PwC’s Digital Trust Insights Pulse Survey: CISOs increase board communication amid COVID-19

Half of Chief Information Security Officers (CISOs) who responded to PwC’s *Digital Trust Insights Pulse Survey* released last month are interacting more frequently with their companies’ boards during the COVID-19 crisis. Communication between CISOs and CEOs also increased, with 65% of respondents reporting more frequent interaction. This trend points to an evolution for CISOs, who could benefit from continuing to deepen their relationships with their boards and C-suites even after the crisis.

Cyber attacks have become more frequent during the pandemic, and CISOs expect threats to remain elevated in the next six months, according to the survey. Risks arising from the use of non-enterprise devices and software and phishing attacks, both cited by 61% of respondents, led threats projected to increase.

SEC provides update on COVID-19 regulatory relief

SEC Chairman, Jay Clayton, along with the directors of the Divisions of Corporation Finance, Investment Management, and Trading and Markets, issued a *statement* on the status of targeted temporary relief and assistance measures the Commission has implemented due to the COVID-19 pandemic. Based on its assessment of developments over the past several months, and current and expected conditions, the
statement details the SEC staff’s views on whether certain measures remain necessary. While relief intended to ensure continued remote operations and provide flexibility in light of continued market volatility continue to be needed, other types of relief, such as those related to filing and delivery deadlines, are unlikely to be extended.

NYC comptroller seeks committed diversity disclosure

The New York City Comptroller, Scott Stringer, and three pension plans he oversees have called on companies to match their statements supporting racial justice with enhanced diversity and inclusion disclosures. In a July 1 statement, Stringer’s office said it sent letters to the CEOs of 67 S&P 100 companies urging them to publicly disclose race, ethnicity, and gender data by job category, which is detailed in a Consolidated EEO-1 Report required to be submitted to the US Equal Employment Opportunity Commission (EEOC). Companies were asked to provide a written commitment by August 30 to publicly disclose their EEO-1 effective upon its next submission to the EEOC in 2021. Those that do not risk potential submission of shareholder proposals or opposition to the election of director nominees standing for re-election at the next annual shareholder meeting.

Comptroller Stringer said, "It is not enough to condemn racism in words; systemic change in corporate America will require concrete action and accountability. We’re asking companies that issued statements in support of racial justice to walk the walk and publicly disclose the demographics of their employees by race, gender, and ethnicity—including in their leadership and senior management.”

In April, the Comptroller also announced the results of its Boardroom Accountability Project 3.0 initiative launched in October 2019, which calls for companies to consider women and people of color when adding board members or hiring a CEO. The Comptroller’s Office has negotiated board and CEO diversity search policies with 13 companies under the initiative.

SEC releases more guidance on financial reporting considerations in the context of COVID-19

In late June, the Division of Corporation Finance and the Office of the Chief Accountant of the SEC each issued additional statements regarding important considerations for SEC registrants in upcoming financial reporting in the current environment. The guidance addresses a variety of topics, including MD&A/disclosure items, significant estimates/judgments, going concern assessments, and internal controls.

Additional recent publications

Survey: Facing the COVID-19 challenge in corporate boardrooms

The COVID-19 pandemic and its fallout are testing companies like never before. According to our survey of directors, most board members say they and their management teams have done an effective job navigating the challenges thrown at them in the initial phase of the crisis. Directors may be confident today, but are they ready for what comes next? Read the full report.

Did your company’s response to COVID-19 stack up? Time for a critical assessment.

The COVID-19 pandemic has led to the biggest crisis many companies have had to face in their corporate lifetime. Few companies anticipated that something of this scope and size could happen, and most were not prepared for it. Companies can learn from their response to the crisis. They should take action now to cement the elements that worked and eliminate those that didn’t. Read the full article.
What’s Next? 3 steps to your finance transformation

In this episode of PwC’s accounting podcast, PwC partners Ed Ponagai and Heather Horn discuss the practical considerations for finance transformation, including digitally upskilling the finance function and simplifying and standardizing finance processes. The discussion outlines a three-part framework for change, focusing on people, process, and performance. Listen to the podcast.

Events

NACD Carolinas Chapter: What boards should consider as the pandemic changes the M&A environment

Webinar
July 23, 2020

While the economy has been upended, a majority of companies are not changing their M&A strategy as a result of the crisis. Still, this unprecedented time has many directors understandably asking, “now what?”

Executing an M&A strategy was difficult in many ways before the outbreak, but the current climate is forcing directors and executives to rethink how deals will look going forward. As companies advance from creating stability to pursuing growth, PwC Partners Paula Loop and Matt McClish will explore the drivers that are reshaping the business environment, the impact of these drivers in creating deal value, and the board’s role in developing and executing their organization’s M&A strategy going forward in this new environment. All NACD members are eligible. Register here.

Contacts

Paul DeNicola
Principal, PwC’s Governance Insights Center
paul.denicola@pwc.com

Tracey-Lee Brown
Senior Manager, PwC’s Governance Insights Center
tracey-lee.y.brown@pwc.com

Follow us

© 2020 PwC. All rights reserved. PwC refers to the US member firm or one of its subsidiaries or affiliates, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details. This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.