fei committee on corporate reporting

August 7, 2026

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

**Re: Request for Public Comment on PCAOB Standard Setting (PCAOB No. 2026-005)**

Dear Ms. Brown,

This letter is submitted by Financial Executives International's ("FEI") Committee on Corporate Reporting ("CCR") in response to the Public Company Accounting Oversight Board's ("PCAOB" or "Board") request for comment on its standard-setting and research agendas.[1]

FEI is a leading international organization comprised of members who hold positions as Chief Financial Officers, Chief Accounting Officers, Controllers, Treasurers, and Tax Executives at companies in every major industry. CCR is FEI's technical committee of approximately 50 Chief Accounting Officers ("CAOs") and Corporate Controllers from Fortune 100 and other large public companies, representing more than $19 trillion in market capitalization. CCR reviews and responds to pronouncements, proposed rules and regulations, pending legislation, and other documents issued by domestic and international regulators and organizations such as the SEC, PCAOB, FASB, and IASB.

The enclosed views and recommendations set forth within this letter were developed in accordance with CCR's governance procedures. This process includes multiple iterative reviews by a drafting committee comprised of member company CAOs, Controllers and their direct reports. As noted, CCR is comprised of the largest public companies across a diverse array of industries – each with unique regulatory challenges and varying priorities. The perspectives incorporated in this letter reflect areas of consensus across committee members and may not align with the specific views of every individual entity or industry group.

**Executive Summary**

CCR commends the PCAOB for conducting this public agenda consultation and for continuing to demonstrate its commitment to transparency and meaningful stakeholder engagement. CCR is encouraged by the Board's commitment to solicit stakeholder input before formalizing its standard-setting agenda. CCR has been actively engaged in the Board's recent outreach efforts, including

[1] PCAOB, Request for Public Comment on Standard-Setting and Research Agendas (June 23, 2026), available at https://assets.pcaobus.org/pcaob-dev/docs/default-source/standards/standard-setting-agenda-request-for-comment/request-for-public-comment-on-pcaob-standard-setting.pdf.

through its May 15, 2026, comment letter[2] on the Board's strategic priorities ("Strategic Priorities Letter") in which CCR identified four priority themes – Materiality, Technology and AI Usage, Transparency and Engagement, and Inspection Reports. CCR encourages the Board to consider this letter in conjunction with the positions set forth in the Strategic Priorities Letter, which CCR incorporates by reference. CCR's response to the Board's agenda consultation is organized as follows.

***Standard-Setting and Research Activities***

- **Materiality:** CCR recommends the PCAOB add materiality as a formal standard-setting focus area and address the application of clearly trivial under Auditing Standard ("AS") 2810[3] either by amending the standard or by issuing staff guidance to clarify that the application of clearly trivial could be different across financial statements and associated footnotes.
- **Data and Technology[4]:** CCR supports the identification of this topic as a focus area and reiterates its recommendation to reconstitute the PCAOB's technology working group.
- **Critical Audit Matters ("CAMs"):** CCR encourages the Board to evaluate whether CAM disclosures are decision-useful and relevant to financial statement users and consider whether requirements that are not should be eliminated. CCR does not recommend an expansion in the scope of CAM disclosures.

***Semiannual Reporting Implications for PCAOB Standards***

- **AS 6101[5] – Letters for Underwriters and Certain Other Requesting Parties:** CCR recommends the PCAOB extend the negative assurance window for semiannual filers to cover the full period between the last audited or reviewed period and the issuer's next financial statement filing.
- **AS 4105[6] – Reviews of Interim Financial Information:** CCR recommends the development of an optional mechanism, extending existing review procedures such as inquiry and analytics, for companies to obtain assurance on financial information without preparing financial statements with footnotes that conform to U.S. GAAP and Article 10 of Regulation S-X (the "Applicable Reporting Framework").

