August 7, 2026

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

Re: PCAOB Release No. 2026-005, Request for Public Comment on PCAOB Standard Setting

Dear Office of the Secretary:

The Center for Audit Quality (CAQ) is a nonpartisan public policy organization that serves as the voice of U.S. public company auditors on matters related to public company audits. The CAQ promotes high-quality audits; convenes capital market stakeholders to advance dialogue on issues affecting audit quality, corporate reporting, and investor trust; and, through independent research and analysis, advocates for policies and standards that strengthen the effectiveness of public company audits amid evolving market conditions. This letter reflects the CAQ's observations based on feedback from certain member firms, but not necessarily the views of any particular firm, individual, or CAQ Governing Board member.

The Center for Audit Quality (CAQ) appreciates the opportunity to provide comments on the Public Company Accounting Oversight Board's (PCAOB or Board) standard-setting agenda.

We support the Board's continued commitment to obtaining stakeholder input and maintaining high-quality auditing standards that serve investors and the public interest and commend the Board for soliciting public comment on the standard-setting agenda. As the Board considers future priorities, we believe a thoughtful, transparent, and evidence-based standard-setting process is critical to achieving durable improvements in auditing standards while minimizing unintended consequences and unnecessary implementation burdens.

Executive Summary

The PCAOB would benefit from a conceptual framework for standard setting. Our letter sets forth practical, common-sense principles that could serve as a foundation, including: 1) Standards should be durable, appropriately justified, and scalable; 2) Transparent due process and multi-stakeholder engagement are essential; 3) Effective post-adoption support and review are critical; and 4) Domestic and international coordination is beneficial.

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We recommend continuing the research project on Data and Technology, including Digital Assets, and including the following areas in the Board's standard-setting agenda: Noncompliance with Laws and Regulations (NOCLAR) and Fraud; Auditor Independence; and Consideration of an Entity's Ability to Continue as a Going Concern. In each of these areas, the PCAOB should consider the work of other standard setters, domestic and international, rather than pursuing projects in isolation. We do not believe Critical Audit Matters (CAMs) or Firm and Engagement Metrics or similar Audit Quality Indicators (AQIs) warrant standard setting. Finally, we offer views on potential PCAOB actions in response to the U.S. Securities and Exchange Commission's (SEC) semiannual reporting proposal.

The PCAOB Would Benefit from a Conceptual Framework for Standard Setting

We support the development and adoption of a publicly available conceptual framework to guide the PCAOB's standard-setting process. A publicly available framework would provide greater transparency, consistency, and discipline in agenda-setting, project prioritization, standard development, implementation, and post-adoption evaluation. It would also help stakeholders better understand how and why the Board undertakes particular projects, weighs competing considerations, and reaches resolution.

The development of such a framework would benefit from robust stakeholder engagement, including input from investors, issuers, audit firms, audit committees, academics, and other interested parties. Given the importance of a conceptual framework to the PCAOB's future standard-setting activities, we believe any proposed conceptual framework and any future material changes to the framework should be exposed for public comment and refined through an open and transparent process before being finalized, adopted, and made publicly available. Such a framework would be consistent with other standard setters and would be relevant to guide the PCAOB's activities beyond the current board and strategic plan period.

We believe the considerations below reflect practical, common-sense principles that could serve as the foundation of a conceptual framework without imposing undue complexity or detracting from the PCAOB's ongoing priorities:

1. **Standards Should be Durable, Appropriately Justified, and Scalable**

   We encourage the Board to undertake new standard-setting projects only when a demonstrated need to improve auditor performance or to clarify an emerging audit-related issue exists (e.g. ambiguity or inconsistent application, emerging risks, changed capital-market practices and/or requirements) and when the expected benefits justify the costs. Durable standards are standards that address clearly identified problems, remain relevant as business practices evolve, and can be consistently applied over time without creating unnecessary complexity or requiring frequent revision. Careful prioritization allows the PCAOB and stakeholders to focus resources on areas that present the greatest opportunities to effect change to advance audit quality. Before initiating a project, the Board should clearly identify the problem to be addressed and articulate the public interest issues and rationale for action consistent with the PCAOB Staff Guidance on Economic Analysis in PCAOB Standard-Setting, which continues to apply and should underpin any new framework.[1] This assessment should include articulating the root cause of the problem being addressed and evaluating whether it relates to auditor performance and/or existing auditing standards.

