

**ICGN**

International Corporate Governance Network

The Honourable James Logothetis, Chairman  
PCAOB Board Members  
Phoebe Brown, Office of the Secretary  
PCAOB  
1666 K Street, NW  
Suite 300  
Washington, DC 20006-2803

13 May 2026

Dear Chairman Logothetis, Members of the Public Company Accounting Oversight Board,  
and Secretary Brown,

**Subject: Request for Public Comment, PCAOB Strategic Priorities, PCAOB No. 2026-001**

The International Corporate Governance Network (ICGN) appreciates the opportunity to respond to your request for public comments on the PCAOB Strategic Priorities for years 2026-2030 (“2026 Plan”).

Led by investors responsible for assets under management of >US\$100 trillion, ICGN is an authority on global standards of corporate governance and investor stewardship. Headquartered in London, our membership is based in more than 40 countries. ICGN’s [Global Governance Principles](#) and [Global Stewardship Principles](#), written from an investor perspective, are widely used by our members in their company assessments and voting decisions, and by regulators when developing corporate governance rules.

As a newly appointed member of the PCAOB’s Investor Advisory Group (MIAG), I am pleased that public comments and perspectives of the MIAG are being solicited before the Board makes its decision on the Strategic Priorities for the next five years. Whilst I was not a member of the MIAG in 2022, I am familiar with the PCAOB’s previous Strategic Priorities and the recommendations from investors. I appreciated hearing your commitment during the recent MIAG meeting to advance the mission of the PCAOB by strengthening the integrity of our capital markets and protecting investors.<sup>1</sup>

### General comments

- As a global investor-led organisation representing long-term institutional investors, we strongly support the PCAOB’s continued focus on investor protection, audit quality, and independent oversight.
- Investors place significant value on the PCAOB’s role in helping to underpin confidence in US capital markets. There is a direct connection between high quality audits, reliable reporting, market confidence, and the efficient allocation of long-term capital.
- The strong and consistent investor support expressed throughout 2025 in relation to the importance of maintaining an independent audit regulator clearly demonstrates the value that market participants place on the PCAOB’s work and mandate.

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<sup>1</sup> Remarks by Chairman Demetrios Logothetis, 29 April 2026, [Chairman Logothetis Delivers Remarks at Investor Advisory Group Meeting | PCAOB](#).

- In this context, we encourage the PCAOB to continue ensuring that investors remain at the centre of its work, communications, and engagement activities. While audit committees clearly play a critical role within the corporate governance ecosystem, investors remain the ultimate beneficiaries of high-quality independent audit oversight and should continue to be regarded as the PCAOB's primary audience and key stakeholder.
- Investors would benefit from clarity on how PCAOB governance practices reinforce independence from political, commercial, or industry pressures.
- There is clear opportunity for the PCAOB to do more investor outreach and education on critical audit related issues and investors would like more opportunities to contribute their opinions, provide feedback, and advocate on the outcomes and impacts of PCAOB findings, enforcement actions, and discuss any international implications. We believe a dedicated investor advisory group should continue to be a cornerstone of this outreach, but not the only element.
- Given the systemic importance of its work, investors need clearer insight into the practical outcomes and implications of inspections, enforcement activity, standard setting, and emerging audit risks in order to engage with investee companies and their audit committees more effectively.
- Investors would like clearer signals in inspection reporting that help investors differentiate between isolated audit deficiencies and systemic firm-level weaknesses.
- Investors are seeking timely disclosure that aligns with proxy voting and engagement cycles, especially for audit committee elections and auditor ratification.
- We encourage the PCAOB to continue maintaining a strong and uncompromising focus on audit quality, including progressing the quality management standard as a priority and ensuring that it remains a robust and independent regulator equipped to respond to a rapidly evolving audit environment, including the increasing use of AI-enabled tools and technologies.
- A well-resourced PCAOB should include the necessary staffing budget and financial capacity to implement the 2026 Plan and operate effectively on a sustained basis, with full support from the Securities and Exchange Commission (SEC). This should include hiring and retaining senior, experienced technical experts who are able to effectively hold those they inspect to account, while also building new forms of expertise relevant to emerging risks and technologies, including the growing impact of Artificial Intelligence on the audit profession. Adequate and stable funding will be critical to ensuring that the PCAOB can maintain its effectiveness, independence, technical credibility, and strong focus on audit quality into the future.
- Investors value the systemic role of the PCAOB in preserving audit quality and market confidence. While the PCAOB's current remit is focused on public company oversight, the continued growth and increasing interconnectedness of private and public markets raises important longer-term questions around audit oversight and investor protection. As the SEC considers the evolving regulatory landscape for private markets, including through its recent Private Markets Roundtable, we encourage the PCAOB to consider how these market developments may impact investors and whether there may be an appropriate future role for the PCAOB as part of its longer-term strategic thinking.
- We support the recommendations previously made by the MIAG in 2022 regarding greater transparency of PCAOB activities and believe these remain highly relevant to the 2026 Plan. In particular, we agree that the PCAOB should include a clearer objective focused on improving transparency around its activities, decision-making,

