

Comments on NOCLAR amendments  
Cristian E. Munarriz  
Public Accountant  
Autonomous City of Buenos Aires, Argentina  
[Cristian\\_munarriz@yahoo.com.ar](mailto:Cristian_munarriz@yahoo.com.ar)

March 18, 2024

Dear PCAOB members,

I appreciate the opportunity to comment on the NOCLAR amendments. My comments are included in the following pages.

All opinions and points of view outlined in this document are my own and they do not necessarily represent the views of any company, employer, organization or committee.

If you have any questions, please contact me at [cristian\\_munarriz@yahoo.com.ar](mailto:cristian_munarriz@yahoo.com.ar).

Yours faithfully,

Cristian E. Munarriz  
Public Accountant  
Autonomous City of Buenos Aires, Argentina

Comments on NOCLAR amendments  
Cristian E. Munarriz  
Public Accountant  
Autonomous City of Buenos Aires, Argentina  
[Cristian\\_munarriz@yahoo.com.ar](mailto:Cristian_munarriz@yahoo.com.ar)

Generally speaking, I strongly reject this proposal because I think that the proposed approach to deal with NOCLAR is impracticable and it will significantly expand the scope of the audit, which in turn may have significant undesired detrimental effects in audit quality and a significant cost in audit (with a consequent increase in audit fees).

The PCAOB is not the only one to propose changes to expand auditor's responsibilities regarding NOCLAR. I am also aware of a project of the UK Financial Reporting Council, who also had criticism (refer to <https://www.frc.org.uk/consultations/proposed-revisions-to-isa-uk-250-section-a-and-isa-uk-250-section-b/>). Nonetheless, I think the UK FRC's project seems more reasonable than PCAOB's project in general.

However, I will address some of the questions in your release.

*Questions:*

1. Is the proposed definition of "noncompliance with laws and regulations" sufficiently clear? If not, why not?

**Yes.**

2. Is the rationale for including fraud, as described in AS 2401, within the proposed definition of noncompliance with laws and regulations sufficiently clear? If not, why not?

**Yes. Actually ISA 250 (Revised) explicitly includes fraud in the list of examples in paragraph A6 of that standard and I understand that audit firms consider that fraud is included in the definition of NOCLAR, so I do not see any change in practice regarding the definition.**

3. Is additional clarification necessary regarding the scope of the meaning of a company's noncompliance with laws and regulations? If so, please describe or provide examples of the types of noncompliance where additional clarification is needed.

**No.**

4. Is the introduction to proposed AS 2405 sufficiently clear? If not, how should the introduction be clarified?

**The introduction is clear regarding the idea that NOCLAR with indirect effect may have a material impact on the financial statements, but it fails to acknowledge the fact mentioned in the paragraph 6 of current AS 2405, which states the following:**

**"...Generally, these laws and regulations relate more to an entity's operating aspects than to its financial and accounting aspects, and their financial statement effect is indirect. An auditor ordinarily does not have sufficient basis for recognizing possible violations of such laws and regulations (...) Even when violations of such laws and regulations can have consequences material to the financial statements, the auditor may not become aware of the existence of the illegal act unless he is informed by the client, or there is evidence of a governmental agency investigation or enforcement proceeding**

Comments on NOCLAR amendments  
Cristian E. Munarriz  
Public Accountant  
Autonomous City of Buenos Aires, Argentina  
[Cristian\\_munarriz@yahoo.com.ar](mailto:Cristian_munarriz@yahoo.com.ar)

**in the records, documents, or other information normally inspected in an audit of financial statements.”**

**In other words, the introduction fails to acknowledge the fact that NOCLAR with indirect effects may be impossible for the auditor to detect.**

5. Are the objectives for proposed AS 2405 sufficiently clear? If not, how should the objectives be clarified?

**As a general criticism to the proposal, I do not think that audit objectives related to NOCLAR with indirect effects should be the same as NOCLAR with direct effects. I think the objectives in paragraph 11 of ISA 250 (Revised) are more reasonable.**

**Besides my general criticism to the approach in the proposal as noted above, I think that paragraph c. should not be an objective because it seems that the auditor's should aim to detect NOCLAR even if not material to the financial statements. One thing is to communicate known instances of immaterial NOCLAR, and a very different thing is being alert to identify immaterial NOCLAR.**

6. Are there other objectives that should be included in proposed AS 2405? If so, what would those objectives be?

**No**

7. Is the proposed requirement for auditors to identify laws and regulations applicable to the company with which noncompliance could reasonably have a material effect on the financial statements sufficiently clear? If not, why not?

