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

2 September 2026

Re: PCAOB No. 2026-006, *Request for Public Comment on Draft 2026-2030 Strategic Plan Goals and Objectives*

Dear Ms. Brown:

Ernst & Young LLP appreciates the opportunity to comment on the Draft 2026-2030 Strategic Plan Goals and Objectives issued by the Public Company Accounting Oversight Board (PCAOB or Board). We commend the Board for continued use of public input to inform the development of its strategic plan.

We are supportive of the draft plan's goals and the Advance, Clarify, and Transform framework, which appear to be consistent with many themes previously raised by us and other stakeholders. Recognizing that the strategic plan will guide the Board's standard-setting, research, inspection, registration, enforcement and stakeholder engagement agendas, as well as the annual budgets that support them, we offer the following comments to assist the Board as it refines and operationalizes the plan.

Because several goals and objectives included in the Board's plan are necessarily broad, our comments focus on implementation considerations for each goal that may help make them more actionable and provide clearer direction. We also identify opportunities to better incorporate stakeholder engagement, disciplined economic analysis and coordination with the Securities and Exchange Commission (SEC).

More broadly, we encourage the Board to implement the strategic plan in a manner that promotes transparency and accountability, with a corresponding focus on regulatory efficiency through coordination with the SEC. This would direct PCAOB resources toward initiatives that are most likely to improve audit quality and investor protection, while minimizing unnecessary regulatory duplication and burden.

Goal 1: Modernize standard setting and implementation

We support the Board's objectives to establish a framework for high-quality standard setting, promote effective implementation and post-implementation evaluation of new and existing standards, and advance responsive, risk-based standard-setting priorities. We believe the Board's framework should include a transparent process for identifying standard-setting priorities in conjunction with developing a conceptual framework for standard-setting and research activities. Such a process should establish how the Board would evaluate alternatives, assess costs and benefits, consider stakeholder feedback throughout the standard-setting life cycle and evaluate the existing standards of other standard setters when determining whether standard setting is necessary. A transparent process supported by stakeholder engagement can result in a durable framework that can promote consistency in the Board's processes over time.

As part of this framework, when considering which standard-setting projects to pursue, the Board could adopt a recurring practice to align PCAOB standards and rules with those of other standard setters where there is relevant regulatory overlap or interoperability between auditor and issuer requirements. For example, as noted in our August 2026 comment letter,[1] we believe the Board should undertake a project to eliminate inconsistencies and redundancies between PCAOB and SEC auditor independence requirements.

We also believe the Board should consider targeted amendments to AS 2415, *Consideration of an Entity's Ability to Continue as a Going Concern,* to align the PCAOB definition of "substantial doubt about the entity's ability to continue as a going concern" and the period of evaluation with management's requirements under relevant financial reporting frameworks.[2] A recurring assessment of opportunities for greater alignment with other standard setters would enhance the relevance of PCAOB standards and rules and reduce regulatory inconsistency and the resulting compliance burden.

We are encouraged by the Board's commitment to the effective implementation of new and revised standards as expressed in the draft. We believe the Board should foster two-way dialogue with practitioners throughout the implementation process and enable the staff in the Office of the Chief Auditor to broadly share views on implementation questions. Doing so would help practitioners more effectively achieve the objectives of new or revised standards the first time. We support a strong and effective inspections process and believe the Board's inspection activities have contributed greatly to the improvement in audit quality since the PCAOB's creation.

However, we do not support addressing implementation questions through inspection activities. Doing so can prolong the implementation process for new or revised standards and increase compliance costs that will ultimately be borne by investors. It can also cause further investor harm if inspections later determine that a firm issued an audit report that was not compliant with PCAOB standards due to implementation challenges or misinterpretations of the intent of the PCAOB standards.

Additionally, we encourage the Board to make the post-implementation review process a meaningful and recurring part of the standard-setting life cycle. Timely post-implementation reviews can help the Board determine whether standards are being applied consistently, achieving their intended objectives and producing benefits proportionate to their costs. These reviews are particularly important given the interaction between new PCAOB requirements, SEC rules and other regulatory obligations affecting auditors and issuers.

