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TECHNICAL AMENDMENTS TO INTERIM STANDARDS RULES

PCAOB Release No. 2003-26 December 17, 2003

PCAOB Rulemaking Docket Matter No. 011

Summary:

After public comment, the Public Company Accounting Oversight Board (the "Board" or "PCAOB") has adopted certain technical amendments to its rules to reflect that the Board will be superseding, or effectively amending, the existing professional standards referred to in the Board's interim standards rules as the Board continues to set auditing and related professional practice standards.

The Board will submit these amendments to the Securities and Exchange Commission ("Commission") for approval pursuant to Section 107 of the Sarbanes-Oxley Act of 2002 (the "Act"). The Board's amendments will not take effect unless approved by the Commission.

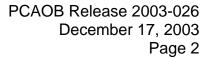
Board Contacts:

Thomas Ray, Deputy Chief Auditor (202/207-9112; rayt@pcaobus.org), Greg Scates, Associate Chief Auditor (202/207-9114; scatesg@pcaobus.org).

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# A. <u>Amendments to the Board's Rules Relating to Interim Standards</u>

On April 16, 2003, the Board adopted on an initial, transitional basis five temporary rules that refer to existing professional standards of auditing, attestation,





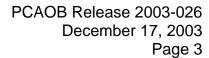
quality control, ethics, and independence. The amendments approved by the Board reflect that, when the Board adopts a new auditing and related professional practice standard that addresses a subject matter that also is addressed in the interim standards, the affected portion of the interim standards will be superseded or effectively amended. Accordingly, the Board has approved to add the phrase "to the extent not superseded or amended by the Board" to each of the interim standards rules (PCAOB Rules 3200T, 3300T, 3400T, 3500T, and 3600T). In addition, the Board is making technical amendments to Rule 3600T, revising the numbering of the paragraphs from "(1)" and "(2)" to "(a)" and "(b)". The text of these amendments is presented in the Appendix.

# B. <u>Public Comment Process and Board Responses</u>

The Board proposed technical amendments to its interim standards rules and released them for public comment, on November 12, 2003. The Board received six written comment letters. Most of the commenters explicitly indicated support for the technical amendments to the interim standards rules, and none indicated opposition to the technical amendments. In addition, many commenters requested that the Board identify how proposed, as well as final, standards affect the existing interim standards. While it may not always be practicable to identify exactly which portions of existing standards have been superseded or amended by new Board standards, the Board recognizes the need to provide auditors with as much guidance and clarity as possible. As future standards are adopted or amended, the Board intends to identify, to the greatest extent possible, those interim standards that are amended or superseded by standards issued by the Board.

These rules were adopted by the Board on April 16, 2003, and approved by the Securities and Exchange Commission on April 25, 2003. <u>See</u> SEC Rel. No. 33-8222 (April 25, 2003).

The comment letters are available on the Board's Web site – www.pcaobus.org – and will be attached to the Board's Form 19b-4, to be filed with the Commission.





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On the 17th day of December, in the year 2003, the foregoing was, in accordance with the bylaws of the Public Company Accounting Oversight Board,

ADOPTED BY THE BOARD.

/s/ J. Gordon Seymour

J. Gordon Seymour Acting Secretary

December 17, 2003

#### APPENDIX -

Amendments to the Board's -

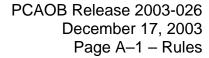
Rule 3200T, Interim Auditing Standards

Rule 3300T, Interim Attestation Standards

Rule 3400T, Interim Quality control Standards

Rule 3500T, Interim Ethics Standards

Rule 3600T, Interim Independence Standards





#### Appendix – Amendments to Rules Relating to Interim Professional Auditing Standards

The Board has amended Section 3 of its rules by inserting the phrase "to the extent not superseded or amended by the Board" in Rules 3200T, 3300T, 3400T, 3500T, and 3600T, and by revising the numbering of the paragraphs in Rule 3600T from "(1)" and "(2)" to "(a)" and "(b)". The relevant portions of the Rules, as amended, are set out below. Language added by these amendments is shown in bold italics. Deleted paragraph numbers are struck through. Other text in Section 3, including notes to the Rules, remains unchanged and is indicated below by " \* \* \* \* ".

#### **RULES OF THE BOARD**

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#### **SECTION 3. PROFESSIONAL STANDARDS**

# Part 1 – General Requirements

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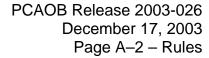
#### Rule 3200T. Interim Auditing Standards.

In connection with the preparation or issuance of any audit report, a registered public accounting firm, and its associated persons, shall comply with generally accepted auditing standards, as described in the AICPA Auditing Standards Board's Statement of Auditing Standards No. 95, as in existence on April 16, 2003 (Codification of Statements on Auditing Standards, AU § 150 (AICPA 2002)), to the extent not superseded or amended by the Board.

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#### Rule 3300T. Interim Attestation Standards.

In connection with an engagement (i) described in the AICPA's Auditing Standards Board's Statement on Standards for Attestation Engagements No. 10 (Codification of Statements on Auditing Standards, AT § 101.01 (AICPA 2002)) and (ii) related to the preparation or issuance of audit reports for issuers, a registered public





accounting firm, and its associated persons, shall comply with the AICPA Auditing Standards Board's Statements on Standards for Attestation Engagements, and related interpretations and Statements of Position, as in existence on April 16, 2003, to the extent not superseded or amended by the Board.

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# Rule 3400T. Interim Quality Control Standards.

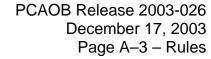
A registered public accounting firm, and its associated persons, shall comply with quality control standards, as described in –

- (a) the AICPA's Auditing Standards Board's Statements on Quality Control Standards, as in existence on April 16, 2003 (AICPA Professional Standards, QC §§ 20-40 (AICPA 2002)), to the extent not superseded or amended by the Board; and
- (b) the AICPA SEC Practice Section's Requirements of Membership (d), (f)(first sentence), (l), (m), (n)(1) and (o), as in existence on April 16, 2003 (AICPA SEC Practice Section Manual § 1000.08(d), (f), (j), (m), (n)(1) and (o)), to the extent not superseded or amended by the Board.

\* \* \*

#### Rule 3500T. Interim Ethics Standards.

In connection with the preparation or issuance of any audit report, a registered public accounting firm, and its associated persons, shall comply with ethics standards, as described in the AICPA's Code of Professional Conduct Rule 102, and interpretations and rulings thereunder, as in existence on April 16, 2003 (AICPA Professional Standards, ET §§ 102 and 191 (AICPA 2002)), to the extent not superseded or amended by the Board.





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# **Rule 3600T. Interim Independence Standards.**

In connection with the preparation or issuance of any audit report, a registered public accounting firm, and its associated persons, shall comply with independence standards –

- (4a) as described in the AICPA's Code of Professional Conduct Rule 101, and interpretations and rulings thereunder, as in existence on April 16, 2003 (AICPA Professional Standards, ET §§ 101 and 191 (AICPA 2002)), to the extent not superseded or amended by the Board; and
- (2b) Standards Nos. 1, 2, and 3, and Interpretations 99-1, 00-1, and 00-2, of the Independence Standards Board, to the extent not superseded or amended by the Board.

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