



1025 West NASA Boulevard
Melbourne, FL 32919
321-727-9100

March 18, 2024

Via email: comments@pcaobus.org

Phoebe W. Brown, Secretary
Office of the Secretary Public Company Accounting Oversight Board
1666 K Street, NW
Washington, DC 20006-2803

Re: PCAOB proposing release on Amendments to PCAOB Auditing Standards Related to a Company's Noncompliance with Laws and Regulations and Other Related Amendments (PCAOB Release No. 2023-003; Docket Matter No. 051)

Dear Ms. Brown,

L3Harris welcomes the opportunity to comment to the Public Company Accounting Oversight Board ("PCAOB") on the proposal, *Amendments to PCAOB Auditing Standards relating to a Company's Noncompliance with Laws and Regulations and Other Related Amendments*.

We support the PCAOB's mission to protect investors by modernizing auditing standards that support the performance of high-quality audits in today's complex environment. However, we believe that the proposed scope of this release is too broad, would require auditor knowledge that is beyond their expertise, is duplicative of a company's compliance activities and would unnecessarily increase the cost and complexity of audits while potentially reducing the quality of audits. More specifically:

The proposed scope is too broad and duplicates a company's existing compliance activities.

The proposal would expand auditors' responsibilities beyond current auditing standards and securities regulations by requiring them to plan and perform procedures to determine whether there is information indicating that noncompliance has or may have occurred for all laws and regulations that could reasonably have a material effect on the financial statements. Public companies, including L3Harris, are subject to extensive laws and regulations and, as such, have significant compliance processes in place to manage those requirements, determine when noncompliance exists and assess the potential impact of that noncompliance. Oversight of those processes are the shared responsibility of our board of directors, audit committee and L3Harris management. The operation and results of those processes are reviewed regularly with the Audit Committee and our external auditors for their input and evaluation of any significant matters.

We believe that protection of investors is best achieved when company management, audit committees, auditors and regulators are working together to foster a system that supports high-quality financial statements and audits. The proposed standard, in particular the requirement for the auditor to perform an independent assessment of all laws and regulations the company is



subject to for purposes of identifying those for which noncompliance could reasonably have a material effect on the financial statements, could suggest that the auditor has some responsibility for aspects of this compliance, along with management. Further, we suggest that modernization of the standards could be better achieved with a risk-based approach that relies on auditors to consider the role that a company's compliance program plays in detecting non-compliance with laws and regulations and focuses on matters that could materially impact audited financial statements, such as material penalties or loss contingencies.

The proposal would expand the auditor's role to include knowledge and expertise outside of the auditor's core competencies.

Auditors are not trained to monitor, identify and investigate potential violations of laws and regulations. At L3Harris, we employ in-house and external counsel who are specifically trained for the laws and regulations they manage and monitor. The proposal would require audit firms to rely heavily on lawyers and specialists to comply. It may also lead auditors to require information that is subject to attorney-client privilege or other legal protections, which is concerning as it could create the potential for companies to waive related legal protections and therefore have implications on the business.

The proposal would create undue burden and cost on companies.

Compliance with the proposal will result in significant incremental audit and legal fees, as well as increased company staffing, given the time and expertise that will be required. The PCAOB acknowledges in its proposal that auditors may need to retain a range of legal experts to comply with the proposed standards but offers no projected cost beyond "[t]hese costs could be substantial." We believe compliance with the proposal as written would create undue burden and costs on companies that far outweigh benefits for investors. We encourage the PCAOB to further perform a cost and benefit analysis of the proposal.

We appreciate the opportunity to share our views and thank the PCAOB and staff for its consideration of this letter. Should you have any questions or comments with respect to the above, please do not hesitate to contact me at ken.bedingfield@l3harris.com.

Respectfully,

A handwritten signature in black ink, appearing to read "Ken Bedingfield", written over a horizontal line.

Ken Bedingfield
Senior Vice President and Chief Financial Officer