Gathering the necessary information to develop and adopt informed, durable standards takes time. We understand that sufficient time is needed for the PCAOB to evaluate alternatives, obtain stakeholder input, conduct economic analysis, and assess implementation implications.

Similarly, firms require sufficient time to evaluate the implications of a standard, including detailed changes to language, and respond appropriately. Global network firms often must coordinate feedback within their networks and consider interactions among multiple regulatory and standard-setting regimes. Smaller firms also face acute concerns regarding the timing to evaluate and respond to standards, as those firms' more limited resources are often focused on supporting engagement teams in the performance of quality audits. Requiring firms to evaluate or implement multiple standards simultaneously can place considerable demands on those resources, especially when the actions of other regulators (SEC, international, etc.) are also considered.

The Board should also recognize that guidance may often be a more relevant tool than standard setting when addressing emerging or evolving issues. The PCAOB's standards should remain principles-based and durable; guidance can inform auditors how to apply those foundational standards to emerging fact patterns. The Board may wish to consider models used by other standard setters, such as mechanisms that allow emerging practice issues to be identified, evaluated,[2] and addressed through timely interpretive or implementation guidance when full-scale standard setting is not warranted. The PCAOB's consultation process could be used to identify common questions and/or areas of diversity in practice that may lend themselves to additional research and/or the promulgation of guidance. The PCAOB's inspection process can be another source of information for the PCAOB's Office of the Chief Auditor (OCA) to understand where there are emerging interpretation differences or diversity in practice on certain topics.

OCA should have end-to-end responsibility for standards, including their development, implementation, and interpretation. OCA's responsibility for interpreting standards should include interpretation questions arising during the inspections process. The decisions and conclusions reached through the OCA consultation process should not be subject to subsequent override (e.g. through the inspections process) unless facts and circumstances presented in the consultation were incomplete or inaccurate.

The PCAOB should engage broadly with audit committees and preparers but maintain a clear distinction between the responsibilities of auditors and those of management or audit committees such that auditor requirements do not effectively create new obligations for management or audit committees or attempt to achieve broader objectives that are outside the Board's remit. The Board should continue to work in a coordinated manner with the SEC and others, particularly in areas where

[1] Refer to Staff Guidance on Economic Analysis in PCAOB Standard-Setting.
[2] Such as the Financial Accounting Standards Board (FASB)'s Emerging Issues Task Force, which helps to identify and evaluate emerging practice issues.

more holistic solutions are warranted, and consider appropriate alignment on issues relevant to issuers.

Scalability and the impact on smaller firms and issuers should remain important considerations throughout the process, including when identifying and prioritizing projects, developing standards or guidance, supporting implementation, and monitoring post-implementation effects.

2. Transparent Due Process and Multi-Stakeholder Engagement Are Essential

Effective standards require meaningful engagement from diverse stakeholders throughout the lifecycle of a project. Stakeholder participation and effective two-way communication could occur during agenda development, information gathering, concept development, proposal drafting, finalization, implementation, and post-implementation review (PIR). The process used to establish priorities and promulgate standards should be open, transparent, and informed by broad public input. Stakeholders should have visibility into the rationale for projects, the evidence supporting proposals, alternatives considered, and how comments and feedback are evaluated.

The PCAOB should make greater use of its advisory groups throughout the lifecycle of standard-setting projects, including as an input during project selection, problem definition, proposal development, evaluation of how to evaluate and respond to public comments, implementation planning, and post-implementation evaluation. The Board should also consider establishing project-specific task forces when specialized expertise is needed. These groups can provide practical insight into implementation challenges, emerging technologies, industry-specific considerations, and other specialized areas.

