Council of Institutional Investors®
The voice of corporate governance

Via Email

August 26, 2026

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

Reference: PCAOB Release No. 2026-006, Request for Public Comment Draft 2026-2030 Strategic Plan Goals and Objectives

Dear Secretary Brown and Members of the Public Company Accounting Oversight Board (PCAOB or Board):

The Council of Institutional Investors (CII)[1] appreciates the opportunity to share our views regarding the PCAOB's request "seeking input regarding PCAOB's Draft 2026-2030 Strategic Plan Goals and Objectives" (Plan).[2] We offer the following responses to select topic contained in the Plan. Those responses are derived from our existing membership-approved policies and related prior public positions.

Goal 1: Modernize Standard Setting and Implementation[3]

Objective 1.1: Establish a Framework for High-Quality Standard Setting[4]

CII generally supports the objective. However, as explained in our August 2026 letter in response to ***PCAOB Release No. 2026-005, Request for Public Comment on PCAOB Standard***

[1] The Council of Institutional Investors (CII) is a nonprofit, nonpartisan association of U.S. public, corporate and union employee benefit funds, other employee benefit plans, state, and local entities charged with investing public assets, and foundations and endowments with combined assets under management of approximately $5.6 trillion. Our members include major long-term shareowners with a duty to protect the retirement savings of millions of workers and their families, including public pension funds with more than 15 million participants – true "Main Street" investors through their pension funds. Our associate members include non-U.S. asset owners and a range of asset managers. CII is a leading voice for effective corporate governance, strong shareowner rights, and sensible financial regulations that foster fair, vibrant capital markets. CII promotes policies that enhance long-term value for U.S. institutional asset owners and their beneficiaries.
[2] Request for Public Comment, *Draft 2026-2023 Strategic Plan Goals and Objectives,* PCAOB Release No. 2026-006 at 1 (July 20, 2026), https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/administration/documents/strategic_plans/2026-006-rfc-sp.pdf.
[3] *Id*. at 4.
[4] *Id.*

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Setting[5] (August Letter), we have concerns about the development of a *conceptual framework* for PCAOB auditing standards:

> It . . . is unclear to us whether the benefits of a *conceptual framework* for PCAOB standard setting would exceed the costs in terms of time and resources that would likely be necessary to develop, adopt, and maintain a high-quality conceptual framework. In addition, we would oppose a *conceptual framework* that included concepts that conflicted with our membership[-]approved policies. As one example, our policies [**Independence of Accounting and Auditing Standard Setters**[6]] would indicate that a *conceptual framework* for PCAOB standard setting should provide "clear recognition that investors are the key customer" of PCAOB standard setting.[7]

Objective 1.3: Foster Alignment with International Standards[8]

CII, as stated in our policy on **Independence of Accounting and Auditing Standard Setters**, supports "maintaining a high degree of on-going communication [with] . . . international standard setters to produce standards that first and foremost [are of] . . . high quality . . . ."[9] CII, however, does not support the objective of *alignment* of PCAOB standard setting with those of the International Auditing and Assurance Standards Board (IAASB). We believe such alignment *would not,* as described in the objective, "preserve[] the PCAOB's independent standard-setting authority"[10] for at least two reasons set forth in our policy.

More specifically, our policy on **Independence of Accounting and Auditing Standard Setters** indicates that critical attributes of an effective independent standard setter include: (1) "[a] full-time standard-setting board . . . that are independent from prior employers or similar conflicts";[11] and (2) "[r]esources sufficient to support the standard[-]setting process, including a secure, stable, source of funding that is not dependent on voluntary contributions of those subject to the standards."[12] It appears to us that at most only six of 16 IAASB members could be considered

