

Learn how to become a best firm to work for.

Presented by **accountingTODAY**

Sponsored by **ADP**
A more human resource.™

CLICK NOW

[Login](#) [Register](#)



The Latest (0/5)

PCAOB highlights audit inspection priorities

By **Michael Cohn**
Published August 30 2017, 1:53pm EDT

More in [Audits](#), [Audit preparation](#), [Audit standards](#), [PCAOB](#)



Print



Email



Reprints



Share

The Public Company Accounting Oversight Board released a document Wednesday offering information about the main areas its inspectors are looking at during its visits to auditing firms this year.

The [staff inspection brief](#) document aims to help auditors, investors and other constituents understand which areas of significant audit risks are being targeted by PCAOB inspectors when they examine audits of public companies, to spur auditors to work on enhancing audit quality.

ADVERTISING

[inRead](#) invented by Teads

PCAOB director of registration and inspections Helen A. Munter pointed to the various questions that inspectors are asking this year. "These staff inspection briefs highlight what PCAOB inspectors look for in inspections, such as, 'Does the auditor understand how the issuer developed its estimates? Are they addressing pending accounting changes with the issuer? Have the software audit tools used in the audit to analyze data met the audit objectives?'" she said in a statement.

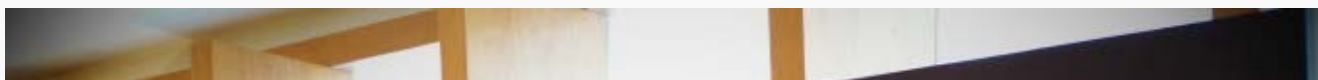




Photo: PCAOB

PCAOB inspectors are focusing this year on auditing areas where they have discovered deficiencies in the past, such as assessing and responding to risks of material misstatement. They will also be scrutinizing some of the audit areas that have been affected by recent economic developments, including the high rate of merger and acquisition activity and fluctuations in oil and natural gas prices.

Other targets include financial reporting areas that require significant judgment, including going concern considerations and income tax disclosures. Inspectors will also be looking closely at auditing firms' compliance with the new transparency rules in the PCAOB's Form AP, in which firms are supposed to report on other audit participants, disclosing the names of engagement partners and outside firms that helped out with audits of public companies.

PCAOB inspectors will also be focusing on audit firms' level of preparedness for new accounting standards for revenue recognition and lease accounting. They will also be paying attention to the work by other auditors assisting firms with multinational audits.

White Paper The urge to disrupt.

Build the foundation for great customer experiences

PARTNER INSIGHTS
SPONSOR CONTENT FROM:

ORACLE + **NETSUITE**

Accounting

August 1

Other areas of focus will include the auditor's use of information technology, particularly auditing software tools, and the audit firm's system of quality control.

This year, the PCAOB intends to inspect approximately 195 registered firms that audit public companies, 11 of which are subject to annual inspection. Among the 195 firms inspected in 2017, roughly 55 are foreign firms in 26 countries and jurisdictions.

The staff inspection brief also includes information in an appendix about the PCAOB inspection program, industry sector and market capitalization demographics, along with inspection data for public company audits from 2014 through 2016.



Michael Cohn

Michael Cohn, editor-in-chief of AccountingToday.com, has been covering business and technology for a variety of publications since 1985.



More from this Author

[CPA executives concerned about hiring shortage](#)

[IRS details e-Services upgrades for tax pros](#)

[Companies shouldn't rush to adopt new hedge accounting standard](#)