July 9, 2026

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

RE: PCAOB Rulemaking Docket No. 057, Supplemental Request for Comment: Proposed Amendments to QC 1000, A Firm's System of Quality Control, and Related Rule and Forms

Madam Secretary:

We[1] appreciate the ability to comment on the proposed amendments to QC 1000 included in the Supplemental Request for Comment (SRC). A strong and effective system of quality control (QC system) consistently underpins and helps drive audit quality—which is why our firm and the PwC global network more broadly have invested significantly in efforts to strengthen, modernize, and maintain our systems of quality management at the member firm level.

Overall views

We have supported the PCAOB's efforts to create a quality control framework that (1) facilitates international alignment, (2) is integrated, risk-based, and scalable for application by firms of all sizes, and (3) promotes accountability. Our **comment letter** on the PCAOB strategic priorities highlights the benefits of QC 1000 as the board considers modernizing its inspections program as well as the potential for achieving greater alignment with international standards in the future.

[1] Reference to "we" and "our" in this letter are to PricewaterhouseCoopers LLP, the US member firm of the PwC global network. References to the "PwC global network" are to the PwC network, which consists of firms that are separate legal entities. Firms in the PwC network are members in, or have other connections to, PricewaterhouseCoopers International Limited (PwCIL), an English private company limited by guarantee. PwCIL does not practice accountancy or provide services to clients. The PwC network is not one international partnership and PwC member firms are not otherwise legal partners with each other. A member firm cannot act as an agent of PwCIL or any other member firm, and cannot obligate PwCIL or any other member firm. Similarly, PwCIL cannot act as an agent of any member firm and cannot obligate any member firm. While this response has been developed by the US member firm, we have solicited feedback from other member firms within our network that are also subject to QC 1000 in order to inform our response.

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We commend the PCAOB for responding to feedback on the implementation of QC 1000 in such a comprehensive manner. The issuance of the SRC is a positive development in terms of the board's approach to standard setting, especially:

- How the board has articulated the need for targeted standard setting to ultimately achieve its objective in issuing QC 1000, including how the feedback received from the profession on implementation challenges has been considered

- The discussion in the *Economic Considerations* section of the SRC of alternatives considered in particular areas, the IAASB's rationale in finalizing ISQM 1,[2] and a more thorough analysis and acknowledgement of the potential costs of many of the requirements in QC 1000 about which stakeholders had raised concern (e.g., the "design-only" requirements and the external quality control function (EQCF))

The board's effort to issue the SRC demonstrates the continued relevance of both robust economic analysis and stakeholder engagement at all stages of a standard-setting project. Allowing stakeholders the opportunity to evaluate any final changes made as a result of comments on a proposal helps identify unintended consequences to the extent possible before significant implementation activities commence. The board's existing advisory group mechanisms[3] could be called upon to function in this manner. For example, they could receive a report back on the feedback received in response to a standard-setting proposal as well as how the board intends to respond to that feedback (including updated language in the standard) and could provide insights to inform the decisions made to consider and address prior feedback before its approval and issuance.

The proposed changes to QC 1000 will promote increased flexibility in designing and implementing a QC system tailored to a firm's facts and circumstances, which benefits quality.

The changes proposed to QC 1000 are necessary and appropriate to support its effective implementation—and the revised QC 1000 standard will continue to require firms to implement and maintain rigorous QC systems. Importantly, these changes do not diminish investor protection but rather enhance the focus and scalability of the standard, eliminate unnecessary burden and redundancies, and address certain unintended consequences identified after the standard was initially finalized. In addition, it is helpful that the PCAOB

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[2] International Standard on Quality Management (ISQM) 1, **Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements,** issued by the International Auditing and Assurance Standards Board (IAASB)**.**
[3] See further descriptions of the **Investor Advisory Group** (IAG) and **Standards and Emerging Issues Advisory Group** (SEIAG), which to date have met semi-annually.

has asserted that the proposed changes would not impair its ability to carry out its inspection program.[4]

We support the approach in the SRC to consider areas where greater alignment with ISQM 1 would reduce the regulatory burden (e.g., allowing a firm to select an appropriate evaluation date and greater flexibility in filing specified roles in the QC system). Greater alignment with ISQM 1 and its AICPA equivalent[5] helps to further manage the costs of compliance with QC 1000 but does not undermine its objective or its effects on quality. For example, improvements have been made to the definitions and requirements in QC 1000 that address a firm's monitoring and remediation process and the interaction with its required evaluation of the effectiveness of the firm's QC system. The board's rationale about competing definitions (including the approach to defining a "QC deficiency"), timeliness, potential lack of clarity to stakeholders, and how the proposed changes are expected to be interpreted, is well articulated in the SRC.[6] Overall, these changes are more consistent with ISQM 1 and SQMS 1 and better balance the concepts of severe and pervasive deficiencies with the reasonable assurance objective of the QC system. This is also preferable to the alternative of a binary "effective / not effective" conclusion for the reasons cited by the board.

At the same time, we agree it continues to be important for the PCAOB to retain its ability to allow for differences in areas where alternative or incremental provisions better address the US legal and regulatory environment, the needs and priorities of its stakeholders, and the statutory mandate of protecting investors and the public interest. With these cumulative changes, the revised QC 1000 standard will strike an appropriate balance between (1) leveraging ISQM 1 and SQMS 1 and (2) allowing the PCAOB to supplement those requirements for firms conducting engagements in the US public company audit environment.