We also generally support the Board's objective to continue evaluating opportunities to reduce unnecessary differences between PCAOB standards and international auditing standards, while preserving differences that are necessary to reflect US legal requirements, investor protection

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1 EY Comment letter, Re: PCAOB No. 2026-005, *Request for Public Comment on PCAOB Standard Setting*, 6 August 2026.

2 See e.g., FASB Accounting Standards Codification 205-40, *Going Concern*, and International Accounting Standard 1, *Presentation of Financial Statements*, paragraphs .25-.26.

priorities or other regulatory considerations. As discussed in our August 2026 comment letter,[3] we welcome alignment that promotes audit quality, efficiency and consistency. We believe alignment would be most useful on a prospective basis after a new standard-setting project is identified. Further, when considering whether to align PCAOB standards with those of other standard setters, the Board should carefully consider how any proposed changes would fit in and interact with the existing PCAOB standards framework.

If the PCAOB looks to align its standards with those of other standard setters, the Board should coordinate implementation and inspection activities with other standard setters to promote consistent interpretation and application for those standards affected while avoiding inspection-driven interpretations or expectations that could create practical differences in how the standards are applied across jurisdictions globally.

Goal 2: Modernize the inspections and registration programs

We support the draft plan's objective to focus inspections on evaluating the sufficiency of firms' systems of quality control, supplemented by individual engagement reviews. To make this objective more actionable, we recommend that the Board look to develop and make publicly available a framework for evaluating firms' systems of quality control and determining when engagement-level findings should be included in public inspection reports.

As discussed in our May 2026 comment letter,[4] a modern inspection program should begin by evaluating a firm's system of quality control, including monitoring activities at the engagement level for completed engagements and, if applicable, in-process engagements.[5] Inspection teams could then use that evaluation to inform targeted engagement inspections and assess whether the firm's quality control system operates effectively in practice.

We also support the Board's objectives to improve the clarity and timeliness of inspection reports and revise how remediation determinations are evaluated and reported. To implement these objectives effectively, the PCAOB should engage with audit committee members and other users of inspection reports to determine what information is most decision-useful, provide appropriate context about the nature and significance of inspection findings, and establish clear expectations for remediation determinations.

We believe the final strategic plan should also acknowledge the importance of aligning inspection reporting with the PCAOB's evaluation of a firm's system of quality control and with firms' reporting under QC 1000, *A Firm's System of Quality Control*, while considering the limitations of what firm-specific information can be disclosed publicly under the guidelines of the Sarbanes-Oxley Act.[6] This may result in the PCAOB concluding that the most appropriate approach for public reporting is

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[3] EY Comment letter, Re: PCAOB No. 2026-005, *Request for Public Comment on PCAOB Standard Setting*, 6 August 2026.

[4] EY Comment letter, Re: PCAOB No. 2026-001, *Request for Public Comment PCAOB Strategic Priorities*, 15 May 2026.

[5] Paragraphs .62-.63 of PCAOB QC 1000, *A Firm's System of Quality Control*, require firms to monitor completed engagements on a cyclical basis for each engagement partner and, for firms that issued audit reports for more than 100 issuers during the prior calendar year, to also monitor in-process engagements.

[6] Section 104(g)(2) of the Sarbanes-Oxley Act of 2002.

providing summary information about the overall results of inspections, including sharing best practices and areas identified for improvement. These refinements would help stakeholders better understand inspection results and reduce the risk that isolated or technical matters are misinterpreted as broader indicators of audit quality.

We particularly encourage the Board to continue incorporating stakeholder feedback into the execution of its inspection modernization objectives. The PCAOB's formation of the Inspections Modernization Council is a constructive model for obtaining practical input as significant oversight changes are developed and implemented. We also appreciate the transparency that has accompanied the Council's process and believe it helps stakeholders better understand and provide input on the Board's modernization efforts. We believe the Board should consider similar mechanisms for other significant initiatives, where appropriate. As these initiatives progress, we welcome continued engagement with the Board and its staff on practical implementation considerations.

The firm registration process is one area that would benefit from stakeholder input. We support the inclusion of an objective to assess and enhance the firm registration process but recommend that the final strategic plan specify how the Board intends to evaluate and improve the effectiveness and efficiency of that process. As noted in our May 2026 comment letter,[7] we believe the PCAOB should evaluate how the registration information collected is used for oversight purposes and whether the benefits of those disclosures justify the related costs. In so doing, the Board could consider whether estimates or ranges could be appropriate in certain areas and whether firms should have a greater ability to provide contextual information when submitting data.

