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## Comments on questions 1, 2 and 6

PCAOB inspections may shift focus to real-time inspections as an audit progresses and immediately upon conclusion. This can be achieved through technology and by defining measurable audit quality practices. In this way, PCAOB may support the global audit ecosystem through audit data integration and continuous monitoring, rather than episodic inspections. Constant regulatory oversight on a real-time inspection regime manifests through:

- Concurrent monitoring of audits and firm-wide quality management, by integrating registration and standardised performance templates into a real-time, measurable audit quality practices (MAQF) framework. The firms will be connected to a central PCAOB platform via secure channels, where their audit data will be captured as and when a firm executes an audit in an electronic environment. In a manual audit environment, this is handled through the mandatory filing. For quality management monitoring, data capture will be hybrid, depending on the extent of automation at the firm level. The types of data to be captured will be decided after deliberations. Data such as team competency, risk assessment summary, audit plan, execution time, EQCR review-related data, and summary of internal control deficiencies, tools used, training, non-audit services, etc., are certain examples of data indicating MAQF.
- Once the captured and already filed data are captured and analysed on a real-time basis, PCAOB may follow an exception-based inspection and remediation measures, where PCAOB can rapidly monitor tools, methodologies, training or remediation etc, as and when MAQF signals emerging risks.
- Advocacy and public campaigns focused on an open information culture, reinforcing quality incentives and addressing market issues such as auditor shopping and undercutting. Towards this objective, the selected MAQF data may be made available in a standardised open data format. In some cases, data sharing, such as significant risks, uncorrected misstatements, etc., can be passed to the incoming auditors to enable efficient audits, reduce the burden on the auditee, and ensure a smooth transition.

This model preserves PCAOB's enforcement role but complements it with proactive, structured and advanced monitoring designed to prevent quality failures and to facilitate rapid remediation when they occur. The ultimate objective is to fully eliminate audit failures.

A futuristic extension of this model will be real-time accounting monitoring through companies' monthly transaction filings. This may be discussed at a later time.

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With Regards

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