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July 9, 2026

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

Re: Proposed amendments to QC 1000, a firm's system of quality control, and related rule and forms, Docket Matter No. 057

Dear Office of the Secretary:

RSM US LLP (RSM, "we," "our") values the opportunity to offer our comments on the Public Company Accounting Oversight Board's (PCAOB or the Board) *Proposed amendments to QC 1000, a firm's system of quality control, and related rule and forms* (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.

As we have written in our prior letters on QC 1000, we believe a firm's quality control system is the foundation for audit quality and appreciate that the standards provide a comprehensive framework and support the shift to a principles-based, risk-assessment-driven quality control design. Likewise, as we wrote in our July 16, 2024, and September 23, 2025, letters to the Securities and Exchange Commission, we are encouraged that the standard adopted many enhancements to promote audit quality and that the PCAOB continues to engage with and encourage dialogue from stakeholders to refine key initiatives.

Overall Comments on the Proposal

We support the PCAOB's continued efforts to refine QC 1000 and enhance the effectiveness of firms' systems of quality control. Overall, we believe the proposed amendments represent meaningful progress toward a more principles-based, risk-driven framework that better aligns with how firms design, implement and operate their systems of quality management in practice.

In particular, we are encouraged by the Board's efforts to increase alignment with other widely adopted standards, including ISQM 1. Greater convergence across frameworks reduces unnecessary complexity, minimizes duplicative effort and enables firms to focus resources on activities that most directly support audit quality rather than maintaining parallel systems to satisfy differing requirements.

We also support amendments that provide firms with increased flexibility to tailor their quality control systems to their size, structure and risk profile. Allowing firms to assign roles and responsibilities based on expertise, leverage their existing organizational structures and implement scalable approaches enhances both the effectiveness and efficiency of quality management systems without compromising audit quality.

At the same time, we believe certain aspects of the proposal would benefit from further clarification to ensure consistent application and avoid unintended consequences. We recommend that the PCAOB add additional interpretative guidance, such as FAQs and illustrative examples, to help facilitate clarity and understanding around the application of the new amendments. Additional guidance would be helpful in areas involving the evaluation of deficiencies and the timing and basis for concluding on the effectiveness

of the QC system. Without such clarity, firms may reach differing conclusions under similar circumstances, which could reduce comparability and create challenges in communication with stakeholders.

We also believe the proposal appropriately considers the cost-benefit tradeoffs associated with quality control requirements. Certain proposed changes—such as the removal of the external quality control function (EQCF) requirement and the elimination of duplicative or burdensome elements—have the potential to significantly reduce implementation and ongoing compliance costs with those resources alternatively being invested in maintaining and enhancing audit quality. Continued attention to these tradeoffs is critical to ensuring that requirements remain practical and do not unintentionally discourage participation or limit competition in the market.

Finally, we believe it is important that QC 1000 requirements are applied in a manner that is responsive to when firms actually undertake engagements subject to PCAOB standards. Imposing extensive requirements prior to the existence of an engagement that would trigger such requirements may create unnecessary cost and complexity without providing corresponding benefits to investors or other stakeholders.

We appreciate the opportunity to provide these comments and support the Board's ongoing engagement with stakeholders to further refine this important standard. We provide further detail on these areas, as well as other comments, in our responses to the specific questions set out below.

Comments on Specific Questions Posed by the Board

1. Is the proposed rescission of the design-only requirement appropriate? Why or why not?

Yes, we support the proposed rescission of the design-only requirement. As we wrote in our September 2025 response, we do not believe that the design-only requirement is an appropriate mandate for registered firms that are not performing engagements in accordance with PCAOB standards. Further, as we noted in our July 2024 letter, we believe the design-only requirement is inconsistent with the text of the Sarbanes-Oxley Act of 2002 (SOX).

For example, if a firm does not have an engagement, there is no risk to the investors or public interest. However, once a firm obtains an engagement, it would be required to comply with QC 1000, which necessitates consideration during the proposal and client acceptance process to ensure readiness for implementation. In practice, registered firms would already maintain some form of system of quality management (SOQM) to support their PCAOB registration. If the design-only requirement is removed, firms would be more likely to remain registered and only deregister for unrelated reasons. By contrast, retaining the design-only requirement may create incentives for firms to deregister, thereby limiting competition. It also raises barriers to entry, as firms would need to design and implement a full QC system prior to registration with the potential of expending significant resources without a corresponding return on investment. Under the proposed amended approach, firms can remain registered and pursue opportunities, provided they appropriately plan for sufficient time to ensure compliance with QC 1000 before commencing work.

We support the proposed language added to paragraph .77 that would delay when a firm is first required to evaluate its QC system. Under this proposed amendment, a firm would be required to evaluate its QC system once the firm has been subject to the requirement to design, implement and operate a QC system under paragraph .06 for at least five consecutive months (whether due to the effectiveness of QC 1000 on December 15, 2026, or to the firm's later becoming subject to the requirements of QC 1000.06). We agree this new provision is necessary to ensure that firms are not required to perform an evaluation of the

QC system until the system has been operating long enough to provide sufficient information to support the evaluation.

2. Is there a measurable benefit for retaining some form of design-only requirement under the requirements of ISQM 1 or SQMS 1 for firms that do not perform engagements under PCAOB standards? If so, do the benefits justify the cost of compliance? Why or why not?

As we wrote in our May 15, 2026, letter, we believe further alignment with ISQM 1 will lay the foundation for changes to the inspection program to allow it to be strengthened by the firm's evaluation of its system of quality control. In addition, this further alignment will eliminate the cost associated with supporting two separate standards that are aligned in objective, but where the underlying requirements may not substantially align.

