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August 7, 2026

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

Re: Request for Public Comment on PCAOB Standard Setting, PCAOB Release No. 2026-05

Dear Office of the Secretary:

RSM US LLP (RSM, “we”) values the opportunity to offer our comments on the Public Company Accounting Oversight Board’s (PCAOB) *Request for Public Comment on PCAOB Standard Setting* (the proposal). RSM is the leading provider of assurance, tax and consulting services focused on the middle market, with nearly 18,000 professionals in 77 U.S. cities, six locations in Canada, one in El Salvador and four in India.

Overall Comments on the Proposal

We appreciate the opportunity to provide input on the PCAOB’s standard-setting and research agendas. We support the Board’s decision to seek stakeholder feedback before finalizing its agenda and view this as a constructive step toward a more transparent, durable and responsive standard-setting process. In our view, one of the PCAOB’s highest priorities should be developing and applying a conceptual framework that is grounded in the Board’s investor-protection mission, focused on clearly identified auditor performance issues associated with matters most significant to investors and supported by transparent due process, meaningful stakeholder engagement, robust economic analysis, implementation support and post-adoption review.

We believe such a framework would help ensure that future standards are justified, scalable, capable of standing the test of time, and appropriately aligned with other standard setters where doing so serves investors and the public interest. We also believe the framework should help the PCAOB determine whether a matter is best addressed through standard setting, research, staff guidance, interpretive material, FAQs or other implementation support. This distinction is particularly important in rapidly evolving areas such as data technology, artificial intelligence (AI) and digital assets, where prescriptive standards may become outdated quickly.

We further encourage the PCAOB to continue improving transparency and coordination throughout the standard-setting lifecycle, including coordination across PCAOB offices and divisions responsible for standard setting, implementation guidance, inspections and remediation. These efforts would help promote consistent understanding and application of standards, reduce unintended consequences, and support standard-setting outcomes that are both practical and aligned with the public interest.

We provide further detail on these topics, as well as other comments, in our responses to the specific questions set out below.

Comments on Specific Questions Posed by the Board

Standard-Setting and Research Priorities

1. Do you believe that the PCAOB should focus our standard-setting and research activities in areas discussed in the table above? How would you approach these areas (e.g., conduct further research, issue staff guidance, or advance to standard setting)? How would you prioritize these areas? Are there areas not listed in the table above that the PCAOB should prioritize?

We believe the PCAOB should prioritize the development and implementation of a conceptual framework to guide its standard-setting and research agendas with a forward-looking focus rooted in the Board's investor-protection mission. We believe the framework should be durable and developed in a transparent process, ensuring that multiple stakeholders are involved. The goal should be to develop a framework that would provide a foundation for future standard setting and consistent, mission-aligned guidance for each new administration. This approach would help ensure that the PCAOB's standard-setting agenda will support the Board's mission while providing consistency in direction to aid in the application of the standards.

With respect to specific focus areas, as mentioned above, we believe data technology and AI are appropriate and important areas for research projects and staff guidance rather than immediate prescriptive standard setting. These topics are evolving rapidly, and standards adopted too early could become outdated or inadvertently constrain innovation. Refer to our detailed responses in Questions 8 through 10 regarding more specific proposals related to data and technology.

We also encourage the PCAOB to evaluate whether all its ethics and independence requirements continue to provide distinct and incremental benefits beyond the existing Securities and Exchange Commission (SEC) and American Institute of Certified Public Accountants (AICPA) independence frameworks. Many of the PCAOB's ethics independence rules were adopted more than two decades ago in a regulatory and business environment that has evolved significantly since that time. In the intervening years, the SEC and AICPA have continued to update and refine their independence standards to address emerging risks, changes in the profession and developments in the marketplace. Because auditors of public companies already comply with these well-established standards, maintaining a separate set of PCAOB independence rules can create unnecessary complexity and, at times, uncertainty when requirements overlap or are not fully aligned. Consolidating reliance on the SEC and AICPA frameworks could enhance clarity, consistency and efficiency while continuing to support the fundamental objective of auditor independence and investor protection. Under this approach, the PCAOB may still retain targeted requirements as deemed necessary for matters not addressed by existing independence frameworks (e.g., Rules 3522 and 3523 related to tax services).

