Comments of the Auditing Standards Committee of the Auditing Section of the American Accounting Association on the PCAOB's Standard Setting Agenda

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Note: The views expressed in this letter are those of the participating members of the Committee and do not reflect an official position of the American Accounting Association. The comments do not necessarily reflect the views of every member.

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SUMMARY: On June 23, 2026, the Public Company Accounting Oversight Board (PCAOB) issued a request for comment on its standard-setting agenda (PCAOB 2026). This comment letter summarizes the views of the participating members of the Auditing Standards Committee of the Auditing Section of the American Accounting Association. We recommend that the Board assign its highest priority to data, technology, and AI; fraud; and going concern. We also recommend that the Board add complex estimates, fair value measurements, and specialist evidence to its research agenda with moderate-to-high priority; use economic analysis to evaluate scalability, competitive effects, and unintended consequences; avoid creating de facto requirements primarily through inspection and remediation processes; and pursue alignment with IAASB and ASB standards unless PCAOB-specific differences are justified by investor-protection benefits that exceed implementation costs.

Generative AI technology has not been used in the preparation of this manuscript.

I. INTRODUCTION

In June 2026, the Public Company Accounting Oversight Board (PCAOB or the Board) requested comments on its standard-setting agenda (PCAOB 2026). The Board seeks feedback regarding its standard-setting and research agendas as well as its approach to standard setting. The Board also requests comments regarding the impact of the Securities and Exchange Commission (SEC) semiannual reporting proposal.

II. RESPONSES TO SELECTED QUESTIONS

Question 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?

The table lists six areas of focus: data and technology, fraud, critical audit matters, noncompliance with laws and regulations (NOCLAR), firm and engagement performance metrics, and auditor independence.

Data and Technology

As technology continues to evolve rapidly, new tools for conducting audits are being introduced frequently. The Board should consider this topic its highest priority. The Board should relatedly (1) consider this topic to be a permanent mainstay of its research agenda and (2) actively monitor for changes that warrant specific additions to its standard-setting agenda. It is very important that PCAOB standards encourage – rather than impede – technological innovation that can improve audit quality. The Board should consider the ideas for agile audit standard setting described by Christensen, Emett, Ho and Wood (2026) and evaluate not only how auditors perceive the limitations of existing standards, but also other stakeholders view auditors' use of advanced technology (Barr-Pulliam, Brown-Liburd, and Sanderson 2022; Barr-Pulliam, Calvin, Eulerich, and Maghakyan 2024).

Rather than merely monitoring emerging tools, the Board should approach this area through a combination of principles-based standard-setting and timely staff guidance. Because many existing standards were built for a manual audit environment, standard setting is needed to establish durable expectations for the design, governance, validation, documentation, supervision, and use of technology-enabled audit procedures (including procedures that rely on artificial intelligence, data analytics, automation, or model-generated outputs). This focus includes articulating clear expectations for evaluating technology-generated evidence and promoting consistency across PCAOB inspections. Staff guidance can then provide implementation examples that can be updated more quickly as tools evolve. This dual approach allows the Board to reduce uncertainty and avoid prescriptive requirements. Together, this will help remove barriers that act to "freeze" current technology or discourage future innovation. This dual approach will also promote consistent inspection outcomes and avoid "standard-setting by inspection

Fraud

The International Auditing and Assurance Standards Board (IAASB) revised its fraud standard in 2025 (IAASB 2025a). International Auditing Standard (ISA) 240 adds several performance requirements (e.g., a requirement to understand the client's whistleblower program), provides additional guidance (e.g., explains the relationship between fraud risk factors, inherent risk, and control risks), and enhances requirements for communications with those charged with governance (IAASB 2025b). Given heightened public and investor expectations surrounding fraud detection, it is appropriate for the Board to place a high priority on this area and add fraud to its standard-setting agenda. Doing so would, at a minimum, provide the Board the opportunity to align PCAOB requirements with those of the IAASB while also modernizing standards for U.S. public company audits.

Critical Audit Matters

In the request for comments, the Board expressed concern regarding the continued "decrease in the average number of CAMs included in the auditor's report over time" (PCAOB 2026, 7). One potential cause of the decrease may be that firms that disclose more information about critical audit matters (CAMs) experience higher stock price volatility (Klevak, Livnat, Pei, and Suslava 2023). In fact, the stock market does not generally react to disclosure of CAMs, except when the subject of a CAM or the total number of CAMs is unexpected (Dennis, Griffin, and Zehms 2019; Burke, Hoitash, Hoitash, and Xiao 2023). Auditors have developed heuristics for determining the number of CAMs to disclose (e.g., always at least one) and avoiding surprises (Griffith, Rousseau, and Zhems 2026).

