

PRESS ROOM



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**Statement by Secretary Henry M. Paulson, Jr. at Press  
Conference on Advisory Committee on the Auditing Profession**

**Washington, DC--**During my time at Treasury the competitiveness of our capital markets has been one of my highest priorities. Investor trust in the integrity of our capital markets is vital to the strength of the U.S. economy.

Investor trust is based on accurate and transparent financial reporting, and a vibrant auditing profession is essential for a well-functioning financial reporting system. The auditor's role is key: to examine financial statements and express an opinion that conveys reasonable, but not absolute, assurance as to the truth and fairness of those statements.

The Sarbanes-Oxley Act of 2002 enhanced financial reporting integrity, including mandating major changes affecting the auditing profession. The act created the Public Company Accounting Oversight Board to replace self-regulation of the public company auditing profession, and mandated auditor independence requirements. The Act also fundamentally altered the interactions between auditors and corporate management and boards of directors in a number of ways, some of which are not constructive.

As part of our overall effort on capital markets competitiveness, we have recognized the many changes that have impacted the auditing profession in recent years and some of the challenges it still faces. And so, in May, I asked Arthur Levitt, former SEC chairman, and Donald Nicolaisen, former SEC chief accountant, to co-chair a committee to examine key issues facing the auditing industry. I want to thank Arthur and Don for their willingness to lead this important effort.

The Committee will be a public forum, and its members represent a wide range of views – including small and large investors, auditors, financial institutions, public company executives, international regulators and universities.

The Committee has been chartered to develop recommendations as to what can best be done to sustain a vibrant auditing profession, a profession whose work is critical to investor confidence in our capital markets. We have asked for this Committee's views and look forward to receiving their recommendations.

One of the great strengths of our markets is their dynamism – that they change to

serve the needs of investors and businesses. Yet, our markets are not immune to challenges. We need to understand whether our markets are producing the high-quality audits and attracting the talented auditors we need. There are legitimate questions about the sustainability of the auditing profession's business model and concern about the high degree of auditor concentration among the largest public companies.

Our goal is to help ensure that U.S. capital markets remain efficient, innovative and continue to drive capital to its most productive uses. Our markets must retain the integrity and efficiency that has contributed greatly to prosperity in America and around the globe. Through its work, the Committee will help sustain a vibrant auditing profession, and contribute to the broader examination of U.S. competitiveness.

## REPORTS

- [Press Release Announcing the Committee](#)