**I think the intent of PCAOB is clear but the application of the requirements is not feasible in practice.**

**In order to be able to identify these laws and regulations, auditors should identify all laws and regulations, read all the requirements in every law and regulation and the respective possible consequences for non-compliance. I think it is impracticable to do so.**

**I think a more reasonable approach is to identify the laws and regulations that, according to responses from enquiries to management, audit committee, internal auditors, compliance, and others within the company, and according to the prior knowledge of the auditor of the industry and the external environment where the company do business, are more likely to have a material impact in the financial statements. Under this approach, there will be no need to have a full list of laws and regulations, and the auditor may be focusing better in the relevant laws and regulations that are critical to both management and investors.**

**In practice, noncompliance with a specific requirement of a single law or regulation may have a material effect, while other requirements in the same law or regulation may not have a material effect (for example, the penalty for not filing a document may be immaterial but the penalty for committing a prohibited act may be material). Some complex laws and regulations have many requirements (for example, AML regulations).**

Comments on NOCLAR amendments  
Cristian E. Munarriz  
Public Accountant  
Autonomous City of Buenos Aires, Argentina  
[Cristian\\_munarriz@yahoo.com.ar](mailto:Cristian_munarriz@yahoo.com.ar)

**Some laws and regulations, even if having indirect effect, may be detected or at least raise a red flag in the performance of other audit procedures because they have at least some relations with transactions captured by the financial statements (for example, bribery and money laundering may involve payments, which are captured by the financial statements). In contrast, other laws and regulations do not have any relation with the financial transactions (for example, antidiscrimination laws, or privacy laws). It may be difficult (but not impossible) for auditors to detect the former but it will be almost impossible (unless it is informed by someone in the company through enquiries) to detect the latter without significantly expanding the scope of the audit, and even so, it will still be highly unlikely to be detected.**

**I think the PCAOB, at least should have some differentiation between those laws and regulations with indirect effects. I think the audit work should not be the same regarding: 1) NOCLAR with direct effects, 2) NOCLAR with indirect but “detectable” effects (i.e. with some relationship with financial transactions captured by financial statements), and 3) NOCLAR with indirect but “not detectable” effects (i.e. with no or little relationship with financial transactions captured by financial statements). The audit work for identification in 1) should be the same as in every financial statement accounts and disclosures; the audit work for identification in 2) should be to perform limited risk assessment procedures (which may be more specific than the current requirements in AS 2405, like procedures in paragraph 11 of AS 2110, as long as not expanding the current scope of the audit) in addition to an increased attention to potential red flags identified during the audit and the procedures currently performed under current AS 2405, but expanding enquiries to other individuals (like compliance and relevant operating staff which is likely to have relevant knowledge of compliance with specific laws and regulations) and inspecting correspondence with regulatory authorities; and the audit work for identification in 3) should be similar to the procedures currently performed under current AS 2405, but expanding enquiries to other individuals (like compliance and relevant operating staff which is likely to have relevant knowledge of compliance with specific laws and regulations), and inspecting correspondence with regulatory authorities.**

8. Will auditors be able to identify those laws and regulations applicable to the company with which noncompliance could reasonably have a material effect on the financial statements? If not, why not?

**Refer to my answer to question 7.**

9. Are there additional procedures that should be required for auditors to perform to identify those laws and regulations applicable to the company with which noncompliance could reasonably have a material effect on the financial statements? If so, describe.

**Refer to my answer to question 7.**

10. Is the proposed requirement for auditors to assess and respond to the risks of material misstatement due to noncompliance with laws and regulations sufficiently clear? If not, why not?

Comments on NOCLAR amendments  
Cristian E. Munarriz  
Public Accountant  
Autonomous City of Buenos Aires, Argentina  
[Cristian\\_munarriz@yahoo.com.ar](mailto:Cristian_munarriz@yahoo.com.ar)

**Refer to my answer to question 7.**

11. Is the proposed requirement that auditors identify whether there is information indicating that noncompliance (with those laws and regulations with which noncompliance could reasonably have a material effect on the financial statements) has or may have occurred sufficiently clear? If not, why not?

