

Statement

Statement on PCAOB Amendments to Strengthen Auditing Standards for Audits Involving Multiple Firms



Chair Gary Gensler

Aug. 12, 2022

Today, the Commission approved the Public Company Accounting Oversight Board's (PCAOB) updated standards for audits that involve multiple auditing firms. I was pleased to support the amended standards because they will strengthen the requirements for lead auditors who supervise other auditors in an audit, helping to enhance audit quality and protect investors.

Over the years, the growing complexity and international operations of public companies has led auditors increasingly to rely on other auditors — working across different firms, countries, and even languages — in completing an audit. Last year, for example, 26 percent of all issuer audit engagements used multiple auditors, and more than half of large accelerated filer audits used multiple auditors.^[1] Given the challenges that such multi-firm audits present, it is important that there be robust standards for how lead auditors supervise, communicate with, and coordinate with other auditors on the audit engagement.

The PCAOB's updated standards make enhancements across two broad areas.^[2] First, the amended standards specify certain procedures for lead auditors to perform when supervising other auditors. Second, they require lead auditors to prioritize their supervisory activities around higher-risk areas in the audit.

I thank the PCAOB for their work to update this auditing standard, the first adopted since the Board was newly constituted. I look forward to the additional standard-setting work the PCAOB will undertake to live up to its founding vision under the Sarbanes-Oxley Act. If Sarbanes-Oxley, signed into law 20 years ago, meets its full potential, trust in our markets can grow — and that benefits investors and issuers alike.

^[1] See PCAOB Release No. 2022-002, available at https://pcaob-assets.azureedge.net/pcaob-dev/docs/default-source/rulemaking/docket042/pcaob-other-auditors-adopting-release-6-21-2022.pdf?sfvrsn=c3712668_2.

^[2] See "PCAOB Adopts New Requirements for Lead Auditor's Use of Other Auditors" (June 21, 2022), available at <https://pcaobus.org/news-events/news-releases/news-release-detail/pcaob-adopts-new-requirements-for-lead-auditor-s-use-of-other-auditors>.

