

May 22, 2024

By email: comments@pcaobus.org

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

Re: Proposing Release: Firm and Engagement Metrics; PCAOB Rulemaking Docket Matter No. 041; Proposing Release: Firm Reporting; PCAOB Rulemaking Docket Matter No. 055

Dear Office of the Secretary:

The Center for Audit Quality (CAQ) is a nonpartisan public policy organization serving as the voice of US public company auditors and matters related to the audits of public companies. The CAQ promotes high-quality performance by US public company auditors; convenes capital market stakeholders to advance the discussion of critical issues affecting audit quality, US public company reporting, and investor trust in the capital markets; and using independent research and analyses, champions policies and standards that bolster and support the effectiveness and responsiveness of US public company auditors and audits to dynamic market conditions. This letter represents the observations of the CAQ based upon feedback and discussions with certain of our member firms, but not necessarily the views of any specific firm, individual, or CAQ Governing Board member.

Request for Comment Period Extension

We are writing to formally request that the Public Company Accounting Oversight Board (PCAOB or the Board) extend the comment period for the PCAOB's Proposing Releases, *Firm and Engagement Metrics* and *Firm Reporting* (proposals). These are important proposals to consider, dense with specific proposed metrics, detailed proposed calculations, and new firm reporting requirements.

PCAOB Chair Williams stated in late 2023, "In advancing the agenda to modernize our standards, the Board has taken more formal actions on standard setting and rulemaking this year than any year in the last ten."¹ Since this statement, the PCAOB has released over 1,000 pages in proposed and final rules and auditing standards.² At the same time the profession continues to support and prepare for the implementation of final standards and rules adopted by the Board in 2022 and 2023.³

As an organization dedicated to supporting and enhancing audit quality, we have been and continue to be supportive of the PCAOB's strategic priorities, including their goal to modernize standards. The CAQ has the privilege of observing firsthand our member firms' continued commitment to audit quality, and it is through that

¹ See: <https://pcaobus.org/news-events/speeches/speech-detail/chair-williams-statement-before-the-sec-open-commission-meeting-on-the-pcaob-s-proposed-2024-budget>.

² See PCAOB rulemaking dockets 41, 46, 49, 54, and 55.

³ See PCAOB rulemaking dockets 28 and 42.



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lens that we request this extension. An extension in the due date for comment letters will enable commenters to carefully consider the proposed requirements, including the impact of the final requirements included in recently adopted standards, and share thoughtful recommendations that will help the PCAOB finalize their standards and rules with requirements that have increased potential to improve audit quality while minimizing unintended consequences.

We previously shared our support for the Board’s commitment to stakeholder engagement across its strategic goals. One way to demonstrate the Board’s commitment to stakeholder engagement with respect to standard setting would be to extend the due date for comments on these proposals.

Previous Comments to the PCAOB on 60-Day Comment Periods

Investor Concerns

We agree with an investor’s comment to the PCAOB in August 2023 on *Due Process in PCAOB Standard-Setting*. This commenter echoed concerns raised by other commenters regarding the timeline for stakeholder comment and emphasized the challenge to constructively respond to a significant rulemaking proposal in 60 days.⁴

Accounting Firm Concerns

We also agree with this smaller firm’s comment to the PCAOB in August 2023 on *PCAOB proposal periods and comment letter responses*. This commenter echoed concerns from a previous comment letter that thoughtful review and response to PCAOB proposals requires sufficient time, and 60-day comment periods are challenging for firms that may be impacted most significantly by proposed changes to respond.⁵ This is a concern we hear from firms of all sizes.

Conclusion

Chair Williams recently stated, “Public comment is also an essential part of our standard-setting process...We are grateful to everyone who provides feedback, and we carefully weigh and consider each and every comment we receive. Ultimately, having modern, effective standards that live up to the protections investors expect is good for investors, good for the profession, and good for our capital markets.”⁶

As an organization that spends a lot of time and effort carefully developing comment letter responses that can assist the PCAOB in setting requirements that promote audit quality, we were very pleased to hear Chair Williams speak about carefully weighing and considering comments received.

Given the complexity and significance of the proposals and simultaneous standard-setting activities, we find that a 60-day comment period does not provide sufficient time for stakeholders to provide the most comprehensive and meaningful feedback. We request the comment period be extended to 120 days (from the original proposal date) to provide commenters the opportunity to carefully weigh and consider the proposed requirements in conjunction

⁴ See: [CFA Institute comment letter](#).

⁵ See: [Forvis comment letter](#).

⁶ See: <https://pcaobus.org/news-events/speeches/speech-detail/pcaob-chair-williams-remarks-at-2024-deloitte-university-of-kansas-auditing-symposium>.

with the interrelated impact of the recently adopted standards. This will enable us – and other commenters – to develop well-reasoned and constructive comments.

Finally, we also recommend that the PCAOB delay sending the 19b-4 filing to the SEC on QC 1000 and AS 1000 by at least 45 days or, if already filed, withdraw and resubmit in 45 days to allow ample time to review and consider the complex proposals and standards. Specifically, there are ways in which the current proposals interact with QC 1000 and AS 1000 that require us to study and consider the effects in combination.

As the Board continues to gather feedback from other interested parties, we would be pleased to discuss our comments or answer questions from the Board regarding the views expressed in this letter. Please address questions to Dennis McGowan (dmcgowan@thecaq.org), Annette Schumacher (aschumacher@thecaq.org), or Vanessa Teitelbaum (vteitelbaum@thecaq.org).

Sincerely,



Dennis McGowan, CPA
Vice President, Professional Practice
Center for Audit Quality

cc:

PCAOB

Erica Y. Williams, Chair
George R. Botic, Board member
Christina Ho, Board member
Kara M. Stein, Board member
Anthony C. Thompson, Board member
Barbara Vanich, Chief Auditor
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