

May 14, 2026
Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street NW
Washington, DC 20006

Re: PCAOB No. 2026-001 — Request for Public Comment on Strategic Priorities (2026–2030)

Dear Board Members:

Agentic CPA Inc. appreciates the opportunity to comment on PCAOB No. 2026-001 regarding the PCAOB’s strategic priorities for 2026–2030. We support the Board’s early-stage solicitation of stakeholder input and agree that the PCAOB’s strategic plan should evolve alongside how audits are performed, supervised, documented, and evidenced in a technology-driven environment.

[About Agentic CPA Inc.](#)

Agentic CPA Inc. is a newly established Canadian CPA-led firm designed around an AI-first and agentic-by-design operating model. Because the firm is being built from inception, its internal operations, engagement execution processes, working methods, and methodology are being developed without the constraints of inherited legacy systems or workflows. This perspective informs our comments on how technology can be governed and used to improve audit quality while preserving professional judgment, accountability, and investor protection.

[Perspective Informing Our Comments](#)

We believe that artificial intelligence and agentic systems, when deployed responsibly, can strengthen the audit profession and materially improve audit quality over the short, medium, and long term. In our view, these tools can help address chronic and emerging structural pressures facing the profession, including increasing standards complexity, resource constraints, execution consistency challenges, and documentation burdens.

Our comments are not intended to promote a specific technology architecture or proprietary model. Rather, they reflect a practitioner perspective on how audit quality can be strengthened when AI-enabled tools are embedded within appropriate governance, documentation, supervision, monitoring, and professional review controls.

[Core Premise for the PCAOB’s 2026–2030 Strategic Plan](#)

Audit quality is increasingly system-determined. Outcomes depend not only on professional judgment but also on the design, governance, and auditability of the systems used to execute procedures, analyze data, transform evidence, document work, and support review. AI should not be viewed as a substitute for professional skepticism, judgment, or accountability. Properly governed, it can reinforce those obligations through stronger consistency, improved evidence traceability, more disciplined documentation, and better execution control.

Many existing auditing standards, methodologies, and implementation practices were developed in an environment in which audit work was largely human-executed, file-based, transaction-oriented, periodic, and dependent on sampling because complete data access and continuous testing were often impractical. That historical model also shaped how auditors evaluated internal control, including audit strategies that rely on management-designed and management-operated controls, often tested through sample-based procedures. AI-enabled tools, agentic workflows, blockchain-based records, API-connected systems, and broader access to full-population data are beginning to change these assumptions.

This does not reduce the importance of internal control over financial reporting. Effective internal control remains central to reliable financial reporting, and in integrated audits the auditor’s ICFR responsibilities remain distinct. However, technology may change the

relative mix of audit evidence available to auditors. In appropriate circumstances, auditors may be able to obtain more direct, systematic, and independently supported evidence from underlying transaction data, source systems, automated logs, external records, and evidence pipelines, rather than relying as heavily on indirect evidence derived from management’s own control processes.

In AI-enabled audit workflows, documentation should preserve a reviewable path from the audit conclusion back to the underlying evidence, source data, relevant transformations, versioned tools or workflows, exceptions identified, and human review performed. The PCAOB should consider guidance that encourages this type of source-to-conclusion traceability, without prescribing a specific technology architecture or discouraging innovation in how firms design their systems.

A related near-term risk is the unauthorized or insufficiently governed use of AI tools by audit professionals and third-party providers. AI adoption may occur formally through firm-approved platforms, but it may also occur informally through “shadow AI”—the use of public or unapproved AI tools outside the firm’s governance, monitoring, and documentation controls. In an audit context, this risk is particularly significant because engagement personnel, including less experienced professionals, may not fully understand the confidentiality, independence, evidence reliability, documentation, record retention, and professional skepticism implications of using such tools.

Board Member George R. Botic has specifically asked stakeholders to consider how the expanding use of AI affects audit evidence and whether existing standards impede auditors’ ability to use advanced technologies. That question is central to the PCAOB’s 2026–2030 planning horizon. In our view, the relevant issue is not simply whether auditors should “use AI,” but how the PCAOB can ensure that AI-enabled audit execution environments are designed, governed, documented, and inspected in a manner that protects investors and strengthens audit quality.

