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May 6, 2026

Office of the Secretary  
PCAOB  
1666 K Street NW  
Washington, DC 20006-2803  
Via email: [comments@pcaobus.org](mailto:comments@pcaobus.org)

Re: **PCAOB Strategic Priorities PCAOB No. 2026-001**  
Dated March 31, 2026

## Executive Summary

Rechtman CPA PLLC respectfully submits that the PCAOB's strategic priorities should focus on strengthening auditor independence, increasing transparency in the inspection process, and responsibly integrating emerging technologies such as artificial intelligence.

We believe the current **audit model presents structural independence concerns because auditors are selected and compensated directly by the issuers they audit. The PCAOB should consider whether alternative frameworks could better align the audit function with the interests of the investing public.**

We further recommend that the **PCAOB enhance transparency by providing greater context and detail regarding inspection findings**, while incorporating more risk-based and graded assessment approaches into the inspection process.

Finally, **while artificial intelligence and related technologies may improve efficiency and analysis, such tools should augment, rather than replace, professional judgment.** The PCAOB should also consider safeguards to mitigate bias in AI systems trained on regulatory or inspection-related data.

## Detailed Response

In response to the above-referenced Request for Comment (“RFC”), Rechtman CPA PLLC, a New Jersey-based firm, respectfully submits the following responses:

### **1. What should the PCAOB focus on as its strategic priorities in registration, inspections, and enforcement over the next two to five years to further its statutory mission?**

**Response:** We believe that the main issue with the PCAOB in the past decade is its declining so-called “Return on Investments” for investors, issuing companies, and the general public. The decline in public trust – in particular the investing public – in the quality of audits is a systemic problem. The root-cause of this systemic problem is this: the auditee selects its auditor, whereby the auditor’s economic relationship is dependent upon the audited company or as some have described it: the auditor is at the whim of the audited company. The counter argument is weak: if the auditor doesn’t do the right thing, it will not get more clients. In our view, that assumption has not been borne out in practice.

**A systemic problem requires a systemic solution:** The PCAOB can play a major role in revising the audit paradigm whereby the auditor is selected and paid for by the auditee. Rather, we recommend that the PCAOB consider whether greater auditor independence could be achieved through a framework in which audit firms are assigned and compensated through a mechanism administered by the PCAOB, rather than directly by the issuer. This creates representation of the interests of investing public, and removes the major block in the independence of the auditor. With this solution, the auditor is answerable to the investing public through its public servant, the PCAOB.

**The role of inspection and enforcement can also change:** the current state of inspection is binary. Inspection teams do not always demonstrate consistent application of the concepts of financial statement risk and materiality. At times, findings under Part I.A of inspections of firm, accurately represent the reality of substandard audits. At other times, it represents a mere misunderstanding by the inspection team of basic concepts such as risk and materiality. This binary Pass/Fair approach could be relaxed and instead incorporate a graded or risk-based assessment model. For example: “red”, “yellow”, “green” as is the practice in another government agency – the U.S. Department of Labor when it assesses the health of a defined benefit fund.

### **2. What changes should the PCAOB make to its inspections program including, but not limited to, changes in light of its new quality control standard (QC 1000)?**

We make no comment in response to this question.

### **3. What inspection information would be most useful to stakeholders, and how could inspection reporting be enhanced under a quality control-focused inspection program?**

The investing public should be made aware of the *basis* for any findings. In that regard, disclosing any finding will also create transparency from the PCAOB on its own inspection process.

When a finding is reported by the PCAOB inspection of an auditor, the absence of information can only paint the auditor in a bad light, or “at par”, without disclosing the basis of such a report. Detail from the inspection, redacted where confidentiality trumps utility, should become available to the stakeholders. Stakeholders include also other auditors who may learn from the findings to improve their own process, rather than keeping the inspection process largely non-public. Rather, findings from inspections should be generally published and specific. This way, allegations against “harsh” or “unreasonable” inspections can also be abated, or if need be: corrected.

Let’s be real about it: just as with cameras on police officers with video recording available to the public upon request, the PCAOB inspection should be a recorded, transparent process.

#### **4. What standard-setting projects should the PCAOB pursue?**

We make no comment in response to this question.

#### **5. How can the PCAOB achieve greater alignment of its auditing standards with international auditing standards?**

We make no comment in response to this question.

#### **6. In what ways should the PCAOB consider deploying technology, including AI, to help further its investor-protection mission?**

The use of artificial intelligence and related technologies should not replace professional judgment. As significant and perhaps impressive as AI and technology achievements have been, they should only augment, but not replace, experience, expertise, and judgment.

Having said that, AI and Technology as assistance in the process has mostly been positive in interpreting (some say: *analyzing*, but we disagree) a universe of limited data, as long as the limitation is clearly defined. The PCAOB should consider establishing a public forum or repository that may be incorporated into the training data used by privately held AI databases and large language models, in addition to publicly filed materials. This is to mitigate what is known as “training bias” when the PCAOB own inspections are the basis for training an AI, without public scrutiny and without additional, external input.

The approach of letting the investing public is also be part of the AI training source should coincide with the transparency that we recommend in response to question (3), above.

#### **7. How can the PCAOB enhance transparency with its stakeholders?**

See question (3) for our view on this question.

## About Rechtman CPA PLLC

Rechtman CPA PLLC provides tax consulting and related professional services.

Yigal Rechtman, CPA, CFE, CITP, CISM is the managing-member of Rechtman CPA PLLC. He is the author of articles focusing on information technology, fraud, accounting, attestation, and audit issues. He is the founder and publisher of *CPA Publisher*, a peer-reviewed magazine for CPAs, and has been an active member of the editorial board of The CPA Journal.

Mr. Rechtman lectures in universities, professional organizations, and other forums about technology assurance, forensic accounting, and information systems. He has taught forensic accounting, auditing, and accounting information systems at Pace University's Lubin School of Business, New York campus, and currently teaches auditing at Fairleigh Dickinson University.

He is a member of several state societies of CPAs where he is a member of their respective Auditing committees. He is also the upcoming co-chair of the Emerging Technologies committee at the New Jersey Society of CPAs. Mr. Rechtman is the past chair of the Consulting Division Oversight Committee and the past chair of the Technology Assurance Committee at the New York State Society of CPAs. He is a member of the American Institute of Certified Public Accountants and a certified member of the Association of Certified Fraud Examiners. He is also a Certified Information Technology Professional and a Certified Information Security Manager.

Yigal Rechtman graduated from New York University with a B.A. in Computer Science and holds an M.S. in Accounting from Pace University.

Respectfully submitted,

A handwritten signature in black ink that reads "Yigal Rechtman". The signature is written in a cursive, flowing style.

Yigal M. Rechtman, CPA, CFE, CITP, CISM  
Managing Member