

ROSS ROUNDTABLE

on

THE AUDITORS' AUDITOR: INITIAL INSPECTION REPORTS BY THE PCAOB

Date/Time: Monday, December 6, 2004/ 4:00pm to 6:00pm

Location: New York University
Leonard N. Stern School of Business
44 West Fourth Street
Henry Kaufman Management Center
Cantor Boardroom, 11th floor (11-75)
New York, NY 10012

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Roundtable Coordinator:
Joshua Livnat, *Professor, Department of Accounting, Taxation and Business Law*

Roundtable Theme:

The Sarbanes Oxley Act established an independent, nongovernmental body to oversee the auditors of publicly traded companies "in order to protect the interests of investors and further the public interest in the preparation of informative, accurate, and independent audit reports." To accomplish this mission, the Act gave the new oversight body—the Public Company Accounting Oversight Board (PCAOB)—four primary responsibilities:

- Registration of accounting firms that audit public companies
- Inspection of registered accounting firms
- Establishment of standards for auditing, quality control, ethics, and independence
- Investigation and discipline of registered accounting firms

Although registration of accounting firms has taken place primarily in the latter part of 2003, the PCAOB has conducted in 2003 limited inspections of the four large accounting firms, who

voluntarily cooperated with these inspections. The PCAOB issued its findings from these limited inspections in August 2004.

The Roundtable discussion will revolve around the following issues:

1. What can be learned from the initial, limited inspection reports? Do they indicate significant problems and weaknesses of current audits?
2. Given the initial inspection findings, what can the accounting profession and the public expect from the ongoing, complete annual inspections which are underway?
3. Are the procedures used by the PCAOB to conduct its inspections reasonable and complete? Do they address the most important problem areas?
4. What are the implications of the initial findings for the Big Four as well as the smaller registered accounting firms?
5. Is the public confidence about the auditing profession likely to substantially increase by the PCAOB inspections?
6. How can the PCAOB help narrow the expectations gap between the public's perceptions of the audit function and the actual goals of an audit?

CONTINUING PROFESSIONAL EDUCATION CREDITS (CPE)

Learning Objectives: The Ross Roundtable provides a forum for "public opinion shapers" -- business writers, financial analysts, educators, corporate financial executives, regulators, etc. -- to discuss with policymakers important developments in capital markets and the financial world. To provide ample opportunity for participants to voice their opinions, the size of the Roundtable is limited.

Course Level: Updated



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Requirements for participation in program: Adequate business and/or academic experience
Recommended CPE Credits: 2