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[5] *See* Request for Public Comment, PCAOB Release No. 2026-005 (June 23, 2026), https://assets.pcaobus.org/pcaob-dev/docs/default-source/standards/standard-setting-agenda-request-for-comment/request-for-public-comment-on-pcaob-standard-setting.pdf?sfvrsn=4cf12519_2.
[6] Independence of Accounting and Auditing Standard Setters, CII (Updated, Mar. 1, 2017), https://www.cii.org/files/committees/policies/2026/Policies%20on%20Other%20Issues.pdf.
[7] Letter from Jeffrey Mahoney, General Counsel, CII to Secretary, Public Company Accounting Oversight Board, ***Reference: PCAOB Release No. 2026-005, Request for Public Comment on PCAOB Standard Setting*** 4 (Aug. 6, 2026) (emphasis added & footnote omitted), https://www.cii.org/files/August%206%202026%20CII%20Letter%20to%20PCAOB%20652%20(final).pdf.
[8] PCAOB Release No. 2026-006 at 4.
[9] Independence of Accounting and Auditing Standard Setters, CII.
[10] PCAOB Release No. 2026-006 at 4.
[11] Independence of Accounting and Auditing Standard Setters, CII; *cf.* C. Christina Ho, Regulation, Reforming the PCAOB, Cato Inst. (Summer 2026), https://www.cato.org/regulation/summer-2026/reforming-pcaob (acknowledging that "under Sarbanes-Oxley [the use of] . . . a professional group of accountants to formulate . . . standards for board consideration . . . requires the . . . group to be free from conflicts of interest . . . .").
[12] Independence of Accounting and Auditing Standard Setters, CII.

independent under our policy.[13] In addition, and as indicated in recent remarks from the U.S. Securities and Exchange Commission Chief Accountant, the IAASB currently does not appear to have a secure, stable source of funding.[14]

Objective 1.4: Advance Responsive, Risk-Based Standard-Setting Priorities[15]

CII generally supports the objective of a risk-based approach to setting priorities that "draw[s] on . . . insights . . . and focus[es] PCAOB standard-setting priorities on the areas where new or amended standards would be of great interest."[16] As most recently discussed in the August Letter, we have long requested, and have provided a detailed basis for two PCAOB standard-setting priorities that are consistent with CII's policies, and, therefore, would be of great interest to many institutional investors:

> [W]e would prioritize two areas that are directly aligned with CII's existing membership-approved policies: (1) Critical Audit Matters; and (2) Firm and Engagement Performance Metrics [[17]].
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> We note that our letter of May 2026 in response to the "Request for Public Comment, PCAOB Strategic Priorities" (May Letter) describes in detail how both areas can and should be promptly addressed through standard setting.[18]

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[13] *See* About the IAASB, Member (last visited Aug. 21, 2026), https://www.iaasb.org/about-iaasb (the six members that could potentially be full-time, independent board members include: Tom Seidenstein, Edo Kienhuis, William Edge, Robert Koethner, Greg Schollum, and Wendy Stevens).

[14] *See* Douglas R. Carmichael, A Conversation with SEC Chief Accountant Kurt Hohl: Highlights from the 20th Annual Baruch College Audit Conference, CPA J. (Apr. 2026), https://www.cpajournal.com/2026/04/17/a-conversation-with-sec-chief-accountant-kurt-hohl ("There's great interest for my office in the development of international standards of auditing [and] [t]here are some problems in terms of funding and challenges in terms of governance that we will try to address.").

[15] PCAOB Release No. 2026-006 at 4.

[16] *Id.*

[17] *See* CII Policies on Corporate Governance, 2.13a Audit Committee Responsibilities Regarding Independent Auditors (last updated Mar. 12, 2026), https://www.cii.org/corp_gov_policies#BOD ("the clarity, utility and insights provided in the auditor's report . . . [and] the level of transparency and robustness of the audit firm with . . . investors, including with respect to audit quality indicators, governance practices and underlying principles . . . ."); *see also* Amanda Iacone, Auditors, Investors Press US Watchdog to Fast-Track AI Guidance, Bloomberg Law (Aug. 12, 2026), https://news.bloombergtax.com/financial-accounting/auditors-investors-press-us-watchdog-to-fast-track-ai-guidance ("The board's own advisory group of investors urged it to revamp required disclosures, including so-called 'performance metrics' and mandated reports about the riskiest areas of the audit, known as critical audit matters — . . . proposed changes would [that] 'have the greatest potential to encourage audit quality competition,' the advisory group said."); *see generally* Advisory Committee on the Auditing Profession Final Report, U.S. Dept. Treasury VII-13 & VIII-14 (Oct. 6, 2008), *available at* https://elischolar.library.yale.edu/cgi/viewcontent.cgi?article=1701&context=ypfs-documents (recommending (1) "the PCAOB . . . undertake a standard-setting initiative to consider improvements to the auditor's standard reporting model" and (2) "the PCAOB . . . develop[] key indicators of audit . . . effectiveness and requiring auditing firms to publicly disclose these indicators").

[18] Letter from Jeffrey Mahoney, General Counsel, CII to Secretary, Public Company Accounting Oversight Board, ***Reference: PCAOB Release No. 2026-005, Request for Public Comment on PCAOB Standard Setting*** at 2 (footnotes omitted).

