

PCAOB uses COSO framework in a Quest for Consistency in Quantitative Measurement of Audit Quality

Katherine Kinkela
Iona College

The Public Company Accounting Oversight Board (PCAOB) identified that it would be beneficial to create a uniform control framework on the Auditing Process, preferably one that would be flexible enough to accommodate industry differences. The Committee of Sponsoring Organizations (COSO) has suggested an approach to setting control framework through Key Performance Indicators.

In 2013, the Public Company Accounting Oversight Board (PCAOB) decided to prioritize the project to identify Audit Quality Indicators (AQI). In July 2015, The PCAOB issued a Concept Release on Audit Quality Indicators. PCAOB Release No. 2015-005

The Board's audit quality indicator ("AQI") project, identified as a priority beginning in 2013, can be an important part of that effort. Its objectives are simply stated: to identify a portfolio of quantitative measures of public company auditing (called "indicators"), whose consistent use may enhance dialogue about and understanding of audits and ways to evaluate their quality; and to explore how and by whom the portfolio of indicators can best be used. Ultimately, this effort may produce higher quality audits.¹

The Release asks the accounting community for comment on a preliminary list of 28 AQIs. The preliminary list of AQIs are divided into three categories: Audit Professionals, Audit Process and Audit Results.

This paper will evaluate the use of AQIs to improve audit quality and the use of the COSO frameworks.