

Artical analysis

[Linguistics](#), [English](#)



Article Analysis Summary The PCAOB (Public Company Accounting Oversight Board) proposed some changes in the auditing standards for the purpose of enhancing the audit reporting model. The auditor's report that is the source of communication between the company and its investors and several other users of the financial statement, has not changed much since 1940. The amendments made in the audit report were based on the suggestion of the investors. The suggestions state to include the information including significant auditor judgment, areas associated with high risk in the audit of financial statement, as well as changes that affects the financial statement and several other significant matters like uncertainties, estimates and management judgments. The PCAOB believes in the fact that communicating these matters with the investors will help in reducing the uncertainties and doubts, as the management of the company has more important information than any of the third party.

The new audit report suggested by PCAOB maintained the authenticity of the old report by retaining its basic elements. However it focused on providing its users with much more information about the audit as well as the auditor. The PCAOB was confident that if the proposed changes are accepted by the organizations, then it will certainly increase the disclosure of the information of the auditor that would be beyond the traditional pass/fail auditing approach. It is presented in the article that if the proposed changes are accepted then they will certainly affect the responsibilities of the auditors, as well as the expectations of the clients, creditors and investors.

Opinion about the Article

I certainly agree with the opinion of the writer as the changes proposed by

the PCAOB will make the report more relevant to the investor as they will have more significant information present in the report. The investors and other users of the financial report will not have to take the help of a third part to extract important information about the company, as the relevant information will already be mentioned by the company in the report. Another advantage of the amendments made in the traditional report is that it will present to the investor the value and strengths of the audit leading towards better public awareness.

The article states that the changes will certainly help the organization to get close to their investors and other users of the financial statement, which I believe is true. This is because the major goal of the standards and the amendments proposed by PCAOB is to improve the existing auditor reporting model that is being used by companies. This will allow the auditors to communicate the important information about every audit based on the procedures performed, to the investors. It is certain that communicating the critical audit matters to investors and other stakeholders will assist in making the auditor's report more effective in terms of information, making it more useful and relevant. In terms of theory, these amendments seems to be a great idea for the investors and other users of the financial statement, however the PCAOB needs to make sure that companies implement these changes effectively on a practical level as well (Weirich and Reinstein).

Work Cited

Weirich, Thomas R. and Alan Reinstein. " The PCAOB's Proposed New Audit Report." The CPA Journal (2014).