Goal 2: Modernize the Inspections and Registration Programs[19]

Objective 2.1: Focus Inspections on Firms' Systems of Quality Control[20]

CII does not support the objective of *focusing* inspections on "assess[ing] firms' quality control systems."[21] As we have discussed in detail in prior comment letters, we cannot support the quality control standard that would be the basis for the PCAOB inspection focus for at least two reasons. First, as explained in our July 2026 comment letter in response to ***PCAOB Rulemaking Docket Matter No. 057, Supplemental Request for Comment: Proposed Amendments to QC 1000, A Firm's System of Quality Control, And Related Rule and Forms***:[22]

> We note that . . . the proposed amendments actually rescind the QC 1000 requirement for having any independent QC function (EQCF). As a result, we cannot support the proposed amendments. The stated basis for the recission is the EQCF in QC 1000 is the PCAOB's concern "that the benefits of the requirement may not justify the costs, except potentially for the largest U.S. global network firms." We strongly disagree. While we recognize the concerns about potential costs, liability, and implementation, we believe some form of independent challenge is critical to an effective EQCF.[23]

Second, as explained in our January 2023 letter in response to *PCAOB Rulemaking Docket No. 046: A Firm's System of Quality Control and Other Proposed Amendments to PCAOB Standards, Rules, and Forms*:

> Unfortunately, [QC 1000] . . . rejects the view of CII and many investors by not requiring any meaningful disclosure about the system of QC to investors. As a result, investors will not know whether firms have developed a feedback loop sufficient to proactively identify deficiencies before they appear in PCAOB inspections. Nor will investors be aware of the resources devoted to the system, the persons responsible for overseeing audit quality, or the firm's own conclusion about the effectiveness of the system.

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[19] PCAOB Release No. 2026-006 at 5.
[20] *Id.*
[21] *Id*; *cf.* Claudine Classar, Analysis, How the balance of US audit oversight might be shifting, Big4News (Aug. 6, 2026), https://www.big4news.com/p/sec-pcaob-audit-oversight-timeline-2026 (observing that focusing inspections on firms' systems of quality control "would be a highly consequential move [because] [f]irm-wide controls can appear satisfactory on paper while individual audits fail in practice [and] [c]onversely, reoccurring engagement failures can expose weaknesses in the system that produced them.").
[22] Supplemental Request for Comment: Proposed Amendments to QC 1000, A Firm's System of Quality Control, And Related Rule and Forms, PCAOB Release No. 2026-002 (June 9, 2026), https://assets.pcaobus.org/pcaob-dev/docs/default-source/rulemaking/docket-057/2026-002-qc-src.pdf.
[23] Letter from Jeffrey Mahoney, General Counsel, CII to Secretary, Public Company Accounting Oversight Board, ***Reference: PCAOB Rulemaking Docket Matter No. 057, Supplemental Request for Comment: Proposed Amendments to QC 1000, A Firm's System of Quality Control, And Related Rule and Forms*** 3 (July 9, 2026), https://www.cii.org/files/July%209_%202026%20CII%20Letter%20to%20PCAOB%20(final)(1).pdf.

> . . . [We acknowledge] Section 104 of SOX prohibits the PCAOB from disclosing the "portions of the inspection report" that included "criticisms of or potential defects in the quality control systems" unless not remediated within 12 months. . .
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> . . . [However,] we believe the QC Form should, at a minimum, be made public with the PCAOB[-]identified deficiencies redacted. . .. for a number of reasons, including the following:
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> - We believe there is plenty of information in the QC Form that would be beneficial to investors for investment or proxy voting decisions even if all information about efficiencies was omitted; . . ..
> - We believe the logic of [QC 1000's] . . . approach is circular: It creates a QC Form, includes information subject to mandatory confidentiality obligations, then uses those obligations to justify non-disclosure to investors;
> - We believe the [QC 1000] . . . approach appears inconsistent with the practice of the PCAOB in other areas, including inspection reports which specifically acknowledge the incompleteness of the information and caution against excessive reliance; and
> - We believe the overall benefits of the [QC 1000] . . . would be reduced without public issuance of the QC Form to investors because, in part, the PCAOB would already be aware of deficiencies in the firm's QC systems and of related firm remediation efforts prior to the release of the Form QC.[24]

Objective 2.2: Improve Inspection Report Clarity and Timeliness[25]

