Baker Tilly US, LLP
66 Hudson Blvd E
Suite 2200
New York, NY 10001

T: +1 (212) 697 6900
F: +1 (212) 490 1412

bakertilly.com

July 9, 2026

Via email: comments@pcaobus.org

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

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

Dear Office of the Secretary:

We appreciate the opportunity to comment on the Public Company Accounting Oversight Board's ("PCAOB" or "Board") supplemental request for comment on proposed amendments to QC 1000, *A Firm's System of Quality Control*, and related amendments to PCAOB Rule 2203A and PCAOB forms (the "SRC").

Baker Tilly US, LLP ("Baker Tilly," "we," or "our") currently audits slightly over 100 issuers and is subject to annual PCAOB inspections. Our organization is in the PCAOB's category of a non-affiliated firm ("NAF"), which is substantially different from a Global Network Firm ("GNF").

General Comments

We commend the Board for listening to stakeholder feedback and proposing targeted amendments to QC 1000 via the SRC. We continue to support the overall objective of QC 1000 and believe the proposed amendments help address several concerns raised previously regarding departures from, and inconsistencies with, other quality management standards issued by the AICPA and IAASB, as well as other significant implementation challenges. We expect the amendments will help reduce the complexity, subjectivity, and cost associated with implementing QC 1000.

We continue to believe the public interest is best served by quality control standards that are scalable and flexible, such that firms can tailor risks and responses to any assurance engagement the firm performs, rather than applying entirely different standards to certain components of a firm's practice. As we have previously shared with PCAOB staff, firms that applied the spirit of the AICPA and IAASB quality management standards made significant strides to modernize and improve their systems of quality management; the differences and incremental requirements of QC 1000 were proving more difficult and costly than originally anticipated. We believe the proposed amendments in the SRC reduce these differences, but some concerns remain, as articulated in more detail below.

Additionally, given the volume of information already on the PCAOB's website regarding QC 1000 (e.g., the original adopting release, staff guidance, staff presentations, QC 1000 Implementation Workshop materials, and

the pending amended final adopting release), we believe there are risks of misinterpretation or confusion when the proposed amendments are adopted. We believe it will be important for the final adopting release to clarify what prior PCAOB content is and is not applicable to the implementation of the revised standard. We also recommend that the final adopting release contain the entire text of the amended QC 1000, with only relevant content from the original adopting release, so the final adopting release can stand on its own and not be limited to the amendments proposed in the SRC.

Similarly, and despite our general support for the proposed amendments, we believe implementation guidance will continue to be necessary for successful implementation of the revised QC 1000 standard. We understand that PCAOB staff have met with many firms, heard many questions, and may have provided some individualized answers to questions. Codifying those questions and answers in guidance available to all firms will enhance consistency and effectiveness of firms' implementation.

Comments Regarding Specific Aspects of the SRC

Requirement to Design, Implement, and Operate a QC System

We strongly support the proposed recission of the so-called "design-only" requirement. We believe this proposed change is appropriate and does not introduce any risk to investors as these registered firms are neither performing PCAOB engagements nor serving in a substantial role on PCAOB engagements. We have previously shared concerns with PCAOB staff regarding the trend of smaller firms withdrawing their PCAOB registrations and believe this change will alleviate these concerns and allow firms more flexibility to remain registered and apply the requirements of QC 1000 only when they choose to accept engagements within the scope of the PCAOB's jurisdiction.

Roles and Responsibilities

We strongly support the amendments to QC 1000.12. The amendment to allow divided responsibility is necessary and appropriate to ensure firms designate the most appropriate individuals for the specified roles and responsibilities, without making unnecessary changes to operating structures or responsibilities of roles that are often fulfilled by more than one individual. Similarly, enabling non-firm personnel to fulfill these roles is an important change to reduce the complexity of complying with this aspect of QC 1000 for certain firms and again ensure the most appropriate individuals are placed in these roles.

We do not believe these proposed amendments present any additional risk; to the contrary, we believe firms will be able to apply a more thoughtful and focused approach to aligning roles, responsibilities, and accountability for the fulfillment of those responsibilities, ultimately strengthening the design of the system of quality control.

Using the requirement of QC 1000.12b as an example, ethics and independence is a broad area for which we were challenged to identify a singular member of "firm personnel" to assume operational responsibility for the entire scope of requirements of paragraph .16. The proposed amendments would enable separation of responsibilities to the most qualified and appropriate individuals, along with removing definitional barriers regarding the scope of "firm personnel."

External QC Function

We strongly support the recission of the EQCF requirement. The EQCF requirement in its current form was not subject to full due process, was not scalable for NAF firms only moderately above the 100-issuer threshold, and has presented significant implementation challenges and costs, with unclear benefits. While external perspectives can be helpful and accretive to quality, we believe firms should have flexibility in how they seek such feedback, from whom, and how that feedback is considered and operationalized. Consequently, we do not support an alternative threshold for the EQCF requirement.

Monitoring and Remediation Process

We appreciate and support the proposed amendment to the definition of QC deficiency to make clear that, when firms have implemented more than one quality response to address the same quality risk, they can take those other quality responses (e.g., compensating responses) into account when determining whether a QC deficiency exists. This approach reflects the common reality of QC systems that often include multiple layered, interrelated quality responses designed to address the same quality risk. The set of quality responses, designed to work together, should be evaluated in terms of how well the set of responses worked together to provide a fair picture of the operation of the QC system.

