ICAEW
REPRESENTATION 68/26

PCAOB RELEASE NO. 2026-006: DRAFT 2026-2030 STRATEGIC PLAN GOALS AND OBJECTIVES

Issued 4 September 2026

ICAEW welcomes the opportunity to comment on PCAOB Release No. 2026-006, *Draft 2026-2030 Strategic Plan Goals and Objectives* published by the PCAOB on 20 July 2026, a copy of which is available from this link.

For questions on this submission please contact the Audit and Assurance Faculty at tdaf@icaew.com quoting REP 68/26.

This response of 4 September 2026 has been prepared by the ICAEW Audit and Assurance Faculty. Recognised internationally as a leading authority and source of expertise on audit and assurance issues, the ICAEW Audit and Assurance Faculty is responsible for audit and assurance submissions on behalf of ICAEW. The faculty has around 32,000 members working in practice and in business, as well as in organisations of all sizes in the private and public sectors.

Chartered accountants are talented, ethical and committed professionals. ICAEW represents more than 211,600 members and students around the world. 81 of the top 100 global brands employ ICAEW Chartered Accountants. 82% of FTSE 100 companies have an ICAEW member on their board. Founded in 1880, ICAEW has a long history of serving the public interest and we continue to work with governments, regulators and business leaders globally. And, as a world-leading improvement regulator, we supervise and monitor more than 11,500 firms, holding them, and all ICAEW members and students, to the highest standards of professional competency and conduct.

ICAEW supports the PCAOB's three priorities.

We are encouraged by the PCAOB's:

- commitment to greater alignment with international standards
- decision to use quality control systems to enhance the efficiency and effectiveness of the inspection process.

We emphasise:

- the importance of strong links between standard-setting, inspection and enforcement through evidence and data
- the need for clear and measurable objectives for the PCAOB and public reporting against its strategic plan.

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1. ICAEW welcomes the opportunity to comment on this *Draft 2026-2030 Strategic Plan Goals and Objectives* and applauds the decision to consult in March 2026, prior to the publication of this draft, as well as now. These consultations, together with the recently announced Firm Consultation Process, are welcome reflections of the PCAOB's commitment to greater transparency in how stakeholder input helps shape PCAOB decisions, as noted by Chairman Logothetis in his June 2026 remarks to the USC SEC Financial Reporting Conference.

THREE REINFORCING PRIORITIES

2. We support the three reinforcing priorities, *Advance, Clarify, and Transform* and in particular the renewed emphasis on the clear and transparent alignment of investor protection and PCAOB activities. We do not underestimate the time and resource it will take to properly understand the risks faced by investors and to integrate those risks with enforcement and standard-setting activities efficiently, in a transparent and measurable manner.
3. In our response to the draft PCAOB 2022-2026 strategic plan, we emphasised the need to clearly link the inspection, enforcement and standard-setting agendas. Many standard-setters lack the data and technology available to the PCAOB to base a prioritised standard-setting agenda in inspection and enforcement. The PCAOB is in a unique position globally to drive the organisational change needed to achieve integrity in its activities using its own data, to drive change in auditor behaviour.
4. We also noted in our response to the 2022-2026 plan that the PCAOB's investor protection mandate will be better served with the support of other audit regulators, standard-setters and professional bodies. We are therefore particularly encouraged to note the renewed focus in the current plan on engagement with IAASB and other major standard-setters with a view to achieving more globally aligned standards.
5. The PCAOB as a *de facto* global standard-setter and regulator. Using international standards as a starting point for PCAOB standards would better reflect the PCAOB's global strength and enable it to shape other standard-setters' agendas as well as align with them. The PCAOB already exercises a leading role in setting the international auditing standard-setting agenda and collaboration with standard-setters and the profession, as well as investors and the capital markets, need not compromise its independence. Companies listed on the US markets have global operations and it is critical that the auditing standards applied globally protect investors in those companies.
6. We make specific comments on some of the goals and objectives below. We broadly support those not noted.

