



# Audit Committee Agenda

Q4 2025

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# The BDO Center for Corporate Governance

## BOARD EDUCATION

Stay ahead in today's dynamic business environment by engaging with your auditors and advisors on opportunities for customized, in-person presentations delivered by BDO's Professional Practice Group and other firm subject matter experts. These sessions are designed specifically for those charged with governance and financial reporting oversight, and can be tailored to address a range of relevant topics, including:



### SEC

- ▶ Disclosure Effectiveness
- ▶ IPO Readiness - SEC Reporting Requirements
- ▶ IPO Readiness - Operational/Governance
- ▶ Non-GAAP Measures
- ▶ Regulatory Access Limitations: China
- ▶ SEC General Update
- ▶ SEC Enforcement Initiatives
- ▶ SEC Reviews and Comment Letter Trends

### Accounting

- ▶ Accounting Update
- ▶ Business Combinations
- ▶ Capital Raising Accounting Complexities
- ▶ CECL
- ▶ Lease Accounting
- ▶ Income Tax Accounting Considerations
- ▶ PPP Accounting & Reporting
- ▶ Revenue Recognition
- ▶ Sell-Side Accounting Due Diligence
- ▶ Stock-Based Compensation
- ▶ Variable Interest Entities (VIEs)

### Auditing

- ▶ Critical Audit Matters
- ▶ Data Analytics
- ▶ Evolving Fraud Trends
- ▶ Internal Controls
- ▶ Liquidity Disclosure Considerations
- ▶ PCAOB Inspection Trends
- ▶ PCAOB Update
- ▶ Quality Management
- ▶ SOC for Cyber

### Corporate Governance

- ▶ Audit Committee Disclosures
- ▶ Audit Committee Evolving Responsibilities
- ▶ Board's Role in Cybersecurity
- ▶ Board's Role in Data Governance & Privacy
- ▶ Digital Transformation, GenAI, and the Board
- ▶ Fraud/Illegal Acts/10A Response
- ▶ Shareholder Activism
- ▶ Board Refreshment & Succession Planning
- ▶ Sustainability & ESG Reporting Trends
- ▶ Your ESG Journey

### Private Company

- ▶ Accounting Update
- ▶ Auditing Standards Update
- ▶ Capital Raising Accounting Complexities
- ▶ Compensation Arrangements
- ▶ International Financial Reporting Standards (IFRS)
- ▶ Liquidity Disclosure Considerations
- ▶ Lease Accounting
- ▶ PPP Accounting & Reporting
- ▶ Revenue Recognition
- ▶ SEC Reporting Matters - SPACs

# Current Business Issues and Considerations

## PROFESSION IN TRANSITION: 2025 AUDIT INNOVATION SURVEY

- ▶ Finance professionals value technology for its consistency, clarity, reliability, and ability to deliver transparent and trusted outcomes.
- ▶ **93%** surveyed say their audit firm's technology is progressive, up from 89% in 2024.
- ▶ Continued technological innovation requires seamless integration with the upskilling and enablement of humans.

Methodology: The 2nd Annual BDO Audit Innovation Survey polled 210 senior finance leaders at U.S. private and publicly held companies with revenues ranging from \$250 million to \$10 billion.

[VIEW THE SURVEY ▶](#)

\*Enhanced accuracy and error reduction was a new response in the 2nd Annual Survey.

### Benefits sought when audit firms use technology such as AI in the audit:

#### More efficient processes and collaboration



#### Increased transparency into the audit process



#### Enhanced accuracy and error reduction\*



0%

#### Deeper insight into our business as a result of the audit



#### Cost reduction and resource optimization



#### Better picture of the audit risk landscape



#### Less manual work for our finance and accounting team during the audit



## 2026 AUDIT COMMITTEE PRIORITIES



Reinforce Agility  
in a Dynamic  
Geopolitical Landscape



Maintain Focus on  
Evolving Financial Reporting  
and Disclosure Complexity



Strengthen Oversight  
of Enterprise  
Risk Management



Build Enterprise  
Technology Fluency



Revisit Risk Oversight  
Related to  
Transactions and Fraud

[VIEW THE PUBLICATION ►](#)



