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May 15, 2026

Ms. Phoebe W. Brown
Secretary
Public Company Accounting Oversight Board
1666 K Street NW
Washington, DC 20006

Re: PCAOB Release No. 2026-001, Request for Public Comment: PCAOB Strategic Priorities (March 31, 2026)

Dear Ms. Brown:

Deloitte & Touche LLP is pleased to respond to the request for public comment from the Public Company Accounting Oversight Board (the PCAOB or the Board) on its strategic priorities. We appreciate the Board's commitment to transparency and engagement by seeking input as it begins to develop its strategic plan.

Since its creation, the PCAOB has been entrusted with protecting investors and furthering the public interest by promoting high quality audits. We commend the Board for seeking broad stakeholder input on how the PCAOB can continue to fulfill the mandate Congress entrusted to it almost 25 years ago, as the capital markets continue to evolve. We agree with Chairman Logothetis that, when considering the Board's strategic priorities, the appropriate place to start is with "the fundamentals of audit quality, investor protection, and disciplined, responsible oversight" emphasizing "innovation, efficiency, and effectiveness."

In considering our views about the PCAOB's strategic priorities, we therefore focused on the fundamentals of the four areas of the PCAOB's duties: registration and reporting, standard setting, inspections, and enforcement. We believe that each of these programs has played a role in improving audit quality in the first quarter century of the PCAOB's existence, and we also believe that the PCAOB should consider how it might modernize these programs so that they continue to support the PCAOB's mission for the next quarter century.

Among the key areas we encourage the Board to consider, which we discuss in more detail in the remainder of this letter, are:

- Coordination both within the PCAOB, as well as with the SEC and other regulators and standard setters (including globally), to avoid unnecessarily fragmented and overlapping requirements that add cost to the system and confusion in our increasingly global capital markets.
- Standards that consider input from all stakeholders and are designed and supported by implementation guidance in ways that help ensure they are technically sound, practically workable, and well understood.

- Inspections that shift focus to a firm’s system of quality control and target key risks to audit quality, and that communicate useful information to facilitate stakeholder understanding of the significance of and trends in inspection findings.
- Modernization of the PCAOB’s own systems and processes, including through the use of advancing technology, to support the PCAOB’s efficient and effective regulatory oversight.

REGULATORY COORDINATION

Coordination both within the PCAOB, as well as with the SEC and other relevant regulators and standard setters, is important to developing and maintaining a regulatory system that effectively uses limited resources and minimizes duplicative and fragmented requirements that add cost and confusion to the system.

Internal coordination. The PCAOB’s administration of its primary program areas (standard setting, registration and reporting, inspections, and enforcement) individually has been strong over the years. Based on our experience as a regulated firm, however, we believe that improved coordination among these areas would enable better compliance with PCAOB requirements, as well as better focus of PCAOB resources on key risks to audit quality and investor protection.

For example, better integration of the inspection and standard setting functions, particularly on interpretation and application of standards, would clarify PCAOB expectations related to specific standards from the outset, and therefore allow firms to more effectively build in quality at the start of an engagement, rather than relying on iterative findings through the inspection process. Another potential benefit of better coordination between the inspection and standard setting functions relates to information gained through the inspection program that can support the performance of quality audits (e.g., by sharing “good practices” observed in inspections), as well as inform where additional implementation guidance or standard setting could be beneficial (e.g., in areas with persistent levels of audit findings or evidence of lack of consistent understanding).

As discussed in more detail later in this letter, we also believe the PCAOB should explore whether information it gathers from firms through its registration and reporting program could be refined to focus on the efficient collection of information that is useful to the PCAOB in carrying out its primary programs.

Coordination with the SEC. Congress designed the PCAOB to work closely with the SEC, as evidenced by the SEC’s oversight function established by the Sarbanes-Oxley Act of 2002. Close coordination between the PCAOB and SEC benefits both regulators by helping focus on effective and efficient oversight that minimizes duplication and thus maximizes the effect of finite resources. We have observed the SEC and PCAOB working closely together over the years, but we also have observed areas of overlapping or concurrent jurisdiction—including in the areas of auditor independence and enforcement—that we believe could be improved by additional focus on reducing duplication.

