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Communications with Audit Committees

New Proposed Auditing Standard

On March 29, 2010, the Public Company Accounting Oversight Board ("PCAOB") proposed a new standard that would replace the PCAOB's interim standards AU Sec. 380, *Communication with Audit Committees*, and AU Sec. 310, *Appointment of the Independent Auditor* and would amend certain other PCAOB auditing standards.

The proposed standard is intended to improve communications between the auditor and the audit committee, and stress the value of effective communications between the auditor and the audit committee.

The proposal is intended to bolster the existing requirements for auditor communications with the audit committee. Key areas of the standard include:

- objectives of the auditor,
- establishment of a mutual understanding of the terms of the audit,
- obtaining information related to the audit,
- overview of the audit strategy and timing of the audit,
- accounting policies, practices and estimates,
- management consultations with other accountants,
- going concern,
- corrected and uncorrected misstatements,
- form/content of communications,
- timeliness of communications between auditor and audit committee,
- adequacy of the two-way communication process between auditor and audit committee,
- other communication requirements,



- appendices, and
- other matters.

The PCAOB has provided for a 60-day comment period and expects the standard will be effective, subject to SEC approval, for audit of fiscal years beginning after December 15, 2010.

The full report can be accessed at: http://pcaobus.org/Rules/Rulemaking/Docket030/Release_No_2010-001.pdf. **h**

For more information, contact Audit Partner Patrick Fahey at (631) 719-3203, PFahey@hrrllp.com.

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Holtz Rubenstein Reminick LLP • www.hrrllp.com

1430 Broadway
New York, NY 10018
212-697-6900

125 Baylis Road
Melville, NY 11747
631-752-7400

To change contact information, please contact info@holtznews.com

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