The Board should add this topic to its research agenda to consider, first, whether the reduction in the number of reported CAMs should be a cause for alarm. The Board should consider both its inspection findings (e.g., the frequency with which inspectors identify unreported CAMs) and the relevant academic literature. The Board should also consider the recommendations of Beyer, Guragai, and Rapley (2025) to classify CAMs as recurring, nonrecurring, and intermittent. In our view, moderate priority should be placed on this topic.

Noncompliance with Laws and Regulations

In June 2023, the Board proposed amendments that would significantly expand the auditor's responsibilities to design audit procedures to detect instances of NOCLAR (PCAOB 2023a). In our comment letter on the proposal, we urged the Board to reconsider standard setting on this topic (Boland, Hermanson, Higgs, Prewett, Pyzoha, and Tegeler 2024). We continue to experience the same deep concerns and strong reservations expressed in that comment letter. Should the Board decide to proceed with standard setting in this area, it should retain the fundamental distinction between direct and indirect NOCLAR for purposes of designing audit procedures. Auditors should not be required to design and perform procedures to detect illegal acts that have an indirect effect on the financial statements, as auditors lack specialized legal expertise and the costs of performing such broad inquiries would vastly exceed any potential benefit to investors. In our view, current standards on this topic are appropriate and adequate.

Firm and Engagement Performance Metrics

We continue to question whether disclosure of firm and engagement metrics will incrementally increase auditor accountability or provide meaningful information for investors (Barr-Pulliam, Boland, Christensen, Hermanson, Keyser, Prewett, and Pyzoha 2025). If the Board decides to add this project to its research agenda, it should clearly define the problem to be addressed.

Auditor Independence

Independence is the quintessential attribute of the auditor and a key characteristic of assurance that impacts audit quality. Auditors must comply with independence rules from a variety of sources (e.g., PCAOB, SEC, AICPA). We understand that there may be areas where these rules are "inconsistent and duplicative" (EY 2026). We support adding this topic to the Board's research agenda to identify whether there is a legitimate need for rulemaking to align and harmonize these requirements. This agenda item should be a low priority area.

Private equity investment in accounting firms raises new potential threats to auditor independence (e.g., Donahoo, Nielson, and Pickerd 2026; Csere, Jenkins, Mathis, and Negangard 2026; Keyser and Smith 2026). For example, private equity investments and other nontraditional ownership arrangements may introduce additional complexity around affiliate relationships, resource allocation, short investment horizons, and the separation of attest and nonattest services. The Board should add this topic to its research agenda and monitor whether changes in accounting firm ownership, governance, and alternative practice structures create new independence, accountability, or supervision risks. The objective should be to identify whether existing independence rules remain effective as firm structures evolve.

Question 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?

In addition to the areas identified in the Board's table, the PCAOB should add auditing complex estimates, fair value measurements, and use of a specialist to its research agenda with moderate-to-high priority. Although the Board's amendments to AS 2501 improved the framework for auditing accounting estimates, inspection findings and academic research continue to identify challenges in this area. Complex estimates often involve significant management judgment, model risk, unobservable inputs, and specialized valuation expertise. Academic research documents recurring friction in auditor-specialist interactions, including issues related to communication, shared responsibility, the evaluation of specialist work, and the documentation of disagreements (Zimmerman, Barr-Pulliam, Lee, and Minutti-Meza 2023).

To address these ongoing issues, the Board should focus its research and standard-setting efforts on articulating clearer expectations for testing models, key assumptions, and underlying data, as well as evaluating potential management bias. The PCOAB should also establish specific guidance for supervising, reviewing, and evaluating specialist work, alongside clear requirements for documenting how auditors resolve differences between audit teams, specialists, and management (Barr-Pulliam, Joe, Mason, and Sanderson 2019).

