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Statement of Chairman William J. McDonough
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Today, the Board will vote on an auditing standard that sets out the requirements for audits of internal control over financial reporting. With this vote, the Board will fulfill one of its specific obligations under the Sarbanes-Oxley Act.

But the Board is doing much more. The Board is fulfilling an obligation to investors and to everyone who relies on corporate financial statements -- indeed to everyone who relies on the stability of U.S. financial markets.

The Board today will vote on a standard that requires auditors, when they audit the financial statements of public companies, to also audit the companies' internal controls over financial reporting.

The goal is to obtain the best possible assurance that a company's financial statements are reliable.

The new PCAOB standard requires auditors to look at the internal controls themselves, even to the point of doing walkthroughs of important stages of certain controls. The auditors must be satisfied that the internal controls over financial reporting are designed and operating effectively.

As we heard from many public companies, these requirements are tough, and they will entail extra work and cost. But the goal of the requirements is simply too important to demand any less.

That said, the Board will be watching and listening closely to learn whether companies, especially small and medium-sized companies, are being unduly charged for these audit services. The internal controls necessary for one company may not be necessary for all companies.

Finally, before I ask my fellow Board members for their comments, I want to express my personal gratitude to the staff of the PCAOB for their hard work on this standard. It was one of the most challenging the Board will deal with, and our staff – still small in number as we heard earlier – did us proud.