Your Organization with Tabletop Exercises and Red-Team Simulations*. ►

Practical Tools for Audit Committees

ASSUMING THE AUDIT COMMITTEE CHAIR ROLE

GUIDANCE FOR FIRST-TIME AND EXPERIENCED AUDIT COMMITTEE CHAIRS:

	First Time Audit Committee Chairs	Experienced Audit Committee Chairs
Primary Emphasis	Establishing role clarity, credibility, and sound oversight foundations	Refining judgment, anticipating issues, and strengthening long-term committee effectiveness
Focus Areas	▶ Building a clear understanding of the company's risk profile, control environment, and areas of significant judgment ▶ Clarifying expectations with the board chair, management, auditors, and fellow committee members ▶ Developing confidence in agenda setting, questioning, and facilitating discussion	▶ Periodically reassessing whether long standing practices remain fit for today's risk environment ▶ Shifting attention from process confirmation to quality of challenge, insight, and decision making ▶ Developing committee members and planning for leadership continuity
Chair Mindset	▶ Prioritize listening and learning early, particularly around ICFR, estimates, and judgment heavy areas ▶ Use structure, preparation, and external resources to accelerate effectiveness ▶ Recognize that credibility is built through disciplined oversight and thoughtful inquiry, not speed	▶ Leverage experience to anticipate issues before they surface formally ▶ Use heightened situations to reinforce disciplined oversight and professional skepticism ▶ Actively mentor future committee leaders, including potential future chairs
Shared Across Both New and Experienced Audit Committee Chairs		
Regardless of tenure, effective audit committee chairs:		
▶ Remain anchored in core oversight responsibilities ▶ Exercise sound judgment and independence ▶ Adapt their leadership approach as expectations, risks, and complexity evolve		

[READ THE FULL PRACTICE GUIDE ▶](#)

AUDIT COMMITTEE SELF-ASSESSMENT

Effective committee evaluations go beyond compliance to sharpen oversight, improve meetings, strengthen accountability, and keep pace with emerging risks such as AI, cybersecurity, privacy, trade, and third-party risk.

BDO's [Audit Committee Self-Assessment](#) will help:

- ▶ **Strengthen** oversight effectiveness by moving beyond a check-the-box evaluation.
- ▶ **Clarify** committee responsibilities and alignment with the Audit Committee Charter.
- ▶ **Improve** meeting quality, accountability, culture, and leadership.
- ▶ **Assess** readiness for evolving risks, including AI, cybersecurity, privacy, trade, third-party risk, and enterprise risk management.
- ▶ **Identify** oversight gaps across governance, risk, and compliance.
- ▶ **Translate** findings into action through scorecards, documented feedback, and clear improvement plans.

ILLUSTRATIVE AUDIT COMMITTEE CHARTER

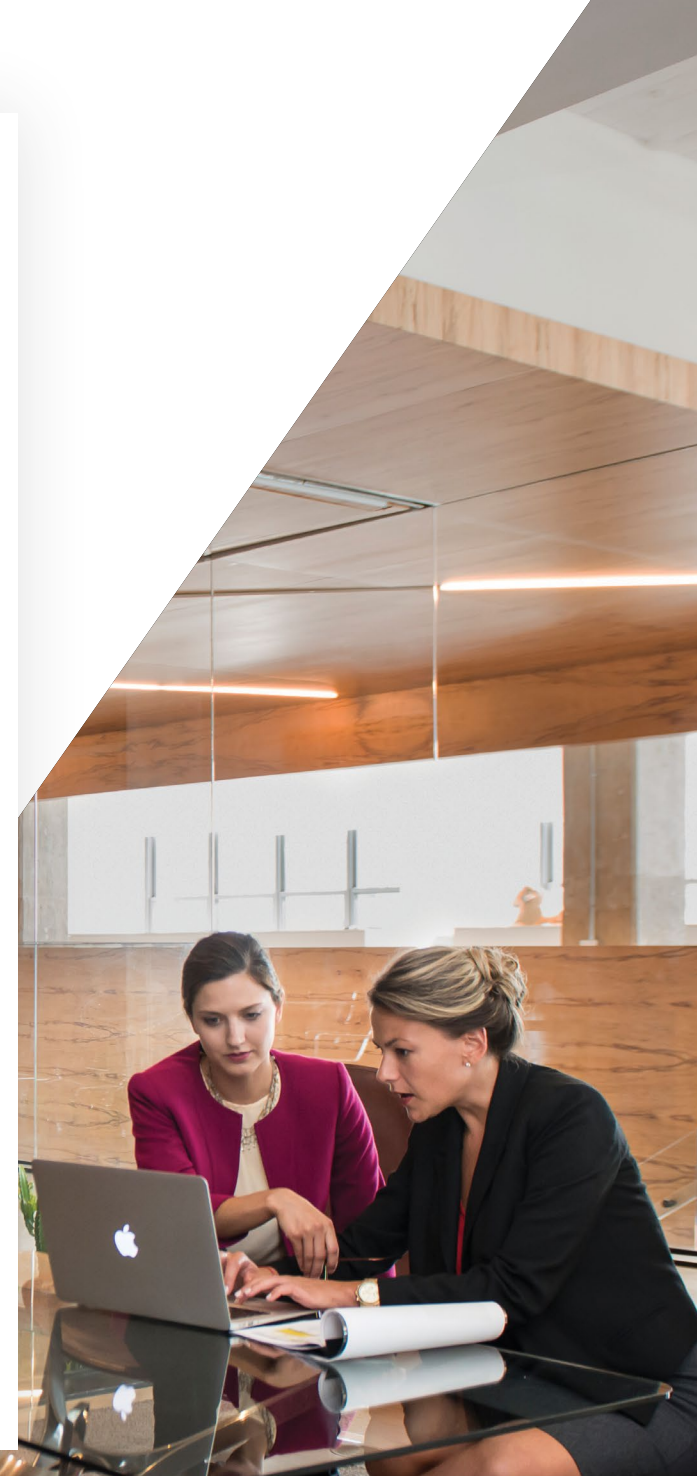
Audit committees are responsible for an expanding range of oversight areas, from financial reporting, internal controls, auditor independence, and compliance with technology, cybersecurity, and emerging disclosure requirements.