Additionally, we would support a standard-setting project related to fraud to determine appropriate revisions to AS 2401 and encourage the PCAOB to leverage the recently revised ISA 240 as a foundation for its efforts. The International Auditing and Assurance Standards Board's (IAASB) revisions provide a modernized framework that clarifies auditor responsibilities, strengthens the application of professional skepticism, emphasizes a fraud-focused risk assessment and enhances responses to identified fraud risks, while reflecting extensive global stakeholder input and analysis. Leveraging the revised ISA 240 would allow the PCAOB to build on a modern standard, promote greater consistency across auditing frameworks, and focus its standard-setting efforts on areas where public company audits warrant additional or unique requirements.

Similarly, we would support a new and distinct standard-setting project addressing noncompliance with laws and regulations (NOCLAR) given its close relationship to fraud, recent stakeholder interest in the topic, and the significant developments in practice and regulatory expectations since the PCAOB last considered this area. Rather than revisiting the prior Board's proposal, we believe the PCAOB should approach the project through the lens of the proposed conceptual framework, with particular emphasis on clearly identified auditor performance issues, investor protection and the interaction of any new requirements with auditors' existing responsibilities under Section 10A of the Securities Exchange Act. Such an approach would provide an opportunity to develop a balanced, scalable and principles-based framework that enhances auditor responsibilities where appropriate while avoiding unnecessary complexity, duplication of existing requirements, or unintended consequences and costs.

We would also support a new standard-setting project addressing audit committee communications prescribed under AS 1301. Audit committee oversight responsibilities, risk landscapes and communication practices have changed considerably since the standard was issued. Areas such as cybersecurity, the use of technology and AI, fraud risks, regulatory developments, and critical judgments now command significant audit committee attention. At the same time, many required communications have become highly standardized and are frequently presented through extensive written materials, reducing the limited time available for meaningful discussion of matters most relevant to audit quality and investor protection. The PCAOB should consider whether AS 1301 can be modernized to encourage more tailored, risk-focused and decision-useful communications that better align with the needs and expectations of today's audit committees.

While we strongly support transparency and communication among the PCAOB, auditors, audit committees and investors, we would reiterate our concerns regarding the original proposal regarding firm and engagement metrics. Further, in light of the Board's recent actions in the area of transparency and enhancing information provided to investors, such as forming the Inspections Modernization Council and creating a formal Firm Consultation Process, we do not believe further standard setting on firm and engagement metrics is warranted at this time. Future research may be useful once these and additional actions (i.e., implementation of QC1000) have been implemented and their effects can be properly evaluated.

We do not believe critical audit matters (CAMs) should be a current priority. In our view, the standard has been applied consistently and has achieved its intended objective, as reflected in the CAQ's 2024 survey indicating that 92% of investors use CAMs in making investment decisions and only 2% were dissatisfied with the quality and clarity of CAMs in audit reports.[1] If the Board believes additional action is necessary, we suggest first completing the post-implementation review (PIR) process to fully assess the perspectives and impacts to all stakeholders. If, after the completion of the PIR, the Boards' execution of the conceptual framework identifies CAMs as an area for future research or consideration, we would welcome further discussion. However, we continue to emphasize the unique characteristics of the U.S. regulatory environment when considering revisions and that auditors should not be the source of original information for investors; that responsibility rests with management.

[1] https://thecaq.wpenginepowered.com/wp-content/uploads/2024/09/caq_cams-survey-research-findings-q3-survey_2024-07.pdf

2. Do you have any views not previously shared regarding the scope and objectives of potential standard setting or research in areas discussed in the table above? If yes, what specifically should the PCAOB focus on in each of these areas?

