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Sent: Thursday, August 3, 2023 11:18 AM
To: Comments
Subject: [EXT]: PCAOB Rulemaking Docket 051: Amendments to PCAOB Auditing Standards related to a Company's Noncompliance with Laws and Regulations

Public Company Accounting Oversight Board

August 3, 2023

Attn: Office of the Secretary

1666 K Street N.W.

Washington, DC 20006-2803

RE: Docket 051: Amendments to PCAOB Auditing Standards related to a Company's Noncompliance with Laws and Regulation

We write this letter in support of the Society of Corporate Compliance & Ethics' comments in Docket 051, as set forth in the letter from that organization's CEO, Gerry Zack.

Compliance and ethics programs have become an essential tool of all responsible companies and other organizations. They are the means by which companies take practical, management steps to prevent and detect illegal and unethical conduct. As is true for any major corporate function, to be effective they need to have one senior leader responsible for their implementation and operation. This person is the Chief Ethics and Compliance Officer (CECO).

Anyone interested in a company's steps to prevent and detect misconduct needs to take into consideration the operation of its compliance and ethics program. To do this the essential contact is the senior person responsible for that program, the CECO. Note that while there are other senior managers who need to work cooperatively with the CECO, there is no other officer who can replace this function (the CECO may, however, have other functions, especially in smaller organizations). For example, much of the work involved in an effective compliance and ethics program involves management of the company's human resources. Thus the head of human resources (HR) has areas of overlap with the CECO, but the HR remit is considerably less than that of the CECO with respect to the prevention and detection of misconduct. The program also needs to conduct internal reviews to ensure compliance, but is not replaced by the chief internal auditor. The general counsel is the source for legal advice on legal issues related to compliance, but is not the person who actually manages the program. No review of compliance risk can be complete without input from the senior officer responsible for the compliance function, the CECO.

We therefore urge the PCAOB to adopt the changes proposed by SCCE, and to include the CECO within the scope of the auditors' review when assessing the risks associated with corporate illegal and unlawful conduct. Without this the auditor's review will provide an incomplete picture of any company's risk profile and its control of compliance risks.

Respectfully submitted,

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