CAQ AUDIT PARTNER PULSE SURVEY

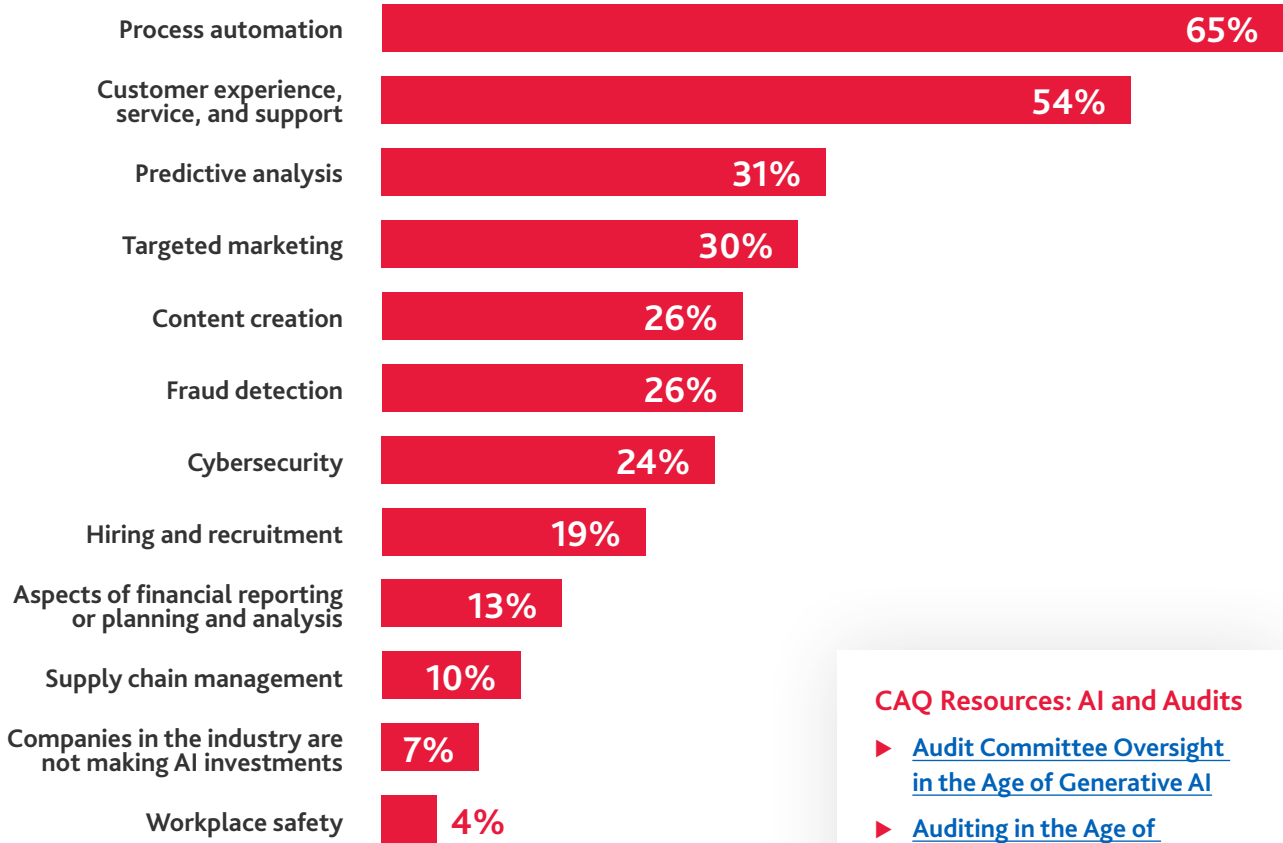
Key Themes & Findings

- ▶ **Economic Uncertainty and Business Risks:** Audit partners identify inflation, interest rate volatility, and geopolitical risks as key concerns, increasing audit complexity and requiring more robust procedures.
- ▶ **Corporate Governance and Board Oversight:** Greater focus on board oversight and more frequent, substantive engagement with audit committees, especially regarding emerging risks and regulatory changes.
- ▶ **Financial Reporting Challenges:** Fair value, impairment, and revenue recognition remain difficult, with partners stressing the need for transparent, timely disclosures.
- ▶ **Regulatory and Standard-Setting Developments:** Partners are closely tracking new SEC and PCAOB rules, expressing concern about the pace and complexity of implementation.
- ▶ **Technology and Data Analytics:** Firms are investing in data analytics, AI, and automation to improve audit quality, but ongoing training and adaptation are needed.
- ▶ **Talent and Workforce Issues:** Recruiting and retaining skilled auditors is challenging; hybrid work models affect team dynamics but offer flexibility and broader talent access.

VIEW THE SURVEY ▶

Public Company Client AI Usage -Perspective of Audit Partners

How have companies in your primary industry sector utilized AI technologies?



Source: [CAQ Fall 2025 Audit Partner Pulse Survey](#)

CAQ Resources: AI and Audits

- ▶ [Audit Committee Oversight in the Age of Generative AI](#)
- ▶ [Auditing in the Age of Generative AI](#)
- ▶ [The Role of the Auditor in AI: Present & Future](#)

## PCAOB TECHNOLOGY INNOVATION ALLIANCE WORKING GROUP

### A Study By and Recommendations

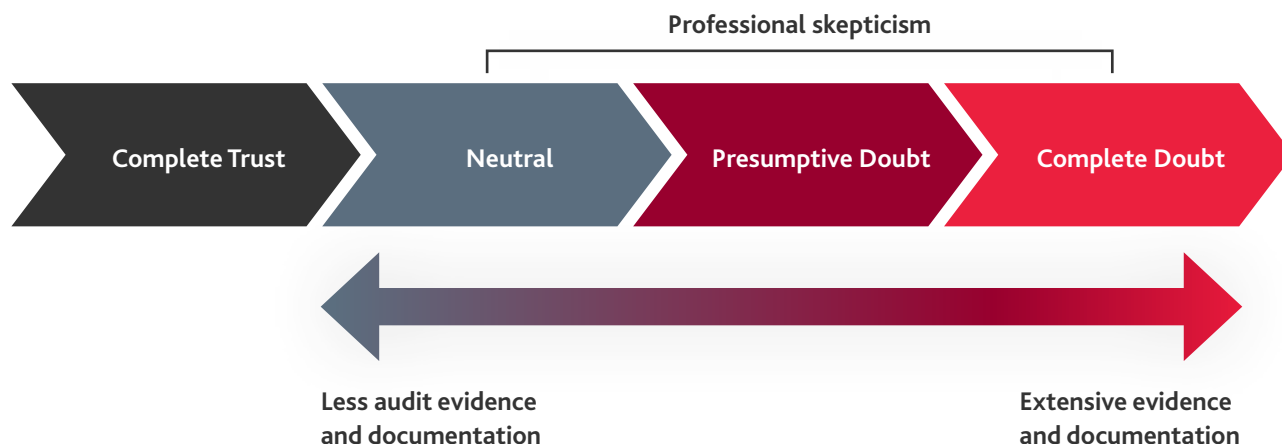
- ▶ The Technology Innovation Alliance (TIA) Working Group, chaired by PCAOB Board Member Christina Ho, consists of external experts in emerging technologies relevant to financial statement preparation and auditing.
- ▶ The group's main roles are to advise the PCAOB Board on how new technologies affect audit quality and to recommend how oversight programs should address these technologies.
- ▶ Their recently posted deliverables include:
  - [Current State Deliverable](#) (Aug 2023): Examines investor needs, the evolution of auditing, current technology use in auditing and financial reporting, and challenges in technology adoption.
  - [Transforming Audit Quality Through Technology](#) (May 2024): Suggests four strategic ways for the PCAOB to advance technology in auditing:
    1. Promoting structured data
    2. Focusing on AI
    3. Building regulatory innovation capacity (including an Innovation Lab)
    4. Encouraging technology literacy among auditors

## THE ROLE OF THE AUDITOR: EXERCISING AND MAINTAINING PROFESSIONAL SKEPTICISM

### CAQ & Anti-Fraud Collaboration Publication

- ▶ Auditors should approach information with a questioning attitude, especially when evidence is contradictory or incomplete.
  - **Procedures:** Regularly challenge management assumptions, corroborate evidence from multiple sources, and be alert to conditions that may indicate possible misstatement.
  - **Documentation:** Clearly document how skepticism was applied, including rationale for judgments and responses to identified risks.
- ▶ Common Challenges
  - **Pressure:** Time constraints, client relationships, and confirmation bias can undermine skepticism.
  - **Mitigation:** Firms should foster a culture that encourages skepticism, provide training, and support auditors in making objective decisions.