We encourage the PCAOB to define the scope and objectives of any project with careful attention to whether standard-setting or guidance is the best tool. Standards should be principles-based and sufficiently flexible to support innovation while remaining durable over time. We support alignment with international standards, converging where appropriate, while maintaining flexibility in the U.S. environment to respond to a regulatory or legal matter. We also support the idea that international coordination lowers the cost of capital, thereby protecting investors.

3. In areas where you believe issuing staff guidance would be preferable to amending PCAOB standards, what matters should guidance specifically address?

We generally believe staff guidance is preferable in areas characterized by rapid change, including technology, AI and digital assets. Guidance in these areas should address how existing standards apply to new tools and methods, without creating prescriptive requirements that could quickly become obsolete or constrain innovation. We also believe that the PCAOB should make available post-adoption implementation guidance and support for public accounting firms.

However, if the PCAOB is made aware of current standards that may be perceived to limit or prevent auditors from utilizing emerging technologies and tools, we would encourage a standard-setting project in the related area or the issuance of implementation guidance clarifying how existing standards apply in a technology-enabled environment. Similar to the SEC's use of interpretive guidance and FAQs in the independence area, timely clarification may often be sufficient to address uncertainty without the need for immediate amendments to the underlying standards.

4. In addition to performing standard-setting or research activities in the potential focus areas, should the PCAOB undertake modernization of the remaining “interim” PCAOB standards (including those discussed by commenters, e.g., going concern, inventory, use of service organizations, use of internal auditors)? If the standards were to be updated on an individual basis, which standards should we prioritize?

We do not believe the PCAOB should modernize interim standards solely because they remain interim. Instead, the PCAOB should use its conceptual framework to identify areas where change is needed and likely to enhance audit quality and investor protection. In doing so, the Board may identify areas where the interim standards have diverged from the underlying standards on which they were originally based, creating potential inconsistencies and, in effect, two sets of standards that have evolved separately over time. Where such inconsistencies create complexity, confusion or implementation challenges, modernization may be warranted. We believe that the PCAOB should focus on areas where real change is needed. If prioritizing from the list of “interim” standards, we would suggest focusing on going concern, use of a specialist and use of service organizations.

> 5. Some users of PCAOB standards have expressed concern about the accelerated pace of standard setting and length of comment periods to react to proposals. What would be the preferred length of comment periods to enable stakeholders to fully analyze and respond to proposals? What factors should be taken into account when determining the length of the comment period?

We recommend that the PCAOB determine comment periods based on the complexity and significance of each proposal. Relevant factors should include the length and complexity of the proposal, the number of affected or interrelated standards, whether field testing or data gathering is necessary, alignment with SEC and other standard-setter timelines, and the number of PCAOB proposals outstanding at the same time.

We do not suggest that the PCAOB slow all standard-setting activity or solely focus on the development of a conceptual framework. Rather, we encourage the PCAOB to consider cumulative regulatory activity and potential unintended consequences when establishing comment periods, so stakeholders have a meaningful opportunity to evaluate proposals and provide informed input.

> 6. When setting the effective dates of new standards, what factors should be taken into account to provide a sufficient period of time for implementation? Recognizing that implementation timelines will vary depending on the nature and complexity of a standard, what range of time do firms typically need to implement a new standard, including updating audit methodologies and technological resources and training staff?

Effective dates should be established based on the nature, complexity and operational impact of each new standard to both issuers and audit firms. The PCAOB should consider whether implementation will require changes to methodology, technology, tools, templates, policies, procedures, quality control processes, training and monitoring. The PCAOB should also consider whether firms are simultaneously implementing other PCAOB, SEC or other standard-setter requirements.

Because implementation timelines vary depending on the standard, we recommend that the PCAOB avoid a one-size-fits-all approach.

Also see our response to Question 5.

> 7. When prioritizing potential standard-setting or research projects, including those outlined above, how and to what degree should the PCAOB consider economics benefits, costs, competitive effects, and unintended consequences? Should such analyses involve an assessment of how any regulatory action may affect smaller firms, including potential barriers to entry or scalability concerns?

