Year in Review
2017
Mission

The Center for Audit Quality (CAQ) is dedicated to enhancing investor confidence and public trust in the global capital markets by fostering high-quality performance by public company auditors, convening and collaborating with other stakeholders to advance the discussion of critical issues requiring action and intervention, and advocating policies and standards that promote public company auditors’ objectivity, effectiveness, and responsiveness to dynamic market conditions.

Membership

The CAQ is an autonomous, nonpartisan, and nonprofit public policy advocacy organization that is affiliated with the American Institute of CPAs (AICPA). Membership in the CAQ is open to US accounting firms registered with the Public Company Accounting Oversight Board (PCAOB). Associate membership is available for US accounting firms not registered with the PCAOB. The CAQ also offers international firm subscriptions.

Leadership

The CAQ is led by a Governing Board made up of chief executive officers from leading public company auditing firms and the AICPA, as well as three independent members from outside the public company auditing profession. These independent board members bring insights that provide critical context to the work of the CAQ.
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In a September 2017 interview, US Securities and Exchange Commission (SEC) Chairman Jay Clayton aptly described the public company audit as “the bedrock of our financial system.”

How does that bedrock form? What gives that foundation its strength? It is not by accident or luck. It is through sustained dedication: a profession-wide drive to improve audit quality continuously.

In the early years of this century, leaders in public company auditing came together to reenergize that drive and to sharpen the profession’s focus on high standards of auditor performance, collaboration with market stakeholders, and advocacy for effective policies and standards. Their vision led to the creation of the Center for Audit Quality, which formally launched in January 2007.

With over a decade of operation now behind it, the CAQ is fulfilling the promise that its farsighted founders envisioned, as this report will show. The CAQ is serving public company auditors, investors, and the markets of today—while working toward the vibrant auditing profession of tomorrow—across each of the organization’s core competencies.

**Professional Practice** | Leveraging the expertise of its members and the AICPA, the CAQ advanced positions on pressing issues facing the public company auditing profession and the capital markets in 2017. The CAQ’s Professional Practice team produced white papers, tools, and technical alerts covering cybersecurity, the expanded auditor’s report, and new complex accounting standards, among other topics. Through the comment process, the CAQ provided input on proposals addressing issues including the supervision of audits involving other auditors, auditing accounting estimates, effective disclosure, and the use of specialists.

**Research** | In its pursuit of enhancing audit quality, the CAQ’s dialogue with academics is as strong as ever, as shown by its array of annual grant awards and the successful
Annual CAQ Symposium in San Diego, California. In 2017, the CAQ strengthened this dialogue in new ways, including the issuance of engaging “video vignettes” for instructors and others on internal control over financial reporting (ICFR).

Stakeholder Engagement | Because collaboration and relationship building are indispensable to the functioning of the capital market system, the CAQ has always engaged with important partners on behalf of the public company auditing profession. In 2017, the CAQ strengthened its strategic partnerships and conducted vigorous outreach, notably to institutional investors, stock exchanges, and the audit committee community. The CAQ was an active participant at dozens of events hosted at home and abroad by organizations from across the financial reporting supply chain. At a January 2017 event, the CAQ marked its 10-year anniversary—and celebrated the values and role of public company auditing—with financial reporting and corporate governance leaders.

Communications | The CAQ amplified the voice of the public company auditing profession by informing numerous news stories and by submitting long-form commentaries to a variety of media outlets. With its social media following growing to over 498,000 as of the end of 2017, the CAQ provided the public with a steady stream of useful information and views on audit quality. “Profession in Focus,” the CAQ’s in-house video series, featured interviews with 18 leaders in public company auditing and corporate governance in 2017. As part of its efforts around talent, the CAQ and its member organizations led another successful social media “blitz,” with #AuditorProud messages reaching over five million people in 482 cities and 102 countries during the career-oriented campaign.

Key Initiatives | In April 2017, the CAQ Governing Board convened for its biennial strategic retreat to contemplate how the CAQ can assist the public company auditing profession in addressing the technological, sociological, and policy changes facing our markets and economy. Part of the CAQ’s response to these developments will be to further its top strategic priorities, which include the fight against financial reporting fraud, the exploration of how the public company auditing profession can continue to innovate to enhance audit quality and to serve investors, and the ongoing delivery of a critical message for tomorrow’s auditors: that public company auditing is an outstanding choice for an exciting, fulfilling career.

