

The Use of Specialists and the Use of Pricing Information Obtained From External Sources

What happened?

In June 2021, the AICPA Auditing Standards Board (ASB) issued Statement on Auditing Standards No. 144, *Amendments to AU-C Sections 501, 540, and 620 Related to the Use of Specialists and the Use of Pricing Information Obtained From External Information Sources*.

SAS No. 144 amends AU-C section 501, *Audit Evidence—Specific Considerations for Selected Items*, AU-C section 540, *Auditing Accounting Estimates and Related Disclosures*, and AU-C section 620, *Using the Work of an Auditor's Specialist*.

What is changing?

The following is a summary of the changes to extant AU-C sections 501, 540, and 620 that the ASB believes are the most significant:

AU-C Section 501

Amendments to various application material paragraphs provide guidance on applying AU-C section 540 when management has used the work of a specialist in developing accounting estimates. Certain amendments enhance guidance about evaluating the work of the management's specialist. Other amendments are made to no longer refer to using the work of an external inventory-taking firm as using the work of a management's specialist. These amendments are not intended nor expected to change existing practice.

AU-C Section 540

AU-C section 500, *Audit Evidence*, requires the auditor to take into account the relevance and reliability of information to be used as audit evidence, including its source, and contains an appendix addressing the use of external information sources. AU-C section 540 has been amended to add a new appendix, "Use of Pricing Information From Third Parties as Audit Evidence," to provide guidance on using such information as audit evidence for estimates related to the fair value of financial instruments.



SAS No. 144 amends GAAS to provide guidance on the use of information from pricing services as audit evidence and enhance guidance on the use of specialists.

The appendix is based on appendix A, "Special Topics," of PCAOB Auditing Standard 2501, *Auditing Accounting Estimates, Including Fair Value Measurements*, which contains requirements for auditors of issuers. The ASB believes that the requirements included in appendix A of AS 2501 are consistent with procedures that would be performed by auditors to comply with the principles-based requirements in AU-C section 540 when using pricing information from third parties as audit evidence for estimates related to the fair value of financial instruments.

AU-C Section 620

Amendments to various application paragraphs in AU-C section 620 enhance the guidance related to using the work of an auditor's specialist.

Next steps

SAS No. 144 is effective for audits of financial statements for periods ending on or after December 15, 2023. Early implementation is permitted.

SAS No. 144 is available for auditors to read and consider in order to adequately prepare for implementation, and can be viewed on the AICPA's website by clicking [here](#).