

# PCAOB Adopts New Standard Expanding Auditors' Reports

June 7, 2017 | Client Update

On June 1, 2017, the Public Company Accounting Oversight Board approved a new [audit standard](#) that will introduce changes to the content of the auditor's report on financial statements. While the pass/fail nature of the auditor's opinion on the fairness of the presentation of the financial statements will remain, under the revised standard, the auditor's report will also be required to include disclosure of critical audit matters ("CAMs") that arose during the audit period. The audit standard also requires disclosure of auditor tenure and mandate updates to the format and presentation of the auditor's report. Given that companies already must disclose critical accounting policies, it remains to be seen whether these new requirements will provide new information of use to investors.

The new audit standard and related amendments are subject to SEC approval. Once they are approved, disclosure of auditor tenure and the improvements in format and presentation will be required for audits of fiscal years ending on or after December 15, 2017. CAM disclosure will not be required for large accelerated filers until audits for fiscal years ending on or after June 30, 2019, and for all other filers for fiscal years ending on or after December 15, 2020.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

**Ning Chiu**

+1 212 450 4908  
ning.chiu@davispolk.com

**Bruce K. Dallas**

+1 650 752 2022  
bruce.dallas@davispolk.com

**Alan F. Denenberg**

+1 650 752 2004  
alan.denenberg@davispolk.com

**Joseph A. Hall**

+1 212 450 4565  
joseph.hall@davispolk.com

**Michael Kaplan**

+1 212 450 4111  
michael.kaplan@davispolk.com

**John B. Meade**

+1 212 450 4077  
john.meade@davispolk.com

**Byron B. Rooney**

+1 212 450 4658  
byron.rooney@davispolk.com

**Richard D. Truesdell, Jr.**

+1 212 450 4674  
richard.truesdell@davispolk.com

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