



Tel: 312-856-9100
Fax: 312-856-1379
www.bdo.com

330 North Wabash, Suite 3200
Chicago, IL 60611

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Via E-mail: comments@pcaobus.org

Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street, NW
Washington, D.C. 2006-2803

Re: PCAOB Release No. 2022-001

Dear Members of the Board of the Public Company Accounting Oversight Board (PCAOB):

BDO USA, LLP (BDO) appreciates the opportunity to share these comments on the proposed structure and governance framework for the PCAOB's two new advisory groups – the Investor Advisory Group (IAG) and the Standards and Emerging Issues Advisory Group (SEIAG).

BDO has over 100 years of experience in providing audit services to our clients. Our responsibility and obligation to the capital markets in performing high-quality audits of public companies gives us a vested interest in both the construct of the proposed advisory groups as well as the intended functions they are to serve in informing the current and future work of the PCAOB. Our unique focus on the upper middle market provides us with a perspective that is different from those who are focused on the very largest public companies.

Overall Comments

We are highly supportive of the establishment of the two new and distinct advisory groups to enable the Board to obtain essential input and insights from investors and stakeholders on a wide variety of matters relating to the Board's statutory mission, particularly with respect to its standard-setting and research projects. In general, we find the proposed components related to the structure and governance of each group in the draft framework to be appropriate.

Suggestions

The following section presents suggestions for the Board's consideration relating to the draft governance frameworks and related charters to be developed for the IAG and SEIAG.

Transparency and communication

- 1) Consider how the governance framework and the activities of the two new advisory groups will improve transparency and communication by the Board on matters relating to stakeholder interactions, identification and prioritization of emerging

public interest topics, and the due process involved in the development of new or revised standards.

- 2) Consider whether the governance framework of these advisory groups should provide for:
 - a. Public access to agendas, discussion papers, including minutes, of both public and non-public sessions of the advisory group meetings on the PCAOB's website.
 - b. Standing agenda items for advisory group meetings, for example:
 - i. Emerging issues or practices, potential new standard-setting or research projects, project timetable, including project priorities;
 - ii. Current projects at key stages of their development; and
 - iii. Other matters of relevance to the PCAOB's standard-setting activities.
- 3) Determine means for effectively communicating how the input received from the two advisory groups informed the Board's decision-making process, particularly with respect to standard-setting activities and the ongoing status of such actions.

Composition

- 1) With the increasing importance of climate and other environmental, social and governance (ESG) matters to investors, public companies and capital market participants, consider inclusion of a representative from the recently created International Sustainability Standards Board (ISSB) as a non-voting attendee of the SEIAG.
- 2) Consider how the composition of the two advisory boards and its sub-committees or task forces will support the Board in developing responses to address emerging issues in a more nimble or timely manner, for example, in areas such as:
 - Emerging technologies and related risks (e.g., artificial intelligence, robotics, blockchain, and cloud computing)
 - Changing reporting needs of stakeholders (e.g., sustainability reporting, other non-financial measures)
 - Socioeconomic risks facing public companies broadly
 - Industry specific emerging risks
 - Evolving international and domestic regulatory rules and standard setting
- 3) With respect to the composition of the SEIAG, consider clarifying the Board's expectation as to whether "expertise" in the areas of accounting (including financial reporting), auditing, corporate finance, and corporate governance would include requisite specific expertise relative to public companies in those respective areas, as had been defined with respect to expertise in "investing in public companies" for members of the IAG.



- For example, inclusion of recent and relevant public company auditing experience with respect to risk assessment, estimates, work of other auditors/specialists, liquidity and going concern, disclosures and other complex areas that require significant time, effort and judgment in alignment with auditing, accounting and reporting standards.

Conclusion

We take our role in the promotion and execution of quality audit engagements very seriously and such should be informed by broad stakeholder input. We believe that oversight bodies require broad avenues of input and perspectives in developing their regulatory agendas and the manner in which they determine to take specific actions to protect investors. As such, we commend the PCAOB for engaging stakeholders in the audit and financial reporting ecosystem through the IAG and the SEIAG. We look forward to further information from the PCAOB as to how it intends to ensure the composition and functionality of these two bodies allow for equity in discussion of significant issues impacting the audits of public companies.

We appreciate your consideration of our comments and suggestions and would be pleased to discuss them with you at your convenience. Please direct any questions to Phillip Austin, National Managing Partner - Professional Practice and Audit at (312)-730-1273 (paustin@bdo.com).

Very truly yours,

BDO USA, LLP

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