We believe the PCAOB should seek opportunities to enhance stakeholder engagement early in the standard-setting process. Building consensus on rationale and public interest issues before drafting begins would help the Staff establish a clear direction and scope, while early input from practitioners and other stakeholders could help identify operational challenges, implementation considerations, and unintended consequences, resulting in more informed and effective proposals.

Public deliberations, such as roundtables and workshops, concept releases where appropriate, and comment periods[3] that are commensurate with the significance and complexity of a proposal all contribute to informed decision-making and allow for thoughtful stakeholder participation, robust analysis, and coordinated feedback. The PCAOB should supplement the use of its advisory groups with mechanisms for continued stakeholder engagement throughout the standard-setting process, including after proposals are issued and before final standards are adopted. This promotes transparency and clarity regarding how comments are considered and facilitates robust two-way dialogue throughout the lifecycle of a project.

Ongoing engagement can help mitigate risks and avoid circumstances in which updated language in final standards has not been sufficiently vetted or adequately explained, resulting in uncertainty regarding the Board's intent, the expected level of effort, potential unintended consequences, or related economic considerations.

[3] The IAASB, for example, typically uses comment periods of no less than 90 days on exposure drafts.

The Board should also selectively provide an opportunity for pilot testing, field testing, and dry runs in certain limited circumstances, with a commensurate comment period, for significant or novel proposals. Such activities can help identify unintended consequences, inform economic analysis, and improve implementation outcomes.

3. Effective Post-Adoption Support and Review Are Critical to Successful Standard Setting

The success of a standard depends not only on its adoption but also on effective implementation. The PCAOB should provide implementation support through guidance, published interpretations, frequently asked questions, and other mechanisms that promote consistent application.

Questions inevitably arise during implementation that may not have been foreseeable during the standard-setting process. All firms should have access to transparent processes for raising implementation concerns and obtaining timely guidance. The PCAOB consultation process may help to achieve this objective. There should also be a mechanism to communicate responses to common questions arising through consultations broadly to all practitioners.

We also support the use of post-implementation reviews where appropriate. Such reviews can assess whether standards are achieving intended objectives, identify scalability concerns, evaluate economic effects, and determine whether amendments may be warranted.

4. Domestic and International Coordination Is Beneficial

Many firms operate under PCAOB, American Institute for Certified Public Accountants (AICPA), and International Auditing and Assurance Standards Board (IAASB) standards simultaneously and develop their methodologies to satisfy multiple requirements. Accordingly, we encourage the Board to coordinate with other domestic and international standard setters before, during, and after standard-setting projects. The objective of domestic and international cooperation and coordination warrants the PCAOB working proactively to engage with other standard setters at each stage of the standard-setting process, from agenda to execution and implementation and interpretation. The PCAOB should also actively engage in and monitor the ongoing standard-setting activities of domestic and international standard setters in order to broaden its understanding of the activities of other standard setters, their deliberations, and their associated considerations and rationale for conclusions.

Complete convergence is neither necessary nor always desirable, as U.S. standards must fit the unique characteristics of the U.S. regulatory and capital markets environment, just as Generally Accepted Auditing Standards (GAAS) may have intentional differences with the International Standards on Auditing (ISAs). However, unnecessary differences should be avoided. Where differences exist, they should be clearly explained and justified. To the extent possible, whenever the intended meaning is the same, consistent terminology should be used to avoid confusion or unnecessary interpretative burden.

We encourage the Board to create a process to work with other standard setters (IAASB and the AICPA's Auditing Standards Board (ASB)) to create crosswalks or other comparative resources, similar to the AICPA ASB's *Appendix B - Substantive Differences Between the ISAs and GAAS* document, that help stakeholders understand where PCAOB standards differ from other major auditing standards and the rationale for those differences, including the reasoning and related auditor expectations. We also encourage the Board to collaborate through joint task force activities in major topics such as technology and digital assets.

