For public companies, the clarion is sounding! The revenue recognition train is leaving the station. We are approaching the midway point of 2017 and the new Financial Accounting Standards Board (FASB) standard is expected to be effective for fiscal years, including interim periods within those years, beginning after December 15, 2017. That means a calendar year reporting company is required to apply the new standard during 2018 beginning with the quarter ended March 31, 2018. That’s just 264 days away!

Nonpublic companies have another year. For them, the standard is expected to be effective for fiscal years beginning after December 15, 2018, and interim periods thereafter.

We are aware that some companies still have a long way to go before their financial reporting processes are fully aligned with the new revenue recognition standard. Based on speeches recently given by the FASB staff and board members as well as the SEC staff, we don’t see any chance of another deferral. Therefore, we do not recommend that anyone try holding out for a second deferral.

We have issued several Flash Reports on the new standard, most notably “It’s Here, Are You Ready? – Transitioning to the New Revenue Recognition Standard.”¹ That Flash discusses the new revenue recognition framework and points to consider in its implementation. Our experience is that there are numerous questions for companies as they transition to the new rules. These questions need to be vetted with the accounting firms and the answers to them translated into accounting, reporting and other infrastructure changes to enable a smooth transition when it’s time to “go live.” Public companies that have yet to initiate the process to apply the standard and ascertain its impact on revenue recognition policies, processes and systems need to jumpstart the exercise – now.

We have issued this Flash Report in the interests of calling attention to the urgency of proceeding. All affected organizations need to get to the station quickly because the conductor is issuing the last call to board the train.

About Protiviti

Protiviti is a global consulting firm that delivers deep expertise, objective insights, a tailored approach and unparalleled collaboration to help leaders confidently face the future. Protiviti and our independently owned Member Firms provide consulting solutions in finance, technology, operations, data, analytics, governance, risk and internal audit to our clients through our network of more than 70 offices in over 20 countries.

We have served more than 60 percent of Fortune 1000® and 35 percent of Fortune Global 500® companies. We also work with smaller, growing companies, including those looking to go public, as well as with government agencies. Protiviti is a wholly owned subsidiary of Robert Half (NYSE: RHI). Founded in 1948, Robert Half is a member of the S&P 500 index.

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