



May 15, 2026

By email: [comments@pcaobus.org](mailto:comments@pcaobus.org)

Office of the Secretary  
Public Company Accounting Oversight Board  
1666 K Street, NW  
Washington, DC 20006-2803

Baker Tilly US, LLP  
205 N Michigan Ave, 28th Fl  
Chicago, IL 60601-5927  
United States of America

T: +1 (312) 729 8000  
F: +1 (312) 729 8199

[bakertilly.com](http://bakertilly.com)

Re: PCAOB Release No. 2026-001, PCAOB Strategic Priorities

Dear Office of the Secretary:

Baker Tilly US, LLP (Baker Tilly) appreciates the opportunity to comment on the strategic priorities of the Public Company Accounting Oversight Board (PCAOB or Board) in response to PCAOB Release No. 2026-001, *PCAOB Strategic Priorities*. Baker Tilly serves a broad spectrum of smaller and middle market public companies, registered broker-dealers, and other stakeholders in the US capital markets.

We commend the Board for its efforts to seek stakeholder input as it develops its strategic plan. We believe audit quality is best supported through oversight that is informed by thoughtful collaboration with stakeholders and is clear and consistent in its application.

Among the areas we believe should be prioritized by the Board is the establishment of a more consistent and risk-based inspections program that is scalable for firms and issuers of different sizes. This is particularly important in the smaller and middle market, where audit firms operate with more concentrated portfolios and resource structures commensurate with the size of their practices. Consequently, the practical effects of shifts in the Board's strategic priorities can have an outsized impact compared to larger firms. Our more detailed responses to questions posed in the request for public comment are set forth below.

***Q1. 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?***

As one of the Board's most important tools for promoting audit quality, we believe it is critical for the inspections program to operate in a manner that is consistent, sustainable and focused on matters of significance to investors. In our experience, we have encountered inconsistencies in the execution and outcome of inspections over time. This variability in execution leads to various negative outcomes, ranging from difficulty in retaining public company audit professionals to uncertainty in performance expectations in conducting audit procedures. Anecdotally, we are aware that inspection uncertainty may have caused audit teams to design procedures in an overly conservative manner with the objective of avoiding inspection scrutiny, rather than applying a risk-based approach focused on the matters of greatest importance to users and complying with the standards as written. We believe these situations result in an inefficient allocation of auditor resources that is not accretive to audit quality and, ultimately, increases the costs borne by public company investors. Accordingly, we encourage the Board to make consistency in inspection design, execution, and communication a central strategic priority that is sustainable beyond the term of the current board.

We believe that effective oversight must be both rigorous and scalable. This view is informed by our experience serving smaller and middle market issuers. As one example, firms with smaller and more concentrated issuer portfolios may have the same larger or more complex engagements selected repeatedly over multiple inspection cycles. Having the same engagement selected over multiple inspection cycles creates operational

strain on engagement teams and may not represent the most effective use of inspection resources in promoting audit quality, as the same audit (often with the same areas of focus) is repeatedly subjected to scrutiny. In the middle market, where audit professionals often serve both public and private company engagements, continuous inspection pressure can also discourage talented auditors from concentrating on public company work. Over time, this dynamic can also place middle market firms at a competitive disadvantage if clients perceive that moving to a larger firm would reduce the likelihood of recurring inspection attention on their audit.

For these reasons, we believe one of the Board's highest priorities should be establishing an evolved inspections program that is consistent and transparent in execution, focused on matters of significance to investors, and scalable across firms and issuers of different sizes.

***Q2. What changes should the PCAOB make to its inspection program including, but not limited to, changes in light of its new quality control standard (QC 1000)?***

We support an inspection program that gives greater weight to how firms design, operate, and monitor their systems of quality control, while remaining risk-based and proportionate in application. We believe the implementation of QC 1000 provides the Board with an opportunity to modernize its inspection approach so that it is more closely aligned with sustained audit quality rather than relying principally on individual engagement findings as the basis for broader conclusions. In doing so, the Board should recognize that firms with differently sized issuer portfolios may design and operate controls differently while still achieving quality objectives that are appropriate in the circumstances, and tailor each firm's inspection accordingly.

During the early phases of QC 1000 implementation, we encourage the Board to emphasize consistency in application and practical understanding of the new requirements during the inspection process. In our view, firms should have an opportunity to refine their systems of quality control based on early experience before the inspection process hardens around unsettled interpretations, particularly given the lack of a formal consultation mechanism, as discussed further in our response to question 7.

We also encourage the Board to make the remediation process more timely and efficient. Where remediation conclusions are delayed for extended periods, the process becomes less useful to investors and less effective as a mechanism for promoting meaningful improvement, particularly if the audit procedures for the subsequent period have already been executed.

More defined criteria for when a quality control criticism is warranted, and what constitutes satisfactory remediation, would also further improve transparency and oversight effectiveness.

***Q3. What inspection information would be most useful to stakeholders, and how could inspection reporting be enhanced under a quality-control-focused inspection program?***

We believe inspection reports could provide more useful information to stakeholders if they more clearly differentiated the relative significance of reported findings. In particular, the current presentation of Part I.A deficiencies does not sufficiently distinguish between matters of different severity or consequence. Without additional context, users may have difficulty understanding what a reported finding indicates about overall audit performance, whether at the engagement or firm level. We encourage the Board to revisit its approach to reporting inspection results, including the manner in which findings are described, contextualized, and communicated to stakeholders, to enable users to better assess the significance of reported findings.