Operations | In 2017, the CAQ invested in its people, values, and organizational capability to execute its strategic plan on behalf of CAQ members.

Each day, CAQ staffers take steps to advocate for effective policy, to collaborate with key stakeholders, and to serve hundreds of public company auditing firms. At those firms, thousands upon thousands of auditors work to strengthen the confidence of the millions of investors who participate in our financial system. Thus, a bedrock is formed.

Cynthia M. Fornelli
Executive Director,
Center for Audit Quality

Catherine M. Engelbert
CEO, Deloitte US
CAQ Governing
Board Chair
CAQ Executive Director Cindy Fornelli delivers opening remarks.
The CAQ took the occasion of its 10-year anniversary to celebrate and highlight the accomplishments, values, and role of public company auditing. A commemorative event hosted by the CAQ in Washington in January brought together over 200 leaders from stakeholder groups representing accounting, auditing, policymaking, and financial reporting. The event was structured around 10 key values and ideals, with panels and presentations corresponding to each of those 10 values. Throughout 2017, the CAQ kept the focus on those 10 values by promoting the hashtag #CAQ10for10 on social media and in commentaries.
Clockwise from top: CAQ Governing Board members Wayne Berson (left), BDO USA, LLP Chief Executive Officer, and Jim Powers, Crowe Horwath LLP’s Chief Executive Officer | former PCAOB Chairman James Doty | Robert Kueppers, Partner at Sage Partners and former Deputy CEO and Vice Chairman at Deloitte US | Jean Rogers, Chair of the Sustainability Accounting Standards Board | Keith Higgins, Chair of Ropes & Gray’s Securities & Governance Practice and former Director of the SEC’s Division of Corporation Finance.

Opposite page: Cathy Engelbert, CEO, Deloitte US, and CAQ Governing Board Chair.
Percentage of Main Street Investors expressing confidence in US capital markets, according to the CAQ’s 11th Annual Main Street Investor Survey
Clockwise from top: From left to right, James Doty (PCAOB Chair, 2011–2018), Mary Schapiro (SEC Chair, 2009–2012), Harvey Pitt (SEC Chair, 2001–2003), Daniel Goelzer (PCAOB Board Member, 2002–2012, Acting Chair, 2009–2011), and Mark Olson (PCAOB Chair, 2006–2009) | James Turley, Audit Committee Chair at Citi and Emerson Electric; former Chairman and CEO, EY; CAQ Governing Board Chair, 2007–2011 | Peggy Foran, Chief Governance Officer, Senior Vice President, and Corporate Secretary at Prudential Financial Inc. | Edward Nusbaum, former CEO, Grant Thornton International Ltd; CAQ Governing Board member, 2007–2010 | Kenneth Daly, former CEO of the National Association of Corporate Directors (NACD), and Cindy Fornelli | Michele Hooper, President and CEO, The Directors’ Council; CAQ Governing Board Vice Chair, 2007–2011.
CELEBRATING 10 YEARS OF THE CAQ

VALUES & IDEALS

ADVOCACY
CELEBRATION
COLLABORATION
CONNECTION
EVOLUTION
INDEPENDENCE
INNOVATION
OBJECTIVITY
SKEPTICISM
TRANSPARENCY
FOSTERING HIGH-QUALITY PERFORMANCE BY PUBLIC COMPANY AUDITORS
With the effectiveness of internal controls a top priority for regulators and stakeholders, the CAQ has worked to share best practices. In addition to publications and webcasts, the CAQ in February 2017 released two new video vignettes focusing on the types of conversations that should occur among auditors and preparers. In the vignettes, an audit team’s substantive testing has detected an error in a prepaid insurance account. The videos depict discussions that an audit team might have on the design of the control over the account, how the control was operationalized, and why the control failed to detect the error.
Building on its productive relationship with the SEC’s Financial Reporting and Audit Group, the CAQ and its partners in the Anti-Fraud Collaboration released a March 2017 report, Addressing Challenges for Highly Subjective and Complex Accounting Areas. An outgrowth of a series of 2016 workshops, the report compiles leading-practice recommendations from company executives, corporate directors, auditors, and policymakers. These insights illuminate how improved accounting policies and internal controls related to highly subjective and complex accounting areas are key for stemming financial reporting fraud and reducing the number of restatements.
INFORMING CAQ MEMBERS ON POLICY DEVELOPMENTS

The CAQ kept its members abreast of important concerns and priorities of regulators and standard setters. A June 2017 CAQ alert, for example, called the attention of the public company auditing profession to the evaluation of the adequacy of management’s disclosure regarding impending changes in accounting principles. The alert addressed requirements that registrants discuss, in their interim and annual SEC filings, the potential effects of recently issued accounting standards when adopted in a future period. It highlighted the significant impact of new standards on revenue recognition, leases, and credit losses.

