

The CAM – A New Challenge

Article

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On October 23, 2017 the Securities and Exchange Commission (the “SEC”) issued its Release No. 34-81916; File No. PCAOB-2017-01 in which the SEC approved, without change, the new auditing standard adopted by the Public Company Accounting Oversight Board (the “PCAOB”) on June 1, 2017 in its Release No. 2017-01 (the “PCAOB Release”). The new auditing standard, which is entitled “The Auditor’s Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion” (the “New Standard”), will be designated AS 3101 and will replace certain parts of existing AS 3101. The remaining parts will be redesignated as AS 3105, “Departures from Unqualified Opinions and Other Reporting Circumstances”. The New Standard was first proposed by the PCAOB in 2013 (after the issuance in 2011 of a concept release on audit reports) and, following extensive commentary, repropoed in 2016 (the PCAOB proposal and reproposal, together, being referred to herein as the “Proposal”). The New Standard would require, among other things, the inclusion in the audit report of an identification and discussion of each “critical audit matter” (“CAM”) that was addressed in the audit.

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