PCAOB
PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD

STANDARDS AND EMERGING ISSUES ADVISORY GROUP MEETING

DISCUSSION – CONCEPTUAL FRAMEWORK

OCTOBER 30, 2026

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PURPOSE

This briefing paper is designed to help SEIAG members prepare to discuss a conceptual framework for standard setting at the October 30, 2026 SEIAG meeting. The paper outlines reasons for developing a conceptual framework, and discusses staff suggestions regarding concepts on which a framework could be based. The paper also includes questions that would guide the discussion of a conceptual framework in the upcoming SEIAG meeting.

REASONS FOR DEVELOPING A CONCEPTUAL FRAMEWORK

In early 2026, the Public Company Accounting Oversight Board (the "Board" or PCAOB) initiated a process to develop a new strategic plan and sought public input regarding the PCAOB's strategic priorities and standard setting.[1]

Taking into account comments received on PCAOB strategic priorities and other considerations, the PCAOB has included an objective of establishing a framework for high-quality standard setting in its draft 2026 Strategic Plan Goals and Objectives.[2] Further, commenters on the request for public comment on standard setting who addressed this topic generally supported developing such a conceptual framework. Accordingly, the PCAOB's recent updates to its standard-setting, research, rulemaking, and related activities includes a project to develop a conceptual framework.[3]

As part of advancing the development of a conceptual framework we are seeking input from SEIAG members on all aspects of this initiative. A conceptual framework could promote greater transparency, consistency of standards, and efficient use of our resources. In addition, within a conceptual framework, we could articulate a structured, principles-based approach to standard setting—similar to those of certain other auditing and accounting standard setters—while remaining firmly grounded in the PCAOB's statutory mandate to protect investors and further the public interest in the preparation of informative, accurate, and independent audit reports.

As a means of furthering the Board's statutory mandate, the framework could define an objective of PCAOB standard setting as enhancing audit quality and the reliability of audit reports by establishing clear and risk-focused requirements for auditor performance, while also setting out core qualitative characteristics of effective standards (e.g., clarity, operability, scalability, and inspectability). The framework could also help us establish the optimal level of prescriptiveness of our standards.

Further, taking into account the PCAOB's statutory authority, the framework could also clarify how the PCAOB considers alignment with other standard setters where appropriate but not at

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[1] *See Request for Public Comment: PCAOB Strategic Priorities*, PCAOB Release No. 2026-001 (March 31, 2026), available on the PCAOB's website at https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/administration/documents/strategic_plans/pcaob-no-2026-001-rfc-sp.pdf?sfvrsn=b6ef3170_2 and *Request for Public Comment on PCAOB Standard Setting*, PCAOB Release No. 2026-005 (June 23, 2026) ("Standard-Setting RFC), available on the PCAOB's website at 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&download=true.

[2] *See Request for Public Comment: Draft 2026 – 2030 Strategic Plan Goals and Objectives*, PCAOB Release No. 2026-006 (July 20, 2026) available on the PCAOB's website at https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/administration/documents/strategic_plans/2026-006-rfc-sp.pdf.

[3] *See* https://pcaobus.org/oversight/standards/standard-setting-research-rulemaking-related-activities.

the expense of U.S. legal and regulatory requirements (see Areas of Potential Alignment with International Auditing Standards below). In addition, the SEC could leverage the PCAOB's conceptual framework when evaluating quality and consistency across PCAOB standard-setting projects in connection with its oversight activities.

Importantly, a conceptual framework would not prescribe particular outcomes or constrain the Board's statutory authority, judgment, or flexibility to respond to changing circumstances and emerging risks.

POTENTIAL CONCEPTS FOR A PCAOB STANDARD-SETTING FRAMEWORK

To facilitate the discussion of a PCAOB conceptual framework for standard setting by SEIAG members, the following are potential concepts that could be included in a framework for which the staff are interested in receiving members' perspectives.

These concepts have been informed by (i) comment letters submitted in response to the Standard Setting RFC, (ii) the PCAOB's draft strategic plan goals and objectives, and (iii) frameworks of other auditing and accounting standard-setting bodies.

1. *Investor protection and public interest.* Grounding standard-setting judgments in the PCAOB's statutory mission and clearly articulating the audit-quality issue, investor-protection concern, or other problem that warrants action.
2. *Evidence-based and proportionate decision-making.* Using relevant evidence—including information from oversight activities, stakeholder input, research, and economic analysis—to clearly identify and prioritize issues; evaluate alternative regulatory responses; and consider expected benefits, costs, competitive effects, scalability, and unintended consequences.
3. *Appropriate alignment and coordination with other standard setters.* Considering the work of other standard setters and regulators and collaborating with those parties where doing so advances investor protection and public interest, explaining significant areas of alignment or divergence, and preserving requirements necessary to address U.S. legal and regulatory requirements and investor needs.
4. *Transparency and meaningful public participation.* Providing stakeholders with timely insight into project selection, scope, significant decisions, and the treatment of stakeholder feedback, while engaging the public early enough to meaningfully influence project development and outcomes.
5. *Consistency, understandability, and durability.* Developing standards that are clear, internally consistent, and provide a reasonable basis for inspection and enforcement. Durable standards remain principles-based and adaptable to evolving technologies, market practices, and audit methodologies.

6. *Operability and scalability.* Considering whether requirements can be implemented consistently across firms and engagements of different sizes and circumstances and support the appropriate exercise of professional judgment.

7. *Responsiveness, implementation, and iterative learning.* Designing standards that can respond to emerging risks and changing practices, supporting effective implementation, and using post-implementation evidence to assess whether standards are achieving their intended objectives and whether further action is needed.

In the staff's view, a conceptual framework would further the exercise of the Board's statutory mandate and complement the existing standard-setting process[4] and staff guidance on economic analysis.[5]

DISCUSSION QUESTIONS

For each potential concept discussed above, we seek SEIAG member views on:

- Whether the concept is necessary and appropriately described;
- How the concept would influence developing a standard-setting and research agenda, establishing the scope of a project, considering the alternatives, determining the timing of a proposal or final rule, supporting the implementation, and conducting the post-implementation review;
- How accountability for applying the concept can be implemented; and
- How effects of applying the concept can be evaluated over time, including whether application of the concept is improving the quality, consistency, transparency, and durability of standard-setting decisions.

Additionally, we would value SEIAG member views on whether any additional concepts should be considered for inclusion in a conceptual framework for PCAOB standard setting.

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[4] *See* https://pcaobus.org/oversight/standards/about-standard-setting-process.

[5] *See* https://pcaobus.org/oversight/standards/economic-analysis/05152014_guidance.