



Ernst & Young LLP
One Manhattan West
New York, NY 10001-8604

Tel: +1 212 773 3000
ey.com

Office of the Secretary
PCAOB
1666 K Street, NW
Washington, DC 20006-2803

10 June 2022

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

Dear Office of the Secretary:

Ernst & Young LLP (EY US) is pleased to submit these comments to the Public Company Accounting Oversight Board (PCAOB or Board) on its Request for Comment, Interim analysis No. 2022-001, Estimates and Specialists Audit Requirements. We appreciate the Board's efforts to conduct a post-implementation analysis to assess the impact of the new requirements for auditing accounting estimates and using the work of specialists (the Estimates and Specialist audit requirements) and its commitment to understanding the impact on audit firms, preparers, audit committees, investors and other financial statement users.

We continue to support the PCAOB's efforts to understand the impact of new auditing standards on audit firms. We commend the PCAOB for engaging with the audit profession before, during and after the implementation of the Estimates and Specialists audit requirements. We found this dialogue helpful in supporting effective implementation.

In the sections below, we share our views on how the Estimates and Specialists audit requirements impacted the audit process and our observations from interactions with audit committees.

Impact on the audit process

After the release of the Estimates and Specialists audit requirements, our firm invested a significant level of effort to prepare our professionals and our clients for the implementation of the amended standards. These efforts primarily included developing and implementing guidance, enablement and training related to the new requirements. We are also monitoring execution of the new requirements as part of our monitoring activities.

Some of the key aspects of our implementation efforts included enhancing our guidance and enablement to facilitate:

- ▶ Breaking down the estimate to its individual components (method/model/significant assumptions/data) and identifying the specific risks of material misstatement for each component earlier in the audit, including involving auditor specialists in these discussions and mutually allocating responsibilities between the audit team and EY specialists



- ▶ Designing/executing procedures to address those risks
- ▶ Involving audit executives in areas with a higher risk of material misstatement

The implementation of the Estimates and Specialist audit requirements has not significantly changed the nature or extent of our communications with audit committees.

We have not encountered any unintended consequences in implementing the new requirements. We are actively monitoring our teams' execution and will consider the need to clarify our methodology and enablement or provide additional training as necessary.

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We would be pleased to discuss our comments with the Board or the PCAOB staff at your convenience.

Very truly yours,

Copy to:

PCAOB

Erica Y. Williams, Chair
Duane M. DesParte, Board member
Christina Ho, Board member
Kara M. Stein, Board member
Anthony C. Thompson, Board member
Barbara Vanich, Acting Chief Auditor

SEC

Paul Munter, Acting Chief Accountant, Office of the Chief Accountant
Diana Stoltzfus, Deputy Chief Accountant, Office of the Chief Accountant