

May 18, 2026

By electronic submission to comments@pcaobus.org

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

Re: PCAOB No. 2026-001, Request for Public Comment – PCAOB Strategic Priorities

Dear Members of the Board:

CohnReznick LLP appreciates the opportunity to comment on PCAOB No. 2026-001, Request for Public Comment – PCAOB Strategic Priorities. CohnReznick is the 15th largest accounting firm in the United States, with origins dating back to 1919. While our domestic and international capabilities (including through our Nexia International membership) allow us to serve a broad array of clients, we are a significant provider of services to the smaller and middle market.

Our issuer audit practice represents less than 1% of firm revenue. Nonetheless, we are committed to doing the right thing—advancing audit quality and supporting investor confidence. Because firms operate with different sizes, business models, and issuer footprints, we respectfully ask that the PCAOB’s strategic priorities and related initiatives explicitly incorporate scalability, including the recognition that smaller firms may implement quality objectives and related controls in different (but still effective) ways.

We support the PCAOB’s statutory mission to protect investors and further the public interest in the preparation of informative, accurate, and independent audit reports. Below we offer perspectives on the questions that the PCAOB has exposed for public comment.

Foundational principles guiding our comments

1. Stable, transparent oversight supports audit quality. Oversight organizations are most effective when expectations are durable across cycles, criteria are consistently applied, and stakeholders can anticipate how inspection and enforcement judgments will be made.
2. Reduce redundant oversight where responsibilities overlap. In areas where the PCAOB and SEC both play roles, we encourage a streamlined approach that reduces duplication and clarifies how matters will be coordinated.
3. Auditors are also key stakeholders in investor protection. The public company audit is executed by audit professionals, and audit quality improvements are most durable when they are informed by practitioner experience across firm sizes and are implementable in practice.

Key themes in our comments

- Modernize inspections by transitioning to a quality control-focused, risk-based model supported by transparent PCAOB protocols and frameworks.
- Support effective implementation of a QC-focused inspection approach through a collaborative inspection calendar that, where practicable, reduces avoidable disruption to audit execution.
- Enhance consistency through a formal, transparent consultation and escalation pathway that allows engagement with relevant subject matter expertise.
- Enhance inspection reporting through more thematic, decision-useful, and contextual communication—including examples of effective practices—while keeping reporting focused on matters most relevant to audit quality.
- Reframe standard setting around a “U.S. GAAS baseline + PCAOB plus/minus” approach, reserving PCAOB-only requirements for clearly articulated issuer-specific needs.
- Deploy technology (including AI) to improve oversight efficiency and risk targeting, with appropriate governance and safeguards.

Our detailed responses to each of the Board’s questions are provided in the Appendix to this letter. If you have any questions concerning our comments, or would like to discuss any of our recommendations, please contact Steven Morrison, Partner, National Director of Audit, at (786) 868-1270 or steven.morrison@cohnreznick.com.

Yours truly,

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

Appendix – Responses to the Board’s Questions (PCAOB No. 2026-001)

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 encourage the PCAOB to prioritize activities that most directly protect investors by improving audit quality outcomes, while balancing rigor with proportionality and scalability—especially for firms serving smaller and mid-cap issuers. Strategic priorities should emphasize:

- risk-based registration and monitoring,
- inspections that integrate engagement-level work with evaluation of firms’ systems of quality control, and
- enforcement calibrated to severity and investor impact.

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 support modernizing the inspections program to reflect a more quality control-focused approach consistent with QC 1000. A QC-focused inspection model can improve investor protection and efficiency—provided it is implemented with transparent criteria, scalable expectations, and timely resolution mechanisms.

A. Implement a QC-focused inspection model (with scalability and leverage of existing SoQC information)

- Start with the firm’s system of quality control (SoQC)

Evaluate the firm’s risk assessment, quality objectives, quality risks, quality responses, monitoring, and remediation processes, then use engagement inspections to validate how the SoQC operates in practice.

- Leverage what firms already produce

Firms are expanding SoQC documentation and monitoring. The PCAOB can reduce duplicative costs by using available SoQC evidence as the initial basis for evaluation and tailoring incremental requests to what is necessary to achieve inspection objectives.

- Publish a scalability framework

Provide public guidance explaining how expectations will be scaled by firm size, complexity, and issuer practice risk.

- Tailored approaches for smaller and mid-size firms

For firms with relatively small issuer practices (e.g., less than 50 issuer audit clients) and comparatively low public company market capitalization audited, the PCAOB may wish to adopt a more tailored approach—such as relying more heavily on engagement-level inspections as primary evidence, with proportionate SoQC evaluation tailored to the size and complexity of the practice.