The SRC raises the question of whether certain of the proposed amendments (e.g., those related to assignment of roles and responsibilities, including operational responsibility for compliance with ethics and independence requirements) should be available only on a scaled basis to firms that are not annually inspected. As originally drafted, these requirements created different but equally relevant implementation challenges for larger firms—namely related to the different skills and knowledge that may be necessary to deal with these matters, as well as the potential volume given the size of the firm and its portfolio—and could have necessitated changes to existing operational structures. Therefore, we do not support limiting the proposed amendments to only certain firms.

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[4] See **Supplemental Request for Comment**, pages 34 and 78.
[5] Statement on Quality Management Standards (SQMS) 1, **A Firm's System of Quality Management**, issued by the AICPA's Auditing Standards Board (ASB).
[6] See **Supplemental Request for Comment**, pages 34–42.

We support changes to the documentation requirements, while acknowledging questions may continue to arise in relation to how these requirements are intended to be applied and the costs associated with them.

We agree with the changes proposed to the QC system documentation requirements, both reducing the retention period to five years and the clarification that the documentation should be retained "in a manner that permits timely retrieval." We believe that it is sufficient for firms to retain and archive, for a period of five years, the extent of documentation that was required for the firm to make its conclusion as to the effectiveness of its QC system.

However, questions about the nature and sufficiency of documentation required to be maintained for each instance of operation of each risk response are likely to continue to arise and should be addressed through the Office of the Chief Auditor's (OCA) Firm Consultation Process, with the potential for additional guidance to be made available as the PCAOB or its staff determines necessary. This may also be an area to be revisited in a future post-implementation review, informed by the PCAOB's inspection experience as to what documentation is necessary to be retained to support the execution of a modernized, QC-focused inspection program.

We support the removal of the requirement for a firm that does not perform PCAOB engagements to design and implement a QC 1000-compliant system.

Within our network, certain member firms would have been subject to the "design-only" requirements in QC as originally issued, which would have resulted in unnecessary costs of compliance without commensurate benefits. We support the PCAOB's approach in the SRC to eliminate the separate obligation for a firm not performing PCAOB engagements to design a QC 1000-compliant system. All registered firms in our network are already subject to ISQM 1, which provides a strong basis for transitioning to QC 1000 compliance if and when necessary (e.g., if the firm is asked to perform a substantial role on PCAOB engagements in the future).

Rescinding the requirement for certain firms to have an external quality control function (EQCF) is appropriate for the reasons the PCAOB describes.

Perspectives from independent third parties can add an important dimension of input to a firm's internal assessments and can benefit audit quality by enhancing a firm's governance and decision-making processes. We recognize the value of outside-in perspectives and advice and have proactively taken steps to gain such perspectives, which have evolved over time. Although we place great value on these mechanisms, we do not view them as directly serving as oversight of our QC system or otherwise being accretive in enabling us to obtain reasonable assurance that our QC system is operating effectively.

This view underpinned the concerns noted in our July 2024 **comment letter** to the SEC. The description of the EQCF and its specific responsibilities in QC 1000 as issued extended well beyond the responsibilities of the structures that were in place at the largest six firms and represented a significant shift from what was included in the proposing release. Such significant change after the proposal effectively deprived stakeholders of an opportunity for public input into the revised requirement. While the PCAOB's **comment letter** to the SEC following the board's adoption of QC 1000 helped to clarify the role of the EQCF, as noted in our September 2025 **comment letter** to the SEC, the role of the EQCF is not necessary to achieve the quality objectives of QC 1000—including the ability for a firm to evaluate and conclude on the effectiveness of its QC system. It is important for a firm to have flexibility to consider whether independent oversight is necessary and, if so, what is most appropriate based on the structure of the firm and where it operates. Accordingly, we are supportive of rescinding the EQCF requirement; it is not necessary for the PCAOB to pursue either a scaled requirement in QC 1000 or the requirement for an independent oversight function in the form initially proposed.

We appreciate the thorough discussion about the EQCF in the *Economic Considerations* section of the SRC, in particular the acknowledgement that any potential negative consequences of removing the requirement would be mitigated by the quality objectives that a firm is required to establish with respect to governance and leadership.[7] The need for any requirements or guidance in the future relating to external oversight could be considered as part of a post-implementation review as the PCAOB continues to observe how firms respond to their assessed quality risks.

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In closing, we appreciate the PCAOB's efforts to consider implementation feedback and pursue targeted amendments to QC 1000 in response. We welcome the timely approval of these amendments as presented so that the planned effective date can remain intact. Ongoing engagement with stakeholders will continue to be necessary as QC 1000 becomes effective and firms move towards their annual evaluation of their QC systems and submissions of Form QC. We applaud the formation of the Inspection Modernization Council to help inform a future QC-based inspection program as well as the OCA Firm Consultation Process, as both mechanisms can support such engagement. Finally, we note the PCAOB's intent to monitor the implementation of QC 1000 through its oversight activities. We would support both a formal post-implementation review of QC 1000 and other informal mechanisms to share best practices and observations about the implementation of QC 1000.

[7] See **Supplemental Request for Comment**, page 69.

We would be pleased to discuss our observations and recommendations with the board or its staff. Please contact Brian Croteau (**brian.t.croteau@pwc.com**) regarding our submission.

Sincerely,

PricewaterhouseCoopers LLP

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