### The Skepticism Continuum

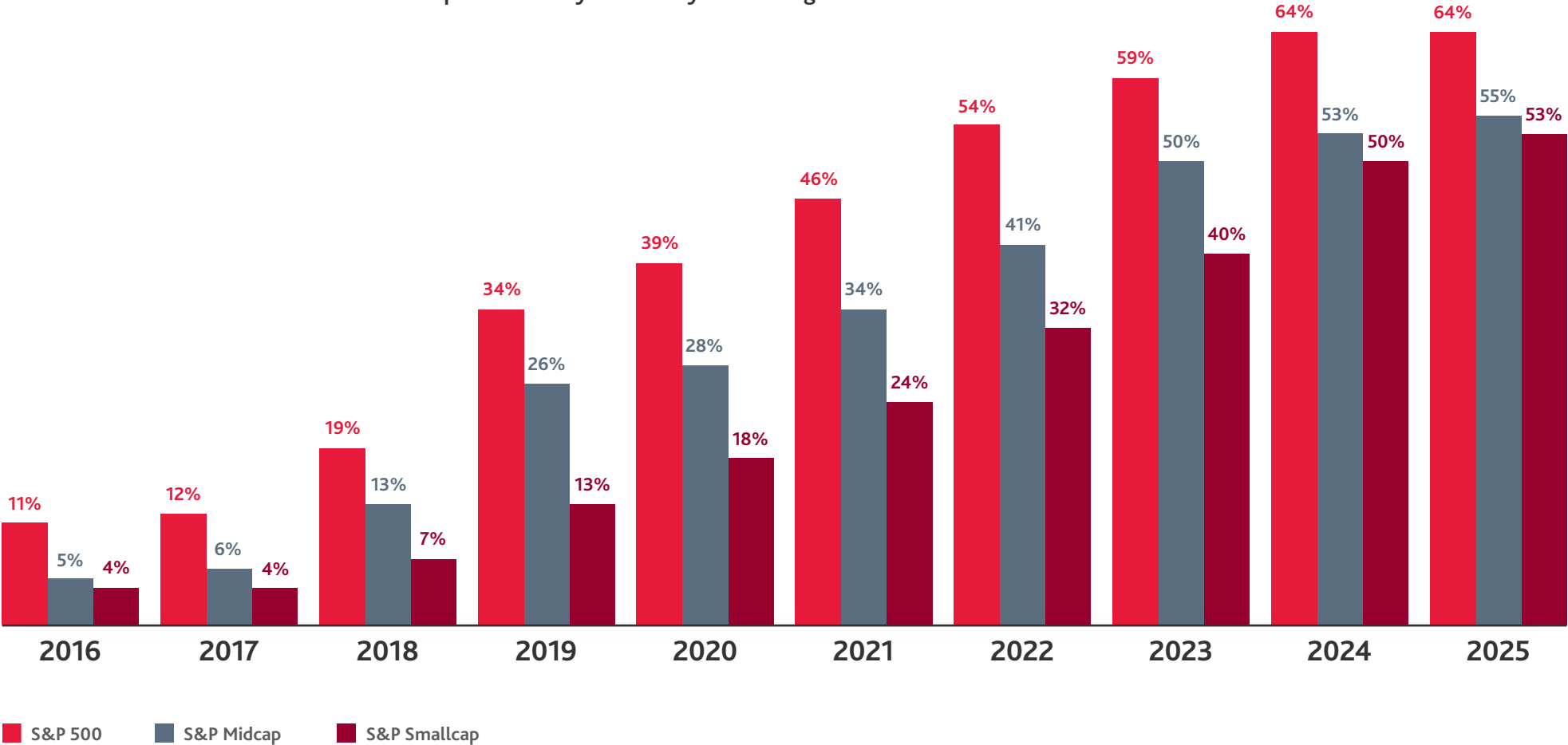


[VIEW THE PUBLICATION ►](#)

CAQ AUDIT COMMITTEE TRANSPARENCY BAROMETER

- ▶ Across S&P 500 companies, 64% disclose that the AC is responsible for cybersecurity oversight, which is consistent with 62% of audit committees have primary oversight of cybersecurity, according to the [2025 Audit Committee Practices Report](#).
- ▶ The rise in AI adoption is increasing cybersecurity and fraud risks, both from internal misuse and external attacks.
- ▶ Some companies are responding by creating board subcommittees or separate technology committees focused on cybersecurity oversight.
  - 13% of S&P 500 companies have a technology committee, with higher prevalence in:
    - Financial services (22%), information technology (20%) and health care (19%)

Is it disclosed that the audit committee is responsible for cybersecurity risk oversight?