Below, we respond to each of the seven questions in PCAOB No. 2026-001.

Crosswalk to PCAOB Questions

PCAOB No. 2026-001 Question	Where Addressed
Q1 — Strategic priorities in registration, inspections, and enforcement	Section 1
Q2 — Changes to the inspections program, including in light of QC 1000	Section 2
Q3 — Inspection information useful to stakeholders and reporting enhancements	Section 3
Q4 — Standard-setting projects the PCAOB should pursue	Section 4
Q5 — Greater alignment with international auditing standards	Section 5
Q6 — PCAOB deployment of technology, including AI	Section 6
Q7 — Enhancing transparency with stakeholders	Section 7

1. Strategic Priorities in Registration, Inspections, and Enforcement

The PCAOB should prioritize a transition from oversight focused primarily on engagement files and episodic testing toward oversight of the systems that produce assurance. This does not mean reducing engagement-level accountability. It means recognizing that, in AI-enabled audit environments, engagement quality increasingly depends on the design and operating effectiveness of the firm’s quality management system, technology infrastructure, data controls, workflow governance, documentation architecture, and AI governance.

Registration: Improve visibility into audit production technologies

The PCAOB should modernize registration and reporting to improve visibility into the technologies and third-party platforms that materially affect audit execution and audit evidence production. Expanded registration disclosures could support risk-based inspection planning and help the PCAOB identify systemic dependencies across firms.

Specifically, the PCAOB could expand Form 2 or create a supplemental technology profile requiring registered firms to disclose, at an appropriate level of aggregation:

1. whether AI or machine learning tools are used in audit execution;
2. whether third-party AI platforms materially affect evidence production, documentation, or review workflows;
3. the firm's governance model for AI-enabled audit tools, including ownership, oversight, validation, and escalation responsibilities;
4. whether the firm relies on common third-party providers whose failure or compromise could create concentration or systemic quality risks; and
5. whether the firm has policies and monitoring mechanisms designed to prevent unauthorized or undocumented AI use in audit execution.

This type of disclosure would not require public release of sensitive technical information. It would provide the PCAOB with targeted regulatory visibility into audit production technologies that may affect quality, independence, cybersecurity, documentation, and evidence reliability.

Shadow AI and ungoverned agentic use: a near-term risk priority

One near-term priority should be the risk of shadow AI and ungoverned agentic use in audit execution. The risk is not limited to formal AI deployments approved by firm leadership. It also includes the use of unapproved public AI tools, unsanctioned agents, embedded AI features within third-party software, and AI-enabled work performed by service providers that may not be subject to audit-specific governance expectations.

In audit practice, these uses can affect the preparation of workpapers, drafting of audit memoranda, evaluation of evidence, summarization of client data, preparation of analytical procedures, or review of exceptions. If such use is not identified, approved, documented, and supervised, the firm may be unable to assess whether confidentiality obligations were respected, whether client information was exposed, whether the output was reliable, whether independence risks were created, or whether the audit documentation preserves how the work was actually performed.

The PCAOB should consider making shadow AI a specific area of focus in registration, inspections, and enforcement. At a minimum, firms using AI-enabled tools in audit execution should have policies, inventories, approval workflows, training, monitoring, and escalation protocols designed to prevent unauthorized AI use from bypassing the firm's quality control system.

Inspections: Move toward QC-focused system assessments

The PCAOB should continue moving toward a QC-focused inspection model that evaluates firm-level quality management and technology-enabled execution controls, while using engagement-level reviews as validation. QC 1000 provides the right foundation because it is risk-based and requires firms to identify quality objectives, assess quality risks, implement quality responses, monitor performance, and remediate deficiencies.

Publicly available PCAOB inspection data and reports reflect recurring observations regarding firms' testing of data, audit documentation, and reliance on automated tools. These themes underscore the value of system-based inspection modules that evaluate not only the final workpapers, but also the reliability of the systems and workflows that generated or transformed audit evidence.

Enforcement: Clarify accountability in AI-enabled audit environments

The PCAOB should also develop enforcement guidance or staff statements addressing how accountability will be evaluated when audit failures involve AI-enabled workflows. Enforcement expectations should be clear that AI does not reduce auditor accountability. At the same time, the PCAOB should distinguish between failures of professional judgment, failures of system design, failures of governance, failures of supervision, and failures to preserve or review relevant documentation.

