A Time of Transition at PCAOB

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PCAOB Board Member

2018 EEI/AGA Accounting Leadership Conference
June 12, 2018  Minneapolis
PCAOB Mission

The PCAOB oversees the audits of public companies and broker-dealers in order to protect investors and further the public interest in the preparation of informative, accurate and independent audit reports.

- Register public accounting firms
- Establish auditing and professional practice standards
- Inspect registered public accounting firms
- Conduct investigations and disciplinary proceedings
- Perform such other duties as appropriate to promote high professional standards and improve the quality of audit services
New PCAOB Board

Bill Duhnke, Chair: Staff Director and General Counsel positions for various U.S. Senate Committees, including overseeing financial regulators

Kathleen Hamm: Promontory Financial Group, U.S. Treasury and national securities exchanges; governance, regulatory, compliance, risk management and cybersecurity expertise; with focus on financial services sector

Jay Brown: Professor at University of Denver Sturm College of Law focused on corporate and securities law and corporate governance

Jim Kaiser: Former PwC audit partner, with leadership roles in audit strategy and innovation, including digital audit strategy

Duane DesParte: Exelon Corporate Controller and other finance roles, and audit partner at Deloitte and Arthur Andersen

Opportunity to freshly assess how we are doing and where we should be headed
New Strategic Plan

- Reassessing our vision, strategy and objectives
- For first time, formally seeking input from external stakeholders and all employees
  - Surveys and facilitated one-on-one interviews
  - During summer, will solicit public review and comment on strategic plan draft

Question: How can we engage more effectively with both Preparers and Audit Committees?
Program Assessment

- The PCAOB has played an important role in audit quality improvements over the past 15 years; yet we find areas of recurring deficiencies.

- Could potential changes in our programs drive further improvements in this rapidly changing environment?

- e.g., In Inspections, would there be benefits from:
  - More random sampling of engagements for inspection?
  - Increased focus on firms’ quality control systems?
  - Reporting of best practices and/or Audit Quality Indicators?
Looking to the Future

- The profession sits on the precipice of substantial change, largely driven by technological innovations.

- Change is already occurring and will continue:
  - How companies record transactions, design controls and prepare financial reporting
  - How auditors assess risk and perform testing
  - New skill set and organizational framework requirements

- How might auditing standards need to change in anticipation of changes in audit methodologies, staffing and tools?
Our Commitment to You

- We remain steadfastly committed to driving continuous improvement in audit quality for the benefit of investors and our public capital markets.

- We seek to engage more openly and regularly with all of our stakeholders, including preparers and audit committee members.

- We welcome your perspectives and ideas on how auditing and its oversight can be as effective and efficient as possible.
Thank You

Questions or Comments?