Auditor Independence. There are opportunities to update PCAOB’s independence rules to better align them with the SEC and therefore enable accounting firms and audit committees to more effectively support their functions and strengthen investor protection. While some of the PCAOB’s current independence rules provide additional investor protection (e.g., PCAOB Rules 3522: *Tax Transactions* and 3523: *Tax Services for Persons in Financial Reporting Oversight Roles*), we encourage the Board to consider revising or eliminating others that are out of date or redundant and create unnecessary administrative burden and costs.

For example, PCAOB Rules 3524: *Audit Committee Pre-approval of Certain Tax Services*, and 3525: *Audit Committee Pre-approval of Non-audit Services Related to Internal Control Over Financial Reporting*, impose additional audit committee communication requirements that are unnecessary given the SEC’s pre-approval requirements in Rule 2-01(c)(7) of Regulation S-X and the expertise of audit committee members, and they do not take into account the increasing use of electronic communications between auditors and audit committees, resulting in administrative burdens for audit committees with no incremental benefit for investors.

Enforcement. Another area in which the SEC and PCAOB have concurrent and largely overlapping jurisdiction is the enforcement of the laws, standards, and rules that govern public company auditors. Closer coordination between the SEC and PCAOB enforcement programs could reduce duplication, maximize resources, and focus on the conduct that poses the greatest risk to investors.

Enhanced PCAOB and SEC coordination in enforcement—including by established protocols addressing which regulator is best positioned to lead specific investigations and how those matters should be staffed—would help both regulators focus limited enforcement resources on the most important matters and thus lead to stronger outcomes for the investing public.

We also encourage the Board to consider how it can better align its approach to enforcement with that of the SEC in matters where the PCAOB does take the lead. This includes focusing on matters that risk harm to investors, by prioritizing intentional or reckless violations of PCAOB auditing standards or the federal securities laws relating to the preparation and issuance of audit reports, rather than matters involving technical violations of PCAOB rules or isolated instances of negligent conduct that may be better addressed through inspections. Focusing on matters that risk the most harm, accompanied by a program that rewards remediation, cooperation, and self-reporting, would also encourage a cooperative and compliance mindset in firms, and thus promote fair and timely resolution of enforcement matters.

Global Coordination. We also encourage the Board to consider whether closer coordination with its counterparts in other jurisdictions would result in more efficient and effective regulation of non-US firms registered with the PCAOB. We understand that the PCAOB originally determined largely not to modify its regulatory approach for non-US firms, in part because at the time the PCAOB was established, few countries had equivalent independent audit regulators. In the intervening years, however, independent regulation of the audit profession outside the US has increased substantially. This is evidenced by the fact that between its founding in 2006 and today, the International Forum of Independent Audit Regulators (IFIAR), in which the PCAOB has taken a leadership role, has grown from 18 members to 56.¹

Given this, we encourage the Board to consider if there are areas where closer coordination with those regulators would allow it to make accommodations for non-US firms, especially those that issue very few audit reports for US issuers or are required to register only because they play a substantial role in (but are not lead auditors of) audits of a US issuer. We note that regulators in other countries have adopted special regimes for so-called “third country auditors” that include adapted disclosure and inspection requirements that acknowledge the firm’s home regulatory regime. Similar accommodations for non-US firms registered with the PCAOB could be constructed in a way that would reduce costs and burdens of registration without limiting the PCAOB’s ability to exercise its authority when needed.

¹ See <https://www.ifiar.org/about/>.

As discussed below, we also encourage the Board to consider greater global coordination in standard setting that reflects the increasing global nature of the capital markets.

THE STANDARD SETTING PROCESS

The auditing standards issued by the PCAOB are the bedrock of its regulatory regime. We urge the Board to prioritize three interconnected imperatives to strengthen its standard setting function: (i) align its standards with international auditing standards; (ii) modify the processes used to develop and implement new standards; and (iii) modernize standards, including to address the transformative impact of artificial intelligence (AI) on audits.