**Yes, but I think there should be an exception when informing such noncompliance will be against laws and regulations. For example, when informing such noncompliance will be a tipping-off offense under AML laws and regulations.**

12. Are there other specific procedures the auditor should be required to perform to assist them in identifying whether there is information indicating that noncompliance (with those laws and regulations with which noncompliance could reasonably have a material effect on the financial statements) has or may have occurred? If so, what are those procedures?

**Refer to my answer to question 7.**

13. Are there other examples of procedures which might assist the auditor in identifying laws and regulations with which noncompliance could reasonably have a material effect on the financial statements or alert the auditor to information indicating that noncompliance has or may have occurred that should be included? If so, what are they?

**Refer to my answer to question 7.**

14. Are there other procedures that auditors perform today that should be required to assist the auditor in (1) identifying laws and regulations with which noncompliance could reasonably have a material effect on the financial statements, (2) assessing and responding to risks of material misstatement due to noncompliance with those laws and regulations, or (3) identifying information indicating that noncompliance with those laws and regulations has or may have occurred? If so, what are they?

**Refer to my answer to question 7.**

15. Are auditors using technology-assisted audit procedures to assess and respond to risks of material misstatement due to noncompliance with laws and regulations or to identify information indicating that noncompliance with laws and regulations has or may have occurred? If so, describe those audit techniques.

**Not aware of it.**

16. Is the proposed approach to include the requirements related to understanding (1) the laws and regulations that govern the determination of the form and content of the financial statements and (2) those other laws and regulations with which the company's noncompliance could reasonably have a material effect on the financial statements sufficiently clear? If not, why not?

**Yes, but please note my answer to question 7.**

Comments on NOCLAR amendments  
Cristian E. Munarriz  
Public Accountant  
Autonomous City of Buenos Aires, Argentina  
[Cristian\\_munarriz@yahoo.com.ar](mailto:Cristian_munarriz@yahoo.com.ar)

17. Is the proposed approach to include the requirements related to understanding management's related processes for identifying laws and regulations with which noncompliance could reasonably have a material effect on the financial statements and for preventing, identifying, investigating, evaluating, and communicating compliance in AS 2110 sufficiently clear? If not, why not?

**Yes, but please note my answer to question 7.**

18. Are the proposed requirements related to reading publicly available information about the company sufficiently clear? If not, why not?

**Yes, but please note my answer to question 7.**

19. Are the proposed additional requirements in AS 2110 regarding inquiries of others within the company sufficiently clear? If not, why not?

**Yes, but please note my answer to question 7.**

20. Is the requirement to inquire about whether correspondence exists with the company's relevant regulatory authorities regarding instances, or alleged or suspected instances, of fraud or other noncompliance with laws and regulations that could reasonably have a material effect on the financial statements and the nature of such correspondence sufficiently clear? If not, why not? Would this requirement change auditors' current practices of communicating directly with regulators about the company when appropriate and necessary? If so, how?

**Yes, I do not think this requirement may significantly change current practice.**

21. Are there other examples of the application of procedures that should be included for clarity? If so, please describe those examples.

**Refer to my answer to question 7.**

22. Are the proposed requirements and examples regarding understanding changes to the company's operating strategy and the impact on the company's accounting principles and disclosures sufficiently clear? If not, why not?

**Yes**

23. Are there additional procedures the auditor should be required to perform to identify noncompliance with laws and regulations that are not currently contemplated by the proposed amendments? If so, what are the procedures?

**Refer to my answer to question 7.**

24. Is the proposed approach to evaluate instances of noncompliance that has or may have occurred sufficiently clear? If not, why not?

Comments on NOCLAR amendments  
Cristian E. Munarriz  
Public Accountant  
Autonomous City of Buenos Aires, Argentina  
[Cristian\\_munarriz@yahoo.com.ar](mailto:Cristian_munarriz@yahoo.com.ar)

**Yes**

25. Is the proposed requirement for auditors to consider whether specialized skills or knowledge is needed to assist the auditor in evaluating noncompliance that has or may have occurred sufficiently clear? If not, why not?

**Yes**

26. Are the procedures the auditor may perform to obtain an understanding of the nature and circumstances of potential noncompliance and to determine whether it is likely the noncompliance occurred sufficiently clear? If not, why not? What additional procedures, if any, should be added?

**Yes**

27. Are there other procedures that the auditor should be required to perform when evaluating information indicating that noncompliance with laws and regulations has or may have occurred? If so, what are those procedures?

**N/A**

28. When evaluating information that may be indicative that noncompliance has or may have occurred, should the auditor consider the impact of that information on other information in documents containing the audited financial statements? If not, why not?

