



AMERICAN ACADEMY of ACTUARIES

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August 29, 2017

Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street NW
Washington, DC 20006-2803
Submitted via email to: comments@pcaobus.org

RE: *Rulemaking Docket Matter No. 044—Proposed Amendments to Auditing Standards for Auditor’s Use of the Work of Specialists*

To Whom It May Concern:

On behalf of the Financial Reporting Committee of the American Academy of Actuaries,¹ I appreciate the opportunity to provide comments to the PCAOB related to *Rulemaking Docket Matter No. 044—Proposed Amendments to Auditing Standards for Auditor’s Use of the Work of Specialists*.

The current version of the document has incorporated many of the [comments](#) that we made to the document “Staff Consultation Paper No.2015-01: The Auditor’s Use of the Work of Specialists” issued May 28, 2015. We particularly appreciate the reference to specialists, who, like the members of the Academy and other U.S. actuarial organizations, are subject to a code of professional conduct, standards of qualification and practice, and a disciplinary process. We support the direction that you have moved in articulating the need for objectivity of auditors’ specialists and for an auditor to obtain an understanding of the approach taken by a specialist of the entity being audited.

In the process of an auditor’s evaluation of the methods and assumptions used by a specialist, the auditor will not have the same type or depth of expertise as the specialist, unless employing or engaging its own specialist. The description of what it means for the auditor to perform this evaluation should make clear the intent of the auditor’s evaluation. One interpretation of the intent of the auditor’s evaluation could be that the methods and assumptions used are reasonable for the particular facts and circumstances involved. Another interpretation is to help ensure that the explanation provided by the specialist is consistent with common practice as noted by both the specialist and the observations of the auditor, as well as to appropriately apply analytics on the results of the specialist’s work, as appropriate.

¹ The American Academy of Actuaries is a 19,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. For more than 50 years, the Academy has assisted public policy makers by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

We continue to value the opportunity to work with auditors either on behalf of the auditor or for the entity being audited. We emphasize the importance of actuaries working in a professional manner in these circumstances—our profession has a specific standard that defines appropriate practice for actuaries during the course of an audit. Actuarial Standard of Practice No. 21, *Responding to or Assisting Auditors or Examiners in Connection with Financial Audits, Financial Reviews, and Financial Examinations*, describes the guidance which the Actuarial Standards Board has provided to actuaries who are responding to an auditor or assisting an auditor. This actuarial standard of practice emphasizes many of the same considerations that are described within Docket No. 44—i.e., planning, scoping, data, and discussions related to methods and assumptions.

Thank you for this opportunity to provide our views on the PCAOB’s *Rulemaking Docket Matter No. 044—Proposed Amendments to Auditing Standards for Auditor’s Use of the Work of Specialists*. If you have any questions or would like to discuss this letter in more detail, please contact Nikhail Nigam, the Academy’s policy analyst for risk management and financial reporting matters, at nigam@actuary.org or 202-785-7851.

Sincerely,

Gareth Kennedy, MAAA, ACAS
Chairperson, Financial Reporting Committee
Risk Management and Financial Reporting Council
American Academy of Actuaries