- ▶ **[BDO's Illustrative Audit Committee Charter](#)** reflects relevant stock exchange listing standards, SEC requirements, common governance practices, and our experience working with public and private company audit committees.
- ▶ This practice aid outlines key charter components and provides illustrative guidance that organizations can tailor to their governance framework and documentation.

AUDIT COMMITTEE REQUIREMENTS PRACTICE AID

BDO has designed a tool to assist audit committees in fulfilling their obligations, documenting their activities, and developing meeting agendas. BDO's [Audit Committee Requirements Practice Aid](#) outlines duties, responsibilities, and disclosures to be carried out by public company audit committees as promulgated by various rules and standards, and evolving corporate governance leading practices **within six categories:**

- ▶ Composition
- ▶ General Responsibilities
- ▶ Oversight of Risk Management and Financial Reporting
- ▶ Oversight of External auditors
- ▶ Oversight of Internal Auditors
- ▶ Oversight of Compliance, Ethics, and Controls



ESTABLISHING A CORPORATE GOVERNANCE STRUCTURE: STANDING COMMITTEES OF THE BOARD

An effective board and committee structure is essential to sound governance and particularly for IPO readiness. Key standing committees to stand up generally include Audit and Risk, Compensation and Human Capital, and Nominating and Governance.

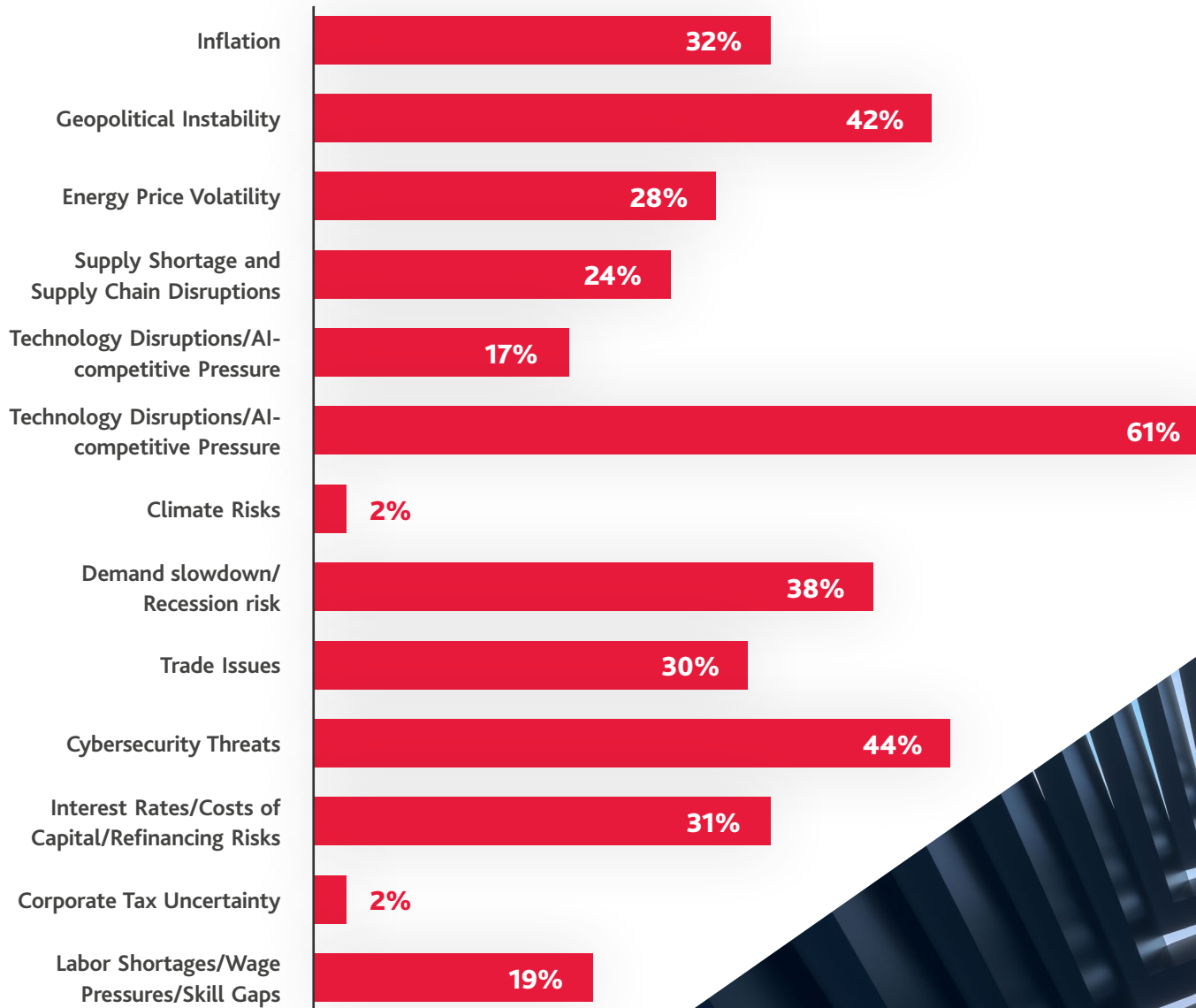
COMMITTEE OVERVIEW

	Audit	Compensation	Nomination & Governance
Description	An independent committee of the board of directors to assist in the board's oversight of the integrity of the company's financial statements; compliance with legal and regulatory requirements; appointment, compensation and performance of the independent auditor; performance of the company's independent internal audit function.	An independent committee of the board of directors that assists in the board's oversight of the compensation philosophy and the recommendation for board approval of CEO, executive officers, and board director compensation in alignment with investor expectations and strategic attraction, development, and retention of talent.	An independent committee of the board of directors that assists the board with establishing general governance oversight, the qualifications, identification, nomination of director candidates and the evaluation and refreshment of board members.
Membership	▶ At least 3 directors ▶ All are to be independent ▶ All should be <i>financially literate</i> ▶ One director designated as the <i>"qualified financial expert"</i>	▶ At least 2 directors ▶ All are to be independent directors	▶ No minimum, but generally at least 2 ▶ All are to be independent directors

BDO's [practice aid](#) provides general guidance based on SEC rules, stock exchange listing standards, and other governance resources. Practice aid content is for informational purposes only, and companies should consult applicable requirements, governing documents, legal counsel, and other advisers when assessing committee responsibilities and practices.

CENTER FOR AUDIT QUALITY: SPRING 2026 AUDIT PARTNER PULSE SURVEY

WHAT DO YOU BELIEVE ARE THE LARGEST ECONOMIC RISKS FACING COMPANIES IN YOUR PRIMARY INDUSTRY SECTOR OVER THE NEXT 12 MONTHS?



[READ THE SURVEY ►](#)

SEC Update

SEC REGULATORY AGENDA

- ▶ The SEC released its [2026 Regulatory Agenda](#) in July
- ▶ **Proposed Rules:**
 - Semiannual reporting ([BDO Bulletin](#))
 - Enhancement of EGC accommodations and simplification of filer status ([BDO Bulletin](#))
 - Registered offering reform ([BDO Bulletin](#))
