

Denis Gorgemans, CIA
PO Box 6365
Denver, CO 80206

February 20, 2023

Public Company Accounting Oversight Board
Office of the Secretary
1666 K Street, NW
Washington, DC 20006-2803

By email: comments@pcaobus.org

RE: Comments Regarding PCAOB Rulemaking Docket Matter No. 028

Dear Chair Williams and PCAOB Members DesParte, Ho, Stein, and Thompson:

As a practicing internal auditor and an active member of the Institute of Internal Auditors (IIA), I appreciate the opportunity to comment on the Public Accounting Oversight Board (PCAOB) proposed auditing standard AS 2310, *"The Auditor's Use of Confirmation, and Other Proposed Amendments to PCAOB Standards,"* and I wish to respectfully disagree with this proposal.

Starting on page 42 of the proposed standard, the PCAOB states that *"The new proposed standard identifies certain activities in the confirmation process where the auditor may not use the assistance of the company's internal audit function. Specifically, the auditor would not be permitted to use internal auditors for selecting items to be confirmed, sending confirmation requests, and receiving confirmation responses."* The PCAOB explains that *"using internal auditors for selecting items to be confirmed, or for sending or receiving responses, would not be consistent with the auditor's responsibility to maintain control over the confirmation process. 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."*

This seems to be a significant departure from PCAOB's Auditing Standard AS 2605, *"Consideration of the Internal Audit Function."* This standard essentially permits the external auditors to utilize an internal audit function to conduct certain audit procedures (direct assistance) on their behalf and under their supervision. This standard also requires the external auditor to *"assess the internal auditors' competence and objectivity and evaluate and test the work performed by internal auditors to the extent appropriate in the circumstances."*

From experience throughout my external auditing attestation work and, most recently, internal auditing career, this framework has been extremely successful and has created a stable and rigorous relationship between the external auditors and their internal audit partners. This relationship is ultimately beneficial to protect the interests of investors and further the public interest in the preparation of informative, accurate and independent audit reports. In my experience, the assiduity of our external auditors testing our competence and objectivity, confirming our credentials and knowledge, and reviewing our workpapers has been second to none.

As such, maintaining the current PCAOB AS 2605 as the basis for evaluating the internal auditors' involvement with direct assistance, including for the confirmation process, seems to provide the clearest, and most consistent, path forward. Therefore, I respectfully ask that you remove the exclusion of internal audit functions from your proposed auditing standard on the auditor's use of the confirmation process.

As you may know, the internal audit profession prides itself with the independence and objectivity fundamental to the risk assurance services we provide to our organizations. As a Certified Internal Auditor (CIA), I have an obligation to exercise due care and to conform with the globally recognized International Standards for the Professional Practice of Internal Auditing along with the requirements of the IIA's Code of Ethics. The PCAOB characterization of internal auditors as untrustworthy or incapable of exhibiting due care in the performance of their duties is deeply troubling and casts an unnecessary shadow on the long-standing history of collaboration and cooperation between external auditors and internal audit functions.

I thank you for your consideration.

Respectfully,

Denis Gorgemans

Denis Gorgemans, CIA
Internal Audit Practitioner
denis.gorgemans2@gmail.com