International Standards. We were pleased that Chairman Logothetis emphasized, in his statement on the strategic priorities, that minimizing the differences with the international standard on firms' systems of quality control and the PCAOB's new standard on the same subject remains a priority. The current divergence between the PCAOB standards and the International Standards on Auditing (ISAs) creates unnecessary complexity for globally operating audit firms and their clients and imposes burdens on auditors who must maintain proficiency in two distinct frameworks. We believe public interest is best served by auditing standards that are usable across jurisdictions, upon which jurisdiction-specific requirements can be layered where necessary to reflect the local regulatory environment. We encourage the Board to adopt this model as the organizing principle for its standard-setting activities, including by using the ISAs as the base for all new and revised PCAOB standards.

Standards Development and Implementation. Even if the PCAOB uses ISAs as a base for its standards, we understand that the PCAOB would need to engage in its own standard setting processes to consider the appropriateness of those standards as well as whether additional requirements are necessary. To do this effectively requires robust, ongoing processes for engaging a diverse set of stakeholders throughout the standard-setting lifecycle, not solely during the notice-and-comment period for proposed standards.

Early and continuous input from the full spectrum of stakeholders, including large and small firms and both US and international practitioners, is essential to help ensure that standards are fit for purpose and operationally sound before they are finalized. We encourage the Board to consider adopting open deliberative practices (*e.g.*, similar to those employed by the Financial Accounting Standards Board) that would provide stakeholders with visibility into the direction of standard-setting projects and a meaningful opportunity to contribute as those projects evolve. Embedding this kind of structured, transparent engagement into the Board's standard-setting process would not weaken the PCAOB's standard setting; rather it would strengthen the quality and credibility of its standards and reflect a genuine commitment to the public interest. It would also position the PCAOB to provide the input it gathers in the global standard setting process to improve those standards and thus ultimately increase their usefulness as a base for the PCAOB's own standard setting.

Standards alone, however, are only part of the equation. The US audit environment is also best served when standards are consistently understood and applied across audit engagements. We therefore also encourage the Board to complement its standard-setting activities with a formal consultation process within the Office of the Chief Auditor to provide guidance to firms on novel or complex issues, and a sustained commitment to developing implementation guidance, in the form of practical, widely accessible materials that support consistent interpretation and application of its standards.

Modernized Standards. We were encouraged by Chairman Logothetis's announcement that the Board intends, for the first time, to solicit public comment on its specific standard-setting focus areas through a future agenda consultation. The decisions the PCAOB makes regarding the priorities for its standard-setting agenda define the relevance and effectiveness of its auditing standards for years after the agenda is established. We

therefore look forward to participating in the consultation, which we hope will become a permanent component of the PCAOB's standard setting process.

As you consider the agenda, we encourage the Board to focus on modernizing standards and rules, especially the remaining interim standards and rules that are outdated. We also encourage the Board to prioritize addressing evolving technology, especially the transformative impact that AI is having on the preparation and audit of companies' financial statements. Given the pace of change in this area, the Board should focus on principles-based standards and guidance that can be adapted as technology advances.

It is important that the PCAOB considers the implication of AI to its standards and that it does this in coordination with the international standard-setting community to avoid further divergence on an issue of global significance. As the Board advances this work, several key questions should guide its deliberations: What are the most critical gaps to address in the near term, and how should they be sequenced? Do current standards address the risks introduced by issuers' and auditors' use of AI? What aspects of existing standards remain sound in principle but require updated guidance to stay fit for purpose in an AI-enabled environment? What does the competency profile of the future auditor look like, and how should standards reflect the skills and judgment that will be required? How can the Board bring global stakeholders together in this effort, rather than acting alone?

The question is not only how to update discrete standards, but also how to ensure that principles-based standards remain capable of governing an environment that looks fundamentally different from the one in which those principles were first articulated. As management increasingly relies on AI-driven processes, data models, and automated decision-making, the audit must evolve in kind. Core concepts such as professional skepticism, reviewer responsibilities, algorithm assurance, data provenance, and fraud risk will require reconsideration in the new environment.