IDENTIFYING CHALLENGES AND OPPORTUNITIES IN RISK ASSESSMENT

At the Ninth Annual CAQ Symposium in August 2017, a panel and breakout session addressed the challenges and opportunities surrounding auditor risk assessment. The discussion covered issues such as challenges inherent in multilocation audits, documentation of audit risks, and opportunities for improving the risk-assessment process using data analytics. Pictured left to right are panelists Dave Sullivan, National Managing Partner of the Quality & Professional Practice of Deloitte & Touche LLP; Elizabeth Miller, National Audit Leader, Retail at KPMG LLP; Mark Beasley, Deloitte Professor of Enterprise Risk Management at North Carolina State University; Phillip Austin, National Managing Partner of Auditing at BDO USA, LLP; and Maria Castañón Moats, the US Assurance Leader of PwC.

FOCUSBING ON AUDITS OF BROKERS AND DEALERS

The CAQ maintained its steady focus on audits of brokers and dealers. A May 2017 CAQ alert posed questions for auditors of brokers and dealers to consider in planning both their audit and attestation engagements. The alert discussed some of the more judgmental or complex areas of both the audit and attestation engagements, including areas that have been the subject of PCAOB attention and focus during the interim inspection process. The CAQ posted this and other resources at its dedicated policy issues page, www.thecaq.org/brokerdealers.
PLAYING A CONSTRUCTIVE ROLE IN FORM AP IMPLEMENTATION

The CAQ in June 2017 released *Form AP – Auditor Reporting of Certain Audit Participants: A Tool for Audit Committees* to aid audit committees in their understanding of new auditor disclosure requirements from the PCAOB regarding audit participants. The tool can (1) assist audit committees in discussing the role of audit participants with their engagement partner and company management, and (2) help prepare audit committee members to anticipate potential questions arising as a result of these new disclosures.

SUPPORTING INNOVATIVE RESEARCH

The year 2017 marked the ninth year that the CAQ has supported academic research proposals through its Research Advisory Board (RAB). Pictured above are 2017 RAB recipients, with CAQ Governing Board member and RAB liaison Jeffrey Brown (bottom row), CAQ Senior Director of Research Margot Cella (bottom row center), and CAQ Executive Director Cindy Fornelli (top row center). Since 2009, the CAQ has provided 35 grants to fund academic research, and 14 RAB-funded projects have been published to date in peer-reviewed journals.

ENHANCING ASSESSMENT OF THE EXTERNAL AUDITOR

In April 2017, the CAQ updated its external auditor assessment resource, which was first published by the CAQ (in partnership with the Audit Committee Collaboration) in 2012. The *External Auditor Assessment Tool* is designed to assist audit committees in carrying out their responsibilities of appointing, overseeing, and determining compensation for the external auditor. Updates in the 2017 edition include considerations related to changes in accounting standards and potential risk areas, such as implementation of the new revenue recognition standard, use of non-GAAP financial information, and ongoing cybersecurity concerns. To bring this resource to life, the CAQ produced a companion video, “The External Auditor Assessment Tool,” featuring audit committee chairs from leading companies.
The Center for Audit Quality issued a year-end audit alert reminding auditors to **SHARPEN THEIR PENCILS FOR SOME EXTRA WORK ON TOUCHY SUBJECTS** like internal control over financial reporting, revenue recognition, going concern findings, and accounting estimates and fair value measurements.

*Compliance Week*
*Audit Leaders Issue Another Year-End Alert on Key Risks* October 2017
CONVENING AND COLLABORATING WITH OTHER STAKEHOLDERS TO ADVANCE THE DISCUSSION OF CRITICAL ISSUES
The Anti-Fraud Collaboration continued its successful series of webcasts, including two organized by the CAQ: “What Is Your Role? When Accounting Policy Meets ICFR” and “Oversight of Corporate Culture: A Core Asset in Driving Performance and Deterring Fraud.” Over 2,000 people tuned in to the former (pictured above), which explored how companies can enhance their accounting policies and internal controls with an eye toward stemming fraud and reducing the number of financial restatements. Panelists (left to right) included Cindy Fornelli, CAQ Executive Director; Brian Croteau, PwC Partner; Linda Zukauckas, EVP and Corporate Controller, American Express; Suzanne Hopgood, President and CEO, The Hopgood Group; and Karl Erhardt, Executive Vice President and Chief Auditor, MetLife.

