MARCH 4, 2009 OPEN MEETING

PROPOSED AUDITING STANDARD --
ENGAGEMENT QUALITY REVIEW

Statement of Board Member Bill Gradison

Section 103 of Sarbanes-Oxley directs the Board to include in its standards a requirement for an Engagement Quality Review for EACH audit of U.S. issuers. We – and I include myself in this statement – have failed to do this. While the Board continues to consider an improved Engagement Quality Review Standard, auditors of foreign private issuers and domestic auditors who were not members of the SEC Practice Section when the PCAOB adopted its interim standards are exempt from this requirement. I would have preferred to extend the interim standards to all registered firms while the Board perfects the Engagement Quality Review standard itself. I regret that this has not happened and will look for opportunities to act sooner rather than later on this important investor protection.