American Bankers Association
Building Success. Together.

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

Via website submission: comments@pcaobus.org

Re: Request for Public Comment – PCAOB Strategic Plan Goals and Objectives (PCAOB Release No. 2026-006)

To Whom It May Concern:

The American Bankers Association[1] (ABA) welcomes the opportunity to comment on the Public Company Accounting Oversight Board's (PCAOB) Request for Public Comment on the Draft 2026–2030 Strategic Plan Goals and Objectives (PCAOB Release No. 2026-006) (the Request). The Request seeks input on the PCAOB's proposed strategic direction, which includes goals to modernize standard setting and implementation, modernize inspections and registration, sharpen enforcement focus, deepen stakeholder engagement and communications, modernize oversight through technology and data, and strengthen organizational effectiveness and stewardship.

Executive Summary

- **The PCAOB should also emphasize proportionality:** ABA supports the PCAOB's effort to update its strategic plan around modernization, clarity, technology and stakeholder engagement. To be effective, however, the final plan should make proportionality, scalability and cost-benefit discipline explicit across the PCAOB's objectives. Proportionality is particularly important for community banks because disproportionate audit and oversight expectations can increase costs, reduce auditor availability and divert limited resources from serving customers and local communities without commensurate investor-protection benefits. For banks, which already operate under extensive prudential supervision, examinations and regulatory reporting, PCAOB oversight should recognize how that framework affects audit risk assessment and avoid expectations that effectively duplicate existing regulatory requirements or layer on procedures that do not improve audit quality.

[1] The American Bankers Association is the voice of the nation's $26.5 trillion banking industry, which is composed of small, regional, and large banks that together employ over 2 million people, safeguard $20.7 trillion in deposits and extend $13.9 trillion in loans.

- **Modernize inspections and standard setting through risk-based execution:** The final strategic plan should ensure that the PCAOB's objectives for inspections, registration, enforcement and standard setting are grounded in objective indicators of audit risk and calibrated to the size and complexity of the issuer and audit firm. ABA encourages the PCAOB to evaluate whether bank audits are being selected for inspection at a disproportionate rate and to address the circular pattern that can occur when inspection focus itself contributes to more findings, which then reinforces a perception of heightened risk. A more quality-control-focused inspection program under QC 1000 should place greater weight on firm-wide quality management and remediation while continuing to preserve professional judgment and scalable audit execution.
- **Make clarity, engagement and implementation discipline central to the final plan:** ABA supports the draft plan's goals to clarify expectations, deepen stakeholder engagement and modernize oversight through technology and data. The PCAOB should operationalize those goals by providing practical implementation guidance, examples and transition communications before expectations harden through inspections. Further, the PCAOB should coordinate with FASB, banking regulators, auditors and issuers on areas like CECL where audit, accounting and supervisory expectations overlap.

  The PCAOB should also improve inspection reporting by providing context on severity, scope, recurrence and remediation, pursue standard-setting projects that remove unnecessary or redundant procedures, align with international standards where appropriate, and deploy technology and AI to make oversight more risk-based rather than more burdensome. Finally, the PCAOB should clarify or amend EC9 to make appropriate staff engagement with external stakeholders allowable and expected.

ABA's comments on the draft strategic goals and objectives follow.

Goal 1: Modernize Standard Setting and Implementation

ABA supports the draft plan's goal of modernizing standard setting and implementation. The PCAOB's standard-setting agenda should prioritize projects that improve audit quality while also removing unnecessary or redundant procedures and documentation. Targeted amendments that clarify what is required, can reduce layering in highly regulated sectors and allow auditors to focus effort on the highest-risk areas and the most persuasive evidence. For example, a community bank's allowance for credit losses may already be subject to extensive governance, regulatory reporting, supervisory review, model validation and audit committee oversight. If PCAOB standards or inspection expectations are then interpreted to require auditors to perform additional, duplicative documentation or validation procedures without regard to that existing framework, the result is layering: multiple oversight and assurance processes addressing the same risk without a commensurate improvement in audit quality or investor protection.

The final strategic plan should make clear that modernization includes simplifying or eliminating requirements when evidence shows that they add cost and process without commensurate investor benefit. For banks, this principle is especially important because audits are performed within an environment of extensive prudential supervision, examinations, governance processes and publicly-available regulatory reports that often provide the primary basis for financial analysis performed by investors. PCAOB standards and implementation guidance should recognize that context and avoid creating a duplicative overlay to bank regulatory frameworks.

