
PCAOB Issues Practice Alert on Internal Control Audits

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On October 24, the Public Company Accounting Oversight Board issued a [Staff Audit Practice Alert on Considerations for Audits of Internal Control Over Financial Reporting](#). The Practice Alert builds upon a 2012 report that identified significant auditing deficiencies in audits of internal control over financial reporting. ([This report is discussed here.](#)) In light of these deficiencies, the Practice Alert discusses the application of PCAOB Auditing Standard 5 and other standards to specific aspects of the internal control audit.

While the Practice Alert is aimed principally at auditors, it does suggest that audit committees “might wish to discuss with their auditors the level of auditing deficiencies in this area identified in their auditors' internal inspections and PCAOB inspections, request information from their auditors about potential root causes of such findings, and ask how they are addressing the matters discussed in this alert. In particular, audit committees may want to inquire about the involvement and focus by senior members of the firm on these matters.”