Priority enforcement scenarios may include:

1. improper alteration, deletion, or suppression of audit documentation, system logs, evidence lineage, or exception records;
2. excessive reliance on automated outputs without adequate human review;
3. failure to evaluate the reliability of AI-processed or machine-generated evidence;
4. failure to maintain appropriate controls over third-party AI tools that materially affect audit execution;
5. independence or ethics breaches arising from technology vendor relationships, data sharing, or prohibited service arrangements; and
6. use of unauthorized AI tools in a manner that bypasses the firm's quality control system or compromises audit documentation integrity.

2. Changes to the Inspections Program in Light of QC 1000

QC 1000 provides an opportunity for the PCAOB to consider how inspections should evolve as audit execution becomes increasingly technology-enabled. We do not suggest that every inspection should include the same level of technology review, or that all firms should be subject to identical technology-related procedures. Rather, we recommend that the PCAOB consider piloting scalable inspection modules that may be applied based on the nature and extent of a firm's use of AI-enabled tools, automated workflows, and third-party audit production technologies.

Such inspection modules could include, where relevant:

1. system-based inspection procedures that evaluate the design and operating effectiveness of governance, monitoring, and documentation controls supporting audit execution;
2. Digital Execution Layer review as an inspection lens for AI-enabled evidence pipelines, where automated workflows materially affect audit evidence, documentation, or review processes; and
3. standardized inspection data packs, such as logs, evidence lineage records, version inventories, exception trails, and reviewer sign-offs, where such artifacts are necessary to understand how audit evidence was produced or transformed.

The Digital Execution Layer, or DEL, should not be viewed as a parallel quality control framework. Rather, it is a practical way to operationalize QC 1000's existing expectations for technological resources, documentation, monitoring, remediation, governance, and due professional care in AI-enabled environments.

These data packs should support source-to-conclusion traceability, allowing inspectors, where relevant, to understand how an audit conclusion was supported by underlying evidence, source data, transformations, system activity, reviewer actions, exceptions, and versioned AI or workflow components. This would improve reproducibility-based inspection review without requiring the PCAOB to prescribe a specific technology architecture.

Where relevant, inspection modules should also consider whether the firm has designed and implemented controls to identify and manage shadow AI risk, including:

1. whether the firm maintains an inventory of approved AI tools, agents, and embedded AI features used in audit execution;
2. whether engagement teams are trained on prohibited or restricted AI uses;
3. whether the firm monitors for unauthorized AI use in audit workflows;
4. whether AI-generated or AI-assisted outputs are clearly identified in audit documentation; and

5. whether the firm has escalation and remediation procedures when unapproved tools are used.

These procedures should be scalable. For a firm with limited use of AI-enabled tools, foundational controls may be sufficient. For a firm using AI-enabled workflows to materially affect audit evidence, documentation, risk assessment, or review, more robust inspection procedures would be appropriate.

3. Inspection Information and Reporting Enhancements

Stakeholders would benefit from inspection reporting that more clearly links engagement deficiencies to underlying QC root causes, while respecting confidentiality restrictions that apply to nonpublic quality control criticisms.

We recommend that the PCAOB enhance inspection reporting in three ways.

A. Link recurring engagement deficiencies to QC root causes

Quality control criticisms in Part II of inspection reports are initially nonpublic and become public only if the firm fails to remediate them to the Board's satisfaction within the applicable remediation period. Within those constraints, the PCAOB could provide more aggregated information linking recurring engagement deficiencies to anonymized QC root-cause categories, such as methodology design, training, supervision, monitoring, technology governance, documentation controls, or data reliability.

B. Expand machine-readable inspection datasets

The PCAOB already provides machine-readable inspection data. We recommend expanding those datasets and related metadata to include more standardized deficiency categories, control themes, remediation indicators, and, where appropriate, technology-related classifications. This would help investors, audit committees, academics, and firms better understand inspection trends.

C. Communicate how QC 1000 and Form QC will shape inspections

As QC 1000 becomes effective, stakeholders will need to understand how Form QC reporting will inform inspection planning, inspection reporting, and remediation expectations. The PCAOB should provide transparent communication about how QC 1000 reporting will be used without converting Form QC into a public ranking mechanism or discouraging candid self-assessment by firms.

