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## CAQ Issues Updated Auditor Evaluation Tool

MAY 1, 2017

The Center for Audit Quality has issued an updated version of its "[External Auditor Assessment Tool](#)." First issued in 2012, this publication has provided a framework for audit committees to assess their companies' external auditors as part of their responsibilities for appointing, overseeing and determining compensation for the external auditor. ([See our blog post from October 23, 2012.](#)) Like its predecessor, the updated tool provides general guidance regarding the process for performing an annual assessment and contains sample questions in three specific areas:

- Quality of services and sufficiency of resources provided by the auditor;
- Quality of communication and interaction with the auditor; and
- Auditor's independence, objectivity and professional skepticism.

The tool also includes a sample form and rating scale for obtaining input from company personnel about the external auditor.

Notably, the updated Auditor Assessment Tool identifies current issues that may impact the audit committee assessment. For example, the committee's assessment of the audit team's knowledge, skill and experience should encompass the impact of new accounting standards related to revenue recognition, leases and accounting for credit losses. The tool also recommends that committees understand the role of other accounting firms in the audit besides the lead auditor, such as other members of the lead auditor's global network, particularly in light of the PCAOB's new disclosure requirement for engagement partners and other accounting firms that participate in the audit. ([See our blog post from December 17, 2015.](#)) The CAQ publication also refers to audit committee consideration of potential risks such as use of non-GAAP financial information and cybersecurity, although it notes that such matters are outside the scope of audits of financial statements and internal control over financial reporting.

The updated Auditor Assessment Tool is likely to continue to be a source of best practices for audit committees in evaluating the performance of their companies' external auditors.

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