ABA also encourages the PCAOB to use the final plan to commit to practical implementation support and post-implementation evaluation. New or revised standards should be accompanied by examples that show how requirements can be scaled to issuer and firm complexity, including in community bank audits. The PCAOB should also consider projects that 1) align materiality guidance more closely with SEC principles, including qualitative considerations relevant to banks with large balance sheets, 2) reassess whether critical audit matters provide sufficient incremental investor benefit and 3) conduct a post-implementation review of the new confirmations standard to ensure that confirmation expectations reflect evolving fraud risks and secure alternative procedures.

Goal 2: Modernize the Inspections and Registration Programs

ABA supports the draft plan's objective to modernize inspections and registration, including by focusing inspections more directly on firms' systems of quality control. As QC 1000 is implemented, the inspections program should evaluate whether a firm's quality control system identifies and remediates audit quality risks in a manner that supports efficient, risk-based audits. A more QC-focused model should place greater weight on assessing the design and operation of firm-wide quality controls and, where appropriate, perform fewer engagement-level reviews of individual audits.

The final plan should also commit the PCAOB to a more transparent and evidence-based approach to inspection selection. ABA encourages the PCAOB to evaluate whether bank audits are selected for inspection at a comparatively higher rate than audits in other industries and whether that selection rate reflects objective indicators of audit risk. If the selection methodology treats the banking industry as uniformly higher risk despite extensive prudential oversight, it can create a circular pattern in which inspection focus generates more findings, which then reinforces a perception of heightened risk. The PCAOB should recalibrate any such approach to ensure that inspection choices are balanced, objective and tied to the auditor's responsibilities.

Community bank audits are a prime example of where proportionality matters. The final strategic plan should make clear that inspection and registration modernization will preserve auditor availability and competition, including among smaller and mid-sized firms that serve community banks. Effective quality management in this segment may rely on direct partner involvement, continuity of personnel and targeted monitoring rather than enterprise-style structures. Inspection expectations should therefore be scalable and should not increase cost or complexity without improving audit quality.

Goal 3: Sharpen Enforcement Focus on Conduct Harmful to Investors

ABA supports the PCAOB's objective to focus enforcement on conduct that presents significant risks to investors and market integrity.

The final strategic plan should also commit to communicating enforcement principles and priorities in a way that supports consistent expectations. Clearer principles would help auditors, issuers and audit committees understand the types of conduct that warrant enforcement attention and the circumstances in which remediation, quality control improvements or inspection follow-up are more appropriate.

Goal 4: Deepen Stakeholder Engagement and Communication

ABA strongly supports the draft plan's emphasis on stakeholder engagement and communication. The PCAOB can enhance transparency by providing clear, timely communications on implementation expectations for new standards during transition periods, including what is required, what is scalable and what documentation is sufficient. Practical implementation guidance, examples and transition messaging would help auditors and audit committees apply new requirements consistently and avoid unnecessary layering that increases cost without improving audit quality.

The PCAOB should also expand direct engagement with stakeholders through transparent forums that allow two-way dialogue on implementation challenges and emerging risks. This engagement should include issuers, audit committees, auditors, investors and industry representatives with sector-specific expertise. In the banking sector, such dialogue can help the PCAOB better understand how prudential supervision, regulatory reporting and governance processes interact with audit procedures and inspection expectations.

The PCAOB should also actively participate in cross-stakeholder discussions on improving the cost and efficiency of implementing the Current Expected Credit Losses (CECL) accounting standard. As ABA has noted in its April 17, 2026 comment letter to FASB regarding the CECL post-implementation review[2], community banks continue to report that CECL-related costs are driven significantly by audit, validation, vendor and documentation expectations that often exceed what is necessary to produce decision-useful credit loss estimates. Because many of these recurring costs arise from expectations developed through audit practice and oversight rather than from the accounting standard alone, the PCAOB has an important role to play in discussions among FASB, banking supervisors, auditors, investors and community bankers. Through that engagement, the PCAOB can help ensure that audit and internal control expectations are appropriately risk-based and scalable, expand acceptance of reasonable use of third-party and other external data, and reduce documentation and model validation demands that do not meaningfully improve audit quality or investor protection.