Continuing its series launched in 2013, the CAQ led the Anti-Fraud Collaboration’s publication of a new anti-fraud case study, LDC Cloud Systems, in October 2017. Focused on a fictional technology company, the case study’s fact pattern centers on a corruption investigation that results in the uncovering of a potential material fraud. As a teaching aid to bring the case study to life, the CAQ produced several videos dramatizing key moments from the LDC fact pattern, which case leaders can use to augment their discussions.
CONVENING AND COLLABORATING

EXPLORING KEY CAPITAL MARKETS ISSUES

The Women in Capital Markets initiative, launched by the CAQ in 2014, continued to convene high-level capital market participants for discussion of timely topics including sustainability and social responsibility. Pictured (from right to left) at an April 2017 Women in Capital Markets luncheon are Susan Stautberg, Founder and former CEO, WomenCorporateDirectors Foundation, Angela Brock-Kyle, Founder and CEO of B.O.A.R.D.S., and Darla Stuckey, President and CEO, Society for Corporate Governance.

The CAQ has continued to provide leadership in promoting best practices in corporate governance. In November 2017, for example, the CAQ continued its robust participation at the NACD Global Board Leaders’ Summit. Cindy Fornelli moderated a panel session, “Sensitivity in Disclosures and Transparency,” featuring (left to right) Phillip Austin, National Managing Partner of Auditing at BDO USA, LLP; Marc Panucci, SEC Deputy Chief Accountant; Sue Gove, Excelsior Advisors President and a director at AutoZone Inc., Iconix Brand Group Inc., Logitech International, and Tailored Brands Inc.

PROMOTING LEADING BOARDROOM PRACTICES

Continuing a fruitful partnership with the University of Delaware’s Weinberg Center for Corporate Governance, the CAQ sponsored a Weinberg Center event, “Telling Your Company’s Story: The Board’s Role in Disclosure,” in October 2017. Discussion participants included (left to right) Charles Elson, Director of the Weinberg Center; Robert Evans III, Chief of the SEC’s Office of International Corporate Finance; Sharon Virag, former Vice President, Controller, and Chief Accounting Officer at AETNA; The Honorable John Noble, Partner at Morris James LLP and former Vice Chancellor, Delaware Court of Chancery; Eileen Cohen, Managing Director, US Equity at JPMorgan Asset Management; John White, Partner at Cravath Swaine & Moore LLP; Peggy Foran, Chief Governance Officer and Corporate Secretary at Prudential Financial, Inc and Independent Director and Compensation Committee Chair at Occidental Petroleum; Douglas Maine, Audit Committee Chair, BroadSoft, Inc.; and the CAQ’s Cindy Fornelli.
Since 2014, the CAQ has partnered with Audit Analytics to produce the *Audit Committee Transparency Barometer*. The 2017 edition of the report demonstrated that audit committees have continued to enhance transparency around their oversight of the external auditor by voluntarily increasing disclosure. With robust data and real-world examples of effective proxy disclosures, the Barometer is a resource for companies and audit committees looking to better communicate with investors, regulators, and other stakeholders.

**TRACKING AUDIT COMMITTEE DISCLOSURE**

695k

Minutes of CAQ videos that were watched on YouTube in 2017
CONNECTING INSTITUTIONAL INVESTORS AND AUDIT COMMITTEES

Audit committees “stand in the shoes” of investors, and the CAQ brought representatives from these two groups together at a breakout session it hosted at the Council of Institutional Investors (CII) 2017 Fall Conference. “The Audit Committee in Action: Simulated Response to a Whistleblower”—which centered on how a hypothetical audit committee might weigh the implications of a whistleblower claim made while the company is preparing for its audit—including (left to right) Terrence Ward, PwC Partner; Bruce Blakely, Audit Committee Chair at Cubic Corp; Sara Grootwossnik Lewis, Audit Committee Chair at Weyerhaeuser, PS Business Parks, and Sun Life Financial; and Daniel Carter, Audit Committee Chair at WD-40.