priorities, and resource allocation, which would help investors better understand and engage with the Board's important work and oversight role.

- We also strongly support continued international cooperation on standards and regulatory practices, recognising that capital markets are global and that consistency and coordination can reduce unnecessary fragmentation and complexity, while preserving the ability to adapt standards appropriately to meet US market needs.

## Response to Questions 1-7

### 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?

We believe that the PCAOB should consider its investor protection remit at the core of everything that it does. As Board Member George Botic remarked during the 29 April 2026 meeting of the MIAG,

[T]he PCAOB's mission is "to protect the interests of investors and further the public interest in the preparation of informative, accurate, and independent audit reports," which reflects a powerful truth: investor confidence is the engine of our capital markets. When investors can trust financial statement audits, capital flows more efficiently. When that trust diminishes or erodes, markets become more costly and volatile. Audit quality matters because it promotes that trust. And in the wake of a string of failures that revealed investors to be at greater risk from a self-regulated accounting profession than many people realized, Congress created the PCAOB to address that problem and help restore the necessary trust."<sup>2</sup>

The role of investors as end users of the audited financial statements should be considered at the forefront of any changes. Auditors have a contractual relationship with company management, but investors are the primary end users of audited financial statements and rely on them as key inputs for investment decisions. Confidentiality constraints typically prevent direct investor-auditor communication, which makes the quality and informativeness of the audit report itself a primary channel through which audit quality is conveyed to investors. This structural characteristic should be a reference point for the PCAOB as they deliberate on their next strategy phase.

One important focus would be to continue to construct and expand an investor-based communication and engagement strategy to increase transparency and foster ongoing dialogue with investors who are some of the most active participants in the audit ecosystem.

In the MIAG letter, written in response to the draft of the Board's 2022-2026 strategic plan, the MIAG recommended adding a goal entitled, "Increase Total Transparency of the PCAOB's Activities." Plan 2026 mentions transparency in connection to the reporting of inspection results and enforcement actions, but not with respect to registrations. Investors would benefit from greater transparency in all of the PCAOB's operations.

We recognise that the Board must be mindful to utilise its funding judiciously, especially given the budget cuts earlier this year by the SEC. We hope that the 2026 Plan will provide the SEC with assurance that the strategic priorities of the PCAOB have been vetted

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<sup>2</sup> Remarks by PCAOB Board Member George Botic, 29 April 2026. [The Importance of the Investor Advisory Group's Input as the PCAOB Charts Its Course | PCAOB.](#)

accordingly and are supported by investors, thereby ensuring that the requisite funding for the PCAOB will be in place to carry out its mission and goals in the next five years.

Separate evaluations of the registration, inspection and enforcement activities could help the PCAOB determine whether these activities are in positive alignment or causing an unintended imbalance in staffing resources. We would recommend that the results of the evaluations be made public. Investors would welcome the opportunity to provide feedback on metrics and evaluation criteria to the PCAOB.