Inspection reporting would also be strengthened by providing all stakeholders with greater transparency into how deficiencies are evaluated and communicated. A consistent, principles-based framework for assessing the severity of deficiencies — grounded in risk, materiality, and the totality of audit evidence — would help ensure that findings are interpreted in proportion to their significance. In our view, this would reduce the risk that isolated or less consequential matters are perceived as equivalent to more significant issues and would enhance the ability of audit committees and other users to make informed judgments about auditor performance.

We also encourage the Board to reconsider how deficiency rates and inspection results are presented and compared across firms. As currently reported, percentage-based measures may not provide a meaningful basis for comparison among firms with substantially different issuer portfolios, engagement concentration, and risk profiles. As noted previously, firms with a relatively modest number of issuer clients and a limited number of larger or integrated audits may experience recurring inspection focus on a small number of engagements. That concentration can disproportionately affect reported results relative to the overall scale and composition of their practice. Without additional context regarding portfolio concentration, market capitalization, and the complexity and diversity of a firm's client base, generic reporting metrics may obscure important differences among firms and may not provide stakeholders with a balanced, contextual view of inspection outcomes.

***Q4. What standard-setting projects should the PCAOB pursue?***

We support modernization of PCAOB standards where there is a demonstrated need for change and a clear basis for concluding that such change would enhance audit quality. We believe particular attention could be given to older standards that may no longer reflect current practice, evolving risks, or changes in the broader environment. To guide any modernization efforts, the Board could consider whether the IAASB has taken on projects to address such matters, which could provide the PCAOB with a practical starting point for potential updates to its standards. In our view, leveraging efforts of the IAASB in certain areas would be an efficient means of improving audit quality while reducing costs for stakeholders of US public companies.

At the same time, we encourage the Board to remain disciplined in its standard-setting agenda and to consider carefully whether change is warranted, particularly in light of the pace of standards change and the cumulative effects of newly-adopted standards on practitioners. Consistent with the themes discussed above, we believe standard setting should be informed by broad stakeholder input, including the views of auditors, audit committees, investors, issuers, and other stakeholders.

In areas involving rapidly evolving technologies, such as digital assets or artificial intelligence (including generative artificial intelligence (GenAI)), we encourage the Board to embrace technological change and utilize existing advisory groups and other stakeholder outreach to explore how such changes could improve audit quality before adding standard setting projects. In most cases, interpretive guidance informed by stakeholder outreach may be a more timely and effective means to convey the Board's views than a formal standard setting project. We would be supportive of the PCAOB providing interpretive guidance that clarifies how existing standards apply both to audits of companies that use GenAI in financial reporting processes and to firms' own use of GenAI tools. In our view, that approach would better preserve flexibility, allow the Board to respond nimbly to developments in practice, and avoid introducing new standards that may quickly become outdated or prove unworkable.

***Q5. How can the PCAOB achieve greater alignment of its auditing standards with international auditing standards?***

We support greater alignment with international auditing standards with the standards of the PCAOB. Greater harmonization would reduce duplication and unnecessary differences, improve efficiency and effectiveness in firms' audit methodology and training, and promote consistency in an increasingly global economic environment. Where the PCAOB determines that divergence may be appropriate, we encourage the Board to rigorously evaluate the costs and benefits of the divergence, including working with stakeholders to obtain a comprehensive assessment of the costs early in the standard setting process. If the Board ultimately concludes the divergence is necessary, we encourage the Board to articulate clearly the basis for that decision and the investor protection objective that outweighs the associated cost.

***Q6. In what ways should the PCAOB consider deploying technology, including AI, to help further its investor-protection mission?***

We support the PCAOB's thoughtful use of technology, including AI, to enhance its effectiveness and efficiency. We believe any such use should be deliberate, transparent, and tied to clearly defined objectives. In our view, the Board should ensure that technology deployment is accompanied by appropriate governance, transparency

around purpose, and disciplined use of data. Similar to the use of AI and other advanced technologies by issuers and firms, we believe the PCAOB can achieve meaningful efficiencies and other benefits by using innovative technologies in furtherance of the public interest.

**Q7. How can the PCAOB enhance transparency with its stakeholders?**

We believe the PCAOB can enhance transparency most meaningfully by fostering timely dialogue and substantive, collaborative engagement with stakeholders. In our view, greater transparency is not limited to public reporting or formal communications by the Board, but should also include providing clearer, more practical avenues for firms to understand expectations and address significant technical questions as they arise.

We believe audit quality could be enhanced through the establishment of a proactive consultation mechanism through which auditors may seek timely feedback on audit approaches or quality control matters in areas involving significant judgment. In practice, significant interpretive questions may arise during audit planning or execution, or in other contexts, such as when matters are identified through the inspection process. In those circumstances, clearer consultation channels would promote consistency, reduce unnecessary uncertainty, and help ensure that matters involving significant professional judgment are evaluated in a more transparent and informed manner. The Securities and Exchange Commission has various consultation avenues which could inform the PCAOB's establishment of similar processes.

To be effective, such a mechanism should provide stakeholders with a clear understanding of whether, when, and how matters may be elevated for consultation, as well as the process by which the PCAOB determines whether to object to a particular audit approach or conclusion. Greater transparency in these areas would improve the quality of dialogue between the PCAOB and the firms and support a more consistent and effective oversight framework.

\* \* \* \* \*

We appreciate the opportunity to provide feedback on the Board's strategic plan and would be pleased to further discuss our perspectives with you. Please contact John Donohue ([john.donohue@bakertilly.com](mailto:john.donohue@bakertilly.com)) or Porter Loud ([porter.loud@bakertilly.com](mailto:porter.loud@bakertilly.com)) with any questions.

Sincerely,

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

BAKER TILLY US, LLP