CONVENING KEY STAKEHOLDERS ON NON-GAAP FINANCIAL MEASURES

Through conference panels, a set of CAQ-hosted roundtables, and video interviews, the CAQ furthered the dialogue on companies’ use of non-GAAP financial measures. A December 2017 roundtable in New York City (pictured) put a focus on the non-GAAP financial measures used in the real estate industry. In 2018, the CAQ plans to issue a report with key takeaways gleaned from this event, as well as previous roundtables which focused on the use of non-GAAP measures in the pharmaceutical/life sciences and technology sectors.

BUILDING TIES WITH INVESTORS AND OTHER KEY MARKET PARTICIPANTS

The CAQ reinforced its ties with investors, stock exchanges, and other market participants in 2017. At Equilar’s September 2017 Board Leadership Forum, CAQ Managing Director of Stakeholder Engagement Erin Dwyer (at far left) led a panel discussion on “What Do Investors Want to See from Directors?” with (left to right) Drew Hambly, Executive Director, Corporate Governance, Morgan Stanley Investment Management, Global Equity Group; Michael Garland, Assistant Comptroller, Corporate Governance and Responsible Investment, Office of New York City Comptroller; and Sonia Lurie, Proxy Voting Officer and Investment Operations Specialist, Dodge & Cox.

FOSTERING DIALOGUE GLOBALLY

Carrying out its Governing Board’s direction to think globally, the CAQ ventured to Canada, Germany, India, Japan, Mexico, and the United Kingdom to connect with overseas stakeholders and to foster global understanding of efforts to promote audit quality in 2017. At the November 2017 Future of Audit Symposium, held by Chartered Professional Accountants of Canada (CPA Canada) in Toronto, CAQ Managing Director of Professional Practice and Member Services Catherine Ide (center) participated in a panel discussion with (left to right) Rosemary McGuire, Director of External Reporting, Research, Guidance & Support, CPA Canada; Anne Adrain, Head of Sustainability and Assurance, Institute of Chartered Accountants of Scotland; Darrell Jensen, Managing Partner of Risk Management at EY; and Eric Turner, Principal, Auditing and Assurance Standards, CPA Canada.
MORE THAN ONE-THIRD OF S&P 500 COMPANIES furnished investors with a robust discussion of how they selected an audit firm. The annual [Audit Committee Transparency Barometer] report, issued jointly by the Center for Audit Quality and research firm Audit Analytics examined 2017 audit committee statements in proxy statements.”

Wall Street Journal
“Audit Committees Tell Investors More About Their Work” November 2017
ADVOCATING FOR POLICIES AND STANDARDS THAT PROMOTE PUBLIC COMPANY AUDITORS’ OBJECTIVITY, EFFECTIVENESS, AND RESPONSIVENESS
ENGAGING WITH POLICYMAKERS

The CAQ maintained and enhanced its constructive dialogue with regulators and standard setters, primarily at the SEC and PCAOB. At the December 2017 AICPA Conference on Current SEC and PCAOB Developments, the CAQ’s Cindy Fornelli moderated a conversation with SEC Chairman Jay Clayton (far left) and Chief Accountant Wesley Bricker. The wide-ranging discussion covered topics such as the state of the capital markets, the vital role of public company auditors and audit committees, implementation of new accounting standards, and the regulation of cryptocurrencies.

STANDING UP FOR INVESTOR PROTECTIONS

As part of its advocacy in 2017, the CAQ joined with CII and the CFA Institute to submit a May 2017 letter to the leadership of the House Financial Services Committee. The letter made an empirical case for preserving Section 404(b) of the Sarbanes-Oxley Act (SOX) for the benefit of all investors, citing, among other data points, a CAQ survey revealing that 85 percent of public company CFOs support important investor protection provisions in SOX.
Providing input and resources on the expanded auditor’s report

In comments to regulators, the CAQ weighed in on a wide range of policy matters (see page 39). One such matter was a proposed standard on the auditor’s reporting model (ARM), adopted by the PCAOB in June 2017 and approved by the SEC in October 2017. In an August 2017 comment letter to the SEC, the CAQ reiterated its support for the ARM project and recommended that the SEC approach implementation of the new standard in a collaborative way with all members of the financial reporting supply chain. A December 2017 ARM resource from the CAQ, *The Auditor’s Report: Considerations for Audit Committees*, provided an explanation of new requirements, as well as a set of important questions for audit committees to consider.

