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Sent: Wednesday, February 15, 2023 5:15 PM
To: Comments
Subject: [EXT]: PCAOB Rulemaking Docket Matter No. 028

Please see my comments below regarding the new change:

I have read the proposed auditing standard “The Auditor’s Use of Confirmation, and Other Proposed Amendments to PCAOB Standards” published on December 22, 2022. I am concerned and object to the proposed change in the PCAOB standards that bars external auditors from utilizing an internal audit function to provide direct assistance in certain aspects of the confirmation process.

When external audits use internal auditors, they must adhere to AS2605: Consideration of the Internal Audit Function which states:

- .01: The auditor considers many factors in determining the nature, timing, and extent of auditing procedures to be performed in an audit of an entity's financial statements. One of the factors is the existence of an internal audit function.¹ This section provides the auditor with guidance on considering the work of internal auditors and on using internal auditors to provide direct assistance to the auditor in an audit performed in accordance with the standards of the PCAOB.
- Assessing the Competence and Objectivity of the Internal Auditors
Competence of the Internal Auditors
.09: When assessing the internal auditors' competence, the auditor should obtain or update information from prior years about such factors as
 - Educational level and professional experience of internal auditors.
 - Professional certification and continuing education.
 - Audit policies, programs, and procedures.
 - Practices regarding assignment of internal auditors.
 - Supervision and review of internal auditors' activities.
 - Quality of working-paper documentation, reports, and recommendations.
 - Evaluation of internal auditors' performance.
- Objectivity of the Internal Auditors
.10 When assessing the internal auditors' objectivity, the auditor should obtain or update information from prior years about such factors as—
 - The organizational status of the internal auditor responsible for the internal audit function, including—
 - Whether the internal auditor reports to an officer of sufficient status to ensure broad audit coverage and adequate consideration of, and action on, the findings and recommendations of the internal auditors.
 - Whether the internal auditor has direct access and reports regularly to the board of directors, the audit committee, or the owner-manager.
 - Whether the board of directors, the audit committee, or the owner-manager oversees employment decisions related to the internal auditor.
 - Policies to maintain internal auditors' objectivity about the areas audited, including—
 - Policies prohibiting internal auditors from auditing areas where relatives are employed in important or audit-sensitive positions.

- Policies prohibiting internal auditors from auditing areas where they were recently assigned or are scheduled to be assigned on completion of responsibilities in the internal audit function.

The current standard does not need to be changed. The proposed change in PCAOB standards is presented without any clear explanation for or examples of the need for such a change. There are no examples where internal auditors have failed external auditors in the confirmation process.

Internal auditors are independent from management per our standards and the IIA's Code of Ethics. I have been both an external auditor and an internal auditor and have had the same independent reporting relationship to the audit committees in my organizations. Both have an obligation to exercise due care in handling all information.

The PCAOB's new proposal seems to imply internal auditors are not competent, objective, and trustworthy.

Thank you!
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