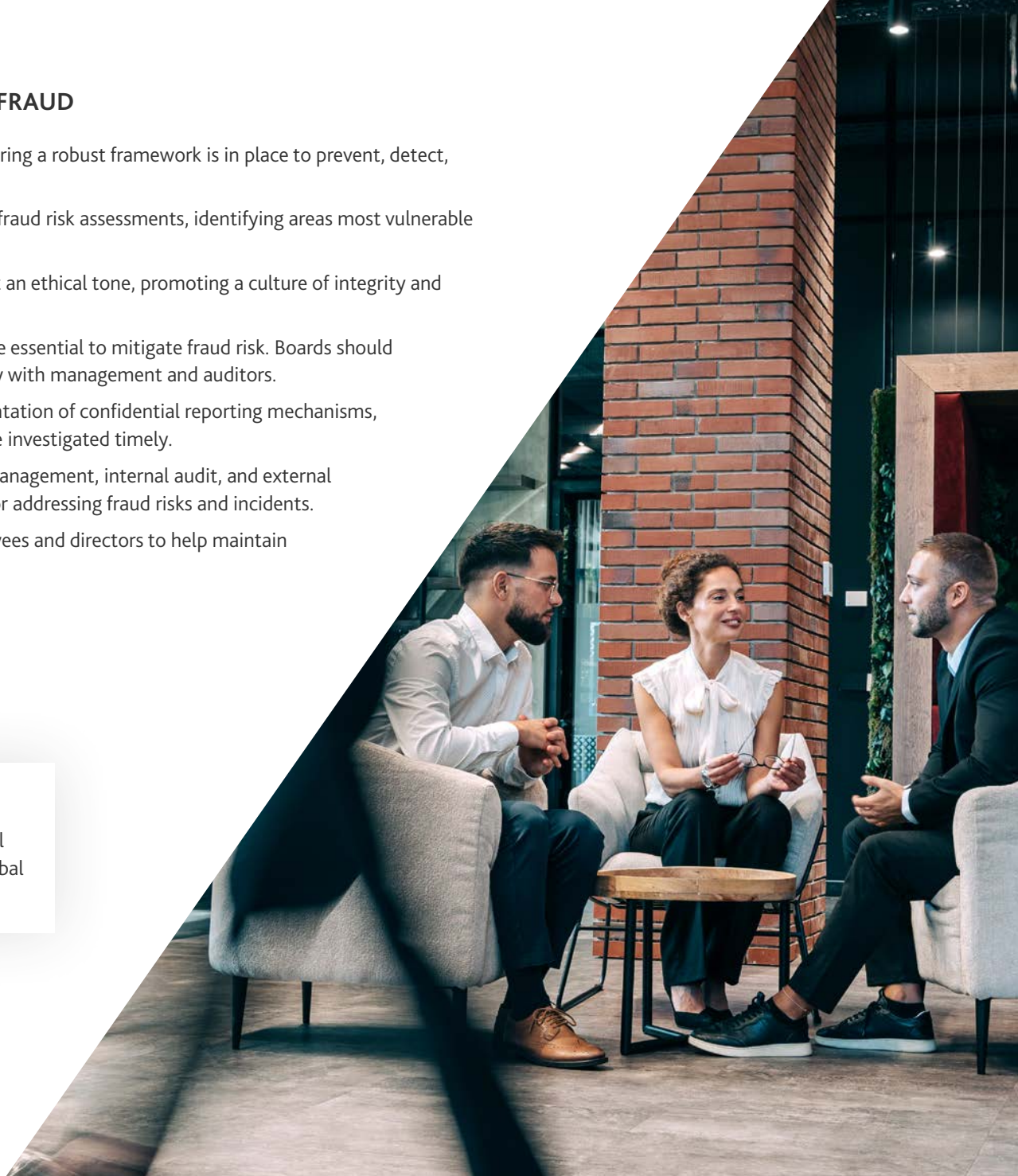
## A PRACTICAL GUIDE TO THE BOARD'S OVERSIGHT OF FRAUD

- ▶ Boards play a critical role in overseeing fraud risk management, ensuring a robust framework is in place to prevent, detect, and respond to fraud. What measures should be in place?
  - **Fraud Risk Assessment:** Ensure management conducts regular fraud risk assessments, identifying areas most vulnerable to fraud.
  - **Tone at the Top:** Leadership, beginning with the Board, must set an ethical tone, promoting a culture of integrity and transparency throughout the organization.
  - **Internal Controls:** Effective internal controls and monitoring are essential to mitigate fraud risk. Boards should review the adequacy and effectiveness of these controls regularly with management and auditors.
  - **Whistleblower Programs:** Boards should oversee the implementation of confidential reporting mechanisms, such as whistleblower hotlines, and ensure reported concerns are investigated timely.
  - **Oversight and Accountability:** Regular communication with management, internal audit, and external auditors is vital. Boards should hold management accountable for addressing fraud risks and incidents.
  - **Training and Awareness:** Provide ongoing education for employees and directors to help maintain vigilance and awareness of fraud risks.

[VIEW THE PUBLICATION ▶](#)

### How Much is Fraud Costing Your Organization?

The Association of Certified Fraud Examiners (ACFE) in their biannual [2024 Report to the Nations](#) indicated organizations lose 5% of global revenue to fraud each year.



## A COMPREHENSIVE ANALYSIS OF PCAOB AND SEC ENFORCEMENT ACTIONS: KEY THEMES AND LESSONS LEARNED

### Anti-Fraud Collaboration Publication

#### Key Takeaways:

##### ► Increase in Enforcement Actions

- Both PCAOB and SEC enforcement actions related to financial reporting fraud and auditor misconduct increased in 2023 compared to prior years.
- 70 accounting and auditing enforcement actions were brought by SEC in 2023, up from 62 in 2022.

##### ► Common Types of Misconduct

- Revenue recognition fraud, improper expense recognition, and misstatements related to reserves and estimates.
- Auditor violations often involved failure to exercise due professional care, insufficient audit documentation, and lack of professional skepticism.

##### ► Individuals Held Accountable

- A significant portion of enforcement actions targeted individuals, including CFOs, CEOs, controllers, and engagement partners, emphasizing personal accountability.

##### ► Root Causes

- Weak internal controls, management override, inadequate tone at the top, and pressure to meet financial targets.
- Inadequate auditor response to fraud risks and insufficient skepticism were recurring themes.

##### ► Audit Committee (AC) Implications

- Need for ACs to strengthen oversight of financial reporting, including challenging management's judgments, and ensuring robust whistleblower and anti-fraud programs.
- Recommend ongoing education and training for both AC members and auditors.

## THE BDO 600: EXECUTIVE AND BOARD COMPENSATION WITHIN MID-MARKET PUBLIC COMPANIES

#### Board Structure Trends

- On average, mid-market sized boards have **nine** members, **81%** of whom are **independent** directors. The fewest number of board members was **three**; the most was **12**.
- Virtually all companies have **three** core “standing” committees: audit, nominating/governance, and compensation.
- The most prevalent outside of these core committees are: executive (**14%**), risk (**10%**), and finance (**6%**) committees.

#### Compensation

- Total Average Director Compensation in 2024 totaled **\$195,879**.

[VIEW THE PUBLICATION ►](#)

[VIEW THE PUBLICATION ►](#)

## PROXY ADVISOR POLICY UPDATES FOR 2026

### Glass Lewis

Updates to Glass Lewis' (GL) U.S. Benchmark Policy Guidelines for annual shareholder (S/H) meetings held on or after 1/1/2026, include:

- ▶ **Mandatory Arbitration Provisions:** Expanded guidance for companies who adopt mandatory arbitration provisions post-IPO or spin-offs that may trigger recommendation to S/Hs to vote against election of the Nom/Gov chair, or, in certain circumstances, the entire committee unless company has a compelling rationale or and discloses benefits to S/Hs.
- ▶ **Pay-for-Performance Methodology:** Shifted to use a scorecard-based pay-for-performance methodology, using up to six tests, rather than a single letter grade of "A" through "F" to more transparency and nuanced assessments.
- ▶ **Amendments to Governing Documents:** Highlights that amendments made to bundling of governing documents that erode S/H rights that limit S/Hs' ability to submit S/H proposals or file derivative lawsuits, and implement plurality voting in lieu of majority voting whereby GL may recommend S/Hs vote against the Nom/Gov chair, or the entire committee.
- ▶ **Supermajority Vote Requirements:** In cases where companies have a large or controlling shareholder, supermajority vote requirements may be appropriate to protect the interests of minority shareholders and GL may oppose the elimination of these requirements.
- ▶ **General Approach to S/H Proposals:** Noting the dynamic nature of, and impending SEC changes to the U.S. S/H proposal process, policy language has been adjusted, including guidance around companies' treatment of the SEC's former no-action process. However, GL strongly believes S/Hs should have the opportunity to vote on matters of material importance.

