Board Adopts New Auditing Standard No. 6: Evaluating Consistency of Financial Statements

Washington, DC, January 29, 2008 – The Public Company Accounting Oversight Board today voted to adopt Auditing Standard No. 6, Evaluating Consistency of Financial Statements, and an accompanying set of amendments to the Board's interim auditing standards.


The new standard and related amendments update the auditor's responsibilities to evaluate and report on the consistency of a company’s financial statements and align the auditor's responsibilities with SFAS No. 154.

Auditing Standard No. 6 also improves the auditor reporting requirements by clarifying that the auditor's report should indicate whether an adjustment to previously issued financial statements results from a change in accounting principle or the correction of a misstatement.

The Board also removed the hierarchy of generally accepted accounting principles (GAAP) from its interim auditing standards. The GAAP hierarchy identifies the sources of accounting principles and the framework for selecting principles to be used in preparing financial statements. The Board believes that the GAAP hierarchy is more appropriately located in the accounting standards. Because the FASB intends to incorporate the hierarchy in the auditing standards, it no longer will be needed in the auditing standards. The Board has coordinated with the FASB and understands that the FASB intends to coincide the effective date of its GAAP hierarchy standard with that of the PCAOB.

"Auditing Standard No. 6 will improve the quality of the auditor's reporting on items that affect the consistency of financial statements, such as a company’s adoption of new accounting principle or its correction of a material misstatement,” said Mark Olson, PCAOB chairman. “Investors should benefit from these improvements.”

Auditing Standard No. 6 and the amendments, if approved by the Securities and Exchange Commission (SEC), will become effective 60 days after SEC approval.

Media Inquiries: Public Affairs, 202-207-9227

The PCAOB is a private-sector, nonprofit 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.