

**From:** Brian Costello <brian@circit.io>  
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**To:** Comments <comments@pcaobus.org>  
**Subject:** [EXT]: PCAOB Rulemaking Docket Matter No. 028

Circuit is pleased to offer comments on the Public Company Accounting Oversight Board (the Board) proposed audit standard AS 2310, *The Auditor's Use of Confirmation*.

Circuit is a digital audit evidence collection platform for auditors, their clients and providers to verify assets and relationships at the source, helping to save time on consolidating requests while fostering integrity in the confirmation process. The Circuit platform provides a single interface to create, send and track confirmations to verified providers via their preferred interfaces, as well as gives providers an interface to receive and track such requests. Circuit is designated as an Intermediary in the proposed standard, and it is on those considerations we offer this response to share our perspective from the various due diligence assessments to which we've been subjected by audit firms and providers.

The section **Evaluating the Implications of Using an Intermediary to Facilitate Direct Electronic Transmission of Confirmation Requests and Responses** in Appendix B of the proposed standard provides high-level basic guidance for third-party risk management of Intermediaries used in the confirmation process. It states that firms engaging Intermediaries should assess the design and operating effective of controls over the risks of interception and alteration of the confirmation process. However, there is not guidance to firms on how to select, scope and test the controls for these risks. It is reasonable to believe then that most firms will default to a SOC2 report to meet this requirement. Indeed, the Spotlight Report *Observations and Reminders on the Use of a Service Provider in the Confirmation Process* published in March 2022 makes the specific statement that firms should either use a SOC report or perform their own audit procedures. While a SOC report is a comfortable and reasonable tool to assess an Intermediary, it is not the only type of assessment available. However, absent more guidance on how to scope such assessments, audit firms are unable to confidently meet the Board's expectations. It is Circuit's experience that many firms that request a SOC2 do not understand which Trust Service Principles apply, nor how to evaluate the scope of controls or their effectiveness. Rather, these firms are willing to accept a SOC2 report without reading past the date, opinion and narrative.

To maximize conformance with the letter and spirit of AS2310, Circuit recommends the Board provide more guidance to firms for evaluating Intermediaries so they and the Intermediary can engage in an objective assessment to arrive at a confident decision regarding the viability of the company and technology under review.

Circuit thanks the Board for its service to the audit profession and for this opportunity to share our perspective on the confirmation process.

Respectfully Submitted,

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