The PCAOB should consider economic benefits, costs, competitive effects, scalability and unintended consequences when prioritizing projects and developing standards. This analysis should be substantive, transparent and connected to the problem the PCAOB is seeking to solve. When determining the potential costs, the Board should consider Board Member Calabria’s remarks on July 20, 2026, that noted, “These costs are not limited to dollars spent by audit firms. They include demands on talent, time, systems, audit committees, issuers, and ultimately investors.” It should also consider whether the expected benefits justify the costs and whether proposed requirements could have disproportionate effects on smaller firms or create barriers to entry.

Economic analysis should not be limited to the proposal stage. The PCAOB should also consider post-adoption review to determine whether standards are achieving their intended objectives; whether implementation costs are consistent with expectations; and whether amendments, guidance or other support are warranted. As noted by Board Member Calabria's remarks on July 20, 2026, "Regulation that is evidence-based, proportionate, and capable of being implemented effectively is more likely to improve audit quality in practice."

Data and Technology: Artificial Intelligence

8. In your view, should the PCAOB pursue standard setting and research to address the matters previously identified by commenters (e.g., addressing the impact of the use of AI on identifying and assessing the risk of material misstatement, auditing internal controls, determining what constitutes sufficient appropriate audit evidence, documentation, supervision, and governance of AI-enabled tools)? Alternatively, are these matters best addressed through the issuance of staff guidance?

We recommend that the PCAOB address AI-related matters through research, staff guidance, FAQs, and a flexible framework in consultation with DRI and OCA rather than prescriptive standard setting at this time. As discussed in Question 3, AI-enabled tools and related audit practices are evolving rapidly, and standards adopted prematurely may become outdated or reduce the ability of auditors to innovate responsibly.

Guidance should help auditors understand how existing standards apply to AI-enabled tools—including considerations related to risk assessment, audit evidence, documentation, supervision and governance—while avoiding rigid requirements that may not remain fit for purpose as technology changes.

9. In light of rapid advancements in data and technology, including AI, are there additional matters the PCAOB should consider addressing?

The PCAOB should consider reestablishing the Technology Innovation Alliance working group or establishing a similar mechanism to obtain ongoing input from auditors, preparers, investors, academics, technologists and other stakeholders. Such a group could help the PCAOB monitor developments in data, technology and AI and determine when guidance, research or standard-setting activity is appropriate.

As we wrote in our comment letter to the PCAOB in May 2026, we recommend the PCAOB implement ideas from the 2024 Technology Innovation Alliance report, *Transforming Audit Quality Through Technology*. Specifically, we recommend the PCAOB consider creating innovation labs, hosting tech sprints, and developing more guidance and use cases for AI in the audit. The Dutch regulator AFM Netherlands has a sandbox environment for firms to work with the regulator to experiment with implementation approaches and the UK Financial Reporting Council recently implemented the Audit Tech and AI Sandbox to support firms in exploring how auditing standards apply to new and emerging technologies in practice—the PCAOB could draw on that model.

The PCAOB should also ensure that any guidance in this area is developed with input from the functions responsible for standard interpretation and inspection, so firms receive consistent messages about the meaning and application of existing standards.

We also encourage the PCAOB to ensure that any guidance related to emerging technologies is grounded in the principle that technology-enabled audit procedures should not be held to a higher standard than comparable procedures performed by humans. Guidance should focus on obtaining sufficient appropriate audit evidence and validating that technology performs as intended, rather than imposing reperformance or other requirements that exceed those applied to manual processes.

> 10. Are there specific areas of the PCAOB's current standards that you believe are not fit for purpose in an AI environment? If so, what are those areas and what changes may be necessary to address the impact of AI on auditing?

We do not believe PCAOB standards currently require modification to be operable in an AI-enabled audit environment. However, as further discussed in our response to Question 8, we encourage the PCAOB to provide guidance on the application of existing standards to the use of AI and other emerging technologies.

Data and Technology: Digital Assets

> 11. Do you believe there is a need for the PCAOB to address this topic? If so, should the PCAOB pursue standard setting and research to address matters related to auditing digital assets (e.g., access, ownership, control, and existence when held by a third party)? Alternatively, are these matters best addressed through the issuance of staff guidance? In addition to matters discussed in comments provided on the Strategic Priorities RFC, what questions should be specifically addressed through either guidance or standard setting?

