

June 24, 2004

Opening Statement by Congressman Paul E. Gillmor
House Financial Services Committee
Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises
Hearing on Oversight of the Public Company Accounting Board

Thank you, Mr. Chairman, for holding this important hearing and allowing us this opportunity to review the progress made by the Public Company Accounting Oversight Board (PCAOB or Board). I would also like to thank Chairman William J. McDonough for making himself available to us this morning and for his strong leadership as the first Chairman of the PCAOB.

The Sarbanes-Oxley Act of 2002 created the PCAOB to bring an end to the self-regulation of the accounting profession. The Board is now tasked with protecting the interests of investors and furthering the preparation of informative, fair, and independent audit reports. The PCAOB is required to register public accounting firms; establish auditing, quality control and ethics standards proposed by a designated professional group of accountants; inspect registered firms; and conduct investigations and disciplinary proceedings and impose sanctions upon registered firms and accountants.

I look forward to hearing from Chairman McDonough today on the Board's progress in setting up their operations and implementation procedures to fulfill their important responsibilities in protecting investors.

I would also like to join Chairman Oxley in his praise of the PCAOB and Securities and Exchange Commission (SEC) for their successful completion of one of the main tasks set for them in the Sarbanes-Oxley Act; finalizing a rule requiring companies to include in their annual reports a report by management on the company's internal control over financial reporting and an accompanying auditor's report. This is a win for America's shareholders and important step forward in ensuring the appropriate checks and balances in accounting and auditing systems are realized.

Thank you again, Mr. Chairman, for holding this important hearing and I look forward to an informative session.