In conjunction with Goal 5, *Modernize oversight through technology and data*, the Board should also consider how technology, including artificial intelligence, could improve the data submission and collection process. These considerations could help make sure that the Board's reporting requirements are efficient and cost-effective, while remaining focused on information that is most useful to its oversight activities.

Goal 3: Sharpen enforcement focus on conduct harmful to investors

We support the strategic plan's objective to sharpen enforcement focus on conduct harmful to investors and clarify enforcement principles, priorities and processes. We also support the Board's focus on coordination with the SEC. To make this objective more actionable, we recommend that the final strategic plan include a commitment to develop clearer public guidance, such as an enforcement manual addressing enforcement priorities, investigative processes, supervisory review, cooperation credit, remediation, timeliness and coordination with the SEC's Division of Enforcement. Refer to our May 2026 comment letter for further discussion.[8]

Clear enforcement principles would promote consistency, reduce unnecessary duplication and help focus enforcement resources on matters posing significant risks to investors, audit integrity and the integrity of US capital markets. We agree that coordination with the SEC also should remain a key element of the final strategic plan, particularly when overlapping independence, reporting or enforcement requirements could create complexity or cost without commensurate benefit.

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[7] EY Comment letter, Re: PCAOB No. 2026-001, *Request for Public Comment PCAOB Strategic Priorities*, 15 May 2026.

[8] EY Comment letter, Re: PCAOB No. 2026-001, *Request for Public Comment PCAOB Strategic Priorities*, 15 May 2026.

Goal 4: Deepen stakeholder engagement and communication

We support the Board's objective to strengthen stakeholder engagement and communication. We recommend that the final strategic plan explain how stakeholder engagement will be integrated into each goal and set of objectives in a manner tailored to the nature of the related action plan. As discussed above, the Inspections Modernization Council provides a useful model of how the Board can obtain timely and practical feedback before, during and after significant program changes. The Board could use similar approaches, tailored as appropriate, for registration, inspection reporting, remediation reporting, standard-setting priorities, and the use of technology and data in oversight activities.

We also encourage the Board to use stakeholder engagement to help prioritize initiatives that are most likely to enhance audit quality and investor protection. Input from stakeholders can provide important perspectives on whether data collection, reporting obligations, public disclosures or standard-setting projects address a clearly articulated oversight need and whether their expected benefits justify associated costs.

Goal 5: Modernize oversight through technology and data

We support the strategic plan's focus on developing the PCAOB's internal technology, data and artificial intelligence capabilities to strengthen risk identification, inform regulatory judgments and enhance the effectiveness, consistency and timeliness of its oversight activities. As the PCAOB modernizes these capabilities, we encourage the Board to use the data and information it already receives across its oversight programs more effectively and to embed that discipline throughout the strategic plan.

For example, before requiring firms to provide additional information, the PCAOB should consider whether relevant information is already available through registration filings, annual or special reporting, inspections, remediation submissions, enforcement matters or other PCAOB processes. A more integrated use of existing data would help reduce duplicative requests and unnecessary compliance burden, while supporting more risk-based and efficient oversight.

We also recommend that the PCAOB be transparent with stakeholders regarding how it uses technology and data in its oversight activities, including how it governs such tools and protects information received from registered firms. Thoughtful transparency in this area would promote confidence that technology-enabled oversight is applied consistently, securely and in accordance with the PCAOB's statutory mission.

Goal 6: Strengthen organizational effectiveness and stewardship

We support the Board's commitment to pursue the strategic objectives articulated in Goals 1 through 5 of the draft plan's goals and objectives in a disciplined and cost-effective manner. We believe our recommendations can further this goal and bring meaningful improvement to audit quality and the Board's oversight activities.

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We appreciate the Board's consideration of our views and would be pleased to discuss our comments with the Board or its staff.

Sincerely,

Ernst + Young LLP

Copy to:

SEC
Kurt Hohl, Chief Accountant
Michal Dusza, Deputy Chief Accountant
Emily Fitts, Deputy Chief Accountant