

From: Adam Hunn <ahunn@lumeris.com>
Sent: Friday, August 4, 2023 4:43 PM
To: Comments
Cc: Erin Venable
Subject: [EXT]: PCAOB Rulemaking Docket 051: Amendments to PCAOB Auditing Standards related to a Company's Noncompliance with Laws and Regulations

Good afternoon,

My name is Adam Hunn, and I am the Regulatory Compliance Manager for Lumeris Healthcare Outcomes, LLC. We would like to commend the PCAOB for conducting an examination of their existing standards and acting on areas that would benefit from strengthened requirements for auditor responsibilities. While Lumeris is not presently a publicly traded company, we appreciate the PCAOB providing the opportunity for stakeholders across the industry to provide comment on the proposed standards. We would like to provide comment on a few specific areas related to the role of compliance functions within organizations during auditor examinations.

While AS 2405.06a3 directs auditors to make inquiries “of management, the audit committee, internal audit personnel, and others regarding noncompliance” during risk assessments, we believe there should be an explicit inclusion of the organization’s chief compliance officer, as applicable. Organizations with separate compliance functions are uniquely positioned within the business to provide key insights into potential risks related to non-compliance and fraud, and the chief compliance officer should be engaged accordingly to provide such insights as a part of the risk assessment process. Language from AS 2110.56c could be leveraged to reference the optionality of this engagement – limited to instances where the organization has a dedicated chief compliance officer. We recommend the PCAOB address this item in both AS 2405.06a and AS 2110.57.

Additionally related to the compliance function, the proposed standards provide guidance on inquiring with the audit committee on their exercising of oversight of the fraud risk assessment process. The standards again are silent on the role of the compliance function in this process and of a board-level committee’s oversight of the compliance and ethics program. It is essential that auditors examine compliance risk holistically and consider the totality of functions that provide organizational oversight of non-compliance and fraud reduction activities. Members of the organization’s Compliance department and Special Investigations Unit, if applicable, may be able to provide additional data points to auditors that elucidate further areas of risk, or counterpoints to purported risks. Interdepartmental collaboration and conversation are paramount to building effective auditing programs and mitigation of risk at all levels. We encourage the PCAOB to include inquiries around the compliance and ethics oversight process to ensure a comprehensive evaluation of how organizations manage compliance risks.

Respectfully submitted,
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Upcoming OOO: None

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