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

Staff guidance would be preferable when the issue involves application of existing principles to emerging facts and circumstances, rather than a need to change the auditor's underlying responsibilities. Guidance would be especially useful for technology-enabled audit procedures, AI-enabled tools, automated controls, system-generated information, use of service organizations, use of internal auditors, and digital assets. In these areas, staff guidance should address the evidence auditors should obtain about data integrity, completeness, accuracy, model validation, tool governance, human supervision, and documentation. Guidance should also provide examples illustrating how existing standards apply in common fact patterns without creating new requirements outside the standard-setting process.

Question 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?

The Board adopted the "interim" standards at its inception in 2003. At that time, the PCAOB staff believed that all the interim standards needed revision (Gradison 2014). At a minimum, the Board should review the staff's analysis to evaluate what changes the staff believed were needed.

Going Concern

The Board should add this topic to its standard-setting agenda and place a higher priority on it than several of the focus areas (e.g., independence, critical audit matters). The Board's going concern standard has not been updated even though the Financial Accounting Standards Board (FASB) issued a new standard requiring entities to disclose uncertainties about going concern in 2014 (FASB 2014). The IAASB revised its going concern auditing standard (ISA 570) in 2024 (IAASB 2024). The PCAOB should revise its going concern standard to reflect the changes in U.S. generally accepted accounting principles (GAAP) and to align with ISA 570.

Inventory

Auditing standards are typically not prescriptive with respect to addressing risks of material misstatement at the assertion level. However, the AICPA's Committee on Auditing Procedure created requirements for auditors to test the existence assertions for accounts receivable and inventory using specific procedures because of the McKesson and Robbins scandal. Statements on Auditing Procedure No. 1 required auditors to use confirmations to test the existence of accounts receivable and inspection to test the existence of inventory (American Institute of Accountants 1939). These prescriptive requirements have been retained in the auditing standards ever since. Recently, the PCAOB added another prescriptive requirement to require the use of confirmation to test the existence assertion for cash (PCAOB 2023b).

Knechel (2013) explains the difference between accounting standards and auditing standards. Accounting standards "define how to consistently measure and report an outcome" while auditing standards "define a process to verify the outcome" (Knechel 2013, A2). While a single method for accounting is appropriate, there is often more than one way to audit an assertion. Knechel (2013) warns that prescribing specific audit procedures to test assertions may inhibit innovation and impede audit efficiency. We encourage the Board to resist the urge to develop auditing standards for testing specific account balances and assertions, including inventory.

Use of Service Organizations and Use of Internal Auditors

It would be appropriate for the Board to add *Use of Service Organizations* and *Use of Internal Auditors* to its research agenda to explore potential areas for which the standards could or should be updated. External auditors frequently use the work of internal auditors to inform the nature, timing, and extent of their audit procedures. At the same time, some internal audit functions have advanced more rapidly in their use of emerging technologies and data-enabled audit techniques. Although institutional differences affect the extent to which internal and external auditors may access and use data, changes in technology create an important opportunity for research examining how external auditors evaluate and rely on technology-enabled work performed by internal auditors. Such research could inform whether existing standards remain appropriate and where additional guidance or standard setting may be needed.

Question 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?

The default comment period for concept releases and proposed rules should be at least 90 days to allow for sufficient time for stakeholders to respond thoughtfully and thoroughly. A key factor that should be considered when establishing a comment period is the timing of the year when the concept release or proposal is issued. For example, concept releases and proposals issued during the first three months of the calendar year should have longer comment periods to allow audit firms sufficient time to respond while managing heavy client workloads.

Question 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 provide sufficient time for firms to update audit methodologies, develop or revise tools and templates, train personnel, coordinate with global network affiliates, and communicate changes to audit committees and issuers. The Board should also consider whether the standard requires changes to technology systems, quality control processes, specialist involvement, national-office consultation procedures, or inspection-readiness documentation. For narrow amendments, one audit cycle after SEC approval may be sufficient. For broad or complex standards that affect audit methodology, technology, documentation, supervision, or ICFR procedures, firms will often need at least 18 to 24 months after SEC approval, with longer implementation periods appropriate when systems development, vendor coordination, or extensive training is required. The Board should avoid effective dates that require implementation during the middle of an audit cycle or during peak issuer filing season.