GOAL 1 MODERNIZE STANDARD SETTING AND IMPLEMENTATION

Objective 1.1: Establish a Framework for High-Quality Standard Setting

7. We support the development of a PCAOB framework for auditing standard setting, drawing on the frameworks of other standard-setters where appropriate. A framework developed by the PCAOB will serve as a template for other standard-setters who have not yet developed their own and contribute to the frameworks of standard-setters that have.
8. We are particularly encouraged by the reference to the Framework being informed by *…consideration of expected costs and benefits,* and we do not underestimate the challenges involved with this.
9. In practice, the basis for standard-setting proposals is often the belief on the part of the standard-setter that the proposal will result in higher audit quality, together with a subjective estimate of cost. This is countered by respondents who assert their belief that quality will not be raised, or not by much, and that costs will be significantly greater than those estimated by the standard-setter. This is unsatisfactory for everyone involved and any substantive advance the PCAOB can make in this area has the potential to serve investors well.

Objective 1.2: Support Effective Implementation and Post-Implementation Evaluation

10. The recently announced Firm Consultation Process, originally announced by former Chief Auditor Vanich, is particularly welcome, and a template for other standard-setters globally. Too often, complex and extensive proposals are implemented in the absence of any meaningful engagement between auditors and audit regulators, who sometimes adopt a ‘wait-and-see’ approach to what auditors will do. We do not underestimate the challenges involved in breaking this mould, or the associated risks for both auditors and audit regulators. But reducing the uncertainty relating to regulatory challenge also has the potential to serve investors well if in practice it encourages auditors to engage, and the PCAOB’s responses are helpful and proportionate. This is particularly relevant to technological developments.

Objective 1.3: Foster Alignment with International Standards

11. The PCAOB’s stated intention to evaluate opportunities to reduce unnecessary differences between PCAOB standards and ISAs, even with the related caveats, represents a significant step forward for investor protection globally. The PCAOB’s journey towards the global alignment of standards has been a long but necessary one.
12. We echo comments in responses to the PCAOB’s recent consultation on its standard-setting and research agenda, encouraging the PCAOB to reduce the current divergence between the PCAOB standards and ISAs. This creates unnecessary complexity for global firms and the companies they audit. It imposes burdens on auditors who must maintain proficiency in two different sets of standards, the cost of which is ultimately borne by investors.
13. In practice, global methodologies may be based on ISAs with local add-ons. Respondents noted a strong argument for using the ISAs as the base for all new and revised PCAOB standards. To the extent the PCAOB determines that differences are appropriate, the differences should be clearly described and explained in the context of the US capital markets. Too often, the only explanation for the use of a slightly different word is that the PCAOB believes (without much, if any explanation) that it is ‘better’.

14. The PCAOB's independence will not be compromised by taking such an approach. The Board should not underestimate its immense influence over other major standard-setters, even in the absence of a seat at the table.

Objective 1.4: Advance Responsive, Risk-Based Standard-Setting Priorities

15. We note in our points on the three reinforcing priorities above, that auditing standards do not exist in isolation and the standard-setting agenda should be clearly grounded in evidence and data from inspection and enforcement to ensure that auditing standards change auditor behaviour.
16. The PCAOB needs to prioritise. We noted in our response to the 2022-2026 draft plan comments made by SEC Chair Gensler at an online event hosted by the Centre for Audit Quality on the occasion of the PCAOB's 20th anniversary. He emphasised the need to accelerate work on interim standards dating back to 2003. We continue to encourage the PCAOB to exercise discrimination in this area. Standard-setting is time-consuming and expensive. The interim standards that are still largely fit for purpose could be adopted, to free up resource to focus on those that are genuinely outdated, irrelevant or deficient.
17. We encourage the PCAOB to consider the need for a shift in the approach to technology and data. Auditing standard-setters globally have been reluctant to challenge fundamental assumptions about auditing standards written in an era in which AI-driven processes, data models, and automated decision-making were not foreseen, arguing that the fundamentals have not changed.
18. Again, we refer to responses to the PCAOB's consultation on its standard-setting and research agenda suggesting that some fundamentals may have changed, and that different skills, methodologies, and forms of audit evidence may be needed. All standard-setters need to consider whether existing standards adequately address the use of AI in audit, AI generated evidence provided by the entity and automated controls and model risk. We hope that the PCAOB's new Firm Consultation Process will provide greater insight into these issues.
19. The PCAOB withdrew its proposals on Firm and Engagement Performance Metrics in 2024. We are not convinced that this should be a current area of focus.