 - Recission of climate-related disclosure rules ([BDO Bulletin](#))
 - Regulation crypto assets ([BDO Bulletin](#))
- ▶ **Upcoming:**
 - Executive compensation disclosure reform
 - Shareholder proposal and proxy solicitation modernization
- ▶ **Other:**
 - Regulation S-K
 - FPI eligibility enhancements



PROPOSAL: REGULATION CRYPTO ASSETS OVERVIEW

- ▶ Tailored offering framework for certain investment contracts involving crypto assets
- ▶ Two exemptions from the registration requirements of the Securities Act
 - Startup exemption – a one-time exemption for offerings of up to \$5 million during a four-year period
 - Fundraising exemption – two tiers
 - Tier 1 - up to \$75 million during each 12-month period
 - Tier 2 - up to \$75 million during a 12-month period
- ▶ Conditional safe harbor from the term investment contract in the definitions of a security under the Securities Act and the Exchange Act
- ▶ Preemption of state registration and qualification requirements - new definition of “qualified purchaser” under the Securities Act



BDO BULLETIN

SEC PROPOSES REGULATION CRYPTO ASSETS

AUGUST 2026

SUMMARY

The SEC proposed Regulation Crypto Assets, a new regulatory framework that would establish a tailored offering regime for certain investment contracts involving crypto assets (“covered investment contracts”). For covered investment contracts, the proposed rules would:

- ▶ Provide two exemptions from the registration requirements of the Securities Act of 1933 (“Securities Act”), including:
 - A one-time “startup exemption” for offerings of up to \$5 million during a four-year period.
 - A “fundraising exemption” for offerings of up to \$75 million during each 12-month period.
- ▶ Include a conditional safe harbor from the “investment contract” term in the definitions of a “security” in the Securities Exchange Act of 1934 (“Exchange Act”) and the Securities Act.
- ▶ Newly define a “qualified purchaser” under the Securities Act, which would preempt certain state securities law requirements.

The proposed rules are intended to complement the SEC’s March 2026 interpretive release,¹ and facilitate capital formation and innovation in the crypto asset market while maintaining investor protections.

¹ The SEC’s [interpretive release](#), *Application of the Federal Securities Laws to Certain Types of Crypto Assets and Certain Transactions Involving Crypto Assets*, addressed how the definition of a “security” under the federal securities laws applies to certain crypto assets and transactions involving crypto assets and clarified when a non-security crypto asset may become subject to, and subsequently cease to be subject to, an investment contract.

PROPOSAL: REGULATION CRYPTO ASSETS OVERVIEW

► Issuers relying on the fundraising exemption would conduct their offerings on new Form 1-CRYPTO, which would include:

- Principle-based narrative disclosures, a discussion of the issuer's financial condition, and the issuer's financial statements, prepared in accordance with U.S. GAAP

► Financial statement assurance requirements

- Tier 2 would require audited annual financial statements (may be audited in accordance with either U.S. GAAS or PCAOB standards)
- Tier 1 would not require audited financial statements unless the issuer has obtained an audit in accordance with U.S. GAAS or the standards of the PCAOB
- Interim financial statements would not be subject to any assurance requirements (applies to both Tier 1 and Tier 2 offerings)

► Issuers with a qualified offering statement would be subject to ongoing periodic reporting requirements