4. Standard-Setting Projects the PCAOB Should Pursue

We recommend targeted guidance rather than broad, premature rewriting of auditing standards. The most immediate need is to clarify how existing PCAOB standards apply when audit evidence is generated, transformed, summarized, reviewed, or documented through AI-enabled systems.

A. AI-era audit evidence guidance under AS 1105

The PCAOB should consider interpretive guidance or targeted amendments under AS 1105, Audit Evidence, addressing machine-generated evidence, AI-assisted analytical procedures, automated data transformations, and evidence reliability in AI-enabled audit workflows.

Such guidance should address:

1. how auditors should evaluate the relevance and reliability of AI-processed evidence;
2. what procedures are necessary when data is transformed by automated tools before review;
3. how auditors should evaluate the source, completeness, accuracy, and integrity of machine-generated outputs;
4. when model validation or workflow validation is necessary to support evidence reliability; and

5. how professional skepticism should be documented when AI-generated outputs appear persuasive but may be incomplete, biased, or unsupported.

B. Audit documentation guidance under AS 1215

The PCAOB should also consider guidance under AS 1215, Audit Documentation, addressing documentation integrity and reproducibility in automated and agentic workflows.

At minimum, guidance should clarify what constitutes sufficient documentation when evidence is generated through automated systems, including expectations for system logs, evidence lineage, version records, exception retention, reviewer actions, and reproducibility protocols.

Guidance under AS 1215 should also consider how audit documentation can preserve a reviewable evidence path in AI-enabled workflows. Such documentation should allow an experienced auditor or inspector to understand the source of the evidence, the transformations applied, the tools or workflows used, the exceptions identified, the human review performed, and the audit conclusion supported.

C. Sampling, internal control reliance, and direct-source evidence

The PCAOB should also consider a longer-term standard-setting or research project addressing how AI-enabled tools, full-population analytics, blockchain-based records, API-connected systems, and continuous auditing capabilities affect traditional audit concepts such as sampling, internal control reliance, and substantive evidence.

Historically, auditors often relied on a combination of management's internal controls and sample-based testing because direct examination of complete transaction populations was not practical. That logic remains relevant, particularly where auditors are engaged to perform an integrated audit of internal control over financial reporting. However, emerging technologies may allow auditors to obtain more direct and independent evidence from source systems, transaction populations, system logs, and automated evidence pipelines.

The objective should not be to reduce the importance of internal control or weaken ICFR expectations. Rather, the PCAOB should clarify how auditors should evaluate the relative weight of different evidence sources when technology enables broader, more continuous, or more direct testing. In some cases, full-population analytics and source-system evidence may complement control testing. In other cases, they may affect the auditor's decision about the extent to which reliance on certain controls is necessary to support the financial statement audit. Guidance would be particularly useful on how auditors should document these judgments, evaluate the reliability of source data, and determine when technology-enabled procedures provide sufficient appropriate audit evidence.

This work could include consideration of AS 1105, AS 1215, AS 2301, AS 2315, and, where applicable, AS 2201 because AI-enabled audit execution affects not only what constitutes reliable evidence and sufficient documentation, but also the nature, timing, extent, population coverage, and control-reliance strategy of audit procedures.

D. Guidance on approved, restricted, and unauthorized AI use

The PCAOB should consider whether staff guidance is needed on documentation and supervision expectations that apply when AI tools are used in engagement execution, including how firms should distinguish between approved AI-enabled workflows, restricted uses, and unauthorized or undocumented AI use.

This guidance could address:

1. how firms should identify AI-assisted work in audit documentation;
2. how engagement teams should document human review of AI-generated outputs;
3. how firms should preserve evidence of prompts, inputs, assumptions, outputs, exceptions, and overrides where relevant to audit conclusions;

4. how firms should train professionals on prohibited or restricted AI uses; and
5. how firms should respond when engagement personnel use unapproved AI tools.

E. Related standard-setting areas

The PCAOB should also evaluate whether AI-era dependencies require targeted guidance related to:

1. use of service organizations and third-party technology providers;
2. use of specialists or specialist-like AI tools;
3. supervision and review in distributed or automated execution environments;
4. independence implications of AI vendors serving both audit firms and audit clients; and
5. cybersecurity, confidentiality, and data transfer considerations when AI tools process audit-relevant information.

