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Jason Bramwell • Jan. 05, 2023



The Public Company Accounting Oversight Board (PCAOB) [proposed a new auditing standard](#) on Dec. 20 that would update the requirements of the auditor's confirmation process.

If approved by the board, the new standard, AS 2310, *The Auditor's Use of Confirmation*, would replace the current standard, AS 2310, *The Confirmation Process*, which was initially written more than 30 years ago and has had minimal changes since it was adopted by the PCAOB in 2003.

The confirmation process involves sending a confirmation request directly to a

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the PCAOB said. The proposal, if adopted, would also better integrate the PCAOB's confirmation standard with its risk assessment standards by incorporating certain risk-based considerations and emphasizing the auditor's responsibilities for obtaining relevant and reliable audit evidence through the confirmation process, officials said.

Key proposals in the new standard would:

- Include a new requirement regarding confirming cash held by third parties, and carry forward the existing requirement regarding confirming accounts receivable;
- State that the use of negative confirmation requests alone does not provide sufficient appropriate audit evidence (and include examples of situations where the auditor may use negative confirmation requests to supplement other substantive audit procedures);
- Identify situations in which alternative audit procedures should be performed by the auditor (and include examples of such alternative procedures that may provide relevant and reliable audit evidence); and
- Clarify that there are certain activities in the confirmation process for which the auditor may not use internal auditors to provide direct assistance.

“During times of economic uncertainty, the risk of fraud is heightened, and auditors have to be more vigilant than ever,” PCAOB Chair Erica Williams said in a written statement. “When done right, confirmation can be a critical tool to help auditors combat fraud and keep investors protected.”

The PCAOB seeks public comment on the proposed standard by Feb. 20.

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