

AN ALERT FROM THE BDO NATIONAL ASSURANCE PRACTICE

# BDO FLASH REPORT

## ASSURANCE

### ► SUBJECT

**PCAOB PROPOSES A NEW AUDITING STANDARD TO ENHANCE THE AUDITOR'S REPORTING MODEL AND A NEW AUDITING STANDARD ON THE AUDITOR'S RESPONSIBILITIES FOR OTHER INFORMATION IN AN ANNUAL REPORT**

### ► SUMMARY

On August 13, 2013, the PCAOB proposed for public comment a new auditing standard, along with related amendments, to enhance the way auditors communicate with investors and other financial statement users about the audit. In addition, the PCAOB proposed a new related auditing standard on the auditor's responsibilities for other information in an annual report.

The proposed auditing standards can be accessed at:

[http://pcaobus.org/Rules/Rulemaking/Docket034/Release\\_2013-005\\_ARM.pdf](http://pcaobus.org/Rules/Rulemaking/Docket034/Release_2013-005_ARM.pdf)

The proposed auditor reporting standard would require the auditor's report to include:

1. Communication of matters determined to be critical audit matters;
2. Additional elements relating to auditor independence, auditor tenure, and the auditor's responsibilities for and results of the auditor's evaluation of other information outside the financial statements; and
3. Expanded descriptions of the auditor's existing responsibility for fraud and the notes to the financial statements.

The proposed standard on other information describes the scope of items included within "other information" and the procedures required to be performed, including procedures when the auditor identifies a material inconsistency between the audited information and the other information, a material misstatement of fact, or both.

Comments on the proposed standards and related amendments are due by December 11, 2013 and a public roundtable is planned for 2014 to discuss comments received.

Additionally, the PCAOB has developed a fact sheet on the proposed standards, which may be helpful in understanding the main provisions of each proposal. It is available at:

[http://pcaobus.org/News/Releases/Pages/08132013\\_ARM\\_Fact\\_Sheet.aspx](http://pcaobus.org/News/Releases/Pages/08132013_ARM_Fact_Sheet.aspx)

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