



Tel: 312-856-9100
Fax: 312-856-1379
www.bdo.com

330 North Wabash, Suite 3200
Chicago, IL 60611

June 10, 2022

Via E-mail: comments@pcaobus.org

Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street, NW
Washington, DC 20006-2803

Re: Interim Analysis No. 2022-001, Estimates and Specialists Audit Requirements

Dear Office of the Secretary:

BDO USA, LLP (“BDO” or “we” or “our”) appreciates the opportunity to respond to the Public Company Accounting Oversight Board’s (“PCAOB” or the “Board”) [Interim Analysis No. 2022-001: Request for Comment Post-Implementation Review Interim Analysis of Estimates and Specialists Audit Requirements](#) (Request for Comment). We are highly supportive of the Board’s outreach activities and interactions with a wide range of stakeholders. We commend the PCAOB staff for undertaking this post-implementation review and the Board’s commitment to transparency by its planned communication of the results of these reviews to the public at a future date.

Our response addresses questions posed to auditors in the Request for Comment and supplement the information previously provided through our voluntary participation in various data gathering activities undertaken by the Board subsequent to the issuance of the final standards.

Activities undertaken to support the implementation and monitoring of the new requirements

The implementation of the new requirements for auditing accounting estimates, including fair value measurements, and using the work of specialists were led by the firm’s Professional Practice Group. The significant activities that were undertaken to support the implementation and monitoring of the new requirements included:

- Revisions to existing audit policies, procedures, methodology, tools, and guidance. The primary objectives of these enhancements were to establish a clearer linkage with the new requirements in the standards.
- Deployment of incremental learning to all our audit professionals. The primary objectives of this learning were to inform and educate our professionals about the new requirements. The new requirements were reiterated in subsequent learning sessions.
- Additional actions were added to the firm’s monitoring programs to evaluate the initial implementation of the new requirements at the engagement level in addition to ongoing considerations and evaluation of firm’s policies, procedures,



methodology, tools, guidance, and learning, which collectively support the firm's audit quality objectives.

Additionally, our subject matter experts support the firm's audit quality objectives and the effective implementation of new and amended auditing standards. Audit engagement teams have access to a network of subject matter experts across a broad range of areas, including areas that commonly involve auditing significant accounting estimates, including fair value measurements, and use the work of specialists (e.g., business combinations, goodwill and long-lived asset impairment, and going concern). Engagement teams often seek assistance from such subject matter experts in navigating complex accounting and audit execution matters. The nature of such interactions may be characterized as an informal or formal consultation depending on the specific facts and circumstances. The primary objective of these interactions are to assist engagement teams in reaching a well-informed and technically sound outcome that is compliant with the requirements in the auditing standards.

Changes in auditing practice

We have not observed any significant changes in auditing practice that can be directly attributable to the new requirements. We believe this is because our existing audit policies, procedures, methodology, tools, and guidance were in alignment with the new requirements prior to the issuance of the amended auditing requirements. Further, other audit quality initiatives undertaken by us in recent years have continued to focus on the key themes relating to designing and implementing an effective risk-based approach to auditing accounting estimates, including fair value measurements; demonstrating increased professional skepticism, particularly in areas that are more susceptible to misstatement due to management bias; and exercising sound professional judgment.

The implementation of the new requirements provided additional opportunities to revisit and enhance our audit policies, procedures, methodology, guidance, and learning. The COVID-19 pandemic and the related challenges and uncertainties, especially during the 2020 and 2021 audits provided additional reasons to reiterate the new requirements along with other key reminders and considerations relevant to auditing estimates, including fair value measurements, and using the work of specialists.

Changes in communications between auditors, audit committees, and preparers

In our experience, the new requirements did not significantly change the nature, timing or extent of communications with audit committees and preparers. We believe this is because the new requirements were already in alignment with our policies, procedures, methodology and guidance.



Other implications, challenges, and intended consequences

We did not encounter any significant challenges in implementing the new requirements, and we have not identified any unintended consequences resulting from our implementation of these amendments for the reasons previously described in this response.

We appreciate the opportunity to respond to this Request for Comment and would be pleased to respond to any questions that the staff or the Board may have regarding the views expressed in this letter. Please contact Patricia Bottomly (310) 557-8538 (pbottomly@bdo.com) or Ashwin Chandran (214) 689-5667 (achandran@bdo.com) for any inquiries or questions regarding our submission.

Yours sincerely,

BDO USA, LLP

BDO USA, LLP