### Institutional Shareholder Services' (ISS)

Changes to Institutional Shareholder Services' (ISS) U.S. Benchmark Policy Guidelines for annual S/H meetings held on or after 2/1/2026, include:

- ▶ **Problematic Capital Structures:** Eliminate inconsistent treatment of capital structures with unequal voting rights considered problematic regardless of whether superior voting shares are classified as "common" or "preferred."
- ▶ **E&S-related S/H Proposals:** Adopt case-by-case approach for S/H proposals on diversity, political contributions, human rights, and climate change, reflecting varied proposal scope, shifting investor sentiment, regulatory changes, and evolving practices.
- ▶ **Long-term Alignment in Pay-For-Performance Evaluation:** Use quantitative screens – e.g., Relative Degree of Alignment and Financial Performance Assessment tests - to assess pay alignment and performance ranking over a five years instead of three years. Also, modify assessment of Multiple of Medium test to over one- and three-year periods instead of over prior FY.
- ▶ **Time-based Equity Awards with Long-term Time Horizons:** Favor time-based equity awards with extended vesting periods, adjust equity mix to align with ISS's evolving qualitative review standards.
- ▶ **Board Responsiveness to Low Say-On-Pay Support:** Eliminate requirement to show specific S/H feedback, if company states it was unable to obtain feedback, and provides adequate disclosure of its outreach attempts and compensation program changes beneficial for S/H. Significant board turnover may also be a mitigating factor after low support in connection with a merger or proxy contest.
- ▶ **Excessive Nonemployee Director Compensation (NED):** Flag and challenge problematic NED pay practices, even if patterns occur over non-consecutive years; enforce adverse vote recommendations in egregious cases.
- ▶ **Enhancements to ISS Equity Plan Scorecard:** Introduce new elements to evaluate S/H proposals to approve new or amended equity-based compensation plans.

## KEEPING A PULSE ON SUSTAINABILITY REPORTING

► Examples of a few key regulatory drivers to be watching include the following and ACs are advised to pay close attention to how these regulations progress:

- U.S. State-Level: [California Climate Accountability Package \(SB 253 & SB 261\)](#)
- [EU Corporate Sustainability Reporting Directive \(CSRD\)](#)
- [EU Corporate Sustainability Due Diligence Directive \(CSDDD\)](#)
- [EU Deforestation Regulation \(EUDR\)](#)
- [EU Omnibus Proposal](#)

Note: This is not an all-inclusive list.

► Audit Committee Considerations:

- ACs and boards should ensure management is monitoring cross-border regulations and compliance requirements in all jurisdictions where their organizations operate, sell goods and services, or participate in cross-border supply chains.
- This should include conducting various impact scenarios as regulations are finalized, including contemplating potential [supply chain](#) challenges in addition to compliance efforts.

See BDO's [Sustainability Center of Excellence](#) for more information.



# SEC and PCAOB Activities Update

## SEC STATEMENT

### Division of Corporation Finance's Role in the Exchange Act Rule 14A-8 Process for the Current Proxy Season

- ▶ **Limited No-Action Responses:** For the 2025-2026 proxy season, the Division of Corporation Finance will not respond to no-action requests for nor express views on companies' plans to exclude shareholder proposals under Rule 14a-8, except for requests based on Rule 14a-8(i)(1).
- ▶ **Exception for Rule 14a-8(i)(1):** Due to recent changes in how state law and Rule 14a-8(i)(1) apply to precatory proposals, the Division believes there isn't enough guidance for companies and shareholders. Therefore, the Division will keep reviewing and providing opinions on no-action requests under Rule 14a-8(i)(1) until enough guidance is available to help companies and proponents make informed decisions.
- ▶ **Notification Still Required:** Companies must still notify the SEC and proposal proponents at least 80 days before filing their definitive proxy statement if they intend to exclude a proposal. This notification is informational only; companies are not required to seek SEC staff views, and no staff response is required.
- ▶ **Optional Response for Other Exclusions:** If a company wants a response for excluding a proposal on grounds other than Rule 14a-8(i)(1), it must include an unqualified representation in its notice that it has a reasonable basis for exclusion, based on Rule 14a-8, published guidance, or judicial decisions. The Division will then issue a letter stating it will not object, but will not evaluate the merits of the exclusion.

Note: This announcement applies to the current proxy season (October 1, 2025 – September 30, 2026) as well as no-action requests received before October 1, 2025, to which the Division has not yet responded.

## SEC TO REVIEW AUDITOR INDEPENDENCE RULES

- ▶ The SEC is considering changes to independence rules that limit which companies accounting firms can audit according to SEC Chief Accountant Kurt Hohl, as reported by the [Financial Times](#).
- ▶ Hohl warned that long-standing independence rules may no longer be 'fit for purpose' as technology and AI companies form increasingly complex partnerships.
- ▶ Since large accounting firms now sell software and AI tools from companies such as Microsoft and OpenAI, they are often barred from auditing those same firms, which could leave major tech companies with effectively no auditor choice.
- ▶ The SEC aims to ensure companies retain meaningful auditor options.

Source: [Governance Intelligence](#)

[VIEW THE STATEMENT ►](#)

## PCAOB STAFF GUIDANCE: INSIGHTS FOR AUDITORS

### Examples of Evaluating the Reliability of External Information Provided By the Company in Electronic Form

- ▶ The guidance emphasizes the importance of professional skepticism and the need for auditors to critically assess the reliability of external information.
- ▶ Auditors should consider the following when assessing reliability:
  - Is the information from a reputable, independent third party?
  - Was the information reviewed [by the auditor] transmitted securely and directly from the external source to the client?
  - Could the information have been modified before the auditor received it?
  - Does the company have controls to prevent or detect modification of external information?
- ▶ Other Resources: [Adoption release](#) and the [Board policy statement](#) on paragraph .10A.

VIEW THE PUBLICATION ►

## PCAOB STAFF PUBLICATION

### Data Points: Financial Restatements and Auditor Turnover

#### Key Findings:

- ▶ **Big R Restatements Rate:** From 2005 to 2024, "Big R" financial restatements occurred at an average rate of about **3%** per year among public companies.
- ▶ **Auditor Change and Restatements:** On average, **29%** of companies that announced a Big R restatement had changed auditors in the year prior to the restatement, which is higher than the average annual auditor-change rate of **11%** across the broader population of companies (including those without Big R restatements).

#### Audit Committee Considerations:

- ▶ As Big R restatements often signal material weaknesses in internal controls, prioritizing a strong ICFR structure with management and auditors is critical.
- ▶ Understanding of the root cause for the restatement – roles of predecessor, successor auditor and management – to mitigate further risk in the future.
- ▶ Evaluate effectiveness of communication and coordination of auditors during transition to ensure no unresolved issues remain.
- ▶ Understand views of regulators about audit quality, independence, and integrity to enhance vigilance of the financial accounting and reporting process.

VIEW THE PUBLICATION ►

## BOARD MEMBER CHRISTINA HO TO LEAVE THE PCAOB

- ▶ On December 2, 2025, the PCAOB Board announced that Board Member Christina Ho will conclude her service on the Board effective the earlier of January 31, 2026, or the date the SEC appoints a successor for her position as Board Member.
- ▶ Her term on the Board expired on October 24, 2025.
- ▶ Board Member Ho was sworn in on November 9, 2021, after her appointment by the SEC in November 2021.
- ▶ During her PCAOB tenure, she chaired the Technology Innovation Alliance Working Group, which brought together professionals from outside of the PCAOB with expertise in emerging technologies.
- ▶ For more information, visit Board Member Ho's [biography page](#) and read her [statement](#) on her departure from the PCAOB.