As indicated in response to Objective 2.1, CII strongly supports the objective of "improv[ing] the relevance, transparency, and timeliness of inspection reporting" to investors.[26] We generally agree with Board Member Mark A. Calabria that "investors . . . should be able to understand what our oversight findings mean . . . [and] improving inspection report clarity and timeliness is critical [and] . . . an important step toward making our oversight more useful to investors . . . ."[27] In addition, and perhaps more fundamentally, investors need more information about the inspection findings. As discussed in the May Letter:

> We continue to believe that the Board has opportunities to enhance the amount of publicly available relevant and reliable information that may be useful to investors by increasing the transparency of inspection reports. As one example, we generally agree with the suggestions of Ken Goldman, former Yahoo CFO, former president

[24] Letter Jeffrey P. Mahoney, General Counsel, CII to Ms. Phoebe W. Brown, Office of Secretary. Public Company Accounting Oversight Board, *Re: PCAOB Rulemaking Docket No. 046: A Firm's System of Quality Control and Other Proposed Amendments to PCAOB Standards, Rules, and Forms* 13-14 (Jan. 19, 2023) (footnotes omitted), https://www.cii.org/files/Attachment%20January%2019%202023%20CII%20letter%20to%20PCAOB.pdf.
[25] PCAOB Release No. 2026-006 at 5.
[26] *Id.*
[27] Remarks of Mark A. Calabria, Board Member, **Strengthening Oversight Through Clarity, Discipline, and Data** (July 20, 2026), https://pcaobus.org/news-events/speeches/speech-detail/strengthening-oversight-through-clarity--discipline--and-data.

> of family office management company Hillspire, and current Member of the Investor Advisory Group of the PCAOB (IAG), that the transparency in reporting inspection results could be improved by having inspection reports that '"summarize your key findings so that we have lessons learned' and differentiate between genuine errors and 'paperwork issues."'
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> As indicated by our policy on **Audit Committee Responsibilities Regarding Independent Auditors,** many of our members view inspection results as an important factor for audit committees to consider in exercising their authority to hire, terminate, compensate, and oversee the company's independent auditor. The transparency of inspection results, particularly when the results focus on issues relevant to audit quality or auditor independence, could also be an important public source of information for shareholders when voting on the election of a chair and members of the audit committee and on the ratification of the external auditor. As one example, the voting guidelines of a major asset manager state: "We may vote against the audit committee members where the board has not facilitated quality, independent auditing [and] [w]e look to public disclosures for insight . . . ."[28]

Goal 3: Sharpen Enforcement Focus on Conduct Harmful to Investors[29]

CII supports the goal of "sharpen[ing] the focus of [the PCAOB's] . . . enforcement program on matters where accountability is needed to protect investors, support audit integrity, and reinforce confidence in U.S. capital markets."[30] As explained in the May Letter:

> As indicated by our policy on **Audit Committee Responsibilities Regarding Independent Auditors**, many of our members view enforcement actions as an important factor for audit committees to consider in exercising their authority to hire, terminate, compensate, and oversee the company's independent auditor. The transparency of enforcement actions, particularly when the actions focus on issues relevant to audit quality or auditor independence, could also be relevant for shareholders when voting for the election of a chair and members of the audit committee and on the ratification of the external auditor. As one example, the voting guidelines of a major asset manager state: "[T]o the extent that . . . the audit firm has violated standards of practice, we may also not support ratification."[31]

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[28] *See* Letter from Jeffrey Mahoney, General Counsel, CII to Phoebe W. Brown, Secretary, Public Company Accounting Oversight Board, ***Reference: PCAOB No. 2026-001, Request for Public Comment – PCAOB Strategic Priorities*** at 5-6 (May 15, 2026) (footnotes omitted), https://www.cii.org/files/issues_and_advocacy/correspondence/2026/May%2015,%202026%20CII%20Letter%20to%20PCAOB%20re%20Strategic%20Priorities%20(final).pdf.

[29] PCAOB Release No. 2026-006 at 6.

[30] *Id.*

[31] Letter from Jeffrey Mahoney, General Counsel, CII to Phoebe W. Brown, Secretary, Public Company Accounting Oversight Board, ***Reference: PCAOB No. 2026-001, Request for Public Comment – PCAOB Strategic Priorities*** at 6-7 (footnote omitted).