Question 7: When prioritizing potential standard-setting or research projects, including those outlined above, how and to what degree should the PCAOB consider economic 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 Board must consider economic costs and benefits as well as unintended consequences when it proposes and finalizes auditing standards. Research examining PCAOB remediation documents that regulatory oversight and enforcement can create significant uncertainty and uneven burdens across audit firms of different sizes and complexity (Bills, Keyser, Peytcheva, and Zimmerman 2026). When standard setting fails to account for firm size and resource constraints, it can induce costly over-auditing, overdocumentation, heavy consultant dependence, or even market exit among smaller firms. To prevent these market distortions, every standard-setting project should explicitly analyze effects on smaller practices, audit market concentration, and whether proposed requirements are genuinely scalable across firms with differing client portfolios, geographic footprints, technology infrastructures, and access to specialist resources.

Furthermore, the Board should also consider how new standards will be implemented through inspections and remediation, and it should explicitly avoid “standard setting by inspection.” When uncertain or shifting inspection and remediation expectations effectively create de facto requirements outside the formal notice-and-comment process, they amplify regulatory friction and disproportionately burden smaller firms (Bills et al. 2026). If recurring inspection or remediation expectations are important enough to affect audit methodologies across firms, those expectations should be translated into standards, staff guidance, or other publicly available implementation guidance after appropriate due process. The PCAOB should avoid relying primarily on inspections to create de facto requirements, because doing so can increase uncertainty, create uneven burdens across firms, and reduce transparency for auditors, issuers, audit committees, and investors (Bills et al. 2026).

When considering economic benefits, we encourage the Board to evaluate the materiality of potential benefits honestly and critically. When feasible, we encourage the Board to quantify the value that potential economic benefits might provide. We also encourage the Board to identify how standard-setting and research projects will provide specific benefits to different investor groups as well as investors overall.

Question 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?

The PCAOB should pursue both standard setting and staff guidance to address these matters. In our comment letter on the PCAOB's strategic plan, we recommended that the Board consider amendments to the ICFR standards to address concerns identified through academic research (Barr-Pulliam, Dennis, Holt, Keyser, McAllister, and Zimmerman 2026). Specifically, the Board should pursue ICFR standards modernization to directly address technology-enabled controls, automated controls, management's use of AI in financial reporting, and the auditor's evaluation of system-generated information. Those concerns are more pressing as issuers and auditors increasingly use sophisticated digital tools. Standard setting should establish foundational expectations for technology-neutral areas such as risk assessment, audit evidence, documentation, supervision and review, ICFR, and governance over firm-developed or vendor-provided audit tools. Staff guidance should provide practical examples addressing technology-enabled controls, management's use of AI in financial reporting, auditor evaluation of system-generated information, and validation of AI-enabled audit tools. It should further provide guidance on how audit teams demonstrate inspection readiness for firm technology, and documentation of how auditors evaluate and respond to technology-generated evidence.

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

The Board should consider whether it has sufficient technological expertise, inspection tools, and data infrastructure to evaluate audits that rely on advanced analytics or AI-enabled procedures. If firms are expected to validate, govern, supervise, and document technology-enabled audit work, inspectors must have comparable expertise to evaluate that work consistently. The Board should also consider whether inspection teams need additional training in model validation, algorithmic bias, cybersecurity risks, system-generated evidence, data lineage, and automated controls. These investments should be coordinated across inspection tools, staff training, and implementation guidance to help the PCAOB assess firm technology without discouraging appropriate innovation or creating inconsistent expectations across firms and inspection teams.

Question 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?

Several areas of the PCAOB's current standards may not be fully fit for purpose in an AI environment. These include standards governing audit evidence, audit documentation, supervision and review, risk assessment, ICFR, the use of specialists, auditing accounting estimates, and substantive analytical procedures or sampling. The Board should clarify how auditors should evaluate the reliability and relevance of evidence generated by AI-enabled tools; how they should validate models, data inputs, and outputs; how much human involvement is necessary when procedures are automated; what documentation is sufficient when algorithms or vendor tools are used; and how engagement partners and reviewers should supervise technology-enabled work. Any revisions should remain principles-based and technology-neutral so that standards do not become obsolete as tools evolve.

Question 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?

The PCAOB should address digital assets through research and staff guidance before pursuing standard setting. Digital assets raise important audit issues related to existence, rights and obligations, access, custody, valuation, completeness, and third-party controls. However, the market, custody arrangements, technologies, and regulatory environment continue to evolve. Staff guidance could clarify how existing PCAOB standards apply to common audit issues, including evaluating private-key control, confirming assets held by custodians or exchanges, assessing service-organization controls, testing valuation and the applicable accounting treatment, evaluating blockchain-based evidence, and addressing risks of unauthorized transfers or related-party transactions. The guidance should also clarify that observing transactions or balances on a blockchain may not, by itself, provide sufficient appropriate audit evidence regarding ownership, control, or the identity of the transacting parties. The Board should pursue standard setting only if research or other evidence show that existing standards are insufficient to address recurring audit-quality issues or are being applied inconsistently. Any resulting standards should be principles-based and sufficiently technology-neutral to remain relevant as digital-asset technologies and custody arrangements evolve.