Agenda Topic Recommendations

Research Agenda

We support including the following topics on the PCAOB's research agenda:

1. Data and Technology

Technology is transforming audits and the audit profession at an unprecedented pace. While we support efforts to evaluate how the application of existing PCAOB auditing standards is impacted by emerging technology, we encourage the PCAOB to proceed carefully to avoid unintentionally limiting innovation or creating requirements that become obsolete as technology evolves. The existing principles-based requirements within the PCAOB auditing standards can be applied in practice today; however, research is needed to further understand the rapidly evolving landscape and what standard setting may be needed. In our view, guidance could help clarify how principles-based standards should be applied when emerging technologies, such as artificial intelligence (AI), are used by management and auditors. However, it is appropriate to be mindful of the possibility that language in current standards may need to be re-evaluated as audits become more technologically enabled and as the prevalence and sophistication of companies' use of AI and other emerging technologies continue to evolve. Therefore, we encourage research to gather this information through outreach with PCAOB advisory groups and direct engagement with firms to understand how methodologies are evolving to address the use of advancing technologies, such as probabilistic models.

We recommend that the Board begin with an assessment of work being performed by organizations such as the Committee of Sponsoring Organizations of the Treadway Commission (COSO),[4] Financial Executives International (FEI),[5] the IAASB,[6] the AICPA, UK Financial Reporting Council (FRC),[7] and other standard setters and regulators. Further, any project should be informed by extensive multi-stakeholder outreach and close coordination with the SEC, FASB, IAASB, ASB, and other relevant organizations. PCAOB developments related to technology should be harmonized with expectations for management and guidance developed by other regulators and standard setters.

A principles-based approach is generally preferable in emerging areas. Any technology-related project should start with research to understand and consider the interaction of emerging technologies with broader interconnected PCAOB auditing and quality control standards, including standards related to

[4] See COSO's Achieving Effective Internal Control Over Generative AI.
[5] See FEI's AI Framework: Internal Control Over Financial Reporting Whitepaper.
[6] See the IAASB's Technology Quality Management Workstream.
[7] See UK FRC guidance on Generative and Agentic AI Guidance: Risks, mitigations and illustrative examples.

audit evidence, documentation, risk assessment, substantive procedures, supervision and review, and quality control,[8] and engage with stakeholders to build consensus on any changes that may be needed.

Consistent with the conceptual framework principle of obtaining multi-stakeholder input including relevant expertise when needed, the Board could leverage a technology task force to continue to support the PCAOB's understanding of rapidly evolving developments in the ecosystem, and inform the development of guidance related to evolving technologies where warranted. This task force could also stay informed and leverage the work of the other standard setters and groups identified above (e.g., COSO, FEI, IAASB, AICPA, and the FRC). Such a task force could include auditors, preparers, audit committee members, investors, academics, technology specialists, and representatives of other relevant standard setters or regulators. Its work could help identify areas where existing standards may be subject to differing interpretations, and areas where interpretive questions are emerging, to inform the development of guidance in the short term and future considerations as to whether standard setting may be necessary. We encourage findings and recommendations of such a task force to be made public.

2. Digital Assets

The digital asset ecosystem continues to evolve rapidly. At this stage, monitoring developments, including the evolving regulatory landscape, and providing targeted guidance where necessary may be more appropriate than proceeding to standard setting. Any PCAOB standards and guidance regarding digital assets should be harmonized with expectations for management and guidance developed by other regulators and standard setters.