We believe digital assets are an appropriate area for the PCAOB's research agenda rather than standard setting as they continue to quickly evolve, and guidance would better support consistent application of existing standards while avoiding requirements that may become outdated.

Approach to Standard Setting

> 12. Should we develop and adopt a conceptual framework for PCAOB standard setting? What would be the advantages and disadvantages of establishing such a framework?

We support the PCAOB developing and adopting a conceptual framework for standard setting. A well-designed framework would help ensure that future standards are durable, justified, transparent, focused on clearly identified auditor performance issues, and capable of being implemented consistently and practicably across firms and engagements. It would also promote consistent consideration of stakeholder input, economic analysis, implementation needs, post-adoption review and alignment with other standard setters where appropriate.

We recognize that a conceptual framework cannot bind future Boards indefinitely. However, if the framework is balanced, grounded in audit quality and investor protection, and developed through transparent stakeholder engagement, it can provide a meaningful discipline for future standard setting and make departures from that discipline more visible.

> 13. What qualitative characteristics should be considered when developing PCAOB standards that could be included in a new framework?

The PCAOB's conceptual framework should identify qualitative characteristics that support high-quality, durable standards. These should include clarity, consistency, scalability, enforceability, transparency and a principles-based foundation, with a clear connection to auditor performance and investor protection. The framework should be flexible enough to address evolving risks and meet the needs of diverse stakeholders.

14. How should a conceptual framework be integrated with the PCAOB standard-setting process and what improvements, if any, could be made to the standard-setting process?

The conceptual framework should be the cornerstone of the PCAOB's standard-setting process. At the agenda-setting stage, the framework should require the PCAOB to identify the problem to be solved and not attempt to solve problems that do not exist.

Process improvements should include more transparent due process, meaningful stakeholder engagement before and after proposals are issued, clear responses to significant stakeholder concerns, implementation guidance, and post-adoption support. The PCAOB should also promote internal coordination among DRI, OCA and the offices and divisions involved in standard setting, interpretation and inspection remediation so that standards are interpreted and applied consistently.

15. The PCAOB conducts economic analysis and gathers stakeholder input, both before and after our standards take effect. Should a conceptual framework include criteria or factors for evaluating economic benefits, costs, competitive effects, and unintended consequences? If so, what criteria or factors should be considered for inclusion?

Yes, this is central to the process. The conceptual framework should include criteria for evaluating economic benefits, costs, competitive effects, scalability and unintended consequences for all stakeholders involved. The PCAOB should use this analysis to determine whether a standard-setting project should proceed and whether the expected benefits justify the expected costs.

The framework should also require post-adoption evaluation. Such evaluation would help determine whether a standard is achieving its objectives; whether implementation costs or unintended consequences differ from expectations; and whether amendments, guidance, or other support may be needed.

16. Should a conceptual framework address alignment of PCAOB standards with those of other standard setters?

The conceptual framework should address alignment with other standard setters, particularly international standard setters, where alignment is consistent with the PCAOB's mission and U.S. legal and regulatory requirements. Alignment can support consistent audit execution across jurisdictions, reduce unnecessary cost and complexity, improve talent mobility, and contribute to investor protection and efficient capital markets.

Where the PCAOB determines that a different approach is necessary, the PCAOB should explain the basis for that difference.

Areas of Potential Alignment with International Auditing Standards

17. What topics should be the highest priority for alignment and why? Should alignment with IAASB standards be given higher priority than alignment with standards of other standard setters and why?

We believe alignment with IAASB standards should be an important reference point when the PCAOB considers prioritization of topics, particularly because many firms operate globally and maintain global methodologies based on international standards. Alignment should be prioritized where differences create unnecessary cost, complexity or interpretive uncertainty without corresponding investor-protection benefits.