Question 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?

The Board's description of a conceptual framework that "promotes greater transparency, consistency of standards, and efficient use of our resources" is appealing. We agree that a conceptual framework could enhance the Board's standard setting process. A potential disadvantage of developing a conceptual framework is that, in the short term, it would require resources that might otherwise be devoted to developing new standards.

A conceptual framework could also reduce the risk that broadly applicable audit requirements emerge primarily through inspection observations, remediation negotiations, or informal expectations. The framework should require the Board to explain the problem a standard-setting project is intended to solve, why the proposed requirements are expected to improve audit quality and benefit investors, how the requirements are scalable across firms and issuers, why standard setting—rather than staff guidance or another regulatory response—is appropriate, and how implementation will be evaluated after adoption. This approach would promote transparency and help distinguish between formal standards, staff guidance, inspection observations, and firm-specific remediation expectations.

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

Some qualitative characteristics include:

- Flexibility – The standards should allow auditors to exercise professional judgment in selecting audit procedures that are most appropriate based upon client-specific facts and circumstances.
- Scalability – Requirements should be written to consider the range of complexity and sophistication of issuers and broker-dealers that are audited under PCAOB standards.
- Transparency – The Board should clearly distinguish between enforceable requirements, staff guidance, inspection observations, and remediation expectations. Recurring expectations that affect audit methodologies broadly should be addressed through public standard-setting or guidance rather than through firm-specific inspection processes.

- Convergence – There should be no unnecessary deviations from IAASB standards. Where the Board adopts requirements that differ from or exceed those standards, it should provide appropriate justification for incremental requirements.

Question 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?

If the Board decides to adopt a conceptual framework, it should explain, in each new proposal, how that proposed standard aligns with the conceptual framework. The FASB's conceptual framework, for example, provides a useful model because it establishes interrelated objectives and fundamental concepts that guide standard setting without itself creating authoritative requirements. Similarly, a PCAOB conceptual framework should serve as a consistent basis for evaluating potential projects, developing proposed requirements, assessing costs and benefits, and selecting among standard setting, staff guidance, or other regulatory responses. The Board should explain and justify any significant departure from the framework.

Question 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. A conceptual framework should require the Board to evaluate economic benefits, costs, competitive effects, and unintended consequences before adopting new standards and after implementation. The analysis should consider whether a proposed requirement is scalable across large global network firms, annually inspected non-affiliate firms, as well as across firms with differing resources, client portfolios, and technological capabilities; whether it could increase audit market concentration or discourage smaller firms from serving issuers; whether it could create incentives for defensive auditing, excessive documentation, consultant dependence, or avoidance of complex clients; and whether the expected investor-protection benefits justify implementation and ongoing compliance costs. The framework should also require the Board to consider how proposed requirements will be implemented through inspections and whether post-implementation review indicates that the standard is operating as intended.

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

Yes. The PCAOB should avoid unnecessary deviations from standards issued by the IAASB and AICPA Auditing Standards Board.

Question 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?

The Board should give the highest priority to alignment with the IAASB standards because those standards are the starting point for most auditing standards around the world, including those of the ASB.

Question 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 both prospectively and retrospectively. Prospectively, the Board should evaluate relevant IAASB and ASB projects when deciding which PCAOB projects to add to its agenda and when drafting proposed standards. Retrospectively, the Board should examine previously completed PCAOB standards to determine whether unnecessary divergence can be reduced without weakening investor protection in U.S. capital markets. The PCAOB need not align mechanically with other standard setters, but it should explain why any substantive divergence is necessary, how the divergence advances the Board's investor-protection mandate, and whether the benefits of divergence exceed the costs of maintaining different requirements.

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

Yes. The Board should work collaboratively with the IAASB and ASB.

Question 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 have not identified any additional reasons for divergence.

Question 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)?

We have not identified any such challenges. We observe that U.S. GAAS is generally based on the standards issued by the IAASB.

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