**Yes, I think it is consistent with AS 2710**

29. Is the proposed requirement to determine whether senior management has taken timely and appropriate remedial action, including any impact on the auditor's report sufficiently clear? If not, why not?

**Yes**

30. Are the proposed communication requirements sufficiently clear? If not, why not?

**Yes. However, I think an exception should be included to not communicate matters when doing so will be a breach of laws and regulations (e.g. tipping-off offense under AML rules).**

31. Should the auditor's communication requirements differ when the information about noncompliance is identified by management, as compared to when identified by the auditor? Would the proposed exceptions for previous communications help in avoiding duplicative communications? Should the auditor communications be expanded or narrowed? If so, how?

**I think proposed requirements are generally reasonable.**

32. Are there any additional matters related to noncompliance with laws and regulations that should be communicated to management and the audit committee? If so, what?

Comments on NOCLAR amendments  
Cristian E. Munarriz  
Public Accountant  
Autonomous City of Buenos Aires, Argentina  
[Cristian\\_munarriz@yahoo.com.ar](mailto:Cristian_munarriz@yahoo.com.ar)

**N/A**

33. Does the timing of the proposed communications (that is, “as soon as practicable”) to management and the audit committee pose any particular challenges to the auditor? If so, how should the proposed requirement be changed?

**I do not think there is a challenge regarding timing, but I think the timing should not be before the auditor has properly evaluated the issue.**

34. Is it appropriate to require the auditor to have a subsequent communication to management and the audit committee to communicate the results of the auditor’s evaluation of information indicating noncompliance with laws and regulations has or may have occurred? If not, why not? Does this communication pose any particular challenges? If so, what are they?

**I do not see any particular challenges**

35. Does the requirement to communicate the results of the auditor’s evaluation of information indicating noncompliance with laws and regulations has or may have occurred pose any particular challenges? If so, how should the proposed requirement be changed?

**I do not see any particular challenges**

36. Are there other communications the auditor should make (for example, to the PCAOB or other regulatory body, investors, other stakeholders)? If so, what should those communications include and who should those communications be made to?

**I do not think it is appropriate to make communications to others, except if required by law (e.g. AML offenses reported to the local financial intelligence unit). Such requirement may have complications in foreign countries (i.e. audits of Foreign Private Issuers) as it may contradict local regulations.**

37. Is the proposed requirement for the lead auditor to obtain the written affirmations from the other auditor sufficiently clear? If not, why not?

**Yes**

38. Are the proposed communication requirements if either the lead auditor or other auditor identifies or otherwise becomes aware of any instances, or alleged or suspected instances, of fraud or other noncompliance that may be relevant to the audit work being performed sufficiently clear? If not, why not? Should additional communication requirements be considered, and if so, what are the requirements?

**Yes, but I think the other auditor should inform the lead auditor if communicating the matter to management may imply a breach of laws and regulations for the other auditor in a foreign jurisdiction (e.g. tipping-off offenses in AML regulations) and if there is a restriction in laws or regulations to communicate the matter to a third party.**



Comments on NOCLAR amendments  
Cristian E. Munarriz  
Public Accountant  
Autonomous City of Buenos Aires, Argentina  
[Cristian\\_munarriz@yahoo.com.ar](mailto:Cristian_munarriz@yahoo.com.ar)

39. Are there additional auditor reporting considerations that should be considered? If so, what are they?

**I think the standard should state that if a modification in the audit report is related to a matter that the auditor is prohibited by laws and regulations to communicate to anyone other than the regulator (e.g. tipping-off offenses under AML rules) or communicate to others outside of the company, the auditor may need to consult with a lawyer.**

40. Should the proposed standard include a requirement for communication in the engagement report regarding specific aspects of a company's noncompliance with laws and regulations? If so, what should that communication include?

**No, because such requirements may create inconsistencies with local laws and regulations in foreign countries.**

41. Should specific requirements be retained related to an auditor's withdrawal or resignation from the audit engagement in circumstances when likely noncompliance with laws and regulations has been identified? If so, which requirements?

**No, because such requirements may create inconsistencies with local laws and regulations in foreign countries.**

42. Is the proposed incorporation of the requirements to document the auditor's consideration of fraud in a financial statement audit into AS 1215 sufficiently clear? If not, what changes are necessary and why?

**Yes**

43. Is the proposed documentation requirement in AS 1215.12h sufficiently clear? If not, what changes are necessary and why? Are there any specific challenges related to this documentation requirement? If so, please describe.

