

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

Language in Comment Letter

The comment letter notes that the proposed change in the standard is presented without any apparent explanation or evidence for the need for such a change.

Isaac M. O'Bannon • Feb. 07, 2023



**The Institute of
Internal Auditors**
Elevating Impact

The Institute of Internal Auditors (IIA) – the internal audit profession’s leader in standards, certifications, education, research, and technical guidance worldwide – has submitted a comment letter opposing anti-internal auditor language in the Public Company Accounting Oversight Board’s (PCAOB) proposed auditing standard, “The Auditor’s Use of Confirmation, and Other Proposed Amendments to PCAOB Standards.”

In the letter, Anthony Pugliese, CIA, CPA, CGMA, CITP, President and CEO of The IIA writes that *“although the recommended policy change minimally impacts the provision of internal audit services, it represents a significant departure from the regulatory status quo regarding the relationship between internal (auditors) and external auditors.”*

Reiterating and expanding upon The IIA’s concerns and objection to the proposed change in the PCAOB’s standard expressed in its [initial public statement](#) on this issue, the letter highlights the ‘false and inflammatory’ nature of the PCAOB’s

characterization of internal auditors in Section III(I) of the PCAOB proposal, which

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

Accounting Standard 2605 (AS 2605) entitled, "Consideration of the Internal Audit Function," wherein the PCAOB specifically acknowledges that "internal auditors maintain objectivity with respect to the activity being audited."

Pugliese underscores that the *"incongruity between the PCAOB's positions in AS 2605 and the present proposal creates regulatory mixed messages"* and *"jeopardizes longstanding collaborations between external audit firms and internal auditors."*

To address these issues, the letter calls upon the PCAOB to:

- Maintain AS 2605 as the standard for evaluating internal auditors' involvement in the confirmation process.
- Make modifications to the proposed language contained in the section "Using Internal Audit in the Confirmation Process."
- Strike the new addition to section .27 "Using Internal Auditors to Provide Direct Assistance to the Auditor."

Pugliese writes that, *"while the scope of responsibilities for each profession is different, internal and external auditors must work in harmony to ensure that the governance, risk and control processes are in place and adequately working. Disparagement of either audit function – particularly from a government regulatory agency – undermines this partnership and risks engendering public mistrust in the auditing profession."*

Pugliese also noted in the letter the importance of constructive conversations between the internal audit and external audit professions: *"It is important to The IIA and the entire internal audit profession that we have a constructive, collaborative, and open dialogue with the PCAOB and all external auditors to ensure that we are partnering and aligning whenever possible."*

"I'm confident that an open dialogue with Chair Williams and the PCAOB Members will help them understand the internal audit profession's concerns with this

proposal and the importance of working together to address them,” Pugliese said.

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

Sponsors.

© 2024 Firmworks, LLC. All rights reserved