



# CENTER FOR AUDIT QUALITY

Serving Investors, Public Company Auditors & the Markets

**CAQ Alert #2014-8 August 27, 2014**

**Dear Center Members**

## **CAQ Professional Judgment Resource**

The Center for Audit Quality (CAQ) today issued the [Professional Judgment Resource](#), designed to provide auditors with an example of a decision-making process to facilitate important auditing and accounting judgments in a professionally skeptical manner.

The *Resource* is aimed at assisting auditors who are responding to judgment challenges arising from the increasing complexity of business transactions, the increasing focus on estimates, and other highly subjective elements.

The *Professional Judgment Resource* outlines an example of a decision-making process grounded in essential actions that include identifying and defining the issue and reviewing and completing documentation and rationale for the conclusion. Additionally, the *Resource* identifies several of the more common judgment tendencies and traps that can potentially lead to auditor bias and weaken professional skepticism, and includes illustrative examples of these tendencies, as well as strategies to avoid them.

While the *Resource* was developed with auditors in mind, it can be a useful tool for all capital markets participants.

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