We appreciate the amendments to QC 1000.68a that provide alignment with AS 1220, and the effort to focus firms on matters that must be corrected before an audit report is issued or before an engagement conclusion is communicated to the company.

We also support the proposed amendments to QC 1000.68d that narrow the circumstances under which a firm is required to evaluate whether similar engagement deficiencies exist when one is identified. This amendment appropriately focuses the effort on matters that are likely to have an effect on audit quality, making the standard more practical. However, we suggest adjusting or replacing the example given in the SRC (page 28) to illustrate the application of this paragraph to be more straightforward with all relevant facts presented so that it does not appear to be adding a new PCAOB interpretation into the QC standard.

Evaluation of and Reporting on the QC System

Evaluation Date and Minimum Period

We strongly support the proposed change to permit firms to choose their annual evaluation date. Many firms struggled with operationalizing a mandated September 30 date and this proposed change will provide firms the ability to select a date that is in alignment with their respective operations and other quality management processes, consistent with AICPA and IAASB requirements.

The SRC introduces a five-month period as the minimum period through which the QC system would be required to operate before the first annual evaluation. We do not object to this threshold.

However, we believe additional implementation guidance regarding the evaluation date may be necessary for circumstances not included in the SRC (e.g., changes necessitated by firm mergers or changes in firm operations). Implementation or transition guidance would also be helpful for those firms who would have chosen an evaluation date appropriate for their operations and earlier than September 30 for their first evaluation in 2027, but will only have that option if and when the proposed amendments become final. Such firms have been working toward a September 30, 2027 evaluation date, and changing course to an earlier date for 2027 this late

in the process may not be possible. Guidance on transitioning to a different evaluation date in the second year would be beneficial.

Post-Evaluation Date Events

We encourage the Board to address events occurring between the evaluation date and the reporting date in the revised standard or in guidance in the adopting release. Given that QC systems operate on a continual and iterative basis, and the required evaluation date and reporting date are static, firms would benefit from guidance, including examples, of how events occurring between the evaluation date and reporting date, and even after the reporting date, should be considered in drawing a conclusion of effectiveness of the QC system. Firms would also benefit from guidance on disclosing (e.g., on Form QC) events subsequent to the evaluation date and incorporating them into remediation plans and monitoring. We believe this would help firms better understand the PCAOB's expectations and develop QC system evaluation cycles that lead to swift resolution of issues without continual reassessment.

Evaluation Conclusion

We support the proposed evaluation framework and appreciate its closer alignment to existing quality management standards and structured process. We believe the three proposed conclusions are appropriate and are more likely to accurately reflect the status of a QC system's effectiveness, especially when the evaluation framework retains the factors to evaluate the severity and pervasiveness of a deficiency.

A binary conclusion would oversimplify an evaluation; therefore, we do not support the alternative evaluation framework discussed in the SRC.

Documentation

We believe the proposed amendments are an improvement over the requirements of the original standard, including the reduction of the retention period from seven years to five years, but we remain concerned about the scope and timing of the documentation requirements.

The extent and volume of documentation required to be retained pursuant to QC 1000 and the cost of retaining that information is substantial. While the proposed reduction to five years helps alleviate a portion of that cost burden, we would welcome further consideration of a period shorter than five years as a means of reducing compliance costs and practical challenges associated with retention requirements that do not align with firms' internal protocols or other regulatory requirements. For example, a three-year retention period may suffice to accomplish the Board's oversight objectives, as it would cover at least one PCAOB inspection cycle for both triennially and annually inspected firms.

Additionally, practical questions remain regarding the application of QC 1000's documentation requirements. We believe additional implementation guidance is necessary to clarify expectations for document retention given QC system-level documentation is significantly different than engagement documentation. For example, there is opportunity to clarify how the "experienced auditor" concept is expected to be considered in QC system documentation, which is focused on the design, implementation, operation, and monitoring of firm-wide policies and procedures rather than the performance of individual audit procedures. In addition, retaining evidence of response operation creates practical challenges, particularly for automated responses that may operate at a high frequency and may not generate evidence of every step in a process in a readily retainable format. These situations may require manual or custom exports and screenshots or customization of underlying code, if possible, solely to achieve the documentation retention requirements of QC 1000 that would not otherwise be considered necessary.

Further, while the first year of inspection may reveal whether a firm has met the PCAOB's documentation retention expectation, to promote consistency and transparency, expectations regarding the nature and extent of documentation should be communicated through the standard, adopting release, or other Board or Office of the Chief Auditor guidance, rather than evolving through individual inspection practices.

Proposed Amendments to Other PCAOB Forms

We believe the proposed amendments to Forms 1 and 2 are appropriate.

Other

Additional questions or challenges may arise as firms complete their implementation of QC 1000. We encourage the PCAOB to remain engaged with firms during the final months of implementation and afterwards, and take note of challenges revealed in the first year of inspections. We encourage the PCAOB to continue to provide guidance on topics where it would be beneficial so that firms are best equipped in maintaining a QC system that complies with PCAOB's standard, thereby fulfilling the PCAOB's investor protection mission.

* * *

We thank you for the opportunity to present our views and appreciate your consideration. We would be pleased to discuss these comments further with you. Should you have any questions, please contact Erica Forhan (Erica.Forhan@bakertilly.com) or Damon Busse (Damon.Busse@bakertilly.com) in our Assurance Professional Practice Group.

Sincerely,

Baker Tilly US, LLP

BAKER TILLY US, LLP