Consider, for example, paragraph 9 of PCAOB AS 2501: *Auditing Accounting Estimates, Including Fair Value Measurements*, which requires that testing of a company's process for developing an accounting estimate includes evaluating the methods, data, and significant assumptions used. In a conventional modeling context, an auditor can trace a model's logic, test its mathematical accuracy, and assess the consistency of applied judgments. Where management uses an AI model to develop an estimate, however, the auditor's procedures can change fundamentally; they may need to evaluate training data, assess model architecture, examine validation procedures, and review governance over model changes. These are different activities demanding different skills, different methodologies, and different forms of evidence.

In certain areas, the PCAOB may need to coordinate with the SEC so that guidance for management and auditors move together. For example, unique risks may be introduced when issuers embed AI into internal control over financial reporting, i.e., as they move from manual or automated deterministic controls to AI-based probabilistic controls. Coordinated guidance from the SEC regarding management's use of AI in financial reporting, and from the PCAOB regarding auditors' considerations (e.g., following the model of Staff Audit Practice Alert No. 11, *Considerations for Audits of Internal Control Over Financial Reporting* (Oct. 24, 2013)), would help establish expectations for both issuers and auditors from the outset.

Given the breadth and complexity of the challenges of the increased use of AI, we encourage the Board to convene a formal advisory group, drawing on expertise from issuers and auditors, as well as technology, data science, AI governance, and related fields, to help inform its approach. Engaging a diverse range of perspectives will be essential to developing standards and guidance that are both technically sound and practically workable.

THE INSPECTION PROGRAM

The PCAOB's inspection program has led to better audit quality and improvements to firms' processes over the last two decades. Over those decades, firms continued to make significant investments in new audit methodologies, technologies, and talent models both to respond to input from the PCAOB as well as to adapt to changes in the environment in which they operate. Focus by the Board on understanding the advances of the last quarter-century will allow it to consider where it has opportunities to support audit quality through its inspection program in a way that better reflects the current environment and is prepared for the future.

Focus on Systems of Quality Control. As Chairman Logothetis noted, the bedrock of audit quality is a firm's system of quality control (SQC). The profession's efforts to implement the new PCAOB and international standards for quality control provide the PCAOB with an opportunity to shift some inspection focus to those systems. We are encouraged by the Board's consideration of SQC inspection results as a means to complement, and over time help calibrate, the scope of individual engagement inspections. We believe this approach has the potential to focus inspection resources more effectively on audit quality risk.

To realize that potential, however, the PCAOB should develop an inspection framework built specifically for the evaluation of firms' SQCs that recognizes that an SQC is a management system that governs professional behavior, judgment, and culture across a firm. This is fundamentally different than a company's system of internal control over financial reporting, which is designed to provide reasonable assurance regarding the reliability of financial reporting as of, and for, specific time periods. Nevertheless, because inspectors are most experienced with reviewing audit workpapers and documentation, they may have a natural tendency to evaluate a firm's SQC through the same lens applied to audit engagements, including internal control over financial reporting. That would be a mismatch; evaluating whether an SQC achieves its objectives is an inherently holistic and judgmental exercise, and we encourage the Board to engage with firms and other stakeholders to develop an SQC inspection framework that reflects this, before SQC inspections under the new standard are conducted at scale.

An inspection process that is grounded in an appropriately tailored conceptual framework that leverages firms' work on their SQCs and focuses on the relevant risks, will produce more meaningful findings and reveal underlying trends. This will enable more useful information to be communicated to investors, audit committees and other stakeholders, and therefore better serve the Board's mission.

Use of Technology. We also agree with Chairman Logothetis that the PCAOB has an opportunity to leverage technology, including AI, to improve inspections. First, increased understanding of the innovative technologies that firms have implemented will allow the PCAOB to regulate the profession more effectively.

