



Ms. Phoebe W. Brown
Secretary
Public Company Accounting Oversight Board
1666 K Street, N.W.
Washington, D.C. 20006-2803

Re: Proposing Release: Amendments to PCAOB Auditing Standards related to a Company's Noncompliance with Laws and Regulations (PCAOB Release No. 2023-003, June 6, 2023; PCAOB Rulemaking Docket Matter No. 051)

Dear Ms. Brown,

On behalf of the Wichita Regional Chamber of Commerce and the business community we represent in South Central Kansas, I am writing to you expressing concern for the Public Company Accounting Oversight Board's Exposure Draft on Company's Noncompliance with Laws and Regulations.

As a business organization committed to promoting economic growth, business sustainability and ensuring compliance with relevant laws and regulations, we closely monitor regulatory developments that have potential implications for the business environment. We recognize the vital role the PCAOB plays in upholding transparency, financial integrity and investor confidence in the capital markets. However, we have identified several aspects of the proposed Exposure Draft that raise concerns among our members and the broader business community.

We are concerned that the Proposal transforms the nature and scope of auditor responsibilities, turning financial statement audits into wide-ranging investigations of potential instances of NOCLAR. Auditors perform a vital function in U.S. markets, ensuring the integrity of financial statement information that ultimately facilitates effective capital deployment. Changing the nature of the audit to serve as an examination of NOCLAR would add a host of new responsibilities and requirements for auditors, unnecessarily deviating from the purpose of an audit and diverting auditors from their core responsibilities.

These new auditor responsibilities would fundamentally alter the audit function and would insert auditors into legal and management functions and decisions. Auditors may be put into a position to second-guess legal counsel regarding whether noncompliance may have occurred and how businesses allocate financial and human resources. This would not only blur responsibility between the legal, management and audit functions, but would divert an auditor's time, attention and resources away from auditing financial statements.

The Proposal does not use precise terminology or otherwise reasonably limit or clarify the Proposal's NOCLAR requirements. The Proposal would establish an obligation for the auditor to plan and perform procedures to identify all laws and regulations with which noncompliance could have a material effect on financial statements.

The vague and intentionally expansive terminology used by the Exposure Draft would drive new liability concerns for auditors, creating a more unfocused and ineffective risk mitigation environment that would push legal, compliance and audit costs even higher. We are concerned that the expansive scope of audits, in accordance with the proposed requirements, would significantly increase both audit cost and internal costs – without any clear corresponding benefit.

Further, auditors do not have the level of expertise needed to complete the expansive review of all laws and regulations that would be required by the Proposal. Auditors are not lawyers. They do not have the specialized skills that may be needed to assess compliance with laws and regulations that lack a financial statement focus. Importantly, the market for such specialized expertise – whether legal or other – is limited. In addition to higher audit fees, additional costs will be imposed because public audit firms will seek to hire qualified audit, legal and other specialized staff from the same sources. This will create new risks and costs to retain or replace existing qualified staff.

In light of these concerns, we respectfully request that the PCAOB carefully review the proposed Exposure Draft and consider the broader impact on businesses and auditors, while achieving the twin objectives of enhancing financial reporting integrity and minimizing unnecessary regulatory burden on businesses.

The Wichita Regional Chamber of Commerce, together with its members, stands ready to offer any assistance, insights or expertise that can contribute to the improvement of the standard-setting process.

Sincerely,

A handwritten signature in black ink, appearing to read "John", with a long, sweeping horizontal line extending to the right.

John Rolfe
President & CEO
Wichita Regional Chamber of Commerce