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August 31, 2026

By email: comments@pcaobus.org

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

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

Dear Office of the Secretary:

We are pleased to respond to the Public Company Accounting Oversight Board's (PCAOB or the Board) Release No. 2026-006, Request for Public Comment: Draft 2026-2030 Strategic Plan Goals and Objectives (the draft strategic plan). We commend the Board for its transparent and inclusive approach to strategic planning, including seeking stakeholder feedback before developing the draft plan and now providing stakeholders with an opportunity to comment on the draft goals and objectives. We appreciate the opportunity to continue sharing our perspectives as the PCAOB refines its strategic priorities for the coming years.

We support the Board's draft strategic plan and appreciate the development of a framework that thoughtfully reflects input from a broad range of stakeholders, including investors, audit committees, audit firms, and others. The plan's three reinforcing priorities to (1) advance audit quality and investor protection, (2) clarify expectations and the bases for decisions, and (3) transform how oversight is delivered, provide a robust and integrated framework for achieving the PCAOB's mission. The plan positions the PCAOB well to advance audit quality, enhance transparency, and meet the opportunities and challenges of a rapidly evolving environment, as articulated by Chairman Logothetis.

We also appreciate Chairman Logothetis's commitment to providing a broader feedback mapping framework that will allow stakeholders to understand how input received during the strategic priorities process was considered and incorporated into the draft strategic plan. That additional transparency is consistent with the collaborative approach reflected in the Board's engagement with stakeholders to date.

While certain recommendations and observations discussed below were included in our May 14, 2026 response to PCAOB Release No. 2026-001*, Request for Public Comment: PCAOB Strategic Priorities*,[1] and may already be reflected in the Board's thinking or ultimately addressed through implementation, we offer these perspectives as considerations that could further enhance transparency and improve audit quality.

[1] PCAOB Release No. 2026-001, Request for Public Comment: PCAOB Strategic Priorities (May 14, 2026) - [Comment Letters] (Strategic Priorities comment letter)

Goal 1: Modernize Standard Setting and Implementation

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

We believe a standard-setting framework would be valuable in promoting discipline, consistency, and transparency in how the PCAOB establishes its standard-setting priorities and evaluates the most appropriate regulatory response. We refer the Board to our August 6, 2026 response to PCAOB Release No. 2026-005, *Request for Public Comment on PCAOB Standard Setting*,[2] for additional observations and recommendations on this topic.

Objective 1.2: Support Effective Implementation and Post-Implementation Evaluation

We support the Board's objective of promoting the effective implementation and application of new and existing standards through guidance, consultation, and post-implementation review. To further that objective, the PCAOB's Office of the Chief Auditor should serve as the Board's authoritative source of interpretation of the Board's standards. Further, consistent with recommendations in our Standard Setting comment letter, a standard setting framework that includes implementation support and post-implementation activities would promote a feedback loop to assess whether standards are operating as intended, achieving desired outcomes, and providing benefits that are commensurate with the costs of implementation and ongoing compliance. Such a framework could also identify areas where additional guidance may be needed and help ensure standards remain effective.

We support the Board's recognition of the importance of artificial intelligence (AI) and other emerging technologies, and its intention to evaluate whether additional guidance is needed in these areas. Consistent with observations included in our Strategic Priorities comment letter and our Standard Setting comment letter, to support this effort, we recommend the PCAOB establish a dedicated AI task force to coordinate research activities, monitor emerging developments, facilitate stakeholder engagement, and advise the Board on potential guidance and standard-setting activities.

To inform future AI-related guidance and standard-setting activities, we also encourage the Board to coordinate with other standard setters, regulators, and organizations, such as the U.S. Securities and Exchange Commission (SEC), Committee of Sponsoring Organizations of the Treadway Commission, Financial Executives International, the International Auditing and Assurance Standards Board, the American Institute of CPAs, the U.K. Financial Reporting Council, and Germany's Chamber of Public Accountants. This process should include considering opportunities to promote alignment between expectations for management's use of AI and the related auditor responsibilities.