Goal 4: Deepen Stakeholder Engagement and Communications[32]

Objective 4.1 Strengthen Stakeholder Engagement to Inform Oversight Priorities and Communications[33]

CII generally supports the objective to "deepen engagement with investors . . . and other stakeholders to strengthen oversight effectiveness."[34] Moreover, we agree with PCAOB Chairman Demetrios Logothetis that the Board "must remain responsive to investors . . . and foster trust though meaningful two-way communication[s] and feedback."[35] That said, we believe the objective should be revised to prioritize PCAOB engagement with investors. As we have previously explained:

> CII believes the PCAOB's mission "to protect investors[,]" combined with the general underrepresentation of investors on the PCAOB's board and staff, and in connection with the PCAOB's comment letter process, suggests the need for more, rather than less, input from investors. Our membership[-]approved policies reflect the view that as the "key customer of audited financial reports," investor input is essential to the PCAOB in fulfilling its mission . . .. —"the key customer of [the PCAOB] . . . and, therefore, the primary role of [the PCAOB] . . . should be to satisfy in a timely manner investors' . . . needs."[36]

Objective 4.2: Improve Organizational Transparency and Accountability[37]

CII generally supports the objective of greater PCAOB "transparency and accountability."[38]We, however, would revise the objective to explicitly include the recommendation discussed in the May Letter:

> [W]e want to express our strong support for the PCAOB adopting as a strategic objective the identification and implementation of public due process procedures for public meetings that are responsive to the recent comments of Dennis R.

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[32] PCAOB Release No. 2026-006 at 6.
[33] *Id.*
[34] *Id.*
[35] Remarks of Demetrios Logothetis, Chairman, **Chairman Logothetis Statement on the PCAOB's Draft Strategic Goals and Objectives for Public Comment** (July 20, 2026), https://pcaobus.org/news-events/speeches/speech-detail/chairman-logothetis-statement-on-the-pcaob-s-draft-strategic-goals-and-objectives-for-public-comment.
[36] Letter from Jeffrey P. Mahoney, General Counsel, CII, PCAOB, ***Re: PCAOB No. 2022-001*** at 2-3 (Feb. 10, 2022), https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/advisory/documents/comments/2_cii.pdf?sfvrsn=1696b39c_4; *cf.* Remarks of Mark A. Calabria, Board Member, **Strengthening Oversight Through Clarity, Discipline, and Data** ("A strategic plan should . . . advanc[e] the mission Congress gave us: protecting investors . . . ."); Final Report of the Advisory Committee on Improvements to Financial Reporting to the United States Securities and Exchange Commission 58 n.7 (Aug. 1, 2008), https://www.sec.gov/about/offices/oca/acifr/acifr-finalreport.pdf ("[I]n cases where constituent views cannot be reconciled, we believe that the investor perspective should be afforded greater weight.").
[37] PCAOB Release No. 2026-006 at 7.
[38] *Id.*

Beresford, CPA, drawing from his experience as Chair of the Financial Accounting Standards Board:

> I was encouraged by the Board's stated commitment to openness but remain concerned that public meetings typically do not include substantive discussion or debate. My experience at the FASB demonstrated that open deliberations – where staff recommendations are actively discussed and challenged – lead to better outcomes and a more informed constituency. I urge the Board to consider increasing the transparency and interactivity of its meetings and to move away from what may appear to observers as an overly legalistic process with Board members mainly reading from prepared scripts. Greater openness, combined with enhanced external engagement, should improve both the quality and credibility of PCAOB standards.[39]

Measuring Strategic Plan Progress[40]

CII supports the Board's "use . . . [of] governance, budgeting, and performance planning processes to assess progress toward these strategic objectives, align resources with priorities, and adapt to emerging risks and opportunities."[41] We, however, believe this aspect of the Plan should be revised to provide more specifics, including measurable performance indicators or success measures. In addition, the section of the Plan should explicitly incorporate Chairman Logothetis' statement that the "Board will report quarterly progress against the final strategic plan."[42]

We appreciate the opportunity to provide CII's investor-focused perspective in response to the Plan. Please contact me (jeff@cii.org) if you have any questions about the content of this letter.

Sincerely,

Jeff Mahoney

Jeffrey Mahoney
General Counsel

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[39] Letter from Jeffrey Mahoney, General Counsel, CII to Phoebe W. Brown, Secretary, Public Company Accounting Oversight Board, ***Reference: PCAOB No. 2026-001, Request for Public Comment – PCAOB Strategic Priorities*** at 18-19 (footnote omitted).
[40] PCAOB Release No. 2026-006 at 8.
[41] *Id.*
[42] Remarks of Demetrios Logothetis, Chairman, **Chairman Logothetis Statement on the PCAOB's Draft Strategic Goals and Objectives for Public Comment**.