

February 17, 2023

Public Company Accounting Oversight Board
1666 K Street, NW
Washington, DC 20006-2803

RE: PCAOB Rulemaking Docket Matter No. 028

Dear Commissioners Williams, DesParte, Ho, Stein, and Thompson:

On behalf of The Wendy's Company, we appreciate the opportunity to comment upon the Public Company Accounting Oversight Board's (PCAOB) proposed auditing standard entitled: "The Auditor's Use of Confirmations and Other Proposed Amendments to PCAOB Standards."

Although the proposed standard rightly modernizes certain aspects of the confirmation process, we are troubled by the PCAOB's assertions concerning the internal audit profession. For example, Section III(I) of the PCAOB proposal speciously argues:

Involving internal auditors or other company employees in these activities would create a risk that information exchanged between the auditor and the confirming party is intercepted and altered.¹

The PCAOB's allegation that internal auditors would purposely manipulate confirmation data raises an important audit question: where is the evidence that internal auditors have altered documentation while working as part of the external audit team?

In our opinion, the PCAOB's comments will unnecessarily compromise confidence in the internal audit profession. The potential consequences of this proposal extend beyond the confirmation process and establish a dangerous precedent regarding the proper evaluation of risk and internal controls.

As the Chief Financial Officer of The Wendy's Company with over 30 years in the financial industry, I can personally attest to the integrity and professionalism of internal auditors. These dedicated individuals provide objective assurance, independent from management, on a range of issues that promote organizational transparency and accountability. Internal audit represents, at its core, a critical safeguard to governing bodies, management, consumers, and investors. It is essential that Federal regulators, such as the PCAOB, acknowledge the importance of internal audit and utilize the profession as a resource in strengthening audit practices.

Additionally, I recognize the value of having our internal auditors assist the external audit teams to learn different audit practices, see different perspectives, and even learn from different managers. These experiences only improves their competencies to bring back to the business for

¹ "The Auditor's Use of Confirmation, and Other Proposed Amendments to PCAOB Standards," The Public Company Accounting Oversight Board, December 20, 2022: https://pcaob-assets.azureedge.net/pcaob-dev/docs/default-source/rulemaking/docket_028/2022-009-confirmation.pdf?sfvrsn=d3d14ede_2

future audit work. By minimizing the work internal auditors can assist with, some of those learning opportunities will be lost.

As the Chief Audit Executive for Wendy's with over 15 years of Internal Audit work, I disagree with the assertion that we would alter or intercept audit evidence as you stated in your proposal. I hold my team to our professional standards issued by the Institute of Internal Auditors and annually require all of us to read and sign our code of conduct statements, including needing to maintain independence. We perform rigorous self-assessments to our Standards annually and every 5 years are reviewed by external partners. Additionally, I report directly to the Audit Committee to maintain independence, and they expect my team to be the eyes and ears of the Board. By implying we work for management and would cover up wrongdoing, we would lose that trust of the Board and damage our reputation.

Therefore, we respectfully urge the PCAOB consider the following modifications to the proposed auditing standard:

- Maintain the existing regulatory scheme concerning the role of internal auditors in the confirmation process
- Remove claims – both in the proposal and other external communications – that imply internal auditors may “intercept” or “alter” confirmation data

Should you have any questions regarding this letter, please do not hesitate to contact us at melissa.clawson@wendys.com or Gunther.plosch@wendys.com.

Thank you for the opportunity to share perspective on this important matter.

Respectfully,

Gunther Plosch
Chief Financial Officer
The Wendy's Company

Melissa Clawson
Chief Audit Executive
The Wendy's Company