At this stage, we do not recommend a rigid list of alignment priorities. Instead, the PCAOB should use the conceptual framework to identify areas where divergence is most significant, where practical differences affect audit execution or documentation, and where alignment would meaningfully improve audit quality or reduce unnecessary complexity, such as fraud and NOCLAR as discussed in our response to Question 1.

> 18. Should alignment be considered prospectively, i.e., when conducting future standard-setting projects, or should the PCAOB also examine previously completed standard-setting projects to determine if additional alignment would be feasible and appropriate? Should the PCAOB prioritize aligning its standard-setting agenda with those of other standard setters (as opposed to seeking to align specific standards)?

Alignment should be considered prospectively as part of the PCAOB's standard-setting framework. The PCAOB should remain open to reviewing previously completed projects where differences in wording, documentation expectations or interpretation create unnecessary complexity or inconsistent application. Any such review should be prioritized based on the significance of the issue and the expected benefit to audit quality and investors.

However, as discussed further in our response on the PCAOB's strategic priorities, we support a research or standard-setting project in which the PCAOB would issue guidance identifying the intentional qualitative differences between PCAOB auditing standards and ISAs and solicit public input.

> 19. Should the PCAOB establish formal means to work collaboratively with other standard setters, such as seeking to develop certain projects jointly?

As further detailed in our response regarding the PCAOB's strategic priorities, we support the PCAOB establishing formal means to collaborate with other standard setters, as such collaboration would improve standard-setting quality, reduce unnecessary divergence and support investor protection.

> 20. In addition to potential differences between PCAOB standards and those of other standard setters that are mentioned above, are there any other reasons for potential divergence between PCAOB standards and those of other standard setters that may be necessary to consider?

We are not aware of other reasons for divergence; however, any such reasons identified through standard setting should be clearly justified and communicated transparently to stakeholders.

> 21. Would alignment with international standards create any unique challenges or have disproportionate impact on smaller firms (e.g., costs to change guidance, policies and procedures, training)?

Alignment with international standards may reduce, rather than increase, costs for firms by decreasing the need to maintain multiple methodologies and training programs. This may be particularly helpful for smaller firms that have fewer resources to maintain two methodologies, one for GAAS/ISA and another for PCAOB. It would also expand the available talent pool for PCAOB audits by enabling auditors with experience under other widely accepted standards to transition more easily to PCAOB engagements, thereby enhancing talent mobility, reducing costs and supporting audit quality.

At the same time, the PCAOB should consider implementation costs, scalability and training needs when pursuing alignment. Any alignment project should be evaluated through the conceptual framework.

Alignment with international standards would also benefit investors by reducing confusion about differences in auditor responsibilities and audit execution across jurisdictions. While certain differences may be necessary to address U.S. legal or regulatory requirements, unnecessary divergence can make it more difficult for investors to understand whether variations in audit requirements reflect meaningful differences in audit quality or simply differences in terminology, structure or documentation expectations. Greater alignment, coupled with clear explanation of any intentional differences, would enhance transparency and comparability for investors in global capital markets.

Potential Impact of Recent SEC Proposal to Allow Optional Semiannual Reporting

22. Under AS 6101, auditors may provide negative assurance regarding subsequent changes in specified financial statement line items as of a date less than 135 days from the end of the most recent period for which an audit or review has been performed. In light of the SEC’s proposed revisions to the rules regarding the age of financial statements, should AS 6101 provisions related to negative assurance be amended?

As discussed in our comment letter on the SEC's semiannual reporting proposal, we do not believe amendments to AS 6101's negative assurance provisions are necessary. The existing framework already accommodates circumstances in which audited or reviewed financial information becomes stale by limiting the availability of negative assurance while permitting auditors to report on procedures performed and findings obtained. Market participants can continue to determine whether additional interim reviews or other procedures are warranted to support a particular transaction. Accordingly, we believe AS 6101 provides appropriate flexibility and does not require modification in response to changes in the age of financial statements requirements.

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We would be pleased to respond to any questions the PCAOB or its staff may have about our comments. Please direct any questions to Adam Hallemeyer, Chief Auditor, at 619.641.7318.

Sincerely,

RSM US LLP

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