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How prepared are companies for the new Revenue Recognition Standards? - Survey says...

AUDIT

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Recently, Compliance Week and Workiva conducted a survey in order to determine various companies' readiness and preparation for the new FASB revenue recognition standards. The survey conducted inquired of 100 companies in various industries and of various sizes. The survey questions centered on the overall status of preparation towards the soon to be effective FASB revenue recognition standards. The main questions revolved around each company's evaluation of the standard's impact from a materiality perspective, the company's priority of the implementation and its impacts, and the technological factors resulting from the changes.

On the topic of whether the companies surveyed believe that the changes are material or not; most companies take the stance that the changes will not materially impact their financial statements. While this response may be true for some, companies need to consider the time commitment and impact that the standard will have on accounting processes and internal controls, which could be significant. Part of the time commitment will involve reviewing the abundance of interpretative guidance related to the standard. The significant time it will take to review the guidance can open up the possibility for companies to overlook applicable items. Secondly, the survey's results for the assessment of companies' priority level of their effort to be "implementation" ready showed that only 36% of the companies believed the standards to be of high priority. With the standard seemingly low on the totem pole of importance, the survey results showed that 70% of companies were "somewhat confident" that they still have enough time to prepare for the new standards. Finally, the survey hit on the topic of technology considerations related to the standard. Overall responses from companies are either 1. unsure what technology solutions are available or are 2. preparing to utilize standard desktop or Microsoft tools.

As the 2017 calendar has passed the half way point, and the realization of the new revenue recognition standards is only becoming closer. At this point, considerations of implementation should come to the "front burner" and discussions within your organizations should be occurring more frequently in order to appropriately prepare for the standards. [For more information on revenue recognition or ASU 2014-09, contact us.](#)

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