Promoting understanding of the impact of SOX, 15 years later

The CAQ teamed up with the SEC Historical Society to jointly release a series of videos commemorating SOX’s 15th anniversary. Released in July 2017, the series is divided into six concise chapters to showcase how SOX impacted various players in the financial reporting supply chain, capital markets, and academia. It features interviews with more than a dozen experts, including current and former regulators, academics, audit professionals, and investor representatives. Former PCAOB Board Member Lewis Ferguson (pictured) shared his reflections on the importance of SOX for the video series.

Finding common ground on policy

The CAQ continued to serve as a conduit for engagement with policymakers via its key committees and task forces, including the International Practices Task Force, the Professional Practice Executive Committee, the SEC Regulations Committee (pictured at a September 2017 meeting), and the Smaller Firm Task Force.
The Center for Audit Quality, which represents public-company auditors, said in a statement that it ‘welcomes the enhanced auditor’s reporting model to provide additional information to investors and other stakeholders in an INCREASINGLY COMPLEX AND GLOBAL business environment.’

Wall Street Journal
“SEC Approves Accounting Rule Despite Business-Group’s Objection”
October 2017
ENVISIONING
THE PROFESSION OF
THE FUTURE
LOOKING AHEAD

The unrelenting pace of change in technology and financial markets means that the public company auditing profession, while never losing sight of its distinguished past, must be proactive in imagining and pursuing a bright future. In April 2017, the CAQ Governing Board gathered to consider challenges and opportunities ahead for the public company auditing profession, as well as the evolution of the CAQ’s role in serving investors, public company auditors, and the markets.
Top row: Mary Schapiro, Vice Chairman, Advisory Board, Promontory Financial Group | Barry Melancon, President & CEO, American Institute of CPAs and CEO, Association of International Certified Professional Accountants | Mike McGuire, CEO, Grant Thornton LLP | Brian Anderson, Corporate Director.

Middle row: Cathy Engelbert, CEO, Deloitte US | Lynne Doughtie, US Chairman and CEO, KPMG LLP | Steve Howe, US Chairman and Managing Partner, Americas Managing Partner, EY | Tim Ryan, US Chairman and Senior Partner, PricewaterhouseCoopers LLP.

Bottom row: Jim Powers, CEO, Crowe Horwath LLP | Jeffrey Brown, Professor of Business and Dean, Gies College of Business, University of Illinois at Urbana-Champaign | Joe Adams, Managing Partner and CEO, RSM US LLP | Wayne Berson, CEO, BDO USA, LLP.
EDUCATING ON THE PROFESSION’S CYBERSECURITY ROLE

The AICPA’s 2017 unveiling of its cybersecurity risk management framework, SOC for Cybersecurity, represents a potential watershed moment for both the auditing profession and companies grappling with cybersecurity challenges. The CAQ worked hand in hand with the AICPA as it developed and unveiled the framework. Among other efforts, the CAQ released a comprehensive white paper, “The CPA’s Role in Addressing Cybersecurity Risk,” which reviews the public company auditing profession’s current role in cybersecurity—and how that role can evolve to help companies and the capital markets address the growing challenges of cybersecurity.

LIAISING WITH KEY STAKEHOLDERS ON CYBERSECURITY

Through its Cybersecurity Advisory Panel—a group drawing together top cybersecurity minds from across the private, public, and academic sectors—and its active participation on the Internet Security Alliance (ISA) Board of Directors, the CAQ gained insights and educated key stakeholders about the public company auditing profession’s efforts to enhance cybersecurity resiliency. In November 2017, the CAQ’s Catherine Ide (seated at far left in photo) participated in an ISA workshop on how boards of directors at German companies can adopt cybersecurity best practices.
Since 2015, the CAQ has undertaken an initiative, known as Discover Audit, to help the public company auditing profession attract and retain the best and brightest. In addition to 2017 Discover Audit events at universities and elsewhere, the CAQ and its members in September 2017 led a third annual #AuditorProud social media campaign to highlight the benefits of a career in auditing and the important role that auditors play in the capital markets. Individuals and organizations throughout auditing and the field of corporate governance posted thousands of messages, pictures, and videos about auditing, what a career in auditing can offer, and their individual passions. In the aggregate, the blitz reached millions of people across more than 100 countries.

