

PCAOB Issues Staff Consultation Paper Seeking Comment on Auditing Accounting Estimates and Fair Value Measurements

Also Announces Related Standing Advisory Group Meeting in October

Washington, DC, Aug. 19, 2014

RELATED INFORMATION

- [Staff Consultation Paper](#)

The Public Company Accounting Oversight Board today issued for public comment a Staff Consultation Paper on standard-setting activities related to auditing accounting estimates and fair value measurements.

The paper was prepared by the Office of the Chief Auditor as part of its outreach efforts to seek input related to the potential need for changes to the PCAOB standards in this important area and a possible approach for a new auditing standard.

PCAOB inspection staff have continued to identify numerous audit deficiencies across various types of estimates, across various sizes of audit firms.

"Accounting estimates and fair value measurements can be subjective and complex, yet they can be an important part of a company's financial statements and critical to investors' decision-making," said PCAOB Chairman James R. Doty.

"The PCAOB and foreign audit regulators have identified compliance with auditing requirements related to fair value measurements as an area of continued concern, and I support the staff's outreach efforts in this important area," he added.

The Office of the Chief Auditor staff is seeking comment on current audit practice, the potential need for changes to PCAOB standards, and possible alternative actions related to auditing accounting estimates and fair value measurements, as well as derivative instruments and securities.

The staff have discussed these issues on numerous occasions with the PCAOB Standing Advisory Group (SAG) and its Pricing Sources Task Force. The Staff Consultation Paper advances those discussions by describing the staff's preliminary views on a potential approach to changing the PCAOB's existing standards and seeking views and other information on that approach.

"The Staff Consultation Paper raises questions about issues concerning the auditing of accounting estimates and fair value measurements, a matter that the staff have been working on for some time," said Martin F. Baumann, Chief Auditor and Director of Professional Standards.

"The public comments we receive on this paper will help to properly inform our analysis regarding a potential proposal for a new auditing standard," he said.

The Board also announced today that it will host a SAG meeting on October 2, 2014, in Washington, DC, to discuss matters related to auditing accounting estimates and fair value measurements. The agenda and meeting logistics will be announced closer to the meeting date.

The [Staff Consultation Paper](#) includes specific questions for commenters and requests pertinent information and related data.

Comments may be submitted by postal mail or e-mail, and should be sent to the Office of the Secretary, PCAOB, 1666 K Street NW, Washington, DC 20006, or to comments@pcaobus.org.

All comments should refer to Staff Consultation Paper, Auditing Accounting Estimates and Fair Value Measurements, in the subject line, and should be received by the PCAOB no later than November 3, 2014. All comments will be made public.