Second, advances in the PCAOB's own use of technology may offer it the opportunity to become more precise in directing its finite resources toward the most strategic areas of oversight. There are several areas we believe are worth exploring to help the PCAOB better tailor inspections to focus on key risk areas and identify anomalies that are of material significance:

- The PCAOB already collects rich data across its inspection, registration and reporting, and enforcement functions. AI-driven risk models could synthesize this data into a more continuous view of firm-level risk to help identify emerging concerns and allocate inspection resources accordingly.

- Pattern recognition applied to audited filings and engagement metadata could surface statistical outliers that warrant closer attention. This population-level surveillance could complement existing engagement-level inspection work.
- A risk-informed model could allow the Board to adjust inspection intensity based on demonstrated quality outcomes—increasing attention where risk indicators are elevated and applying proportionate oversight where firms have established a sustained history of quality.

Inspection Output. Improved focus of inspections could also increase the utility of inspection results—both inside and outside the PCAOB—by making the nature of inspection findings across firms more consistent and comparable, as well as help the PCAOB consider where it could share observations from across the profession. We suggest that, once it has implemented any changes in its approach to inspections, the Board consider how best to communicate those inspection results in a consistent and timely way that also allows users to understand the relative severity of the findings. We have heard from stakeholders that the current format and timing of published inspection results present challenges to their understanding of current quality themes both for individual firms and across the profession.

MODERNIZING PCAOB SYSTEMS

As noted, technology offers the Board a powerful opportunity to become more precise in directing its finite resources toward areas of greatest investor risk. Beyond the inspection program, we also suggest that the Board consider how advances in technology can help modernize its registration and reporting system.

The PCAOB has not substantively updated its annual and special reporting requirements since 2008. We believe the registration and reporting system would benefit from modernization, and we encourage the Board to consider changes that would improve the usability of information contained in public PCAOB filings. For example, registered firms' annual (Form 2) and special (Form 3) reports are required to be filed in a static PDF format, which can require readers to navigate through large documents (including pages of blank portions of forms) or even multiple documents to locate specific information. The Board should consider ways to modernize its registration and reporting system to allow readers to locate relevant information more quickly and easily, including by redesigning the forms and updating the technology used to file them, so that users can easily locate the relevant portions as completed by a firm. The approach the Board took to Form AP, which provides more ready access to information, could serve as a model for improvements to other forms.

Whether or not the Board undertakes to modernize the technology that underlies its firm reporting requirements, we encourage it to consider whether all its current disclosure requirements remain relevant, or if some may have become redundant or otherwise unnecessary. For example, Form 2 requires a list of every audit report a firm has issued during the reporting period in several categories and in a format that is difficult to navigate. This information is largely redundant of information firms publicly provide on Form AP. The Board might also consider whether other information it determined to collect when Form 2 was adopted nearly 20 years ago has been used by the PCAOB or other stakeholders in the intervening years and, if not, remove those requirements (*e.g.*, separate lists of the number of accountants and the number CPAs, or the list of each office of a large firm). We also suggest the Board consider setting materiality or *de minimis* thresholds for some of its detailed filing requirements (*e.g.*, Form 2 and Form AP) to better balance the costs and benefits of preparing and reporting the information.

The Annual Data Request (ADR) through which the PCAOB requests extensive information from firms in connection with the annual inspection program also may be ripe for review, especially as the PCAOB reexamines the focus of its inspection program; the amount of

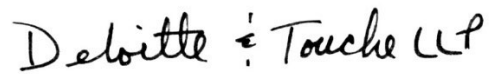
information required in the ADR has grown substantially over the years and in our experience some of the information is no longer used by the PCAOB.

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We appreciate the opportunity to provide our perspectives on the Board's strategic priorities, and we look forward to engaging with the Board and its staff as it continues to develop its strategic plan and implement specific priorities.

If you have any questions or would like to discuss our views further, please contact Dipti Gulati at (212) 436-5509 or Trevor Barton at (402) 444-1818.

Sincerely,

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style.

Deloitte & Touche LLP