## **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 understand that the PCAOB may wish to consider some narrow revisions or amendments to the provisions in QC 1000, as Chairman Logothetis mentioned, before its implementation date of 15 December 2026. Our investor members appreciate the standard's approach to a firm's Quality Control system because the firm is responsible for managing the quality of the engagements it performs and complying with all of the professional and legal requirements. Whilst some firms may desire less requirements, investors believe that quality controls are important and help support the PCAOB's engagement-level inspection and reporting responsibilities.

If this is the path forward, then ICGN recommends that the PCAOB issue any proposed amendments to the quality control standard as soon as possible for investor feedback. As the Board considers potential amendments, investors would like the PCAOB to consider the following:

- Require that the information about the quality of audits and auditors be publicly available for investors and interested parties;
- Expand on the requirement to furnish audit committees with more than just the firm-wide evaluation of the quality control system; and
- Continue to require the establishment of quality objectives, identifying and assessing quality risks, designing, and implementing quality responses to address the quality risks, and monitoring of the firm's QC system.

These steps would demonstrate that the PCAOB takes audit quality seriously as a strong and independent regulator. We believe that the PCAOB could use the opportunity of the quality control standard to expand its work and focus on a combination of firmwide inspections and file reviews – not to do one at the expense of the other.

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

Investors are keen to receive inspection information as it can help to inform their own engagement efforts. Investors should have access to information that demonstrates how seriously (or not) auditors view the PCAOB's findings, and whether they are taking any action to remedy the inspection results. Time is of the essence as investors are timebound by the deadlines for any upcoming annual meeting in which the proxy ballot will include voting for the chairman and board members who are up for re-election on the Audit Committee, the ratification of the auditor, executive compensation which is tied to financial disclosures, and the approval of the financial statements.

Regardless of how the PCAOB sets up the inspection program, these disclosures should occur well before the next audit is completed.

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

Investors are hopeful that the Board will focus on standard-setting projects that enhance investor protections which could have significant impacts on audit quality. We believe that greater audit quality in the main helps drive better inspection results and could ultimately lead to fewer enforcement actions.

We support the projects as mentioned in the MIAG letter and also offer the following:

- Critical Audit Matters (CAMs)

Investors would like to see proposed amendments and/or staff guidance issued which would improve the decision-usefulness of the disclosure of critical audit matters (CAMs). CAMs should include what the auditors found in their review that are considered as critical.

The MIAG, in its December 2025 report, found that CAMs rarely state what auditors actually found, the topics are too routine, and the average number of CAMs reported has been decreasing over the years. With respect to the language and intent of AS 3101, and recent academic research as noted in the MIAG letter, we believe that auditors should consider increasing the number of CAMs in their reports. This information provides investors with insights that are not readily available in any other filings. There appears to be a persistence of boilerplate or routine CAMs, and investors wish to emphasize the importance of auditors disclosing what they found, not just what they assessed.

In a similar way, the Financial Reporting Council (FRC) has been engaging with investors to consider key audit matters (KAMs). The MIAG pointed to the UK KAMs as a model, noting they more consistently include auditor conclusions and cover non-routine topics. In our January letter to the FRC, ICGN said,

[R]equiring key observations for KAMs where possible and discussion of significant quantitative aspects of accounting practices (for example, where estimates sit within a reasonable range) we expect that audit reports will provide richer insight into areas of significant judgment and help investors understand where the auditor's dialogue with the audit committee has been most robust. This should help users understand where the most significant judgements are and how the auditor believes that management's judgements compare to other plausible points in the range.<sup>3</sup>

- Audit quality metrics

Investors would appreciate the PCAOB considering how to define audit quality, create appropriate and outcome-focused audit quality metrics to make them decision useful for investors. This effort would have long term benefits for investors, such as:

- It would provide information for investors to use effectively as they engage with companies on audit issues and the commitment to audit resources.
- It could provide information to inform an investor's voting decisions for the members of the Audit Committee, the ratification of the auditor, and executive compensation tied to financial KPIs, among other proxy ballot issues.
- It would provide information for investors to conduct a deeper risk analysis, especially if there are audit quality concerns.
- It could impact valuations in a positive way by providing more information on the front end of these determinations.