**Generally yes, but I think the auditor should clarify that is not making any legal determination about the existence of a noncompliance with laws and regulations. Otherwise, it may face legal consequences if the courts determine that no laws and regulations were breached.**

44. Are the proposed requirements to amend the understanding with an auditor's specialist – whether employed or engaged by the auditor – sufficiently clear? If not, why not?

**Yes**

45. Are the amendments to AS 2410 sufficiently clear? If not, why not?

**Yes**

Comments on NOCLAR amendments  
Cristian E. Munarriz  
Public Accountant  
Autonomous City of Buenos Aires, Argentina  
[Cristian\\_munarriz@yahoo.com.ar](mailto:Cristian_munarriz@yahoo.com.ar)

46. What steps or procedures do auditors currently take or perform to comply with Section 10A obligations when information related to noncompliance is identified during an interim review?

**I do not know.**

47. Is the addition of the management inquiry in proposed paragraph .18c of AS 4105 sufficiently clear? If not, why not? Are auditors making this inquiry currently?

**Yes, it is clear.**

48. Is the proposed amendment to AS 4105.23 sufficiently clear? If not, what changes are necessary and why?

**Yes, it is clear.**

49. Is the timing for any required communications in proposed AS 4105.32 reasonable? If not, what changes are necessary and why?

**Yes, but refer to my answer to question 33.**

50. Should an interim review requirement be added for the auditor to make specific inquiries regarding the company's ongoing investigations related to noncompliance with laws and regulations? If so, what should those specific inquiries be?

**If there are open investigations and correspondence received from regulatory authorities, it is reasonable for the auditor to make enquiries about it. Nonetheless, auditors should also make enquiries to compliance personnel and internal auditor, disregarding if there any open investigations.**

51. Is rescinding AS 6110 appropriate? Does this standard continue to be used by auditors? If so, what are the specific provisions that are used by auditors and when is this standard used?

**I am not aware of the use of AS 6110**

52. Is rescinding AI 13 appropriate, or does the interpretation contain specific guidance necessary to apply PCAOB standards? If so, what is that specific guidance?

**I think it is appropriate to rescind the guidance and incorporate all relevant guidance in the standard**

53. Is rescinding AI 21 and replacing its content with a footnote in AS 2805 appropriate? If not, why not?

**Yes**

54. Are there other changes that should be made to AS 2805? If so, what are those changes?

Comments on NOCLAR amendments  
Cristian E. Munarriz  
Public Accountant  
Autonomous City of Buenos Aires, Argentina  
[Cristian\\_munarriz@yahoo.com.ar](mailto:Cristian_munarriz@yahoo.com.ar)

**N/A**

55. Are the proposed conforming amendments in Appendix 3 appropriate and clear? Why or why not? What changes to the amendments are necessary?

**Yes. However note my answer to question 7.**

56. In addition to the proposed conforming amendments in Appendix 3, are other conforming amendments necessary in connection with the proposed changes to AS 2405 and AS 2110?

**N/A**

57. Are there other benefits and costs not addressed above that we should consider?

**I think the proposal as it is written has many costs that significantly outweigh the potential benefits. I do not think that even if applying the extensive requirements in the proposal, the auditors will be able to identify most instances of noncompliance because of the limitations noted in the current paragraph 6 of AS 2405. In order to comply with the proposed requirements, auditors will be incentivized to adopt a “tick the box” mentality that will significantly depart them from the relevant risks of material misstatement in the financial statements. I think that the proposal will generate a decrease in audit quality with a significant increase in audit fees. Obviously the costs will be significantly higher for highly regulated industries, which may disincentivize those companies to go public.**

58. Are there additional academic studies or data that would inform our analysis of the expected economic impacts of the proposed amendments? If so, please provide such studies or data. Are there any sources of data that could provide a quantitative estimation of the expected benefits and costs? If so, please provide the names of such sources.

**I am not aware of it.**

59. Which proposed amendments are likely to be associated with more substantial costs? Are the costs quantifiable?

**I think the requirements to perform procedures to identify laws and regulations with which noncompliance could reasonably have a material effect on the financial statements and assessing and responding to risk of material misstatement to each of these laws and regulations is not practicable. Please refer to my answer to question 7.**

60. Is the expansion of the auditor’s responsibilities to identify information indicating noncompliance with laws and regulations has or may have occurred without regard to the effect of such noncompliance on the financial statements practical and cost effective to implement? Are small/medium firms equipped and capable of implementing these new requirements? If not, why not?