- Annual reports on new Form 1-KC within 120 calendar days of fiscal year-end
- Semiannual reports on new Form 1-SC within 90 calendar days of the end of the semiannual period
- Current reports on new Form 1-UC within four business days after the occurrence specified events



OTHER ACTIVITIES

- ▶ The SEC [established](#) a financial reporting and accounting unit within the Division of Enforcement
- ▶ Corporation Finance Interpretation (CFI) updates – beneficial ownership, crowdfunding, proxies, tender offers
- ▶ Administrative update to the FRM
- ▶ Capital markets activity – SEC's Division of Economic and Risk Analysis (DERA) published [updated statistics](#) on the U.S. capital markets
 - Increase in IPOs and follow-on offerings and the related proceeds

TARIFF AND AI DISCLOSURE OBSERVATIONS

The SEC staff has shared observations on tariff and artificial intelligence (AI) disclosures:

▶ Tariff Disclosures:

- Different models used to record tariff refunds
 - Loss recovery (when recovery is probable)
 - Gain contingency (when recovery is realized or realizable)
 - Legal claim (when the entity has a valid legal claim)
- Disclosures should address which model the registrant has applied (or will apply) and clearly describe the assumptions used to allow investors to assess judgements and related risks.
- BDO Bulletin: [Financial Reporting Considerations for Tariffs](#)

▶ AI Disclosures:

- Avoid boilerplate disclosure – risk should be specific to the registrant
- Disclose any basis for claims made about the impact of AI on operations/financial condition



REMINDERS ON THE SEC'S DEFINITION OF A BUSINESS

The SEC staff has shared guidance on the definition of a business in S-X Rule 11-01(d) (see Topic III.A in the June 2026 SEC Regulations Committee [Highlights](#))

- ▶ The definition of a business in S-X Rule 11-01(d) is intended to provide guidelines (not inflexible)
 - The definition differs from U.S. GAAP – an asset acquisition under U.S. GAAP may meet the SEC's definition of a business
- ▶ Consider whether there is sufficient continuity of the acquired operations such that historical financial information is material to an understanding of future operations
 - Operations that are/were dormant, or will only continue for limited period after acquisition – consider the length, nature, and extent of dormancy or continuity
- ▶ **License arrangements** – entering into a licensing arrangement may represent the acquisition of a business for SEC reporting purposes
 - The SEC staff provided several fact patterns at the 2025 AICPA Conference on Current SEC and PCAOB Developments (see section 1.3.2.3 in BDO's [publication](#))
- ▶ The determination of whether acquired operations meet the SEC's definition of a business requires consideration of specific facts and circumstances

PCAOB Update

SUMMARY OF SELECT RECENT PCAOB BOARD ACTIVITIES

- ▶ **September 2026** – Adopted [amendments](#) to certain provisions of QC 1000, A Firm's System of Quality Control, and related amendments to PCAOB forms and the QC reporting rule.
- ▶ **August 2026** – Released Inspection Modernization Council discussion [materials](#).
- ▶ **July 2026** – Requested public comments to advance the [PCAOB's Strategic Draft 2026-2030 Goals and Objectives](#). Comments were due by September 4, 2026.
- ▶ **June 2026** – Launched [audit firm consultation process](#) allowing firms to submit questions directly to the PCAOB's Office of the Chief Auditor (OCA) and receive informal staff views regarding implementation of new standards and application of existing standards regarding to auditing, attestation, quality control, ethics and independence standards and related rules and forms.
- ▶ **June 2026** – Requested public comments on [PCAOB Standard Setting](#). Comments were due August 7, 2026.
- ▶ **June 2026** – Issued a supplemental release for [Proposed Amendments to QC 1000, A Firm's System of Quality Control](#). Public comments were due on July 9, 2026.
- ▶ **May 2026** – Established new [Inspections Modernization Council](#), an advisory body comprised of participants with capital market expertise and knowledge of the PCAOB's inspection program to share perspectives on how to continue to evolve and enhance the inspection process. Members were [announced](#) in July.
- ▶ **April 2026** – Released Spotlight publication on the perspectives from 2025 [Conversations with Audit Committee Chairs](#).
- ▶ **April 2026** – Released [2025 Annual Report](#).
- ▶ **March 2026** – Announced new [Audit Practitioner Fellowship Program](#) to bring experienced auditors with recent practical experience to the OCA for two-year terms to engage with the PCAOB staff on the PCAOB's new and existing standards, as well as providing insights into emerging issues. The first application period closed on May 15, 2026.

PCAOB ADVANCES STRATEGIC PLANNING PROCESS WITH REQUEST FOR COMMENT ON DRAFT 2026-2030 GOALS AND OBJECTIVES

July 2026 – PCAOB requested public comments to advance the [PCAOB's Strategic Draft 2026-2030 Goals and Objectives](#). Comments were due by 9/4/2026.

PCAOB priorities:

- ▶ **Advance** audit quality and investor protection
- ▶ **Clarify** expectations and our bases for decisions leading to understandable outcomes
- ▶ **Transform** how oversight is delivered

PCAOB Goals:

- ▶ **Goal 1:** Modernize Standard Setting and Implementation
- ▶ **Goal 2:** Modernize the Inspections and Registration Program
- ▶ **Goal 3:** Sharpen Enforcement focus on Conduct Harmful to Investors
- ▶ **Goal 4:** Deepen Stakeholder Engagement and Communication
- ▶ **Goal 5:** Modernize Oversight Through Technology and Data
- ▶ **Goal 6:** Strengthen Organizational Effectiveness and Stewardship

PCAOB REQUESTED PUBLIC COMMENT ON STANDARD SETTING

- ▶ June 2026 – Following its March request for public comment on its strategic priorities, the PCAOB further requested public comments on [Standard Setting](#) through several series of questions pertaining to:
 1. Updating the PCAOB's standard-setting and research agendas*,
 2. Revisiting the PCAOB's approach to standard setting, and
 3. Considering the impact of the recent proposal by the SEC regarding semiannual reporting.