The PCAOB should continue studying developments in this area, including emerging topics related to the continued adoption of stablecoins and increased activity related to the tokenization of real-world assets. Additionally, topics such as safeguarding of private keys, reliability of information from blockchains, and determining when substantive procedures alone cannot provide sufficient appropriate audit evidence, continue to be focus areas in the digital asset ecosystem that may warrant additional study by the PCAOB. PCAOB actions in this space would improve transparency of expectations for auditors, which would both support auditor performance and assist investors in understanding these responsibilities and residual risks associated with digital assets. The AICPA has published a widely-used practice aid, *Accounting for and Auditing of Digital Assets*, that provides nonauthoritative guidance on how to account for and audit digital assets.[9] This work could provide a useful starting point for any additional auditing guidance from the PCAOB. Similar to our recommendations on data and technology, the use of a task force to monitor developments in the ecosystem and inform the need for, and development of, guidance and/or standards when warranted

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[8] Such as: AS 1105 – *Audit Evidence*, AS 1215 – *Audit Documentation*, AS 2110 – *Identifying and Assessing Risks of Material Misstatement*, AS 2301 - *The Auditor's Responses to the Risks of Material Misstatement*, AS 2305 – *Substantive Analytical Procedures* (interim standard), AS 2315 – *Audit Sampling* (interim standard), AS 2510 – *Auditing Inventories* (interim standard), AS 2601 – *Consideration of an Entity's Use of a Service Organization*, AS 2605 – *Consideration of the Internal Audit Function*, AS 1201 – *Supervision of the Audit Engagement,* as well as QC 1000, *A Firm's System of Quality Control*.

[9] See *Accounting for and Auditing of Digital Assets Practice Aid* (PDF) | Resources | AICPA & CIMA. The practice aid reflects multistakeholder views including auditors, preparers, and those in industry.

is advisable. The existing AICPA Digital Assets task force, which has years of experience on this topic, could be leveraged to further this objective.

Standard-Setting Agenda

We largely believe the existing PCAOB standards are fit for purpose. There are certain standard-setting topics that would benefit from incremental, practical improvements.

1. Fraud and NOCLAR

We recommend that the fraud and NOCLAR projects remain separate but proceed concurrently given their overlapping considerations. Because many of the public interest issues identified in the prior NOCLAR project relate to fraud, conducting the projects in parallel may be most effective. These projects should take into account the IAASB's recently modernized fraud standard and the ASB's current project on AU-C section 240, while giving appropriate consideration to the intentional difference in approach taken by the PCAOB in the development of its risk assessment standards, and the U.S. legal and capital markets environment, which we believe differ significantly from the international environment.

Our comment letter on the prior NOCLAR proposal provided our views on elements for consideration in an updated proposal.[10] We support modernizing PCAOB standards with appropriate consideration to addressing relevant auditor responsibilities described in Section 10A of the Securities Exchange Act of 1934 (Section 10A); however, auditors should not be asked to make conclusions that are beyond the auditor's competence and area of expertise. A project that vastly expands the responsibilities of auditors for compliance or conflates the responsibilities of management and auditors, as the previous NOCLAR proposal did, is not justified or appropriate.

2. Auditor Independence

We support a comprehensive reassessment of the PCAOB ethics and independence rules. Significant changes have occurred in business practices, corporate structures, and technology since the adoption of the Board's interim ethics and independence standards two decades ago. SEC and AICPA independence requirements have also been updated in the meantime. The Board should evaluate whether the PCAOB ethics and independence rules overlap with SEC independence rules and if unnecessary duplication can be removed.

Many of the PCAOB ethics and independence rules address situations that were relevant at a specific point in time or were in response to business practices that have now evolved (e.g., the formal written communication and documentation requirements under Rule 3524 and 3525 versus consideration of electronic communication practices today).[11] We believe that several of the PCAOB ethics and

[10] See CAQ *Comment Letter to the PCAOB on Proposed Amendments Related to a Company's Noncompliance with Laws and Regulations* (March 2024).
[11] PCAOB Rule 3524, *Audit Committee Pre-approval of Certain Tax Services* and Rule 3525, *Audit Committee Pre-approval of Non-audit Services Related to Internal Control Over Financial Reporting* (Rule 3524 and Rule 3525).

independence rules[12] could be repealed without creating gaps in the independence regulatory regime, because those rules overlap with or have been superseded by SEC independence rules. Reducing PCAOB overlap with existing SEC independence requirements could reduce complexity and compliance costs without compromising investor protection.

