

30 August 2017

Re: Proposed Auditing Standard on Auditing Accounting Estimates, Including Fair Value Measurements, and Related Amendments to Certain PCAOB Auditing Standards, PCAOB Rulemaking Docket Matter No. 043

Dear Ms. Brown:

Ernst & Young LLP (EY) is pleased to submit these comments to the Public Company Accounting Oversight Board (PCAOB or Board) on proposed auditing standard, *Auditing Accounting Estimates, Including Fair Value Measurements*, and related amendments to other standards (collectively, the Proposal). We support the PCAOB's efforts to strengthen the requirements for auditing accounting estimates, and we believe many of the proposed changes would improve the quality of auditing in this area.

We also appreciate that the Board is monitoring developments related to the International Auditing and Assurance Standards Board (IAASB) exposure draft of Proposed International Standard on Auditing 540 (Revised), *Auditing Accounting Estimates and Related Disclosures* (ED-540). We encourage the Board to work with the IAASB to develop a single approach to auditing estimates or at least minimize the differences between any final standards. We believe audit quality would be promoted with a single framework to audit estimates.

Our comments below focus on the following areas where we believe the Proposal could be improved or made more practical:

- Proposed Auditing Standard (AS) 2501, *Auditing Accounting Estimates, Including Fair Value Measurements*
- Proposed Appendix A to Proposed AS 2501, *Special Topics* (Proposed Appendix A to AS 2501)
- Proposed Appendix A to AS 1105, *Audit Evidence*, Audit Evidence Regarding Valuation of Investments Based on Investee Financial Condition or Operating Results (Proposed Appendix A to AS 1105)
- Other matters

In each section of this letter we highlight our key areas of concern and propose alternatives. The appendix to this letter contains our other observations.