- ▶ The request is designed to promote transparency and help ensure the PCAOB's standard-setting and research priorities take into account stakeholder views and views about the need for, priority of, and potential scope.
- ▶ Comments were due on August 7, 2026.

*Potential focus areas included: Data and technology; fraud; critical audit matters; noncompliance with laws and regulations; firm and engagement performance metrics; and auditor independence.

INTRODUCTION OF INSPECTIONS MODERNIZATION COUNCIL

- ▶ The PCAOB selected outside experts to serve on a new advisory body: the [Inspections Modernization Council \(IMC\)](#).
- ▶ The IMC is a resource group composed of outside parties with a stake in the PCAOB's inspection activities. The IMC's objective is to provide the PCAOB Chairman, Board, and/or PCAOB staff with the views of IMC members on the PCAOB's inspection activities, **including**:
 - Serving as a source of knowledge, experience, perspectives, and recommendations regarding the PCAOB's inspection oversight activities, including potential modernizing changes to the inspection program; and
 - Providing the PCAOB with IMC members' perspectives on current and developing technologies, as they may be applied to or used in connection with the PCAOB's inspection oversight activities.
- ▶ Application and other information can be found on the [Inspections Modernization Council page](#). Applications were accepted through June 15, 2026.
- ▶ Materials released in August 2026:
 - [Presentation: Modernizing PCAOB Inspections\(PDF\)](#)
 - [Illustrative Example: Modernized Inspection Report\(PDF\)](#)
 - [Discussion Draft: Staff Guidelines for Developing a Satisfactory Remediation Plan\(PDF\)](#)
 - [Analysis: Satisfactory and Unsatisfactory Remediation Determinations](#)

"Modernization of PCAOB inspections has the potential to bring improved audit quality and other significant benefits to investors and other stakeholders.

The Inspections Modernization Council will help us shape the future of PCAOB inspections, and we invite individuals of the highest integrity to join us in this effort."

PCAOB Chairman Demetrios (Jim) Logothetis



PCAOB STAFF LAUNCHES FIRM CONSULTATION PROCESS TO ENHANCE CLARITY AND TO SUPPORT APPLICATION AND IMPLEMENTATION OF PCAOB STANDARDS

The PCAOB's new Firm Consultation Process gives registered firms direct access to staff guidance on interpreting and applying PCAOB standards and requirements.

► The new process will:

- Allow registered firms to request a consultation with the Office of the Chief Auditor (OCA) on the interpretation and application of PCAOB auditing, attestation, and quality control standards and related rules and forms as well as PCAOB standards and rules on ethics and independence.
- Require requests for consultation to be submitted by completing the Consultation Intake Form available within a new PCAOB Registered Firm Consultation Portal.

► Caveats:

- While the PCAOB does not currently intend to make consultation requests and responses public, firms should note that their submissions, including supporting materials, likely are not subject to confidentiality protections under the Sarbanes-Oxley Act.
- OCA's responses to consultation requests are not rules, standards, or statements of the Board, and the Board has neither approved nor disapproved the staff's responses or interpretations.
- Due to their informal nature, these responses are not necessarily binding on OCA, the Division of Registration and Inspections, the Division of Enforcement and Investigations, the Board, or the Securities and Exchange Commission and its staff. OCA's responses do not constitute legal advice, for which firms should consult with their own attorneys.

PCAOB LEADERSHIP CHANGES

- [George G. Demo](#)s was appointed Director of the PCAOB's Division of Enforcement and Investigations
- [Barbara Vanich](#) announced departure as PCAOB Chief Auditor
- [Dr. Ying Li Compton](#) was appointed PCAOB Chief Economist and Director of the Office of Economic and Risk Analysis
- [George Kostolampros](#) was appointed PCAOB General Counsel
- [Kyle S. Hauptman](#) was confirmed as a PCAOB Board Member

PCAOB INSPECTION PROCESS FOR ISSUER AUDITS

- ▶ The PCAOB conducts inspections:
 - Annually for firms auditing >100 issuers
 - At least every 3 years for firms auditing 100 or fewer issuers

The PCAOB selects audits using both risk-based and random methods with no firm influence and generally focus attention on audit areas believed to be of **greater complexity, greater significance**, or with a **heightened risk of material misstatement** to the issuer's financial statements, and areas of recurring deficiencies. This review includes nonfinancial areas such as auditor independence.

- ▶ The PCAOB inspection team reviews work and potential deficiencies, issues **comment forms** for observed deficiencies, evaluates responses/ remediation by the audit firm, and reports inspection results publicly comprised of:
 - ▶ **Part I.A** – Failure to obtain sufficient and appropriate audit evidence to support the audit opinion
 - ▶ **Part I.B** – Non-compliance with other PCAOB standards/rules issues
 - ▶ **Part I.C** – Non-compliance with independence rules under PCAOB, SEC and related rules
 - ▶ **Part II** – Criticisms of, or potential defects in, the firm's system of quality control

A PCAOB inspection is designed to assess the firm's compliance with PCAOB standards & rules, as well as other regulatory & professional requirements that are applicable to the firm's system of quality control & to the portions of audits selected for review.

A PCAOB inspection is not designed to review all aspects of a firm's quality control system, to review all of the firm's audits, or to identify every deficiency in the reviewed audits.

