

May 27, 2010

Office of the Secretary  
PCAOB  
1666 K Street, N.W.  
Washington, D.C. 20006-2803, USA

Response e-mailed to [comments@pcaobus.org](mailto:comments@pcaobus.org)

Re: PCAOB Rulemaking Docket Matter No. 030. PCAOB Release No. 2010-001, March 29, 2010

Dear Sir/Madam:

The Institute of Internal Auditors (IIA) welcomes the opportunity to comment on the *Proposed Auditing Standard Related to Communications with Audit Committees and Related Amendments to Certain PCAOB Auditing Standards*. Our comments are based on a thorough analysis and discussion, utilizing a core team of audit experts who serve on The IIA's Professional Issues Committee. These individuals consist of experienced Certified Public Accountants and Certified Internal Auditors who have worked in public accounting and in audit management positions in small, medium, and large multinational companies.

The proposed standard is extremely important to The IIA. As defined in The IIA's International Professional Practices Framework (IPPF): "Internal auditing helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes." The IIA Standards Section 2110 addresses Internal Audit's specific responsibilities related to corporate governance processes. As internal audit professionals, we are well positioned to understand the implications and impact of these principles on audit, risk management, control, and governance practices within companies.

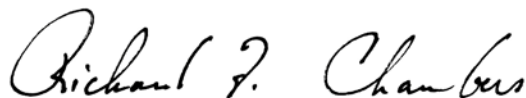
We strongly support the proposed PCAOB standard that addresses the need for improved communication between the auditor and the audit committee. We see the need for auditors to provide accurate, complete, and timely information to the audit committee to allow them to provide oversight of audits performed. We also believe a properly organized internal audit function compliments and supports the external audit of an organization's financial statements and internal controls.

The following are our principal comments and observations. More detailed responses to the exposure document are included in Attachment A.

1. Overall, the document is very well written. We agree the audit committee is the organizational body to engage and oversee the work of the external auditor. We also agree the auditor has a responsibility to clearly communicate with the audit committee on the strategy, objectives, approach, risk assessment process, and timing of work. This two-way communication should occur throughout the audit so both the auditor and the audit committee can maintain a productive and professional relationship (see the response to question 1).
2. The auditor should obtain audit committee views on the internal audit function and reliance on internal audit work performed (see the response to question 5).
3. We believe the auditor's "planned" use of internal audit staff needs to be broadened to include a cooperative and coordinated relationship (see the response to question 6).
4. The proposed standard states the auditor should communicate to the audit committee so an "experienced auditor" would understand the communication. Ideally, that communication would be at a level that reasonably competent audit committee members would understand the communication, or at the very least, financially literate audit committee members would understand the communication (see the response to question 16).

The IIA welcomes the opportunity to discuss any and all of these recommendations with you. We offer our assistance to the PCAOB in the continued development of this standard.

Best Regards,

A handwritten signature in cursive script that reads "Richard F. Chambers".

Richard F. Chambers, CIA, CGAP, CCSA  
President and Chief Executive Officer

#### **About The Institute of Internal Auditors**

The IIA is the global voice, acknowledged leader, principal educator, and recognized authority of the internal audit profession and maintains the *International Standards for the Professional Practice of Internal Auditing (Standards)*. These principles-based standards are recognized globally and are available in 29 languages. The IIA represents more than 170,000 members across the globe and has 103 affiliates in 165 countries that serve members at the local level