B. Treat early QC-focused inspections as a learning-oriented phase

Because QC 1000 implementation and a QC-centered inspection approach represent a meaningful shift (for both firms and the PCAOB itself), the first inspection cycle will be the PCAOB’s first broad opportunity to observe how different firms operationalize the standard in practice. Without the benefit of that initial cycle of observations, applying “auditor judgment” expectations in a consistent way is harder for the PCAOB. Early PCAOB inspection cycles can emphasize clear feedback and shared learning. PCAOB thematic communications can help translate observations into practical improvement across the profession, thus better serving the public interest.

C. Hire Division of Registration and Inspection resources with experience in quality control components

There is significant expertise needed to successfully execute the components of quality control in an accounting firm. Processes such as risk assessment, client acceptance, and ethics are just a few examples where deep expertise is needed to effectively oversee or inspect firms. QC 1000 represents a significant, fundamental shift in quality control where inspection experience under the prior quality control standards is not a sufficient proxy for real-world experience and competency. Hiring professionals with quality control or national office expertise into the Division of Registration and Inspection will help the PCAOB execute a quality-control focused inspection process that is focused on important quality risks and responses.

D. Build public protocols/frameworks to drive consistency and timely resolution

We recommend the PCAOB increase transparency about how inspections are run and how judgments are made to improve consistency across inspection teams and years, help firms respond more efficiently, and reduce the perception of “standard setting through inspections.” Public protocols would also help firms—especially those with smaller issuer practices—plan resources and focus effort on matters most relevant to audit quality.

- **Calibrate expectations during initial adoption of new standards.**

We recommend the PCAOB publish how it will evaluate implementation in the first inspection cycle(s) after major new or amended standards—what evidence will be persuasive, etc. Clear guardrails would reduce uncertainty and promote more consistent outcomes.

- Provide clearer application guidance for the deficiency severity framework.**

We recommend the PCAOB provide more transparent criteria (or a decision framework) for how it evaluates severity so stakeholders can understand why similar fact patterns may be categorized differently and when matters have potential firmwide implications. Clearer criteria would reduce variability and support more consistent reporting.
- Empower the Office of the Chief Auditor to issue more practical interpretive guidance.**

We recommend the PCAOB enable the Office of the Chief Auditor to provide more interpretive guidance that goes beyond restating requirements and instead offers decision-useful insight (e.g., common fact patterns, indicators of acceptable implementation approaches, and illustrative examples of how requirements are applied). The AICPA provides extensively used guidance including application guidance attached to the standard, hundreds of pages of industry and topic guidance in AICPA Audit and Accounting Guides, hundreds of pages of Technical Questions and Answers, and publications from the AICPA Center for Plain English Accounting (CPEA) and more. More actionable guidance would improve consistency and reduce unnecessary rework, while supporting quality outcomes across firms. Consistent with our response below to questions 4 and 5, if the PCAOB worked with the AICPA, on producing such interpretive and authoritative guidance, along with having PCAOB converged with US GAAS (and by extension, international auditing standards), audit quality and the public interest would be well served.
- Clarify the QC criticism and remediation framework.**

We recommend the PCAOB clarify what constitutes a QC criticism, what “remediation to the satisfaction of the Board” means in practice, and what evidence the PCAOB expects to see to demonstrate sustainable remediation. We recognize the PCAOB has published guidance, and that firms are strongly encouraged to initiate a dialogue with the inspections staff early in the remediation period. However, operationally, the extent that a firm must fulfill the various criteria (change, relevance, design, implementation, and execution and effectiveness) can often be subjective and it is unclear if there are indeed objective criteria that can be shared in the interest of audit quality and successful remediations. For example, for training, what level of attendance is necessary in order for the training to have been considered effective is not clear. Not having objective criteria published can result in slowing remediation and possibly leading to a lack of remediation, which is not in the public interest.

E. Collaborative inspection calendar

We encourage the PCAOB to coordinate with inspected firms to establish an inspection calendar that respects audit cycles and internal QC cadence and, where practicable, reduces avoidable disruption during periods of peak audit execution. For example, inspections in traditional Busy Season, January through April, for firms our size and smaller, are disruptive to engagement teams and National Office personnel (who in smaller firms “wear many hats” and have a wide range of responsibilities), thus increasing the chance for a disruption of audit quality. Such is not in the public interest.

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

A QC-focused model is an opportunity to improve the decision-usefulness of inspection reporting for audit committees, investors, preparers, and auditors by adding context, clarifying relative significance, and communicating effective practices while keeping reports focused on the matters most relevant to audit quality.

A. Re-evaluate primary users and test reporting with them

We encourage broader outreach (roundtables, surveys, and forums) to validate what information stakeholders, including auditors, actually use and how they interpret it.