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<sup>3</sup> ICGN letter to the FRC, 14 January 2026, [2. ICGN Response to FRC on Enhancing Auditor's Reports Consultation.pdf](#)

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

We generally support international approaches to standard setting. Capital is global and today's marketplace has no boundaries. Investors value consistency among standards because they are invested in many markets. This is helpful because fragmentation adds additional costs and creates more complexity. However, there is no one size fits all approach. We believe that any alignment should be considered in a way that:

- a. Supports the ongoing development and strengthening of the international system – working in partnership with others. ICGN is currently working with IFEA and the PIOB to contribute to their discussions on how to simplify and strengthen the governance of that system;
- b. Allows for a strong local endorsement process, to ensure standards are adapted and enhanced as needed to suit US specific needs; and
- c. Seeks opportunities not just for internationalising standards, but also regulatory practices – continuing their critical role working with other regulators via forums like IFIAR, in which the PCAOB have been a key contributor, as well as bilaterally on key issues as appropriate.

Where applicable, investors would like to see the PCAOB continue to work towards consistency with IAASB standards and international best practice would support comparability for global investors, while recognising that US-specific requirements should be preserved where warranted.

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

Investors would like to see the PCAOB invest in technology by upskilling, hiring, and training staff to respond to the rapidly changing AI-enabled audit landscape. We cannot overemphasise that the PCAOB must create and grow their own expertise in this area. The PCAOB should not need to rely on the expertise of the firms it oversees, given the threat it would pose to regulatory independence and conflicts of interest, both perceived and real.

Investors believe that the PCAOB should address expectations around auditors' use of AI enabled tools – and encourage transparency from auditors on efforts taken to ensure data integrity and minimize risk of bias in audit findings.

Investors would support a call for additional budget resource to ensure that investors are protected.

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

Investors are already advocates for a strong and well-funded PCAOB. We note that “transparency” is both an internal and external exercise, one that will require the PCAOB to look inward for Board practices and outward to investors and stakeholders in the pursuit of greater transparency. The end goal would be to share relevant information publicly. To do so would create a greater environment of mutual trust and support for challenges the PCAOB may face, including opposition to the 2026 Plan, its authority, and budget.

The Chairman and board are charged with setting the tone of the organisation. An excellent start for any board is to evaluate its own effectiveness to fulfil its mission to “protect the interests of investors and further the public interest in the preparation of informative,

accurate, and independent audit reports.”<sup>4</sup> In a similar way, the ICGN Global Governance Principle 1 sets out the roles and responsibilities for boards with specific guidance to engage with investors and stakeholders.<sup>5</sup>

We believe that finding new and enhanced opportunities for investor engagement with the PCAOB will be critical and we stand ready to assist. Bi-lateral meetings between the board members and investors,<sup>6</sup> as ICGN was privileged to attend in March, help instil an atmosphere of trust and respect for different views. Viewing the PCAOB’s work by considering the investor’s lens would enhance engagement and dialogue. In general, open-door policies help foster communication avenues before issues escalate or rules are promulgated, thereby increasing transparency and improved operations.

I look forward to continuing this valuable dialogue with the Board and my colleagues on the MIAG as the PCAOB moves forward on its strategic priorities. If you would like to follow up on our comments, please contact me at your convenience, or Carol Nolan Drake, Senior Advisor- Americas, at [carol.nolandrake@icgn.org](mailto:carol.nolandrake@icgn.org).

Yours faithfully,



**Jen Sisson**

**Chief Executive Officer, ICGN**

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<sup>4</sup> 15 U.S.C. § 7211(a) (emphasis added).

<sup>5</sup> ICGN Global Governance Principles, Principle 1 Board role and responsibilities. [ICGN Global Governance Principles 2021.pdf](#)

<sup>6</sup> Mindful of open meeting requirements and without a quorum of board members present.