*In her time at the PCAOB, Christina has championed innovation as a driver of improvement in audit quality.*

**GEORGE R. BOTIC**  
PCAOB Acting Chair

## PCAOB UPDATES STANDARD-SETTING PROJECTS

### Recently Completed or Effective Standard-setting Projects

| Project                                                                                                                                                                | Effective Date                                                                                                                                                                                                                                                                                                                                                       | Date of Board Adoption                                                                                                                                                                                                                                                                                                                                                                                                           | Date of SEC Approval |           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-----------|
| <a href="#">Other Auditors</a>                                                                                                                                         | Effective for audits of fiscal years ending on or after December 15, 2024.                                                                                                                                                                                                                                                                                           | June 2022                                                                                                                                                                                                                                                                                                                                                                                                                        | August 12, 2022      |           |
| <a href="#">Confirmation</a>                                                                                                                                           | Effective for audits of fiscal years ending on or after June 15, 2025.                                                                                                                                                                                                                                                                                               | September 2023                                                                                                                                                                                                                                                                                                                                                                                                                   | December 1, 2023     |           |
|                                                                                                                                                                        | Effective on December 15, 2026.                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                  |                      |           |
| <a href="#">Quality Control</a>                                                                                                                                        | The first evaluation period is for the period beginning on the effective date of the standard (i.e., December 15, 2026) and ending on September 30, 2027. The firm's first evaluation must be reported to the PCAOB on Form QC no later than November 30, 2027                                                                                                       | May 2024                                                                                                                                                                                                                                                                                                                                                                                                                         | September 9, 2024    |           |
| <a href="#">Amendments Related to Aspects of Designing and Performing Audit Procedures that Involve Technology-Assisted Analysis of Information in Electronic Form</a> | Effective for audits of financial statements for fiscal years beginning on or after December 15, 2025.                                                                                                                                                                                                                                                               | June 2024                                                                                                                                                                                                                                                                                                                                                                                                                        | August 20, 2024      |           |
| <a href="#">General Responsibilities of the Auditor in Conducting an Audit (AS 1000)</a>                                                                               | Effective for audits of fiscal years beginning on or after, December 15, 2024, except for the 14-day documentation completion date. Firms that issued < 100 issuer audit reports during calendar year ending December 31, 2024, effective date of the 14-day documentation completion date requirement is for fiscal years beginning after December 15, 2025.        | May 2024                                                                                                                                                                                                                                                                                                                                                                                                                         | August 20, 2024      |           |
|                                                                                                                                                                        | Subject to approval by the SEC, the final rules and reporting forms would take effect on October 1, 2027 with a phased implementation period as follows:                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                  |                      |           |
| <a href="#">Firm and Engagement Metrics</a>                                                                                                                            | <p><b>Firm-level metrics reporting:</b></p> <ul style="list-style-type: none"><li>▶ Firms that issued audit reports with respect to &gt;100 issuers in 2027 – first reporting as of September 30, 2028 with Form FM due by November 30, 2028;</li><li>▶ All other firms reporting would be as of September 30, 2029 with Form FM due by November 30, 2029.</li></ul> | <p><b>Engagement-level metrics reporting 35 days after issuance of the auditor's report:</b></p> <ul style="list-style-type: none"><li>▶ Firms that issued audit reports with respect to more than 100 issuers in 2026 - for audits of companies with fiscal years beginning on or after October 1, 2027;</li><li>▶ All other firms – for audits of companies with fiscal years beginning on or after October 1, 2028.</li></ul> | November 2024        | Withdrawn |

View [Short-Term Standard-Setting Projects](#).

## PCAOB UPDATES STANDARD-SETTING AND RESEARCH AGENDAS

### Short-term Standard-setting Projects

| Project                                                 | Project Description                                                                                                                                                                                                                                                                                                                         | Next Board Action              | Anticipated Timing |
|---------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------|
| <a href="#">Attestation Standards Update</a>            | Consider the requirements in the interim attestation standards in connection with the PCAOB's <a href="#">interim standards project</a> .                                                                                                                                                                                                   | Proposal                       | 2025               |
| <a href="#">Going Concern</a>                           | Consider the auditor's evaluation and reporting of a company's ability to continue as a going concern in response to changes in financial reporting, the auditing environment, and stakeholder needs, including by considering how AS 2415, <i>Consideration of an Entity's Ability to Continue as a Going Concern</i> , should be revised. | Proposal                       | 2025               |
| <a href="#">Substantive Analytical Procedures</a>       | Consider changes to an auditor's use of substantive analytical procedures to better align with the auditor's risk assessment and to address the increasing use of technology tools in performing these procedures, including whether to revise AS 2305, <i>Substantive Analytical Procedures</i> .                                          | Adoption                       | 2025               |
| <a href="#">Noncompliance with Laws and Regulations</a> | Consider changes to an auditor's consideration of possible noncompliance with laws and regulations including how AS 2405, <i>Illegal Acts by Clients</i> , should be revised to integrate a scalable, risk-based approach that takes into account recent developments in corporate governance and internal control practices.               | TBD (pending further analysis) | 2025               |
| <a href="#">Inventory</a>                               | Consider updates to AS 2510, <i>Auditing Inventories</i> , in connection with the Interim Standards project to reflect changes in the auditing environment.                                                                                                                                                                                 | Proposal                       | 2025               |
| Auditor Reporting in Specified Circumstances            | Consider updates to AS 3105, <i>Departures from Unqualified Opinions and Other Reporting Circumstances</i> , and other interim standards in the AS 3300 series.                                                                                                                                                                             | Proposal                       | 2025               |

View [Short-Term Standard-Setting Projects](#).



