



February 16, 2023

Office of the Secretary
PCAOB
1666 K Street, NW
Washington, DC 20006-2803

RE: PCAOB Rulemaking Docket Matter No. 028 *Proposed Auditing Standard – The Auditor’s Use of Confirmation, and Other Proposed Amendments to PCAOB Standards*

PCAOB Release No. 2022-009 December 20, 2022

Dear Board members and staff:

On behalf of Midwest BankCentre, I appreciate the opportunity to comment on the PCAOB Rulemaking Docket Matter No. 028 *Proposed Auditing Standard – The Auditor’s Use of Confirmation, and Other Proposed Amendments to PCAOB Standards*. I am grateful for the efforts the PCAOB has made to consider the feedback, concerns, and viewpoints from various stakeholders about the proposed change that will bar the use of Internal Audit in the Confirmation process.

I am concerned with and object to the proposed change which is presented without any clear explanation or examples for why the change is necessary. Also, it is a significant departure from the current regulatory guidance between internal and external auditors.

My Internal Audit department abides by the Institute of Internal Audit Standards and Code of Ethics which require objective assurance, independent from management. Specifically Standard 1100 – Independence and Objectivity states “The internal audit activity must be independent, and internal auditors must be objective in performing their work”. Our independence and objectivity is required in all audits and would include any role in the confirmation process. With Section III(I) of the PCAOB proposal stating:

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. Accordingly, under the new proposed standard, using direct assistance from internal auditors for these activities would not be allowed.

With this proposed change, The PCAOB is disregarding the standards internal auditors adhere to and implies that we are not trustworthy or capable of exhibiting independence and due care in the performance of our duties.

Prior to this new proposal, the PCAOB’s standard for using and evaluating internal auditors has been Accounting Standard 2605 (AS 2605) entitled, “Consideration of the Internal Audit Function.” In that standard, the PCAOB grants the external auditors authority to utilize an internal audit function, as needed, to provide direct assistance during any audit. It provides guidance to the external auditors on assessing

the internal auditors' competence and objectivity. Further, it specifically states that "internal auditors maintain objectivity with respect to the activity being audited".

Currently, our external auditors provide direction and oversight to my internal audit team assisting with the confirmation process. Additionally, our external auditors rely on some of our control testing. A change to the confirmation guidance would impact our annual audit on both sides. It would increase the number of external audit procedures and the cost of the audit. Our external auditors have not expressed any concerns with our independence and objectivity within the process. We have a strong working relationship with our external auditors to provide objective testing to aid in the external audit process.

Thank you for your time and consideration of my view on the proposed change. It is important to my profession to have constructive and collaborative relationship with the PCAOB, external auditing firms, and other governing bodies to ensure that we have the best interest of the general public, customers, investors, corporations, and auditors taken into consideration.

Thank you,
Krista Rowe, CPA, CIA
Internal Audit Supervisor
Midwest BankCentre
krowe@midwestbankcentre.com