Objective 1.3: Foster Alignment with International Standards

We support the Board's consideration of opportunities to reduce unnecessary differences between PCAOB standards and international auditing standards, while preserving the PCAOB's independent standard-setting authority and maintaining any differences necessary to reflect U.S. legal requirements and investor protection priorities. While this consideration may ultimately be addressed through the standard-setting framework contemplated by Objective 1.1, as discussed in our Strategic Priorities comment letter, we continue to believe that each adopted standard should include an explicit roadmap that describes how the PCAOB standard aligns with, and differs from, the corresponding international

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[2] PCAOB Release No. 2026-005, Request for Public Comment on PCAOB Standard Setting (August 6, 2026) - [Comment Letters] (Standard Setting comment letter)

standard(s). Such a roadmap would enhance transparency and usability, reduce unnecessary complexity and implementation costs, and provide stakeholders with greater insight into the rationale for any differing PCAOB requirements.

Goal 2: Modernize the Inspections and Registration Programs

We support the proposed emphasis on firms' systems of quality control as a critical driver of audit quality. Consistent with the principles discussed in our Strategic Priorities comment letter, we believe the PCAOB's inspections program should provide greater flexibility to consider the full range of effective quality control activities when determining the nature and extent of inspection and monitoring procedures. Ultimately, we support an approach whereby the nature and number of individual engagement selections for inspection are informed by the assessed risk associated with the firm, its system of quality control, and its issuer portfolio.

We also appreciate the PCAOB Office of the Chief Auditor's ongoing engagement with firms as they implement QC 1000. That constructive dialogue has enhanced stakeholders' understanding of the standard and informed our recommendations regarding written implementation guidance included in our July 9, 2026 response to PCAOB Release No. 2026-002, *Supplemental Request for Comment: Proposed Amendments to QC 1000, A Firm's System of Quality Control, and Related Rule and Forms*.[3] As the PCAOB transitions to evaluating firms' systems of quality control under QC 1000, we encourage the PCAOB to provide timely guidance regarding the inspection process, including how firms' quality control systems will be assessed. Such guidance would help firms better understand the Board's expectations and inspection approach and prepare for changes to the inspection process. Accordingly, we encourage the PCAOB to update this guidance sufficiently in advance of implementation to allow firms adequate time to prepare.

We commend the Board's formation of the Inspections Modernization Council (the IMC) as an important and constructive step in bringing a broader range of perspectives to inform the future of the inspection program. As the PCAOB continues to modernize its inspections program and related reporting, we encourage the Board to continue engaging with the IMC and with other stakeholders outside the IMC, including investors, audit committees, preparers, academics, technology specialists, other regulators, and firms of varying sizes. Continued engagement will be important to help ensure that the evolving inspection approach remains focused on improving audit quality, provides meaningful and transparent information to users of inspection reports, and appropriately considers how firms' systems of quality control are designed and operating under QC 1000 and related standards.

Goal 3: Sharpen Enforcement Focus on Conduct Harmful to Investors

We support the Board's goal to sharpen the focus of the enforcement program to concentrate efforts on conduct harmful to investors. In furtherance of that goal, we reiterate the recommendations we made in our Strategic Priorities comment letter to increase transparency, fundamental fairness, and predictability in the Board's enforcement processes. Additionally, the Board's two stated objectives will significantly enhance the Board's ability to calibrate its enforcement program to address matters that present the greatest risk to audit quality.

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[3] Release No. 2026-002, Supplemental Request for Comment: Proposed Amendments to QC 1000, A Firm's System of Quality Control, and Related Rule and Forms (July 9, 2026) - [Comment Letters]

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

We support the Board's objective to distinguish between conduct that meaningfully threatens audit quality and investor protection and conduct that, while technically departing from a rule or standard, does not present a comparable risk of harm. In support of that goal, the PCAOB's enforcement program should prioritize cases involving fraud, deliberate or reckless disregard of professional standards, and systemic quality control failures at a firm. Those types of matters pose the greatest threat of producing materially misleading financial statements and direct harm to investors.