B. Keep reporting focused on matters that reflect findings by the PCAOB itself, not those found by the firm being inspected

The inspection process should clearly distinguish between:

- Findings by the PCAOB itself, and
- Items identified and addressed by the firm through its own monitoring.

The PCAOB's report should only communicate findings made by the PCAOB itself. Such helps users appropriately interpret what the PCAOB report is conveying and further emphasizes the importance of QC 1000 and a firm's enhanced responsibilities for quality control.

C. Consider the robustness and effectiveness of a firm's national office in the evaluation of quality control

We recommend the PCAOB consider a firm's national office function and the related structure, depth, resourcing, and spend. A strong national office is a strong multiplier for audit quality and quality controls. This consideration should be appropriately scaled based on various factors including the size of the firm, nature of the clients served, and other relevant factors.

D. Improve Part I.A reporting by providing better context

To allow users of PCAOB inspection reports to better interpret and understand potential themes, we recommend Part I.A:

- provide summarized reporting about the audit areas reviewed and categories of issues identified, including thematic observations and
- add contextual information that differentiates relative significance and explains why the matter is meaningful to assessing overall compliance.

The PCAOB could benefit from considering the inspection reporting frameworks used in Uniform Guidance in the United States as well as international regulators such as the Canadian Public Accountability Board (CPAB) and the Financial Reporting Council (FRC) in the United Kingdom; for example, more thematic reporting.

We believe the public interest is better served with the appropriate context given to inspection findings.

E. Remove reporting on Part I.B

We recommend Part I.B no longer be reported. We believe presenting Part I.B in reports is potentially misleading to users by giving the Part I.B deficiencies disproportionate prominence. These deficiencies:

- Are not of the nature that the PCAOB is saying the firm did not obtain sufficient appropriate audit evidence to support its opinion. Accordingly, even though a deficiency exists, a firm has a supported audit opinion, and thus the public interest is served.
- Are only identified based on the PCAOB's inspection of select workpapers, not all workpapers.

Even without disclosing Part I.B, the public interest is still served by the inspection process as the Part I.B findings that are also Quality Control Criticisms (QCCs) are reported in Part II of the PCAOB's inspection report. If the firm does not appropriately remediate the QCC within twelve months, the QCC becomes public (such lack of remediation is likely more decision-useful information to users of the PCAOB inspection reports as opposed to the Part I.B itself)

F. Remove reporting on Part I.C for independence breaches that are remediated

Independence is foundational and often involves shared responsibilities across participants in the financial reporting ecosystem. However, the current reporting of Part I.C can be misleading. We believe the context of such violations is critical. For example, the two following scenarios are drastically different:

- A technical breach that is remediated transparently with a Rule 3526 communication and does not require the auditor resign or withdraw an audit opinion, and
- Deliberate violations resulting in a lack of auditor objectivity.

Deliberate violations and/or those with far reaching, and unremediated, effects are what is likely relevant to users of PCAOB inspection reports and should therefore be emphasized in public reporting.

We recommend that SEC independence related matters identified through the PCAOB inspection process be addressed by the SEC in order to free up PCAOB resources and prevent duplication of effort.

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

A. Reorient standard setting to a "U.S. GAAS baseline + PCAOB plus/minus" model

We recommend that the PCAOB use U.S. GAAS as the baseline and reserve PCAOB-only requirements for clearly articulated issuer-specific investor-protection needs. As an initial step, converging fully to U.S. GAAS at one point in time would create a clear, stable baseline and allow

the PCAOB and stakeholders to focus attention on the discrete ‘plus/minus’ differences that remain necessary for issuer audits.

Aligning the baseline to U.S. GAAS (rather than directly to the ISAs) serves multiple primary purposes:

- Such provides the PCAOB with auditing standards (US GAAS) that are already substantially converged with international standards with adjustments already made for special considerations of entities in the United States.
- One base set of standards specific to both public and private entity audits would also better facilitate capital formation by potentially streamlining the IPO process.
- Such helps address governance and independence considerations discussed by the SEC’s Office of the Chief Accountant regarding the IAASB. In December 2025, SEC Chief Accountant Kurt Hohl noted that the SEC is ‘closely monitoring the governance and funding’ of international standard-setting bodies, and that organizations involved in auditing standard-setting oversight face ‘serious funding challenges’ given reliance on the profession for funding, creating risks and strains on the system¹.

How the model could work in practice

- *Baseline*: U.S. GAAS (AU-C) as the primary auditing standards baseline for issuer audits.
- *PCAOB plus/minus*: a concise, maintained set of issuer-specific incremental requirements labeled as deviations from the baseline with a clear rationale.
- *Collaboration*: formal mechanisms to bring inspection insights into baseline standard-setting discussions with the AICPA ASB and other domestic stakeholders. Such would be beneficial giving the AICPA ASB additional perspective and the PCAOB would benefit from having more robust iterative input as opposed to just the comment letter process.

