From: S K Bansal <Skb@bansalco.com>
Sent: Thursday, August 6, 2026 8:05 AM
To: Comments
Subject: [EXT]: Request for Public Comment on PCAOB Standard Setting

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

Dear Members of the Board:

I am Surinder K. Bansal, Managing Partner of Bansal & Co. LLP, registered as a member of Institute of Chartered Accountants of India, and a PCAOB-registered public accounting firm (Registration No. 2807) based in New Delhi, India, providing audit and assurance services to a number of U.S. SEC reporting issuers, including foreign private issuers and U.S. domestic filers. I provide comments keeping in view the SEC's proposal on semiannual reporting. These comments have been prepared with reference to the Standard Setting RFC, applicable PCAOB standards and rules, relevant SEC releases and guidance, and our experience conducting audits of U.S. SEC reporting issuers.

Please find my comments below-

Questions 1 –

We believe the Board should prioritize, in the following order: (a) modernization of the interim reporting and review standards, including AS 4105; (b) data and technology, including artificial intelligence, given its pervasive effect on audit evidence and risk assessment; (c) fraud (AS 2401) and noncompliance with laws and regulations (AS 2405), which we agree are closely related and should be considered together; (d) auditor independence, in light of potential overlap with SEC Rule 2-01 of Regulation S-X; and (e) critical audit matters and firm/engagement performance metrics, both of which would benefit from further research and evidence-gathering before any standard-setting is pursued. We also encourage the Board to treat cybersecurity and third-party or service-provider risk — including cloud platforms, AI vendors, and other outsourced systems used by issuers and auditors — as a cross-cutting theme relevant to evidence reliability, internal control, service organizations, and auditor independence alike.

Question 2 –

None

Question 3 –

Staff guidance is most useful where an existing standard remains sound in principle but new practice creates interpretive uncertainty — for example, validating AI-assisted audit evidence and tools, documenting the extent of and rationale for reliance on AI-generated output, appropriate human review and supervision of AI-enabled procedures.

Question 4 –

We support phased, risk-based modernization of the remaining interim standards. Board is suggested to give early priority to AS 4105 (Reviews of Interim Financial Information) and AS 2415 (Consideration of an Entity's Ability to Continue as a Going Concern), alongside AS 2601 (Service Organizations), AS 2510 (Auditing Inventories), and AS 2605 (Consideration of the Internal Audit Function). Our own engagements confirm the continuing relevance of these standards. We expect AS 4105 to bear substantially more investor-protection weight if quarterly reporting becomes less universal.

Question 5 –

A general comment period of approximately 90 days remains appropriate for substantive proposals. As a standard-setting project is directly responsive to a pending SEC rulemaking, we recommend the Board coordinate its own comment and effective-date timeline with the SEC's rulemaking calendar.

Question 6 –

Shorter implementation periods for narrow amendments and longer implementation periods for significant new standards, based on the complexity of the changes. The Board should weigh software and methodology updates, staff training, etc. without compromising quality on existing engagements.

Question 7 –

We support economic analysis at each stage of a standard-setting project — proposal, adoption, and post-implementation review — including a distinct assessment of the effect on smaller firms, whose fixed compliance and technology costs are proportionally larger.

Questions 8,9,10 –

These matters are best addressed through issuance of staff guidance.

Question 11 – *Digital assets.*

No comment.

Questions 12–16 –

We support the Board's consideration of a conceptual framework, provided it remains a tool for consistency and transparency rather than a rigid constraint that slows the Board's ability to respond to urgent matters. Any framework should articulate clear qualitative characteristics and an optimal level of prescriptiveness. A framework should also incorporate defined criteria for economic-benefit and cost analysis, including competitive effects and impact on smaller firms.

Questions 17–21 -

Alignment with the IAASB and other standard setters reduces unnecessary divergence without compromising the PCAOB's statutory mandate or U.S.-specific investor-protection needs. We do not believe alignment considerations should be given priority over addressing matters that are specific to the U.S. regulatory framework . On Question 21, we believe alignment initiatives should include an explicit assessment of disproportionate impact on smaller firms, particularly where alignment would require wholesale changes to methodology, policies, and training.

Questions 22–24

The specific questions being asked here are narrow — just about updating one auditing rule (AS 6101) for comfort letters. We'll answer those separately. But we think the Board should think bigger.

Even if going to twice-a-year reporting is optional, it means longer stretches where nobody outside the company is independently checking the numbers. That gap isn't equally risky for everyone. It's most dangerous for companies already showing warning signs — financial trouble, weak internal controls, unstable finances, or fast, unpredictable changes in the business.

From our own audit work with several such companies, we've seen firsthand how much can go wrong in just one year: big swings in profit or loss, ongoing doubts about whether a company can survive, sudden auditor changes, weak controls, big debts coming due, lawsuits, past accounting errors involving related parties, and rapid deal-making including transactions with company insiders. In each case, investors only learned about these issues once a year, simply because that was the only time anyone was required to report.

So our recommendation is: don't treat this as just a small technical fix to one rule. Look at whether other review requirements need updating too. And instead of letting every company reduce reporting frequency the same way, base that decision on each company's actual risk level.

Drawing on the experience above, we offer the following views for the Board's consideration:

We agree AS 6101's negative-assurance rule needs updating since it assumes quarterly filing, and support tying it to the issuer's actual next filing date instead of a flat 135 days — but only with added safeguards. Any extension shouldn't apply uniformly; it should require extra auditor procedures scaled to risk factors like going-concern doubt, recent restatements, control weaknesses, or auditor changes. We also believe extended assurance shouldn't be given freely in these risky situations — or should only be given with extra conditions — because that's exactly when outdated comfort is most likely to mislead people.. Beyond AS 6101 itself, we think AS 4105 (interim reviews) needs a broader look too, since fewer companies will have any reviewed numbers between annual reports. More broadly, we urge the SEC/PCAOB to use risk-based eligibility for reduced reporting rather than treating all electing companies the same, since frequent reporting also acts as an ongoing check that catches problems early.

Concluding Remarks

We appreciate the opportunity to comment on the Standard Setting RFC and would welcome the opportunity to discuss any aspect of this letter further with the Board or its staff. Please do not hesitate to contact the undersigned.

Respectfully submitted,

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