## Mid-term Standard-setting Projects

| Project                                                                            | Project Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Use of a Service Organization                                                      | Consider how AS 2601, <i>Consideration of an Entity's Use of a Service Organization</i> , should be amended to reflect changes in how companies use services of third parties that are relevant to the company's own internal control over financial reporting and developments in practice.                                                                                                                                                                                                                                      |
| Fraud                                                                              | Consider how AS 2401, <i>Consideration of Fraud in a Financial Statement Audit</i> , should be revised to better align an auditor's responsibilities for addressing intentional acts that result in material misstatements in financial statements with the auditor's risk assessment, including addressing matters that may arise from developments in the use of technology.                                                                                                                                                    |
| Interim Ethics and Independence Standards                                          | In connection with the PCAOB's <a href="#">interim standards project</a> , consider whether existing obligations of PCAOB registered firms and their associated persons should be enhanced and updated to better promote compliance through improved ethical behavior and independence.                                                                                                                                                                                                                                           |
| Internal Audit                                                                     | Consider updates to AS 2605, <i>Consideration of the Internal Audit Function</i> , in connection with the Interim Standards project to reflect changes in the auditing and reporting environment.                                                                                                                                                                                                                                                                                                                                 |
| Interim Standards                                                                  | Consider whether the remaining "interim" standards, as adopted upon the establishment of the Board, should be amended, replaced, or eliminated, as appropriate. As part of this analysis, evaluate which standards are necessary to retain and, of those, which should be retained with minimal updates, and which require more significant changes. Separate projects, including requests for comment on potential standards to eliminate, will be added to the standard-setting agenda as the staff completes its analysis.     |
| Interim Financial Information Reviews                                              | Consider updates to AS 4105, <i>Reviews of Interim Financial Information</i> , in connection with the Interim Standards project to reflect changes in the auditing and reporting environment.                                                                                                                                                                                                                                                                                                                                     |
| Subsequent Events and Other Matters Arising After the Date of the Auditor's Report | Consider updates to interim standards that address auditor responsibilities related to (i) certain events occurring between the balance sheet and the auditor's report date and (ii) certain matters arising after the auditor's report date, such as subsequently discovered facts and reissuance of the auditor's report. This project considers updating AS 2801, <i>Subsequent Events</i> , AS 2905, <i>Subsequent Discovery of Facts Existing at the Date of the Auditor's Report</i> , and certain other interim standards. |

View [Mid-Term Standard-Setting Projects](#).



## Research Projects

| Project                                 | Project Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <a href="#">Data and Technology</a>     | Assess whether there is a need for guidance, changes to PCAOB standards, or other regulatory actions considering 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 and may also inform the scope or nature of other projects that are included on the standard-setting agenda.                                    |
| Communication of Critical Audit Matters | The project seeks to understand why there continues to be a decrease in the average number of critical audit matters (CAM) reported in the auditor's report over time and whether there is a need for guidance, changes to PCAOB standards, or other regulatory action to improve such reporting, including the information that is provided as part of the CAM reporting. The staff continues to conduct research, taking into account <a href="#">recent insights shared by the Investor Advisory Group</a> . |

View [Research Projects](#).

## Rulemaking Projects

| Project                                | Project Description                                                                                                                                                                            | Next Board Action     | Date of SEC Approval |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----------------------|
| <a href="#">Contributory Liability</a> | Consider changes to the Board's ethics rule, PCAOB Rule 3502, Responsibility Not to Knowingly or Recklessly Contribute to Violations.                                                          | Adopted June 2024     | August 20, 2024      |
| <a href="#">Registration</a>           | Consider changes to enhance the PCAOB's registration program.                                                                                                                                  | Adopted November 2024 | January 2, 2025      |
| <a href="#">Firm Reporting</a>         | Consider changes to audit firm reporting requirements including periodic reporting requirements, special reporting requirements, and other enhancements to the audit firm reporting framework. | Adopted November 2024 | Withdrawn            |

View [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 SUSTAINABILITY 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

[VIEW THE FULL SERIES ▶](#)

### 2025 INTERNAL AUDIT WEBCAST SERIES

[VIEW THE FULL SERIES ▶](#)



### IFRS Accounting Standards Quarterly Update WEBCAST SERIES

[VIEW THE FULL SERIES ▶](#)



### BDO Corporate Governance Matters **WEBCAST SERIES**

[VIEW THE FULL SERIES ▶](#)

## BDO IN THE BOARDROOM PODCASTS

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

- ▶ [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](#)
- ▶ [What Should Be On Today's Nomination & Governance Committee Agenda?](#)
- ▶ [Post-Election and Corporate Tax Considerations for Boards](#)
- ▶ [Board Oversight in Action: Navigating Investigations and Mitigating Penalties](#)
- ▶ [Pre-Election Tax Considerations for Board of Directors](#)
- ▶ [Overseeing the Use of GenAI in Financial Reporting](#)
- ▶ [Models– What Audit Committees May Want to Know](#)
- ▶ [Measuring Culture Within Your Organization](#)
- ▶ [Audit Committee: Alleged Fraud, Now What?](#)
- ▶ [Audit Firms Changing Their Business](#)

More content and new episodes added regularly!



The graphic features a blue microphone icon with sound waves, set against a dark background. 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. At the bottom, there are three red diamond shapes and a red square shape.

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.

[CLICK HERE TO SUBSCRIBE ►](#)

## BDO UPCOMING/ ARCHIVED WEBINARS

| Upcoming                                                                                                      | Date                          |
|---------------------------------------------------------------------------------------------------------------|-------------------------------|
| <a href="#">2026 Board Committee Governance Priorities</a>                                                    | January 14, 2026              |
| <a href="#">Rebroadcast: 2025 BDO Fall Board Survey</a>                                                       | January 28, 2026              |
| <a href="#">Rebroadcast: 2026 Compensation Committee Priorities</a>                                           | February 11, 2026             |
| <a href="#">2026 Shareholder Meeting Agenda: How Can Directors Better Prepare?</a>                            | February 25, 2026             |
| <a href="#">Rebroadcast: Leading Practices in Compensation Committee Oversight of Human Capital</a>           | March 11, 2026                |
| Archived                                                                                                      | Date                          |
| <a href="#">Q4 2025 Quarterly Technical Update</a>                                                            | December 17, 18, 23, 2025     |
| <a href="#">Leading Practices in Compensation Committee Oversight of Human Capital</a>                        | December 3, 2025              |
| <a href="#">2026 Compensation Committee Priorities</a>                                                        | November 19, 2025             |
| <a href="#">Q3 2025 Quarterly Technical Update</a>                                                            | October 17, 18, 19 & 23, 2025 |
| <a href="#">2025 BDO Fall Board Survey</a>                                                                    | October 1, 2025               |
| <a href="#">Q2 2025 IFRS Accounting Standards Quarterly Update</a>                                            | July 16 & 17, 2025            |
| <a href="#">Quarterly Technical Update Q2 2025</a>                                                            | July 9, 10, 11 & 15, 2025     |
| <a href="#">Achieving Internal Audit Excellence</a>                                                           | June 11, 2025                 |
| <a href="#">Q1 2025 IFRS Accounting Standards Quarterly Update</a>                                            | April 16, 2025                |
| <a href="#">Quarterly Technical Update Q1 2025</a>                                                            | April 9, 2025                 |
| <a href="#">Unlocking the Power of Data: Ensuring Compliance while Driving Innovation for Board Directors</a> | April 2, 2025                 |

