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Sent: Thursday, July 27, 2023 11:54 AM
To: Comments
Subject: [EXT]: Comment on proposed standard

To the PCAOB Board:

On June 6, the PCAOB proposed amendments to its auditing standards related to a company's noncompliance with laws and regulations. It is my understanding that the proposed amendments would modify or replace various professional existing requirements of audit firms. The PCAOB has requested feedback on these proposals.

I currently serve as Chair of the Audit Committee of four public companies, previously served in a similar capacity for two others, and have done so for the past ten years or so. I spent my career with PwC, including 28 as an audit partner. From 2006-2010, I was PwC's national leader of Ethics and Compliance (Assurance) during which time I spent much of my time dealing and interacting with the PCAOB. To be clear, I remain a strong supporter of the PCAOB, believing that it has played an instrumental role in helping to keep audit quality at the high level expected by today's investors.

I do have significant reservations about the proposed expansion of the role of the auditor, including whether it would call upon them to extend their work beyond their true core competencies. Companies are subject to an incredibly wide variety of legal and regulatory requirements and environments. While they install various checks to ensure compliance, many such controls extend well beyond those typically understood, tested, and relied upon in a financial audit. Requiring the auditors to understand the design and effectiveness of such controls necessarily will require the firms to add expertise to their firms, with such expertise extending well beyond the training and experience of financial auditors. It will significantly increase the already sizable cost of an audit. At the same time, it will cause management to invest resources to document its legal and regulatory risk assessment process and controls more formally.

I would respectfully suggest that the proposed expansion of the responsibilities of the outside audit firm needs to be revisited and modified.

Yours truly,

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