PCAOB
PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD

Fraud

October 30, 2026

COMMUNICATING KEY AUDIT MATTERS RELATED TO FRAUD - DISCUSSION QUESTIONS

1. Should the PCAOB revise the critical audit matters criteria to require communication of matters related to fraud, such as fraud risks or the identification of fraud or suspected fraud?

2. Should the PCAOB expand the description of the auditor's responsibilities regarding fraud in the auditor's report?

For Discussion Purposes Only

PRESUMPTION THAT IMPROPER REVENUE RECOGNITION IS A FRAUD RISK - DISCUSSION QUESTIONS

1. Similar to ISA 240 (Revised), should the PCAOB also provide that it is ordinarily inappropriate to rebut the presumption that improper revenue recognition is a fraud risk?

2. Are there specific circumstances in which it would be appropriate to rebut the presumption that improper revenue recognition is a fraud risk?

3. Do auditors need additional direction on identifying and assessing the risks of material misstatement due to fraud associated with revenue recognition?

For Discussion Purposes Only

RETROSPECTIVE REVIEW OF ACCOUNTING ESTIMATES - DISCUSSION QUESTIONS

1. Should the PCAOB align its requirements with those of ISA 240 (Revised) and SAS 151 for identifying the scope of the retrospective review of accounting estimates (i.e., taking into account the characteristics of the accounting estimates in determining the nature and extent of the review)?

2. Are there other instances in which auditors should be required to do a retrospective review (e.g., for estimates that (a) management has identified as a critical accounting estimate or (b) are a significant risk)?

3. Should the PCAOB align its requirements with the ISA 240 (Revised) and SAS 151 for auditors to perform retrospective reviews when there is a subsequent re-estimation in addition to when actual results are available?

For Discussion Purposes Only

OTHER POTENTIAL PROVISIONS - DISCUSSION QUESTIONS

1. Would auditors benefit from greater familiarity with common fraud schemes relevant to the industry of the company under audit? If so, how could the PCAOB promote such familiarity?

2. Should the PCAOB explore requiring the use of newer fraud models by auditors?

3. What changes to PCAOB standards could promote critical thinking by auditors during the evaluation of audit results?

4. Are there aspects of the use of automated and technology-based tools or techniques used by others (e.g., forensic consultants, internal audit, short sellers and analysts) that could be adapted to the audit?

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