For more information, please refer to the PCAOB's Inspection page accessible here. ▶

PCAOB INSPECTIONS: AUDIT COMMITTEE QUESTIONS FOR EXTERNAL AUDITOR

- ▶ **Inspection relevance:** Were any recent PCAOB findings from your firm, local office, or network relevant to the significant risks & judgments in our audit?
- ▶ **Engagement impact:** How have PCAOB inspection findings changed the audit plan, staffing, supervision, specialist involvement, & review procedures on our engagement?
- ▶ **Root cause/remediation:** What were the root causes of relevant findings, what remediation has been implemented, & how are you demonstrating sustained improvement?
- ▶ **Independence / ICFR / audit evidence:** Were any issues identified relating to independence, ICFR, or the sufficiency of audit evidence that could affect our engagement?
- ▶ **Tone and incentives / oversight:** How do partner compensation, workload, consultation practices, & engagement quality reviews reinforce audit quality, including oversight of affiliates or specialists?
- ▶ **Transparency and forward-looking discussion:** What PCAOB-related themes, difficult judgments, or emerging risks should the audit committee monitor this year, & what will you escalate promptly?

Note: The NYSE requires the audit committee to, at least annually, specifically inquire of the auditor about **quality-control issues** – i.e., discuss any material issues from the most recent **internal quality-control review** or **peer review**, or by any inquiry/ investigation by governmental/professional authorities within the preceding five years, plus steps taken to address such issues.



PCAOB ADOPTS AMENDMENTS TO ITS QUALITY CONTROL STANDARD

September 2026: PCAOB adopted targeted amendments to QC 1000 and related amendments to the QC reporting rule and PCAOB forms to address implementation challenges identified by firms, better align certain provisions with other quality management standards, and reduce compliance costs while maintaining investor protection benefits.

What's Changing?

► Greater Flexibility

- Specified QC roles may be assigned to non-firm personnel and shared among multiple individuals.
- Firms can select their own annual QC evaluation date.
- Evaluation conclusions aligned more closely with other quality management standards.

► Reduced Compliance Burden

- Eliminates the "design-only" requirement.
- Removes the requirement for an External QC Function.
- Simplifies external metrics communication requirements.
- Shortens QC documentation retention period from 7 years to 5 years.

► Refined Quality Evaluation Approach

- Narrows the requirement to assess similar deficiencies across engagements.
- Clarifies that firms may consider compensating quality responses when evaluating QC deficiencies.

Why It Matters

- Improves alignment with other quality management frameworks.
- Addresses implementation feedback from stakeholders.
- Supports PCAOB's longer-term vision for a more quality control-focused inspection approach.
- Seeks to reduce compliance costs without compromising audit quality.

Effective Date

- Effective date remains unchanged: December 15, 2026 (subject to SEC approval).

PCAOB STANDARD-SETTING, RESEARCH, AND RULEMAKING PROJECTS

► Information about the prior standard-setting, research, and rulemaking agenda is available [here](#).

► Below are staff activities performed in the interim period until comments on the PCAOB's strategic priorities have been received and analyzed, and a new agenda is developed.

Standard-Setting Project	Project Description	Next Board Action	Timing
Quality Control	Consider targeted changes to QC 1000.		Adopted Amendments on September 9, 2026
Amendments to PCAOB Auditing Standards to Align with Proposed SEC Amendments to Periodic Reporting Requirements for Public Companies	Consider conforming amendments to certain interim auditing standards to align with proposed revisions by the SEC to Exchange Act Rules 13a-13 and 15d-13 and Regulation S-X	TBD	Anticipated 2026
Research Project	Project Description		
Data and Technology	Assess whether there is a need for guidance, changes to PCAOB standards, or other regulatory actions in light of the increased use of technology-based tools by auditors and preparers. This includes evaluating the role technology innovation plays in driving audit quality. Research from this project may give rise to individual standard-setting projects, such as the project on amendments related to technology-assisted analysis of information in electronic form, and may also inform the scope or nature of other projects that are included on the standard-setting agenda.		
Standard-Setting Project	Project Description	Next Board Action	Date of SEC Approval
Permanent Broker-Dealer Inspection Program	Finalize Broker-Dealer Inspection Program	Proposal	2026

ACCESS RULEMAKING PROJECTS ►

Resources

THE BDO CENTER FOR CORPORATE GOVERNANCE

[The BDO Center for Corporate Governance](#) recognizes board members need easy access to comprehensive information and insights they can rely on. Corporate governance and related risks and opportunities is an evolving landscape encompassing a variety of issues and requires subject matter professionals who engage regularly with stakeholders — including regulators, management, board members and thought leaders — and share information directly with client management teams, the board and its committees. Whether you are new to board service, assuming a new role or a seasoned director who wants to remain up to date, we have you covered.

Our governance team delivers

- ▶ Thought leadership, practice aids, tools, and newsletters
- ▶ Technical updates and insights on emerging business issues
- ▶ [BDO in the Boardroom](#) podcast series for board of directors and those charged with governance
- ▶ A three-pronged evolving curriculum consisting of upcoming webcasts and archived self-studies
- ▶ Opportunities to engage directly with BDO thought leaders
- ▶ External governance community resources

To begin receiving email notifications regarding BDO publications and event's invitations (live and web-based), [create or update your profile](#).

If you already have an account on BDO's website, visit the [My Profile page](#) to login and manage your account preferences.

BDO CORPORATE GOVERNANCE

BDO commits significant resources to keep our professionals and our clients up to date on current and evolving technical, governance, industry, and reporting developments.

