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## PCAOB Issues Practice Alert on Auditing Revenue

OCTOBER 24, 2014

In September the Public Company Accounting Oversight Board issued a [Staff Practice Alert on Auditing Revenue](#). The alert notes that for most companies, revenue is one of the largest accounts and an important driver of a company's operating results. For audit purposes revenue is typically a significant account, often involving significant risks that warrant special audit consideration. Revenue is often a significant focus in PCAOB inspections, and the inspections staff "continue to observe frequently significant audit deficiencies in which auditors did not perform sufficient auditing procedures with respect to revenue." The practice alert highlights the application of certain requirements in PCAOB auditing standards when auditing revenue that are relevant to the significant audit deficiencies found during inspections.

Like a similar alert issued by the PCAOB regarding internal control audits (see this [post](#)), this practice alert is aimed primarily at auditors. However, as with the internal control alert, the PCAOB notes that "auditing revenue also raises matters of potential interest to audit committees" and suggests that "[a]udit committees might wish to discuss with their auditors their approach to auditing revenue, including the matters addressed in this alert."