
BRIEFING PAPER

BOARD CONSIDERS FIRST AUDITING STANDARD AND TECHNICAL AMENDMENTS TO ITS RULES

DECEMBER 17, 2003 PUBLIC MEETING OF THE BOARD

The Public Company Accounting Oversight Board ("Board" or "PCAOB") will consider the adoption of its first auditing standard, *References in Auditors' Reports to the Standards of the Public Company Accounting Oversight Board* and technical amendments to the Board's interim standards rules at its open meeting today.

On November 12, 2003, the Board released a proposed auditing standard requiring auditors of public companies to state in their reports on audits of financial statements of public companies that the audit was performed in accordance with the standards of the PCAOB. The reference to the standards of the PCAOB replaces the previously required reference to generally accepted auditing standards. The proposed auditing standard also requires auditors to refer in their reports to the standards of the PCAOB in connection with any other engagement performed in accordance with the PCAOB's standards. This proposed standard naturally follows the Board's rules that require auditors of public companies to adhere to the Board's auditing and related professional practice standards.

Also on November 12, the Board released proposed technical amendments to its rules on interim standards, which were adopted by the Board on April 16, 2003. Those rules on interim standards refer to existing professional standards of auditing, attestation, quality control, ethics and independence. The technical amendments reflect that the Board will be amending or superseding the existing professional standards referred to in the Board's rules on interim standards, as the Board continues to set auditing and related professional practice standards.

The standard and rules, if adopted today, will not take effect unless approved by the Securities and Exchange Commission pursuant to Section 107(b) of the Sarbanes-

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Oxley Act. Background information on this standard and the technical amendments is available on the Board's Web site at www.pcaobus.org under Rulemaking.

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The PCAOB is a private-sector, non-profit corporation, created by the Sarbanes-Oxley Act of 2002, to oversee the auditors of public companies in order to protect the interests of investors and further the public interest in the preparation of informative, fair, and independent audit reports.