[2] ABA's Letter to FASB on the Post-Implementation Review of the CECL Accounting Standard

To support that engagement, the PCAOB should clarify and, if needed, amend Ethics Code paragraph 9 (EC9) to make clear that appropriate outreach and discussions with external stakeholders are allowable and expected. Staff engagement with stakeholders should not be viewed as inconsistent with independence or objectivity when it is conducted transparently and in furtherance of the PCAOB's oversight mission.

Goal 5: Modernize Oversight Through Technology and Data

ABA supports the PCAOB's goal to modernize oversight through technology and data. Technology, data analytics and AI can enhance risk identification and oversight efficiency, including by helping the PCAOB identify patterns in inspection findings, recurring audit deficiencies and emerging risks across industries. Used appropriately, these tools can help the PCAOB better target oversight resources and support more timely, risk-based decision-making.

At the same time, the PCAOB should be mindful that technology-driven oversight can inadvertently increase burdens if it results in new layers of documentation expectations that do not demonstrably improve audit quality. In the banking context, where institutions and auditors already operate within extensive data, cybersecurity and model-governance requirements, PCAOB technology initiatives should complement existing controls rather than require redundant, parallel evidence trails. This is especially important for community banks, which may have fewer resources to respond to rapidly expanding technology-related documentation demands even when their underlying business models are comparatively less complex.

Goal 6: Strengthen Organizational Effectiveness and Stewardship

ABA supports the PCAOB's objective to strengthen organizational effectiveness and stewardship. The PCAOB's strategic plan should connect organizational investments to measurable improvements in audit quality, stakeholder understanding, timeliness and efficiency. In particular, investments in workforce capabilities should include sector-specific expertise, including meaningful banking experience among inspections and standard-setting personnel. Such expertise is important to ensure that PCAOB expectations are appropriately calibrated to the business, regulatory and financial reporting risks of banks and do not treat the industry as uniformly higher risk without objective support.

Organizational stewardship should also include disciplined attention to the cumulative cost of PCAOB standards, inspections, enforcement, technology initiatives and reporting. Cost is not separate from audit quality. For community banks and the firms that audit them, excessive or unclear oversight expectations can reduce auditor availability, increase fees and narrow competition. The final plan should therefore incorporate mechanisms for evaluating whether PCAOB initiatives are achieving intended investor-protection benefits without imposing unnecessary burden.

Additional Observations on Health of the Audit Industry

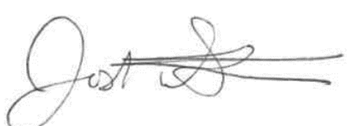
The final strategic plan should expressly recognize that investor protection depends not only on rigorous standards and oversight, but also on the long-term health of the audit profession. The availability of qualified auditors, including firms willing and able to audit community and regional banks, is a critical component of high-quality financial reporting. The profession continues to face meaningful talent challenges, including prior declines in accounting degree completions and CPA exam participation, even as recent enrollment indicators show encouraging signs of improvement. PCAOB oversight should support the next generation of auditors by preserving opportunities for professional development and sustainable career progression.

This objective is particularly important as artificial intelligence and advanced data analytics become more embedded in audit workflows. AI has the potential to improve audit quality and efficiency by assisting with risk assessment, anomaly identification, population testing, documentation support and knowledge management. However, if implemented without appropriate governance, transparency and supervision, AI could also disrupt the apprenticeship model through which entry-level auditors develop foundational skills. The PCAOB should therefore encourage responsible AI adoption that augments auditor judgment rather than replacing the training, skepticism and hands-on experience that are essential to developing future audit partners and specialists.

ABA encourages the PCAOB to incorporate this workforce and technology transition into its strategic objectives by engaging with educators, firms, audit committees, issuers and professional organizations on how standards, inspections and implementation guidance affect talent development. Inspection expectations should not create unnecessary documentation demands that make audit careers less attractive or crowd out meaningful training. Similarly, PCAOB guidance on the use of AI in audits should be principles-based, risk-based and scalable so that firms of different sizes can adopt useful tools without facing unrealistic expectations or disproportionate compliance costs. By treating audit quality, talent development and technology modernization as connected objectives, the PCAOB can help preserve a competitive, innovative and resilient audit profession.

Thank you for considering our comments. If you need additional information or have any questions, please contact me at jstein@aba.com or 202-663-5318.

Sincerely,



Joshua Stein