**VIEW A COMPLETE LISTING OF BDO AND ARCHIVED WEBCASTS ►**



## BDO BOARD GOVERNANCE PUBLICATIONS

| Title                                                                                                    | Date           |
|----------------------------------------------------------------------------------------------------------|----------------|
| <a href="#">A Practical Guide to the Board's Oversight of Fraud</a>                                      | November 2025  |
| <a href="#">2025 BDO Board Survey</a>                                                                    | October 2025   |
| <a href="#">Q3 2025 Audit Committee Agenda</a>                                                           | October 2025   |
| <a href="#">Guiding the Human Side of AI: Priorities for Compensation &amp; Human Capital Committees</a> | September 2025 |
| <a href="#">Audit Committee Requirements Practice Aid</a>                                                | September 2025 |
| <a href="#">Trust and Communication: Bridging the Gap Between the Board and C-Suite</a>                  | August 2025    |
| <a href="#">Strategic Oversight and Governance in the Age of AI</a>                                      | August 2025    |
| <a href="#">Q2 2025 Audit Committee Agenda</a>                                                           | July 2025      |
| <a href="#">Top 5 Boardroom Conversations on Technology Governance</a>                                   | July 2025      |
| <a href="#">Internal Audit: Essential Questions for Board Directors in their Oversight Role</a>          | June 2025      |
| <a href="#">Global Trade Tensions: What Should the Board Know as Tariffs Evolve and Expand?</a>          | May 2025       |
| <a href="#">Board Oversight of Cybersecurity</a>                                                         | May 2025       |
| <a href="#">Q1 2025 Audit Committee Agenda</a>                                                           | April 2025     |
| <a href="#">BEPS 2.0: Addressing Organizational Impact of Global Tax Reform</a>                          | April 2025     |

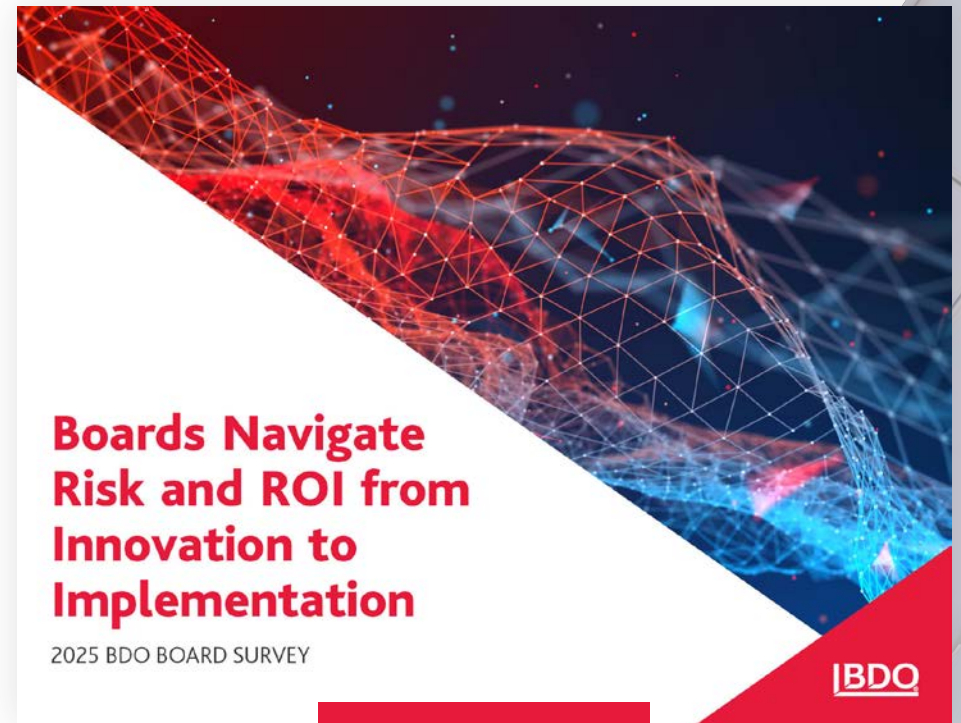
[VIEW A COMPLETE LISTING OF BDO PUBLICATIONS ►](#)



## 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 peruse the [2025 Board Survey](#) results.

### Explore Prior Board Surveys



[VIEW INSIGHT ▶](#)

## 2025 BOARD COMMITTEE PRIORITIES

BDO prepares annual thoughts on emerging responsibilities, trends, and considerations for each of the three standing committees of the board. Be on the lookout for 2026 publications to be released in December and January!

[VIEW INSIGHT ►](#)

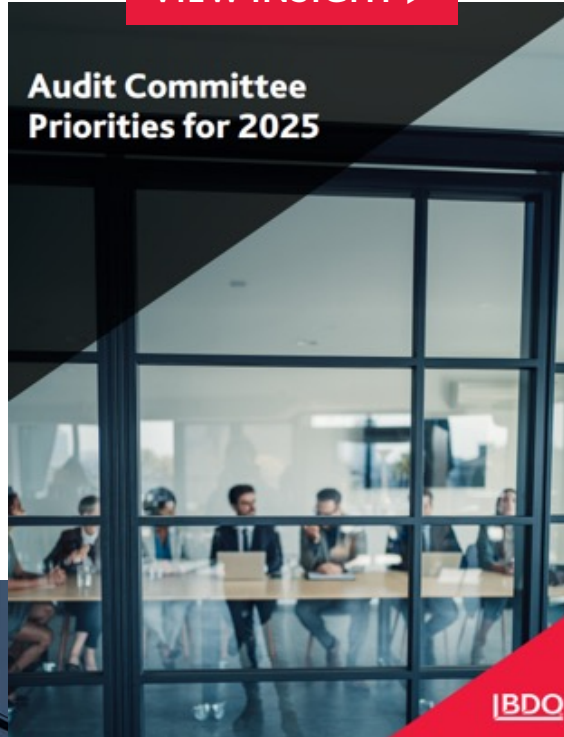
NOMINATION & GOVERNANCE COMMITTEE  
PRIORITIES FOR 2025:

### Elevating Governance Amid a Shifting Landscape



[VIEW INSIGHT ►](#)

### Audit Committee Priorities for 2025



[VIEW INSIGHT ►](#)

### Compensation Committee Priorities for 2025





**Have questions or want to learn more? Contact us!**

Our purpose is helping people thrive, every day. Together, we are focused on delivering exceptional and sustainable outcomes and value for our people, our clients and our communities. BDO is proud to be an ESOP company, reflecting a culture that puts people first. BDO 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.

BDO is the brand name for the BDO network and for each of the BDO Member Firms. BDO USA, P.C., a Virginia professional corporation, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. For more information, please visit: [www.bdo.com](http://www.bdo.com).

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