2017 | BY THE NUMBERS

4.6mil

Number of Twitter users reached with #AuditorProud tweets during the 2017 social media “blitz”
SHARING INNOVATIVE APPROACHES TO LEARNING AND DEVELOPMENT

How can academics and the profession enhance critical thinking skills of both students and auditors? At firms and in the classroom, what will be the learning impact of new technologies such as data analytics and data visualization? Academics and practitioners grappled with these questions during a panel at the 2017 Annual CAQ Symposium. Pictured (left to right) are moderator Tal Goldhamer, Chief Learning Officer for EY Americas; Susan Crosson, Director of the Center for Advancing Accounting Education at the American Accounting Association; Eric Dingler, Managing Director and Chief Learning Officer for Audit & Assurance at Deloitte & Touche LLP; Michael Becker, National Assurance Partner at BDO USA, LLP; and Roger O’Donnell, Partner and Global Head of Data and Analytics, Audit at KPMG LLP.

CREATING A “PASSPORT TO AUDIT”

In partnership with its Governing Board member firms and the National Academy Foundation, the CAQ successfully piloted the Passport to Audit program, which is aimed at sharing the auditing story with underrepresented minorities. Inaugural Passport to Audit events were hosted in the spring of 2017 in Baltimore and Miami. At the events, high school students spent a day at public accounting firms learning about the profession, what auditors do, and the many career options available to those who study accounting and auditing in college.
The audit as we know it is in radical change, and as one of the audit’s most high-profile champions, Fornelli is well-positioned both to influence where it’s headed, and to explain where it’s going to the rest of us.

Accounting Today
“Top 100 Most Influential People”
September 2017
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CEO
Deloitte US

VICE CHAIR
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LAUREN TUITE
Research Manager

KIM VANWYHE
Director of Stakeholder Engagement

*Brian Cassidy returned to Deloitte at the completion of his fellowship in August 2017.
APPENDIX

2017 CAQ RESOURCES

ALL CAQ PUBLICATIONS AND RESOURCES ARE PUBLICLY AVAILABLE AT NO CHARGE AT THECAQ.ORG.
SELECT ALERTS

CAQ alerts are available at www.thecaq.org/resources/alerts.

► AICPA Publishes Criteria to Evaluate and Report on Cybersecurity, April 2017
► Audit Planning Alert for Auditors of Brokers and Dealers, May 2017
► SAB Topic 11.M - A Focus on Disclosures for New Accounting Standards, June 2017
► Select Auditing Considerations for the 2017 Audit Cycle, October 2017
► Select Auditing Considerations for the 2017 Audit Cycle for Brokers and Dealers, October 2017
► The Auditor’s Report - New Requirements for 2017, October 2017

COMMENT LETTERS

CAQ comment letters are available at www.thecaq.org/resources/comment-letters.

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<td>January 17</td>
<td>Federal Reserve, OCC, FDIC</td>
<td>Enhanced Cyber Risk Management Standards</td>
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<td>May 1</td>
<td>House Financial Services Committee</td>
<td>Financial CHOICE Act (joint letter with CII and CFA Institute)</td>
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<td>May 8</td>
<td>SEC</td>
<td>Possible Changes to Industry Guide 3 - Statistical Disclosure by Bank Holding Companies</td>
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<td>August 1</td>
<td>IAASB</td>
<td>Proposed ISA 540 Auditing Accounting Estimates and Related Disclosures</td>
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<td>SEC</td>
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<td>August 30</td>
<td>PCAOB</td>
<td>Proposed Amendments to Auditing Standards for Auditor’s Use of the Work of Specialists</td>
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<td>August 30</td>
<td>PCAOB</td>
<td>Proposed Auditing Standard - Auditing Accounting Estimates, Including Fair Value Measurements</td>
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<tr>
<td>November 15</td>
<td>PCAOB</td>
<td>Supervision of Audits Involving Other Auditors</td>
</tr>
<tr>
<td>December 18</td>
<td>SEC</td>
<td>FAST Act Modernization and Simplification of Regulation S-K</td>
</tr>
</tbody>
</table>
APPENDIX

PUBLICATIONS

CAQ publications are available at www.thecaq.org/resources/publications.