***Approach to Standard Setting***

- **Transparency and Engagement:** CCR reaffirms its recommendation for cross-stakeholder roundtables and encourages the Board to adopt a broader, multidimensional approach to

[2] FEI Committee on Corporate Reporting, Comment Letter on PCAOB Strategic Priorities (May 15, 2026), available at https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/administration/strategic-plan-comments-2026/57_fei.pdf.
[3] PCAOB Auditing Standard No. 2810, Evaluating Audit Results, available at https://pcaobus.org/oversight/standards/auditing-standards/details/AS2810.
[4] CCR addressed this topic as Technology and AI Usage in its Strategic Priorities Letter.
[5] PCAOB Auditing Standard No. 6101, Letters for Underwriters and Certain Other Requesting Parties, available at https://pcaobus.org/oversight/standards/auditing-standards/details/AS6101.
[6] PCAOB Auditing Standard No. 4105, Reviews of Interim Financial Information, available at https://pcaobus.org/oversight/standards/auditing-standards/details/AS4105.

stakeholder engagement that establishes multiple, complementary channels for stakeholder input throughout the standard-setting process.

- **Conceptual Framework:** CCR recommends the PCAOB develop a conceptual framework to promote more consistent and durable standards.
- **Comment Period Length:** CCR encourages the PCAOB to provide a minimum 60-day comment period for future consultations or proposals.

CCR's positions on each of the foregoing topics are addressed in further detail below.

**Standard-Setting and Research Activities**

As noted in the Executive Summary, CCR incorporates by reference its Strategic Priorities Letter and encourages the Board to consider this letter in conjunction with the positions set forth therein. The supplemental commentary below reflects areas where CCR has additional perspectives to share. CCR does not address inspection reports further in this letter but continues to support a shift toward firm-level quality control as the focus of inspections and applauds the Board's prompt formation of the Inspections Modernization Council. CCR's views on Transparency and Engagement are addressed further below in the context of the Board's approach to standard setting. With respect to the other potential focus areas identified by the Board that are not addressed in this letter, CCR has not identified those areas as priorities for comment at this time.

**Materiality**

CCR recommends the PCAOB add materiality as a formal standard-setting focus area. CCR notes that the Board identified materiality as a topic raised by multiple commenters in response to its strategic priorities consultation but did not include it among the Board's potential focus areas. CCR believes this omission warrants reconsideration.

In practice, inconsistent application of materiality results in auditors, management and audit committees placing undue focus on amounts and disclosures that are not decision-useful for investors. This contributes to friction and compliance burden that increases the cost of operating as a public company. CCR's primary concern relates to the application of clearly trivial under AS 2810, paragraph .11, which has been interpreted to mean a single amount applied uniformly across all financial statements and associated footnotes. Because most companies' balance sheets are significantly larger than net income, a single clearly trivial threshold results in auditors, management and audit committees expending considerable time and resources on balance sheet reclassifications or gross-ups, cash flow items and footnote items that CCR believes are clearly trivial in the context of the Supreme Court's definition of materiality.[7]

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[7] TSC Industries v. Northway, Inc., 426 U.S. 438 (1976) ("an omitted fact is material if there is a substantial likelihood that a reasonable shareholder would consider it important in deciding how to vote … there must be a substantial likelihood that the

CCR offers two recommendations for the Board's consideration, either of which could address this concern:

(i) A direct amendment to paragraph .11 of AS 2810, revising "amount" to "amounts," to clarify that the application of clearly trivial could be different for each financial statement and associated footnotes; or

(ii) The issuance of staff guidance to the same effect.

CCR believes this clarification would reduce the time auditors, management, and audit committees spend tracking and discussing misstatements that are inconsequential to the specific financial statement in which they appear. CCR would be supportive of either approach, each of which would provide auditors with clear direction that permits the exercise of judgment, rather than defaulting to a single threshold applied uniformly to all misstatements – enabling management and audit committees to direct their attention to the items most decision-useful to investors and other users of the financial statements.