More broadly, we support durable independence requirements that address meaningful threats to the auditor objectivity and impartiality rather than technical or documentation requirements that do not affect investor protection and may require overly prescriptive communications to the audit committee. Such communications could distract from audit committee oversight of the audit and more meaningful discussions with auditors. Any modernization project on independence should proceed in close coordination with the SEC.

3. Consideration of an Entity's Ability to Continue as a Going Concern

Although not currently included on the proposed agenda, we recommend continuing work in a targeted manner on AS 2415, *Consideration of an Entity's Ability to Continue as a Going Concern*. Opportunities exist to better align auditor responsibilities and the intent of Section 10A with management's responsibilities under the accounting standards, which would be consistent with an objective of the conceptual framework articulated above.

The Board should conduct broad outreach and consider opportunities for harmonization with efforts by other standard setters, including considering the ASB's AU-C section 570, which aligns to the current FASB requirements, as well as the ASB's current project in relation to AU-C section 570.

Topics That Do Not Warrant Standard Setting

1. Critical Audit Matters (CAMs)

We do not believe changes to the CAMs framework should be a priority. In our view, the CAMs standard has achieved its objectives and appears to be applied consistent with its intent. Research conducted by the CAQ, including its 2024 survey of institutional investors, indicates that institutional investors generally find CAMs useful and informative, with 92% of surveyed investors reporting that CAMs are useful.[13] We encourage the Board to consider these findings when evaluating whether changes to the CAM framework are warranted.

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[12] PCAOB Rule 3500T, *Interim Ethical and Independence Standards*, Interim Standard ET 101, *Independence*, Interim Standard ET 191, *Ethics Rulings on Independence, Integrity and Objectivity*, Interim Standard ISB No. 2, *Certain Independence Implications of Audits of Mutual Funds and Related Entities*, Interim Standard ISB No. 3, *Employment with Audit Clients*, Interim Standard ISB No. 99-1, *Impact on Auditor Independence of Assisting Clients in the Implementation of FAS 133 (Derivatives and Hedging Activities)*, PCAOB Rule 3521, *Contingent Fees, and related definition in PCAOB Rule 3501(c)(ii)*, Rule 3524, and Rule 3525.

[13] See CAQ *Critical Audit Matters Survey* (July 2024).

Any action in this area should start with the completion of the PIR for CAMs.[14] If, based on the PIR, additional action is to be taken in line with a conceptual framework, the Board should carefully consider the unique characteristics of the U.S. regulatory environment and the original policy decisions underlying the CAM framework that were made to respond to stakeholder concerns. For example, the disclosure of original information about the company should remain the responsibility of management, not auditors.

2. Audit Quality Indicators (AQIs)

Our views remain consistent with those we have previously expressed regarding firm and engagement metrics.[15] We do not believe a standard on audit quality indicators is warranted. Audit quality indicators generally are most useful when discussed between auditors and audit committees in context and as part of a broader evaluation of the auditor and audit quality. In our view, the costs, including the burden on firms of collecting, maintaining, and reporting the information, would significantly outweigh the benefits and could divert attention from audit execution. Further, we continue to be concerned about the risks that the information may be misconstrued or misunderstood without proper context.

Individual metrics rarely tell a complete story. For example, fewer engagement hours may reflect either reduced effort or increased efficiency resulting from technological investments and process improvements. Outside the framework of audit committee-auditor discussions, this critical context could be lost or ignored, rendering the metrics confusing and of minimal utility.

If the Board wishes to explore AQIs further, we recommend performing research including pilot programs that involve audit committees and firms to explore whether certain indicators are indeed decision-useful, and whether the costs of such reporting can be appropriately managed prior to a rule proposal. Further research and engagement with other regulators who have explored AQI frameworks would also be beneficial.

