

PCAOB Auditing Standard on Engagement Quality Review
Approved by SEC, Effective for Fiscal Years Beginning December 15, 2009

Washington, DC, Jan. 15, 2010 – The Public Company Accounting Oversight Board announced today that the U.S. Securities and Exchange Commission approved Auditing Standard No. 7, Engagement Quality Review (EQR). The standard is effective for engagement quality reviews of audits and interim reviews for fiscal years that began on or after Dec. 15, 2009.

Accordingly, for interim reviews of public companies that file financial reports on a calendar-year basis, the EQR standard is applicable beginning with the quarter ending March 31, 2010. The new EQR standard was adopted by the PCAOB on July 28, 2009.

"The new standard is an important milestone in fulfilling the Board's mandate," said PCAOB Acting Chairman Daniel L. Goelzer. "This standard should improve the reliability of audited financial statements by increasing the likelihood that reviewers will identify significant engagement deficiencies before audit reports are issued to the investing public."

The Sarbanes-Oxley Act directs the PCAOB, among other things, to set standards for public company audits, including a requirement for each registered public accounting firm to "provide a concurring or second partner review and approval of [each] audit report (and other related information), and concurring approval in its issuance...."

Martin F. Baumann, Chief Auditor and Director of Professional Standards, said, "A well-performed EQR can serve as an important safeguard against erroneous or insufficiently supported audit opinions and, accordingly, can contribute to audit quality."

The SEC, in its order approving the EQR standard, encouraged the PCAOB to issue guidance on the standard's documentation requirements. The PCAOB plans to publish Staff Questions and Answers on implementation of the standard in the near future.

Link to SEC order approving the EQR
standard: <http://sec.gov/rules/pcaob.shtml>

Press Release on Web site: http://www.pcaobus.org/News_and_Events/News/2010/01-15.aspx

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.