Finally, we suggest the Board provide additional transparency regarding how it identifies and prioritizes matters posing significant risk to investors, whether through updated enforcement guidance or periodic public reporting on enforcement priorities and outcomes. Greater transparency of this kind would help firms better align their quality control and risk management systems with the shared objective of protecting investors and promoting audit quality.

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

As set forth in our Strategic Priorities comment letter, certain process enhancements will further the Board's goal to sharpen its enforcement program by clarifying enforcement principles and priorities. Enhancements such as a published enforcement manual would promote a transparent enforcement process and a structured and consistent approach to enforcement. In support of the Board's objective to strengthen coordination with the SEC, we urge the Board to adopt a formal policy against duplicative enforcement activity by the PCAOB and the SEC arising from the same underlying audit conduct. The formation of the SEC's new Financial Reporting and Accounting Unit heightens the risk of overlapping proceedings, as this Unit's focused mandate on auditor misconduct may lead to increased SEC investigation of matters that PCAOB enforcement would have traditionally investigated. We encourage the Board to establish clear protocols, either through a published enforcement manual or a public memorandum of understanding with the SEC, to ensure that firms are not subjected to parallel proceedings by both agencies for the same conduct.

We also urge the Board to make clear how enforcement priorities interact with the inspections program. Consistent with the principles described in our Strategic Priorities comment letter, a clear separation between the inspection and investigations processes would preserve the remediation-oriented purpose of inspections, support open and constructive engagement between firms and inspection teams, and reinforce that enforcement is reserved for matters warranting disciplinary action.

Goal 4: Deepen Stakeholder Engagement and Communication

Stakeholder engagement remains an essential component of effective regulation. We support the PCAOB's commitment to deepen engagement with stakeholders, as well as its commitment to regularly report progress against the final strategic plan. Quarterly progress reporting can enhance transparency and accountability by providing investors and other stakeholders with greater visibility into the PCAOB's implementation efforts and achievement of strategic goals.

As discussed in our Strategic Priorities comment letter, stakeholder engagement is most effective when it facilitates meaningful, two-way dialogue among participants. Accordingly, we support continued efforts to promote active engagement through meetings of the PCAOB's advisory groups and other stakeholder forums. We also encourage the Board to consider establishing an audit committee advisory group to provide a dedicated mechanism for engaging with audit committees and obtaining their perspectives on matters relevant to audit quality, investor protection, and audit committee oversight responsibilities.

Goal 5: Modernize Oversight Through Technology and Data

We commend the PCAOB for placing significant emphasis on technology, data, and AI as a strategic priority. The objectives to develop data-driven oversight capabilities and invest in internal technology, data, and AI capabilities appropriately recognize the increasing role of technology in both auditing and regulation.

Goal 6: Strengthen Organizational Effectiveness and Stewardship

We support the Board's focus on governance, operational effectiveness, talent development, and workforce capabilities. Effective oversight depends on maintaining a highly skilled workforce equipped with the resources necessary to respond to emerging risks and evolving market conditions. The recently announced Audit Practitioner Fellowship Program is a positive development that reflects the Board's commitment to investing in and further strengthening the collective knowledge, experience, and effectiveness of its staff. This type of continued investment in people, technology, and organizational capabilities will help ensure the PCAOB remains effective in achieving its mission.

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We appreciate the opportunity to provide input on the Draft 2026-2030 Strategic Plan Goals and Objectives and would be pleased to discuss our comments with the Board and its staff at your convenience. We look forward to continuing our engagement with the Board and its staff in support of our shared commitment of investor protection and audit quality.

Very truly yours,

KPMG LLP

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cc:

PCAOB
Demetrios (Jim) Logothetis, Chairman
Kyle S. Hauptman, Board Member
George R. Botic, Board Member
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Steven D. Laughton, Board Member

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