

PCAOB Proposals Would Significantly Impact Public Company Audits

December 11, 2013 | Client Update

Today the public comment period ended for [two proposals by the Public Company Accounting Oversight Board](#) that we believe could dramatically increase the scope, length, cost and complexity of the public company audit. As we described in our [September 10 client newsflash](#), the proposals would:

- require the auditor to make an express statement within the audit report as to the absence of material misstatements in the company’s annual report – including all non-financial statement information, and
- require the auditor to communicate in the audit report “critical audit matters,” defined as “those matters addressed during the audit that (1) involved the most difficult, subjective, or complex auditor judgments; (2) posed the most difficulty to the auditor in obtaining sufficient appropriate evidence; or (3) posed the most difficulty to the auditor in forming the opinion on the financial statements.”

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.

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