Presenters

Joe Howell
Founder, SOX & Internal Controls Professionals Group
Vice President of Strategic Initiatives
Workiva

Jeanette Franzel
Former Board Member
PCAOB
1. Which of these best describes the organization you work for?
   a. Private company
   b. Public company
   c. Government, academic, or not-for-profit
   d. Retired or not currently employed
The PCAOB and the Big Four

• How does the PCAOB interact with the Big Four?
  ◦ PCAOB board and staff
  ◦ Firm leadership and engagement team
  ◦ PCAOB Standing Advisory Group
  ◦ Center for Audit Quality (Affiliated with the AICPA)
Current Focus

• What are the current focus areas of the PCAOB?
  ◦ Recurring audit deficiencies
  ◦ Economic risks
  ◦ Policy developments
  ◦ New accounting standards
  ◦ Information technology
  ◦ Audits involving other auditors outside of the United States

Sources of Information:
  • Key PCAOB publication
  • Inspection reports for your audit firm
  • Proactive discussion with your audit partner and audit team
CPE Question #2

1. Which of these best describes your principal role?
   a. Financial reporting
   b. Internal audit
   c. Internal controls/SOX
   d. Other
Audit Process

• Is there any way to get in front of the impact these findings have on our audit processes?
  ◦ Assign a "champion" on your team responsible for tracking PCAOB developments
  ◦ Leverage audit committee communication regarding PCAOB matters
  ◦ Build specific expectations for relevant discussions during the planning and milestone meetings with the audit partner and team
  ◦ Step back, analyze, and push back if necessary
Tips for Management

• Any guidance or best practices for management on how to read and react to the inspection reports, which are often pretty detailed and share common themes?
  ◦ Focus on your own firm's report first
  ◦ Identify areas of focus in the executive summary and trends from prior years
    ▪ Is the number of findings going up, staying the same, or going down?
    ▪ What are the most frequently identified audit deficiencies?
    ▪ Which accounting areas were impacted by the audit deficiencies?
    ▪ Which deficiencies in Part I might be relevant for your audit?
The PCAOB and Practitioners

• Does the PCAOB ever meet with practitioners to see how their actions are impacting companies?
  ◦ High-level policy discussions
  ◦ Audit committee outreach
  ◦ Various outreach meetings with practitioners (mostly informal and based on requests)
Report Timing

• What drives the timing on when the PCAOB reports are released?
  ◦ For the Big Four, inspection fieldwork occurs after the Dec. 31 filing season
  ◦ Variables impacting timing for each firm include the number and nature of:
    ▪ Audits inspected and number of office visited
    ▪ Comment forms issued
    ▪ Potential audit deficiencies and related quality control issues
  ◦ Firms should have a handle on their inspection results in late summer/early fall
  ◦ Inspection reports are issued the following calendar year
The PCAOB, SEC, and FASB

- How does the PCAOB interact with the SEC and the FASB?
  - Regular, formal coordination meetings between PCAOB, SEC, and FASB
  - Frequent, ongoing coordination between PCAOB and SEC
  - As-needed coordination between PCAOB and FASB
1. How do you handle your internal audit process?
   a. Fully staffed internally
   b. Outsource a relatively small portion
   c. Outsource significant portions
   d. Don't know or doesn't apply
Practitioners

Tim Bogan
Chief Risk Officer

Charleen Avenell
Director of Accounting

Lynn White-Hensel
Senior Manager
1. What do you see as the top risk for your organization in 2018?
   a. Cybersecurity
   b. Geopolitical uncertainty
   c. FCPA or bribery/corruption
   d. Strategic: new products, new markets
   e. None of the above
Questions?

webinars@workiva.com
Resources

PCAOB Communications:
Building a Foundation for Audit Quality, Helen Munter, Director of PCAOB Division of Registration and Inspections, AICPA Conference on Current SEC and PCAOB Developments (Dec 2017) https://pcaobus.org/News/Speech/Pages/Munter-Building-A-Foundation-for-Audit-Quality.aspx


Resources

PCAOB Audit Practice Alerts:

PCAOB Staff Audit Practice Alert No. 15, Matters Related to Auditing Revenue from Contracts with Customers (Oct. 5, 2017)

PCAOB Staff Audit Practice Alert No. 12, Matters Related to Auditing Revenue in an Audit of Financial Statements (Sept. 9, 2014)

PCAOB Staff Audit Practice Alert No. 11, Considerations for Audits of Internal Control over Financial Reporting (Oct. 24, 2013)