**Data and Technology**

CCR reaffirms its recommendation from the Strategic Priorities Letter that the Board reconstitute its technology working group to evaluate whether current auditing standards remain fit for purpose in light of the rapid evolution of technology and AI, including emerging developments such as probabilistic AI models and evolving cybersecurity considerations. CCR stands ready to nominate members with relevant expertise to participate in such a working group. CCR also encourages the Board to consider interpretive guidance on the application of the top-down approach to IT scoping prescribed by AS 2201[8] – an area of existing operability tension for preparers. CCR believes the challenge will only become more complex as AI becomes more prevalent in financial reporting processes, given the increasing number and complexity of systems auditors must evaluate for risk of material misstatement.

**CAMs**

CCR has previously engaged with the Board on the topic of CAMs, including through its June 2020 comment letter[9] submitted in connection with the Board's post-implementation review of AS 3101.[10] In that letter, CCR observed that CAM requirements resulted in minimal changes to the financial reporting process for preparers, that CAM disclosures did not serve as the original source of information for

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disclosure of the omitted fact would have been viewed by the reasonable investor as having significantly altered the 'total mix' of information made available"), available at https://supreme.justia.com/cases/federal/us/426/438/.

[8] PCAOB Auditing Standard No. 2201, An Audit of Internal Control Over Financial Reporting That Is Integrated with An Audit of Financial Statements, available at https://pcaobus.org/oversight/standards/auditing-standards/details/AS2201.

[9] FEI Committee on Corporate Reporting, Comment Letter on PCAOB Post-Implementation Review of AS 3101 (June 15, 2020), available at https://pcaobus.org/EconomicAndRiskAnalysis/pir/PostImplementationReviewAS3101UnqualifiedOpinion/13_FEI-CCR.pdf.

[10] PCAOB Auditing Standard No. 3101, The Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion, available at https://pcaobus.org/oversight/standards/auditing-standards/details/AS3101.

investors – as any matter identified as a CAM was already disclosed elsewhere in the financial statements – and that CCR members received no investor questions on the content or nature of CAM disclosures. CCR's experience with CAMs since that letter has not materially changed. CCR encourages the Board to evaluate whether CAM disclosures are decision-useful and relevant to financial statement users, and to consider whether requirements that are not should be eliminated. Furthermore, CCR does not recommend an expansion in the scope of CAM disclosures, as additional requirements could result in an increase in resources and costs for auditors, preparers, and audit committees without an identifiable incremental benefit to investors and their ability to make better investment decisions.

**Semiannual Reporting Implications for PCAOB Standards**

In CCR's July 2, 2026, comment letter[11] on the SEC's proposed semiannual reporting amendments[12], CCR recommended that the SEC coordinate with the PCAOB on two auditing standards implicated by the proposal. CCR reiterates those recommendations directly to the Board below.

**AS 6101 – Letters for Underwriters and Certain Other Requesting Parties**

AS 6101 currently limits negative assurance in comfort letters to circumstances where 135 days or fewer have elapsed since the most recently audited or reviewed period. For semiannual filers, this window would be exceeded for a significant portion of the year. While CCR understands that auditors may still perform procedures and report findings under AS 6101, underwriters typically require negative assurance to proceed with registered offerings on standard terms. Without conforming revisions, semiannual filers would face significant constraints in accessing the registered debt and equity markets on standard underwriting terms for a meaningful portion of the year.

CCR recommends that the PCAOB extend the negative assurance window for semiannual filers to cover the full period between the last audited or reviewed period and the issuer's next required financial statement filing. CCR does not believe the nature of the next required filing, whether subject to an audit or a review, should affect the availability of negative assurance. CCR believes that the market will establish its own expectations around the scope and rigor of procedures required over a longer period. In CCR's view, the current judgment-based framework under AS 6101 is sufficient and should be preserved as the availability of negative assurance is extended.

**AS 4105 – Reviews of Interim Financial Information**

Although AS 4105 is not addressed through specific questions in this agenda consultation, CCR believes it warrants the Board's consideration given its direct implications for semiannual filers. For semiannual filers, interim financial statements conforming to the Applicable Reporting Framework

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[11] FEI Committee on Corporate Reporting, Comment Letter on SEC Semiannual Reporting Proposal (File No. S7-2026-15) (July 2, 2026), available at https://www.sec.gov/comments/S7-2026-15/s7202615-923219-2837535.pdf.