**Refer to answer to question 59.**

Comments on NOCLAR amendments  
Cristian E. Munarriz  
Public Accountant  
Autonomous City of Buenos Aires, Argentina  
[Cristian\\_munarriz@yahoo.com.ar](mailto:Cristian_munarriz@yahoo.com.ar)

61. Will the proposed requirement for auditors to assess the risk of material misstatement, including risks of material misstatement due to noncompliance with laws and regulations, change how auditors assess risks of material misstatement and design related audit responses? If so, how and to what extent?

**Refer to my answer to question 57.**

62. Are there substantial costs associated with an increased need to use auditor's specialists to assist the auditor in evaluating noncompliance that has or may have occurred as a result of the proposed requirements? If so, are the costs quantifiable? Are there any applicable means of mitigating or reducing such costs?

**Currently, the auditors do not typically involve the use of specialists for NOCLAR, except for tax and pension plans (both have direct effect). The complexity of laws and regulations with indirect effect may significantly involve the use of specialist by auditors, sometimes specialist that currently may not work in audit firms. That is one the major reasons I believe the approach of the proposal is not feasible in practice.**

63. Would the economic impacts be different for smaller firms or emerging growth companies? If so, how?

**Yes, because smaller firms will generally have access to more limited specialists (for example, larger firms may have internal specialists in privacy or environmental laws, but it is unlikely that a smaller firm will have it). Also, small public companies, including EGC, will not generally have compliance specialists that can interact with auditors in the course of the audit regarding issues raised in the performance of the procedures required by the proposal.**

64. The Board requests comment generally on the potential unintended consequences of the proposal. Are the responses to the potential unintended consequences discussed in the release appropriate? Are there additional potential unintended consequences that the Board should consider? If so, what are the potential unintended consequences and what responses should be considered?

**Refer to my answer to question 57.**

65. The Board also requests comment on the potential unintended consequences of the proposal on competition in the market for audit services. How and to what extent could competition be affected by the proposal? How would smaller firms be affected? Would audit fees be meaningfully affected by the proposal? Would the availability of qualified auditors in the market be meaningfully affected by the proposal?

**Refer to my answer to question 63.**

66. Are there any factors specifically related to audits of brokers and dealers that may affect the application of the proposal to those audits? If so, what are those factors and how should they be considered?

**I have no experience in audits for brokers and dealers, so I do not know.**

Comments on NOCLAR amendments  
Cristian E. Munarriz  
Public Accountant  
Autonomous City of Buenos Aires, Argentina  
[Cristian\\_munarriz@yahoo.com.ar](mailto:Cristian_munarriz@yahoo.com.ar)

67. The Board requests comment generally on the alternative approaches described in this release that we considered, but are not proposing. Are any of these approaches, or any other approaches, preferable to the approaches that we are proposing? What reasons support those approaches over the approaches we are proposing? Would any other alternatives better promote investor protection, efficiency, competition, or capital formation?

**I think the only feasible approach would be to continue to differentiate the different laws and regulations, but increased risk assessment procedures may be incorporated as long as not significantly expanding the scope of the audit. Please refer to my answer to question 7.**

68. The Board requests comment generally on the analysis of the impacts of the proposal on EGCs. Are there reasons why the proposal should not apply to audits of EGCs? If so, what changes should be made so that the proposal would be appropriate for audits of EGCs? What impact would the proposal likely have on EGCs, and how would this affect efficiency, competition, and capital formation?

**Refer to my answer to paragraph 63.**

69. Would requiring compliance for fiscal years beginning after the year of SEC approval provide challenges for auditors? If so, what are those challenges, and how should they be addressed?

**I think the proposal is not feasible, disregarding of timing, because it fails to acknowledge limitations of an audit regarding some laws and regulations, as noted in current paragraph 6 of AS 2405. Nonetheless, if the PCAOB decides to issue the standards as proposed, as it is intended to mean a significant change in current practice, I think a significant time for implementation is needed (at least 3 years). Some of the challenges are the training of audit staff of many laws and regulations of which they have no current training (e.g. privacy laws and environmental laws), involving a wide range of specialists, etc. Maybe it was not intended to be this way, but it would be, by far, the major expansion in the scope of audits.**

70. How much time following SEC approval would audit firms need to implement the proposed requirements?

**Refer to my answer to question 69.**