5. International Alignment

We do not suggest that the PCAOB should conform its standards to any international framework where doing so would dilute U.S. investor protection, PCAOB inspection authority, or U.S. independence requirements. However, because audit firms increasingly operate across jurisdictions, the PCAOB should continue to identify areas where QC 1000 and international quality management frameworks can be made more interoperable from an implementation perspective.

In particular, the PCAOB should focus on practical interoperability in areas such as documentation expectations, monitoring evidence, remediation concepts, technology governance, and AI-related quality risk assessment. This would help multi-jurisdictional firms implement coherent quality management systems while preserving the distinct requirements of the U.S. regulatory regime.

The objective should not be harmonization for its own sake. The objective should be to reduce unnecessary friction where quality objectives are comparable, while maintaining the PCAOB's investor-protection mandate and U.S.-specific oversight requirements.

6. PCAOB Deployment of Technology, Including AI

The PCAOB should deploy technology, including AI, to strengthen investor protection, improve inspection targeting, enhance trend analysis, and expand transparency. However, regulatory AI must be governed with at least the same discipline that the PCAOB expects from audit firms.

We recommend that the PCAOB develop a Regulatory AI Platform with the following safeguards:

1. strong model governance and validation;
2. explainable and auditable risk-scoring outputs;
3. clear documentation of how AI-assisted analytics inform inspection planning;
4. human oversight over high-impact regulatory decisions;
5. safeguards against bias, overreliance, and opaque decision-making;
6. due process protections for firms affected by AI-assisted risk targeting; and
7. alignment with established public-sector AI risk management principles, including the governance, mapping, measurement, and management functions described in the NIST AI RMF.

The PCAOB should avoid "black box" regulatory decision-making. Where AI is used to prioritize firms, engagements, industries, or risk areas for inspection, the methodology should be sufficiently explainable to preserve regulatory legitimacy and stakeholder confidence.

7. Enhancing Transparency with Stakeholders

The PCAOB can enhance transparency by improving the clarity, comparability, and usability of its public outputs.

We recommend that the PCAOB:

1. expand machine-readable inspection data and explanatory metadata;
2. provide clearer public summaries of recurring inspection themes;
3. explain how QC 1000 implementation and Form QC reporting will influence inspection planning;
4. clarify how remediation outcomes affect what becomes public;
5. publish aggregated technology-related inspection themes where appropriate;
6. communicate how the PCAOB itself is governing any use of AI in inspection, enforcement, standard-setting, or stakeholder transparency; and
7. provide educational materials to help firms, especially smaller and emerging firms, understand expectations for approved AI use, restricted AI use, and shadow AI risk management.

Transparency should not require disclosure of confidential firm information or sensitive technology details. Rather, the PCAOB should provide more structured, comparable, and decision-useful information to investors, audit committees, firms, academics, and other stakeholders.

Conclusion

Our recommendations align with the Chairman’s Advance–Clarify–Transform framework. Extending QC 1000 through Digital Execution Layer controls would advance oversight into the AI era. Targeted guidance on AI-era audit evidence under AS 1105, audit documentation under AS 1215, and technology-enabled audit execution concepts would clarify expectations for firms and inspectors. Exploring an Assurance-Systems Certification framework would transform how audit production quality is evaluated, compared, and strengthened over time.

Agentic CPA Inc. believes that AI-enabled and agentic audit systems, when properly governed, represent a significant opportunity to improve audit quality and strengthen the profession. These tools can help address structural pressures that have accumulated over time, including standards complexity, resource constraints, inconsistent execution, documentation burdens, and limitations inherent in purely sample-based approaches.

In our view, the strategic question is not only how AI should be controlled, but how audit standards should evolve when technology changes the nature, timing, extent, and independence of the evidence available to auditors.

We appreciate the PCAOB’s early engagement with stakeholders and would welcome further dialogue on QC-focused inspections, Digital Execution Layer governance, AI-era evidence documentation, source-to-conclusion traceability, shadow AI risk management, and responsible regulatory use of AI.

Respectfully submitted,



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