Our clients' time is valuable, as management must meet all compliance requirements while maintaining lean and efficient teams. This is why our culture guides us to view ourselves as trusted advisors, not merely accountants serving compliance needs. By leveraging the shared knowledge of our top professionals across the country and globe, we develop succinct thought leadership and training programs to help clients stay abreast of emerging trends and requirements. Below are examples of our resource centers, knowledge programming and technical researching tools used by BDO to keep our clients and our professionals current:

BDO Knowledge Webinars, Archives, and Self-Study Courses

BDO continues to develop a broad variety of topical programming via CPE-worthy webinars and self-study courses and non-CPE archives so that participants can build a customized education curriculum to meet their needs. Refer to our [Events & Webcasts](#) page.

Technical Research Tools

BDO uses Thomson Reuters Checkpoint Edge ("Checkpoint") as a primary source of insightful interpretations on GAAP, GAAS and Securities and Exchange Commission rules. Checkpoint is continually updated and is considered to be one of the timeliest and most comprehensive online databases of analytical interpretations of accounting, auditing and SEC matters. Access to Checkpoint, and a number of other research tools, provide each professional the technical research capability to enable immediate response to client-specific technical issues.

BDO ESG CENTER OF EXCELLENCE

Better Planet. Better Society. Better Business.

Today, every business has a responsibility – and an opportunity – to address the significant environmental, social and governance (ESG) challenges we face as an interconnected, global society. Not only is it the right thing to do, it is the only thing to do to contribute to a better planet, a better society and a better – and more sustainable – business. At BDO, ESG is a top firm priority and a key component of our strategic vision for the future. We invite you to learn more about BDO's approach to ESG and visit our [BDO Sustainability Center of Excellence](#).

Our governance team delivers

- ▶ ESG Strategy and Program Development
- ▶ ESG Reporting and Attestation
- ▶ Tax Transparency and ESG Tax Strategy
- ▶ Human Capital Management Strategy
- ▶ Supply Chain Sustainability and Resilience
- ▶ Climate Risk
- ▶ Sustainable Finance and Investing
- ▶ Community Resilience
- ▶ ESG Value Creation and Innovation

Visit our [BDO CoE](#) for evolving ESG-related insights and learning opportunities

- ▶ Publications
- ▶ Alerts
- ▶ Practice Aids
- ▶ Podcasts
- ▶ Webcasts

WEBCAST SERIES



Quarterly Technical Update WEBCAST SERIES

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INTERNAL AUDIT WEBCAST SERIES

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IFRS Accounting Standards Quarterly Update WEBCAST SERIES

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BDO Corporate Governance Matters **WEBCAST SERIES**

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BDO IN THE BOARDROOM PODCASTS

Subscribe to BDO's podcast series on [iTunes](#) or [Spotify](#).

- ▶ [Beyond Risk Silos: Governance Agenda for Building Enterprise Resilience and Sustained Value](#)
- ▶ [Changing Seats at the Strategy Table: Perspectives from an Operator, Overseer, & Enterprise Leader](#)
- ▶ [SEC Spring 2026 Proposals: How Board's Can Balance Flexibility, Transparency, & Investor Expectations](#)
- ▶ [How to Avoid Mistakes in Launching Your Board Search](#)
- ▶ [Boardroom Defense: Essential Insights on Shareholder Demands and Derivative Lawsuits Every Director Should Know](#)
- ▶ [Views from a Board Member and Active Investor](#)
- ▶ [The Power of Adaptive Governance: Leading Through Change](#)
- ▶ [How Should Directors Navigate Differing Governance Structures and Frameworks?](#)
- ▶ [Risk Aspects of Technological Innovation May Boards NOT Be Thinking About](#)
- ▶ [Boards Take on More Agency to Drive Corporate Resilience](#)
- ▶ [Pause on FCPA Enforcement: Considerations for the Board](#)
- ▶ [Kick-Starting a Start Up Through Intentional AI Usage](#)
- ▶ [Global Trade War: Tariff Considerations for Board of Directors](#)

More content and new episodes added regularly!

The graphic features a black background with a central blue microphone icon. Above the microphone, the text "BDO IN THE" is written in a red, curved font. Below the microphone, the word "BOARDROOM" is written in large, white, bold letters on a red banner. Underneath the banner, the word "PODCAST" is written in white. The graphic is flanked by four red diamond shapes. Below the graphic, there is a red button with the text "CLICK HERE TO SUBSCRIBE ►".

