

PCAOB's New Audit Standard for Internal Control Over Financial Reporting is Approved by the SEC

Washington, DC, July 25, 2007 – The PCAOB's Auditing Standard No. 5, An Audit of Internal Control Over Financial Reporting That Is Integrated with An Audit of Financial Statements, was approved today by the Securities and Exchange Commission. It replaces the PCAOB's previous internal control auditing standard, Auditing Standard No. 2.

In light of this development, the PCAOB announced today that it is undertaking several initiatives to support the successful implementation of the standard. These initiatives include working closely with the audit firms, early in their process, as they evaluate how the new standard will affect their firms' audits of internal control. Other initiatives include continued outreach to public companies and smaller audit firms regarding the new standard.

With today's action by the SEC, registered audit firms are required to use the new standard for all audits of internal control no later than for fiscal years ending on or after November 15, 2007.

"We are pleased with the SEC's approval of AS No. 5, however, this does not mark the finish line for the PCAOB," said PCAOB Chairman Mark W. Olson.

"Successful implementation of AS No. 5 will be key. The new standard should drive important improvements in the audit of internal control, and the Board is committed to doing its part to aid in its successful implementation," said Chairman Olson.

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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.