

JANUARY 29, 2008 OPEN MEETING

**AUDITING STANDARD NO. 6 --PROPOSED AUDITING STANDARD ON
EVALUATING CONSISTENCY OF FINANCIAL STATEMENTS**

Statement of Chairman Mark W. Olson

Thank you, Mr. Niemeier and Mr. Goelzer.

A motion has been made and seconded, so the question before the Board is whether it will approve the motion and adopt the auditing standard on evaluating the consistency of financial statements, amendments to the Board's interim standards that would remove the GAAP hierarchy from PCAOB standards, and other related amendments to the Board's interim standards.

Before I ask my fellow Board members for their comments, I want to thank Tom Ray, Keith Wilson, Greg Fletcher and all the other staff involved for their hard work on the recommended final standard and related amendments.

I support the new standard as it will align the PCAOB's standards for evaluating consistency of financial statements with the accounting standards. AS 6 – which the new standard will be numbered if adopted by the Board today - will update the auditor's responsibilities when there has been a change in accounting principle or an error correction, in light of FASB Statement 154. AS 6 also will improve the auditor's report by differentiating between a change in accounting principle and the correction of a material misstatement in the auditor's explanatory paragraph.

Importantly, as I highlighted in April when the Board proposed the standard and amendments, while improving auditor reporting, these changes are not meant to fundamentally change the auditor's existing responsibilities. I support the staff's recommended new standard and related amendments.

I also support the amendments to remove the GAAP hierarchy from the PCAOB's interim standards due to FASB's initiative to incorporate the hierarchy into their accounting standards. The GAAP hierarchy is more appropriately placed within FASB's standards, and this reflects good coordination between the PCAOB and FASB.

I will now turn to my fellow Board Members for any discussion.