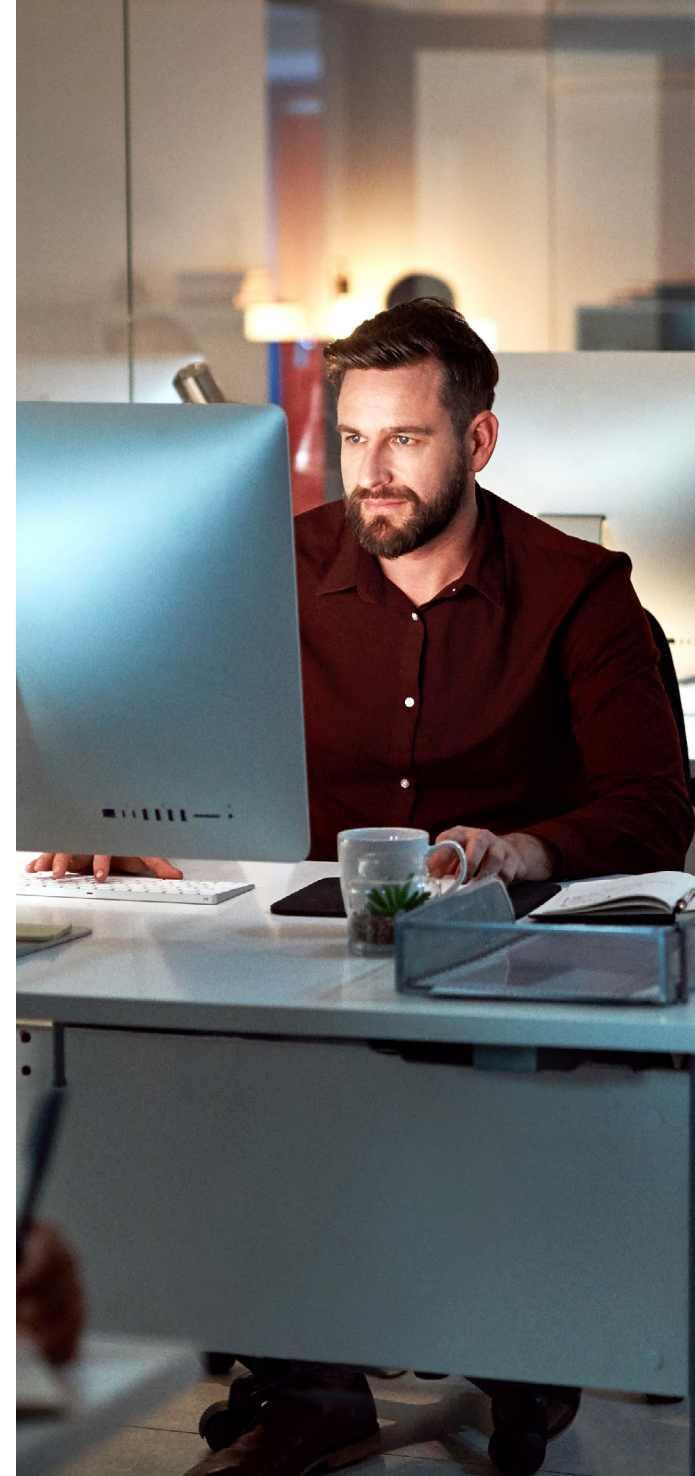
Want to stay up to date with the BDO in the Boardroom podcast? Sign up to receive our Corporate Governance Insights and you'll receive an email as new episodes are released.

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BDO UPCOMING/ ARCHIVED WEBINARS

Upcoming	Date
2026 BDO Board Survey Highlights	October 21, 2026
2027 Compensation Committee Priorities	November 18, 2026
Archived	Date
Governing the Deal: Board Oversight Across the M&A Lifecycle	June 2026
Preventing Catastrophic Failure: Governance & Guidelines to Embed Resilience In Operations	May 2026
Q1 2026 Quarterly Technical Update	March 2026
2026 Shareholder Meeting Agenda: How Can Directors Better Prepare?	February 2026
Q4 2025 Quarterly Technical Update	December 2025
Leading Practices in Compensation Committee Oversight of Human Capital	December 2025
2026 Compensation Committee Priorities	November 2025
Q3 2025 Quarterly Technical Update	October 2025
2025 BDO Fall Board Survey	October 2025

VIEW A COMPLETE LISTING OF UPCOMING AND ARCHIVED WEBCASTS ►



BDO BOARD GOVERNANCE

Publications	Date
Strategies for Chief Sustainability Officers to Strengthen Board Reporting and Communications	July 2026
Establishing A Corporate Governance Structure: Standing Committees of the Board	July 2026
Q2 2026 Audit Committee Agenda	June 2026
Illustrative Audit Committee Charter	June 2026
Audit Committee Self-Assessment	June 2026
Assuming the Role of Audit Committee Chair	May 2026
Board Oversight of M&A: Five Practical Ways to Drive Better Deals	April 2026
Questions Every Board Should Ask About Risk Management	April 2026
Q1 2026 Audit Committee Agenda	April 2026
2026 Shareholder Meeting Agenda	February 2026
Exercising Good Board Governance in M&A Due Diligence	February 2026
Nomination & Governance Committee Priorities for 2026	January 2026
Compensation Committee Priorities for 2026	January 2026

[VIEW A COMPLETE LISTING OF BDO PUBLICATIONS ►](#)



BDO BOARD SURVEYS

- ▶ Annually, BDO contracts with an independent market research consulting firm, to survey corporate directors. Respondents sit on boards across industries including but not limited to technology, retail, nonprofit, manufacturing, financial services, energy, healthcare, life sciences, real estate, education and hospitality. Participants' board experience is also noted based on the number of concurrent boards served, director tenure, and size of company served.
- ▶ Compare past results from BDO's recent pulse surveys and stay tuned for Fall 2026 Board Survey results to be released in October 2026!

Explore Prior Board Surveys



2026 BOARD COMMITTEE PRIORITIES

BDO prepared annual thoughts on emerging responsibilities, trends, and considerations for each of the three standing committees of the board.

VIEW INSIGHT ►



**Nomination & Governance
Committee Priorities for 2026**

BUILDING BOARD RESILIENCE AND STAKEHOLDER
CONFIDENCE IN A TUMULTUOUS ERA

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**Audit Committee
Priorities for 2026**

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**Compensation
Committee
Priorities for 2026**

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Have questions or want to learn more? Contact us!

At BDO, our purpose is to be the people you count on to grow with confidence and achieve what matters most. Our professionals provide assurance, tax and advisory services for a diverse range of clients across the U.S. and in over 160 countries through our global organization. We are proud to be an ESOP company, inspiring an ownership mindset that enables our collective success.

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