GOAL 2 MODERNIZE THE INSPECTIONS AND REGISTRATION PROGRAMS

Objective 2.1: Focus Inspections on Firms' Systems of Quality Control

20. We welcome the PCAOB's commitment to conducting inspections based on firms' quality control systems. We encourage the PCAOB to be clear that where systems are working well, this may result in the need for fewer specific file inspections, as other standard-setters have done, as with the FRC in the UK which states in its March 2026 Statement *An Evolved Audit Supervision Approach*

    Recognising the confidence that can be obtained from the operation of robust and effective [Systems of Quality Management] SoQMs, the FRC will reduce the number of graded file inspections for firms where audit quality is consistently delivered to a high standard.
21. Objective 2.1 refers to the remediation of deficiencies in a timely manner, and links to objective 2.2 which deals with inspection report clarity and timeliness. Timeliness is an on-going and important issue for both auditors and the PCAOB. Anything that can be done to reduce the substantial lag between inspection, reporting and remediation is welcome, and much needed to properly protect investors.

GOAL 3 SHARPEN ENFORCEMENT FOCUS ON CONDUCT HARMFUL TO INVESTORS

Objective 3.1: Focus Enforcement on Significant Risks to Investors and Market Integrity

22. The PCAOB notes its intention to advance accountability and clarify enforcement priorities to protect investors, support audit integrity, and reinforce confidence in U.S. capital markets. We reiterate the point made in our response to the 2022-2026 plan that while compliance with auditing standards and other regulatory requirements is important, non-compliance should not automatically be conflated with more serious misconduct, which is less common. Adverse regulatory findings should clearly distinguish between egregious misconduct and non-compliance.

Objective 3.2: Clarify Enforcement Principles and Priorities and Strengthen SEC Coordination

23. We welcome the absence in the current plan of an objective under the third goal (strengthening enforcement) in the 2022-2026 plan to, 'Impose more significant penalties and other relief'. In our response to the that plan, we noted that penalties will not, of themselves, truly protect investors by incentivising auditors to do better, but rather risk driving good auditors out of the profession. We also noted our belief that stemming the long-term decline in the availability of good quality public company auditors requires the PCAOB and other audit regulators to shift the focus to prevention and remediation, including 'what good looks like'. We remain of that view.

MEASURING STRATEGIC PLAN PROGRESS

24. A lot has happened since the publication of the PCAOB's 2022-2026 strategic plan, and even more since the 2018-2022 plan, but our final comment on both plans is as relevant now as it was then:

    Finally, the PCAOB might consider how it might assess its own performance against this plan….and we encourage the PCAOB to develop a framework for such an assessment, which could and should include asking stakeholders to evaluate the achievement of its goals.

25. We continue to believe that for the PCAOB's plan to be effective, it needs to consider and demonstrate publicly, how and to what extent it achieves its goals and objectives. It must set out the evidence it needs to do this, including measurable objectives. Technology facilitates the measurement of detailed metrics for internal purposes, and these can be used to support external reporting of the PCAOB's performance. Any assessment of the achievement of objectives and goals necessarily spans several reporting periods.
26. Public reporting of performance against its own objectives and goals will help inform investor feedback on the PCAOB's accountability and transparency. The strategic plan should not only describe the PCAOB's ambitions but enable stakeholders to assess whether the work of the PCAOB is becoming more targeted, transparent, proportionate and therefore effective.