A Decade: Commemorating Ten Years of the Center for Audit Quality, January 2017

Addressing Challenges for Highly Subjective and Complex Accounting Areas, March 2017 (with the Anti-Fraud Collaboration)

External Auditor Assessment Tool: A Reference for US Audit Committees, April 2017 (with the Audit Committee Collaboration)

Cybersecurity: How CPAs Are Addressing a Dynamic and Complex Risk, April 2017

CAQ Pulse Poll: Certified Financial Advisor Perspectives on the Sarbanes-Oxley Act, May 2017

CAQ Pulse Poll: CFO Perspectives on the Sarbanes-Oxley Act, May 2017
The CPA's Role in Addressing Cybersecurity Risk, May 2017

Form AP - Auditor Reporting of Certain Audit Participants: A Tool for Audit Committees, June 2017

Highlights from Breakout Discussions: Ninth Annual CAQ Symposium, September 2017

LDC Cloud Systems Case Study, October 2017 (with the Anti-Fraud Collaboration)

2017 Main Street Investor Survey, October 2017

2017 Audit Committee Transparency Barometer, November 2017 (with Audit Analytics)

Encouraging The Reporting of Misconduct, November 2017 (with the Anti-Fraud Collaboration)

The Auditor's Report: Considerations for Audit Committees, December 2017
APPENDIX

PROFESSION IN FOCUS

Profession leaders and experts featured in 2017 on the series, which is available at www.thecaq.org/resources/videos, in order of appearance:

► Karen Horn, Senior Managing Director at Brock Capital Group, and Chair, NACD Board of Directors
► Kenneth Daly, former CEO, NACD
► Ken Bertsch, Executive Director, CII
► Timothy Hedley, Partner, KPMG LLP
► Rodney Chase, Corporate Director
► Margaret McGuire, Senior Counsel to the Director of Enforcement, Chief of the Financial Reporting and Audit Group, SEC
► Peter Gleason, President and CEO, NACD
► Brian Anderson, Corporate Director and CAQ Governing Board Member
► Douglas Carmichael, Claire and Eli Mason Professor of Accountancy, Zicklin School of Business
► Zoe-Vonna Palmrose, Accounting Circle Professor Emerita of Accounting, University of Southern California
► Christine Ann Botosan, Board Member, Financial Accounting Standards Board
► Kathleen Hamm, Board Member, PCAOB (at time of episode taping, Global Leader of Securities and Fintech Services, Promontory Financial Group)
► David Simpson, Rear Admiral (ret.)
► Jeff Burgess, National Managing Partner, Audit Services, Grant Thornton LLP
► Chris Smith, Global Head of Audit and Accounting, BDO USA, LLP
► Frank Casal, Vice Chair – US Audit, KPMG LLP
► Richard Hatfield, Fayard Endowed Chair in Accounting, University of Alabama
► Tal Goldhamer, Partner and Chief Learning Officer – Americas, EY
FEATURED VIDEOS & WEBCASTS

CAQ videos are available at the CAQ website and on its YouTube channel.

► Comemorating 10 Years of the Center for Audit Quality, January 2017
► Vignette: Assessing the Severity of the Control Deficiency, February 2017
► Vignette: Auditing Is a People Business, February 2017
► Vignette: Evaluating Controls over a Pre-Paid Insurance Account, February 2017
► The External Auditor Assessment Tool, April 2017
► What Is Your Role? When Accounting Policy Meets ICFR, July 2017 (with the Anti-Fraud Collaboration)
► SOX and Audit Committees, August 2017 (with the SEC Historical Society)
► SOX and Audit Quality, August 2017 (with the SEC Historical Society)
► SOX and Classroom Teaching, August 2017 (with the SEC Historical Society)
► SOX and Financial Reporting, August 2017 (with the SEC Historical Society)
► SOX and the Future, August 2017 (with the SEC Historical Society)
► SOX and Investor Confidence, August 2017 (with the SEC Historical Society)
► CAQ Symposium 2017 - Challenges and Opportunities: Auditor Risk Assessment, August 2017
► CAQ Symposium 2017 - Innovative Approaches to Learning and Development, August 2017
► Insights into Developing a Successful Proposal for the Access to Audit Personnel Program, August 2017
   (American Accounting Association Annual Meeting panel)
► Video Vignettes for the LDC Cloud Systems Case Study, October 2017 (with the Anti-Fraud Collaboration)
► Oversight of Corporate Culture: A Core Asset in Driving Performance and Deterring Fraud, December 2017
   (with the Anti-Fraud Collaboration)