PwC’s CFO Pulse Survey highlights how finance leaders are responding to COVID-19

PwC’s COVID-19 CFO Pulse Survey shows how finance leaders are responding to COVID-19 crisis—and what impacts they expect to see. To help identify the business and economic impact of COVID-19, PwC is conducting a biweekly survey of finance leaders in the US and Mexico. Of the 55 surveyed during the week of March 23, 80% are based in Fortune 1000 companies, with others in healthcare, nonprofit associations or privately held companies. The survey’s findings include:

- Eighty-seven percent (87%) of respondents say the outbreak has the potential for significant impact to their business operations.
- The top three concerns with respect to COVID-19 are potential global recession (84%), financial impact, including effects on results of operations, future periods and liquidity and capital resources (64%), and decrease in consumer confidence, reducing consumption (45%).
- When asked about the potential impacts on revenue and/or profit this year, 80% expect a decrease, while 16% say it’s too difficult to assess at this point.
- Companies are considering various financial actions as a result of COVID-19, including implementing cost containment (64%), deferring or canceling planned investments (64%), adjusting guidance (49%), and changing company financing plans (38%).
SEC extends filing relief

On March 25, the SEC issued an order extending the time period covered by its COVID-19-related filing relief. The March 25 order supersedes the SEC’s March 4 order. Under the March 25 order, public companies that are unable to meet filing deadlines due to COVID-19-related circumstances will have an additional 45 days to submit certain disclosure reports (e.g., Forms 10-K, 10-Q, 20-F) that would otherwise have been due between March 1 and July 1, 2020. As a result, the relief can now be applied to March 31, 2020 Forms 10-K and 10-Q. The prior relief was only available to filings due on or before April 30, 2020.

The SEC’s filing relief continues to be conditioned on a number of factors that are listed in the March 25 order, including that the company furnishes a Form 8-K (or Form 6-K if applicable) describing that it is relying on the order and disclosing, among other things:

- the reasons why it could not make the filing on a timely basis;
- the estimated date the filing is expected to be made; and
- a company-specific risk factor or factors explaining the impact, if material, of COVID-19 on its business.

Additionally, if the reason that the report cannot be filed on time relates to the inability of a person other than the company to furnish a required opinion, report or certification, the Form 8-K (or Form 6-K) must include a signed statement from that person stating the specific reasons why that opinion, report or certification could not be furnished.

Companies must furnish a Form 8-K (or Form 6-K) for each filing that is delayed. The Form 8-K (or Form 6-K) must be furnished by the original filing deadline. Companies would not need to file a Form 12b-25 (Notification of Late Filing) as long as the report is filed within the 45-day time frame.

CARES Act results in deferral of CECL for financial institutions

On March 27, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Among numerous provisions is one that allows for an optional deferral of the FASB’s Credit Losses standard, which includes the new current expected credit losses (CECL) model. The optional deferral is only available for certain companies in the financial services sector, as defined in the CARES Act. The standard became effective for all SEC filers other than smaller reporting companies as defined by the SEC, for annual
and interim periods beginning after December 15, 2019. The optional deferral ends at the earlier of the date on which the national emergency is terminated or December 31, 2020.

For purposes of US GAAP reporting, we expect that the FASB or SEC will provide guidance or introduce standard setting to address more details on the relief. If a company elects to apply this relief, it would need to disclose the impact of the Credit Losses standard under SAB 74 unless the SEC provides relief in subsequent guidance.

**Why audit committees are so important during the COVID-19 crisis**

Blog post from Wes Bricker and Paula Loop on NACD’s BoardTalk

Preparing for a crisis is something most board members have done, and directors now find themselves in one of epic proportions: navigating the global health crisis and economic uncertainty caused by the COVID-19 pandemic. As the financial impact on companies is widespread, and maintaining market confidence is critical, the audit committee is front and center. As audit committee members consider their responsibilities, keeping these four themes in mind will help. Read the [blog](#).

**Events**

**COVID-19 and financial reporting: The audit committee's role**

Webcast  
April 9, 2020 | 1:00pm ET

As it becomes clear we’ll be dealing with COVID-19 and its impacts for months to come, audit committees are faced with a host of financial reporting considerations. Join Wes Bricker, PwC Vice Chairman and US/Mexico Assurance Leader and former Chief Accountant at the SEC; Paula Loop, Governance Insights Center Leader; Beth Paul, Partner, National Professional Services Group; and Kristin Francisco, Assurance Partner and Market Assurance Leader for the Northeast, as we discuss the evolving considerations for audit committees. [Register here](#).

**Recent publications**

**Responding to COVID-19: Considerations for corporate boards**

COVID-19 continues to spread as a global pandemic and the business community is feeling unprecedented impacts. From concerns over employee well-being to massive supply chain disruptions to gyrating stock prices, businesses are experiencing a range of implications. Now more than ever, boards of directors need to be proactive and agile, and they need to respond with strong leadership. Read the full [paper](#).

**Audit committee oversight checklist**

Many audit committees assess their own performance annually. But often those assessments focus only on composition, dynamics and core responsibilities. Here, we provide a checklist of common audit committee activities and related insights—where does your audit committee stand? Download the [checklist](#).
Top board issues during COVID-19

As the world navigates a global pandemic, the importance of crisis planning has been illuminated. Difficult to categorize, COVID-19 could be classified as a black swan event, resulting in unprecedented business disruption for nearly all industries. In this video, Paula Loop, Leader of PwC’s Governance Insights Center, outlines the most pressing boardroom issues. Watch the video.

COVID 19: What US business leaders should know

We’re operating in uncharted waters. Critical information on the characteristics of COVID-19 and its impacts on global business activity are difficult to assess and can change overnight. But we all need to structure responses that are capable of managing the work now and in the weeks and months ahead. Here’s how US companies, including those without direct exposure, can focus their efforts. Access the website.

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