Cost considerations for the PCAOB

- We do not believe the process above is an expensive one for the PCAOB due to that the PCAOB would not be drafting standards from scratch and/or needing to hire a large amount of new personnel.
- There are multiple benefits to the PCAOB starting with existing US GAAS, and accepting changes to US GAAS on a roll-forward basis (as appropriate),
 - This would benefit the PCAOB as US GAAS is well established, effectively governed, widely in use by firms of all sizes, and accepted by many users (including various regulators),

¹ <https://www.sec.gov/newsroom/speeches-statements/hohl-statement-aicpa-conference-121925>

- This would allow the PCAOB to focus on those areas of most importance to audit quality instead of having to dedicate substantial resources to maintaining an entire set of standards, and
- This would facilitate more nimble and effective standard setting, which serves the public interest.

B. Prioritize projects where guidance is thin and risk is high; avoid duplicative divergence

Where other standard setters have recently modernized standards, the PCAOB can explicitly assess whether incremental issuer requirements are justified relative to the cost of maintaining separate, overlapping methodologies.

The PCAOB standards are a mix of standard setting (1) the PCAOB has issued over the last 20 years plus (2) a large number of standards that still are substantially the same from 2003 when the PCAOB adopted then US GAAS and made no substantial updates since. Developments of the last 20 years have led to the current state:

- Since 2003, US GAAS has updated its standards as well as substantially converged with international standards, including a common thematic and number structure, so it is straightforward to see the differences in US GAAS and the ISAs.
- The AICPA Auditing Standards Board also has:
 - Taken the lead in updating the core standard on Audit Evidence (AU-C 500) for changes in technology and more.
 - Materially updated the auditing standard on Going Concern (AU-C 570) in a manner that addressed FASB and IFRS differences and also advanced audit quality in terms of valuable application guidance for firms of all sizes.
 - Drafted and issued a whole standard for auditing Employee Benefit Plans (AU-C 703) which included working with the relevant regulator, the Department of Labor.
 - While mostly converging with recent revisions to ISA 600, made noticeable changes in order to allow for firms to make reference to component auditors in the auditor’s report (which actually kept US GAAS more aligned to PCAOB)
 - Provided a large amount of application guidance that advanced audit quality for firms of all sizes

C. Use guidance/frameworks for fast-moving areas (AI, digital assets, emerging tech)

In emerging areas that involve rapidly evolving facts and significant judgment, the PCAOB can favor principles-based guidance, practical frameworks, and agile mechanisms to surface and address issues, while reserving prescriptive requirements for mature areas with stable practices.

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

A U.S. GAAS baseline + PCAOB plus/minus approach supports alignment with the ISAs as the AICPA ASB already has a goal of convergence by evaluating whether the standards

- are appropriate in the U.S. legal and regulatory environment,
- address the unique needs of U.S. stakeholders, or
- need revisions in accordance with ASB drafting considerations.

Under the proposed U.S. GAAS baseline + PCAOB plus/minus, there would also be substantially greater alignment with the ISAs with appropriate adjustments, which are likely not extensive, for what is needed for auditing public companies.

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

We support the PCAOB's use of technology to improve oversight efficiency, risk targeting, and thematic insight generation—implemented with appropriate governance, transparency about objectives, and safeguards to protect confidentiality and avoid unnecessary burden. Also, given the developing nature of various technologies and the lack of established protocols and knowledge of “what can go wrong” with all the data and interpretation of such data, we recommend the PCAOB move cautiously and deliberately with the use of technology and make extensive use of outside parties including contractors, experts in AI, academics, and auditors. Firms are in a unique vantage point as firms are beginning to use more advanced technologies and are also adapting their audit approaches based on audit clients' use of advanced technologies. A robust dialogue with auditors about the PCAOB's use of AI will benefit the PCAOB and the public interest.

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

We support structured, two-way engagement by the PCAOB with various stakeholder groups—investors, audit committees, preparers, auditors, and other regulators. Transparency enhancements can include:

- open two-way interaction with the various stakeholder groups noted above throughout the various activities of the PCAOB (in particular - research, standard setting, and inspections)
- more nimble and timely interpretation of auditing standards from the PCAOB based on frequent interactions with auditors and what auditors are seeing in engagements

- active meetings with various firms for feedback on developing standards as firms are seeing emerging issues well before the PCAOB sees in inspections or through a comment letter process
- predictable inspection protocols and milestones,
- clearer and more contextual inspection reporting, and
- a standard-setting process that is aligned to a US based standard setter (AICPA ASB) that already includes US-based adjustments to international auditing standards.