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five-year strategic plan.

Jason Bramwell • Oct. 12, 2022



The Public Company Accounting Oversight Board (PCAOB) said earlier today that it has expanded its standard-setting and research agendas with three new projects.

Two of the new projects have been added to the board's short-term standard-setting agenda: *Interim Standards – AS 1000* and *Amendments Related to Certain Aspects of Designing and Performing Audit Procedures That Involve Technology-Assisted Data Analysis*.

Short-term standard-setting projects are those that are currently being developed by PCAOB staff and where a board action, such as a proposal or adoption, is anticipated within the next 12 months.

According to the PCAOB, the board will consider changes to auditing standards in the AS 1000 series and in AS 2815, *The Meaning of "Present Fairly in Conformity with Generally Accepted Accounting Principles."*

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professional skepticism) remain sound, but the standards could be modernized and streamlined through updates that would clarify auditor responsibilities and enhance the usability of the standards by making them easier to read, understand, and apply. In addition, the requirements in the standards could be aligned, where necessary, with other PCAOB standards and PCAOB rules.

Staff analysis for each standard will take into account the requirements in other PCAOB standards, observations from the Board's oversight activities, changes to audit firms' methodologies, the activities of other standard setters and regulators, and information from investors and other stakeholders.

*For Amendments Related to Certain Aspects of Designing and Performing Audit Procedures That Involve Technology-Assisted Data Analysis*, the board will consider how PCAOB standards should be revised to address certain aspects of designing and performing audit procedures using technology-assisted data analysis.

The PCAOB said the results of its research project on [data and technology](#) indicate that auditors are now using technology-based tools a lot more to plan and perform audits. While the research results indicate that PCAOB standards do not preclude auditors' use of technology, the audit regulator said the following auditing standards should probably be updated to address certain aspects of designing and performing audit procedures that use technology-assisted data analysis:

- AS 1105, *Audit Evidence*
- AS 2110, *Identifying and Assessing Risks of Material Misstatement*
- AS 2301, *The Auditor's Responses to the Risks of Material Misstatement*

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added to the standard-setting agenda, according to the PCAOB.

If standard setting is not required, the PCAOB said consideration will be given to whether any other action is needed. For example, staff may prepare guidance regarding the application of existing PCAOB standards.

For this particular research agenda project, the board will assess whether there is a need for guidance, changes to PCAOB standards, or other regulatory actions due to increased demand for firm and engagement metrics.

In 2015, the PCAOB issued a *Concept Release on Audit Quality Indicators* and sought comment on 28 potential indicators. The indicators fall into three groups:

- Audit professionals: Measures dealing with the availability, competence, and focus of those performing the audit.
- Audit process: Measures about an audit firm's tone at the top and leadership, incentives, independence, attention to infrastructure, and record of monitoring and remediation.
- Audit results: Financial statements, internal control, going concern, communications between auditors and audit committees, and enforcement and litigation.

A handful of audit firms already disclose certain firm-level metrics publicly through audit quality reports, transparency reports, or other published reports, the PCAOB noted. Other audit regulators either have or are considering initiatives related to the disclosure of firm metrics.

During this research phase, the PCAOB said it will take into account data from its oversight activities, firm current practices, and global initiatives in other jurisdictions by regulators, oversight bodies, professional bodies, and others.

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