PCAOB Proposes New Public Form to Disclose Audit Engagement Partner and Issues Concept Release on Audit Quality Indicators

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The PCAOB is asking for **public comment** on whether to require audit firms to file a new form to make public the name of the engagement partner and information about other participants in the audit. This is viewed as a "middle ground approach" to balance investors' requests for the information with audit firms' concerns about increased liability risks, and replaces the original idea broached in December 2013 to require that the engagement partners' names be included in the auditors' reports filed on Form 10-K. Comments are due by the end of August.

PCAOB Form AP (Auditor Reporting of Certain Audit Participants) would be publicly available on the PCAOB's website in a searchable format, by engagement partner and by company. Audit firms would be responsible for the disclosure. Auditors could also voluntarily provide the same disclosures in their 10-K reports. As proposed, Form AP would need to be filed 30 days after the auditor's report is first included in a document filed with the SEC, with a shorter deadline of 10 days for IPOs to ensure that the information would be available before any IPO road show. Besides the name of the engagement partner, the information would also include the names of firms other than the one issuing the auditor's report.

In addition, the PCAOB issued a concept release, seeking comment on the content and possible uses of 28 potential audit quality indicators (AQIs) covering three broad categories as follows:

- Audit Professionals – measures dealing with the availability, competence, and focus of those performing the audit.
- Audit Process – measures concerning an audit firm's tone at the top and leadership, incentives, independence, investment in infrastructure needed to support quality auditing, and monitoring and remediation activities.
- Audit Results – measures relating to financial statements (such as the number and impact of restatements, and measures of financial reporting quality), internal control over financial reporting, going concern reporting, communications between auditors and audit committees, and enforcement and litigation.

The PCAOB intends for communications between audit committees and auditors to benefit from the AQIs.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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