

Statement to Consider New Estimates Standard and Amendments Related to Using the Work of Specialists

DATE:

Dec. 20, 2018

SPEAKER:

James G. Kaiser, Board Member

EVENT:

PCAOB Open Board Meeting

LOCATION:

Washington

I am pleased we are voting today on two important items on our standard-setting agenda. They are consistent with our strategic goal of driving audit quality using a balanced approach that both prevents and detects audit deficiencies for the benefit of investors. Therefore, I fully support their adoption today.

The new standard on auditing estimates requires application of a more uniform, risk-based audit approach. The amendments to the use of work of specialists standards strengthen the requirements that apply when auditors use the work of a company's specialist and require a supervisory approach to both auditor-employed and auditor-engaged specialists.

These standards will be effective for audits of financial statements for fiscal years ending on or after December 15, 2020. The financial reporting ecosystem is currently in the midst of significant change. Preparers and auditors are implementing new and complex accounting and auditing standards to improve the quality of financial reporting and auditing in order to benefit investors. The auditing standard and amendments we adopt today will increase the demands on the financial reporting ecosystem during this dynamic period. Therefore, the Board and our staff must ensure we develop a detailed and integrated implementation plan, as well as a robust inspection approach in a short timeframe. We also must effectively communicate the plan to all stakeholders. Additionally, we must monitor all aspects of the implementation including unintended consequences, if any.

Consistent with our strategic plan we must engage with all of our stakeholders to obtain feedback and input on the effectiveness of our implementation approach and plan. Depending on the results of this feedback, the Board should be open to making changes, if necessary, to the new and revised standards, including to the effective date.

I join the Chairman and my fellow Board members in thanking the staff who contributed to these projects. In particular, I would like to thank Barbara Vanich, Acting Chief Auditor; Keith Wilson, Deputy Chief Auditor; Lisa Calandriello, Associate Chief Auditor; Dominika Taraszkievicz, Assistant Chief Auditor; and our dedicated staff. I also want to thank the SEC staff for their contribution and support.