Changes in PCAOB Standards Related to SEC Semiannual Reporting Proposal

AS 6101, *Letters for Underwriters and Certain Other Requesting Parties* (AS 6101)

We have previously provided our views on changes to AS 6101 in connection with the SEC's proposal on Semiannual Reporting.[16] We do not believe that changes are required to the existing PCAOB auditing standards (governing issuance of letters to underwriters) or more broadly to SEC rules and regulations to accommodate the proposed semiannual reporting framework.

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[14] PCAOB *Interim Analysis Report: Further Evidence on the Initial Impact of Critical Audit Matter Requirements* (2022). "Future analyses will further evaluate the benefits and costs of the CAM requirements, including any unintended consequences, to understand the overall effect of the requirements on users of financial statements, auditors, and public companies."

[15] See CAQ *Comment Letter to the PCAOB on Firm and Engagement Metrics* (June 2024).

[16] See CAQ *Comment Letter to the SEC on Amendments to Accelerate Filer Status and Semiannual Reporting* (July 2026).

The PCAOB auditing standards (governing issuance of letters to underwriters) in their current form accommodate both a quarterly and semiannual reporting framework. The current framework would continue to establish a baseline requirement with respect to subsequent change period comfort and would continue to allow the market to determine what, if anything, is required above and beyond the baseline regulatory requirement in a semiannual reporting framework.

In connection with registration statements prepared for public offerings, underwriters often suggest, and issuers often include, financial information for periods that are not required by regulation, such as selected quarterly data for certain required annual periods or capsule financial information for more recent periods than are otherwise required by rule. That non-required information is included to enhance marketability and meet investor demands. Similarly, for foreign private issuers, we observe that issuers generally prepare and include interim financial statements – whether regularly or episodically in connection with a contemplated transaction – for periods that are otherwise not required (from a regulatory standpoint) in response to their individual underlying risk and market-based dynamics. Again, in each of these instances, the ultimate outcome is determined by the participants to the transaction against the backdrop of a well-understood framework, after considering risk and market-related considerations.

AS 4105, *Reviews of Interim Financial Information* (AS 4105)

In addition to our views on AS 6101, we encourage the PCAOB to work with the SEC on any potential changes to other PCAOB standards. If, based on outreach with investors, underwriters, and other stakeholders, amendments are deemed necessary, the PCAOB should consider whether changes to AS 4105 may be necessary.

AS 4105 establishes interim review procedures in the context of a complete set of interim financial statements. Financial information must be evaluated in its proper context, and the ability to adequately evaluate and review information may be lost without looking at the financial statements (including note disclosures) taken as a whole. Any changes to the standards governing interim reviews should be carefully studied to ensure that the scope and limitations of such reviews are clearly understood and that any revisions do not increase the expectation gap or create unintended consequences.

Based on the changes resulting from the SEC's Semiannual Reporting proposal, stakeholders may desire auditor involvement with information that is less than a full set of quarterly financial statements, or with information such as earnings releases provided on Form 8-K. If the PCAOB were to proceed with changes in its standards, defining the scope and guidelines of what the auditor may do in these circumstances, including the form of reporting and any limitations on assurance, is needed to clarify responsibilities and obligations. The PCAOB should also study how auditors should communicate the scope and limitations of their involvement to avoid user confusion or unwarranted reliance.

Closing

We encourage the PCAOB to use this agenda consultation as an opportunity to strengthen the transparency, discipline, and durability of its standard-setting process. A publicly released conceptual framework, supported by meaningful stakeholder engagement, rigorous analysis, effective implementation support, and post-adoption review, would help ensure that future projects are appropriately prioritized and that PCAOB standards continue to serve investors and the public interest.

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The CAQ appreciates the opportunity to provide our views on the PCAOB's standard-setting agenda.

We would be pleased to discuss these comments further or answer any questions regarding the views expressed in this letter. Please direct any questions regarding this letter to Dennis McGowan (dmcgowan@thecaq.org) or Star Yuan (syuan@thecaq.org).

Respectfully submitted,

Dennis J. McGowan

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cc:

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