[12] Securities and Exchange Commission, Proposed Rule: Semiannual Reporting (May 5, 2026), available at https://www.sec.gov/files/rules/proposed/2026/33-11414.pdf.

would not be prepared in Q1 and Q3, and auditors would therefore be constrained from performing a standard interim review. While CCR acknowledges that footnote disclosures are integral to the financial statements they accompany, excluding the financial statements from any form of review would eliminate the assurance that audit committees and market participants expect from a review of financial statements prepared in accordance with the Applicable Reporting Framework. Knowledge that this review is occurring provides audit committees, investors, and creditors with additional confidence in quarterly earnings releases. CCR recommends the development of an optional mechanism that extends existing review procedures, such as inquiry and analytics, to allow companies to obtain assurance on financial information without preparing financial statements with footnotes that conform to the Applicable Reporting Framework, whether through amendments to existing standards or issuance of interpretive guidance.

**Approach to Standard Setting**

CCR believes an effective standard-setting process is nimble in the face of rapid technological and other changes, and thus requires a multidimensional approach to stakeholder engagement and a principles-based foundation. In this section, CCR elaborates on our prior recommendations regarding Transparency and Engagement, while offering additional recommendations for a formal conceptual framework and longer comment periods.

**Transparency and Engagement**

CCR reaffirms its recommendation that the Board implement cross-stakeholder roundtables as a mechanism for structured stakeholder engagement throughout the standard-setting process and commends the Board for its recent initiatives as evidence of its commitment to transparency and outreach.

CCR encourages the Board to build on these existing efforts by establishing a broader, multidimensional engagement model that provides multiple, complementary channels for stakeholder input throughout the standard-setting process. CCR believes effective engagement is a set of complementary mechanisms, including standing advisory groups, structured deliberative forums and dedicated working groups for emerging issues. CCR believes such a model would give stakeholders greater visibility into the Board's rulemaking process, and would allow the Board to receive timely, relevant input across a diverse range of stakeholders and topics. In CCR's experience, cross-stakeholder forums have been particularly valuable in surfacing operability challenges and certain cost considerations from the preparer perspective.

**Conceptual Framework**

CCR supports the Board's consideration of a conceptual framework for PCAOB standard setting. A formal framework would promote more consistent, transparent and durable standards, providing a stable foundation that supports the credibility of the rulemaking process across evolving market conditions. Absent a clear framework, standard setting may result in highly complex proposals that create significant operational friction. A formal framework would mitigate this by establishing early alignment on core objectives before the rules are drafted.

The experience of other principles-based standard-setting bodies demonstrates that a robust framework provides a transparent mechanism for how rulemaking authority is derived and applied. CCR encourages the Board to adopt principles that prioritize robust cost-benefit analyses, auditor operability – recognizing the direct downstream impact on preparers – and transparency in how standards are developed and revised. Establishing baseline principles will strengthen stakeholder confidence in the standard-setting process.

**Comment Period Length**

CCR respectfully encourages the Board to provide a minimum 60-day comment period for future standard-setting consultations and proposals. CCR's governance procedures require meaningful time to complete, given the breadth of CCR's membership and the importance of developing consensus views. These procedures typically include a survey of the CCR membership and multiple reviews by a drafting committee comprised of CCR member company representatives. A minimum 60-day comment period would better enable CCR to provide the Board with more substantive, consensus-driven input. For complex or operationally significant proposals, CCR encourages the Board to consider longer comment periods, to allow stakeholders sufficient time to evaluate implementation impacts and develop informed consensus views.

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CCR appreciates the PCAOB's consideration of its comments and welcomes the opportunity to discuss the views set forth in this letter with the Board. CCR stands ready to support the Board in its standard-setting efforts and looks forward to continued engagement as the Board refines its agenda and priorities.

Sincerely,

*Committee on Corporate Reporting*

Committee on Corporate Reporting (FEI)