In practice, firms that are registered are required to maintain an SOQM under other standards, such as ISQM 1, which we believe provides an adequate framework to support audit quality for firms with up to a certain number of issuers so that there is not an "in and out" of a design-only requirement with a single issuer change. The primary benefit to a firm for retaining a design-only requirement is a shorter timeline for implementation once a firm obtains an engagement which would require compliance with QC 1000. When firms only have a few issuers, implementation costs still exist, especially where there is a divergence in the applicable standards. In our view, the limited benefit of a shorter implementation runway does not justify these costs. This may cause firms to choose not to propose, thereby limiting competition, so that they do not incur the cost of compliance with QC 1000 for a single or low number of engagements under PCAOB standards. For these reasons, we believe that the revised requirements are an improvement and allow firms to further invest in quality.

3. Are there activities that should trigger a QC-system design requirement before a firm becomes subject to applicable professional and legal requirements in connection with an engagement? If so, what are they, and why should they trigger a design requirement?

We support requiring a QC design requirement that includes effective operation of an SOQM under relevant standards for the jurisdiction in which the firm operates, such as ISQM 1 or SQMS 1. However, we do not believe it should be required to comply with PCAOB standards until the firm undertakes an engagement that would require compliance with those standards, as there is no risk to investors or other stakeholders prior to that point. Requiring PCAOB compliance in advance of an engagement that would necessitate compliance with those standards would not achieve the intended objectives of QC 1000.

4. Are the proposed amendments to paragraph .12 to allow (a) the specified roles and responsibilities to be assigned to individuals who are not firm personnel and (b) firms to divide responsibilities of a role among multiple individuals, sufficiently clear and appropriate? If not, why not?

We agree with the proposed amendments to paragraph .12. The revised wording is sufficiently clear that the responsibilities of the named roles may be divided among individuals, provided that the individuals understand their roles under the standard and that accountability has been appropriately defined by the firm. The proposed amendment is also clear that the individual is not required to be firm personnel.

5. Are the proposed conforming amendments to paragraphs .15-.17 sufficiently clear? If not, why not?

We agree with the proposed conforming amendment to paragraphs .15-.17 and believe they are sufficiently clear. The revised wording appropriately conforms to the proposed amendments to paragraph .12.

6. Would the proposed amendments to paragraphs .12 and .15-.17 support audit quality? Why or why not?

Yes, the proposed amendments to paragraphs .12 and .15-.17 appropriately align with how firms may structure these roles. The flexibility to assign responsibilities based on organizational structure and individuals' skillsets, rather than in a prescribed approach, enhances effectiveness, best positions the professionals with the specialized knowledge and experience, and avoids misalignment between responsibilities and expertise.

7. Should the proposed amendments to paragraphs .12 and .15-.17 be available only on a scaled basis (e.g., only to firms that issued audit reports for fewer than 100 issuers in the prior calendar year)? If so, why, and what should the relevant thresholds be?

The proposed amendments to paragraphs .12 and .15-.17 should apply to all firms, not scaled to a subset. Each firm is unique in their structure and may assign roles based on experience and knowledge of certain individuals as well as responsibilities and accountability for certain roles within the firm, which is not unique to only smaller firms.

8. Are there additional costs and benefits of the proposed removal of the EQCF requirement that should be considered?

As discussed in our 2024 letter to the SEC, we believe that there are significant challenges for firms with respect to structuring the EQCF role in adherence with the PCAOB's intent due to the financial and operational burden of compliance. We are concerned that the EQCF, as currently required, would not be able to perform their duties absent access to the firm's PCAOB Part II inspection findings and communications with PCAOB inspection teams. The SEC should consider whether SOX restrictions on public disclosure of Part II inspection findings and confidentiality of communications with inspection teams create complexities for effectuating the PCAOB's intention with respect to the EQCF's role. Overall, we do not believe that audit quality will suffer with the removal of the prescriptive EQCF requirement and those resources may be used to further enhance audit quality.

9. Would the alternative approach of retaining the EQCF requirement only for firms that issued audit reports with respect to more than 500 issuers during the prior calendar year be appropriate? Why or why not?

We do not believe that the alternative approach retaining the EQCF requirement for firms with audit reports for more than 500 issuers is appropriate. This requirement limits a firm's flexibility to tailor their governance structure to respond to the identified quality risks that the EQCF requirement was intended to address. Further, firms may already have an oversight function that appropriately addresses related quality risks which would need to be restructured to meet the prescriptive requirements of an EQCF solely based on the number of issuers. As discussed in our response to Question 8, the additional cost to a firm to implement an ECQF may be significant and does not result in corresponding benefits to audit quality.

10. Is there an alternative threshold that would be appropriate? If so, what is that threshold and why would it be appropriate?

No, we do not propose an alternative threshold.

11. Would the alternative approach of adopting the requirement for an independent oversight function in the form initially proposed be appropriate? Why or why not?

We do not support the alternative approach of adopting the requirement for an independent oversight function in the form initially proposed. Firms are required to assess risk and design quality responses to appropriately mitigate the identified risk to achieving quality objectives, which includes ensuring that appropriate governance structures are in place. Firms should be able to exercise judgment, based on their risk assessment, as to the structure of the response, including the need for independent input in the governance process. Allowing firms the flexibility to design the response based on unique organizational structure, inherent risks and size will reduce unnecessary cost while not negatively impacting audit quality.

12. Are there other mechanisms that provide an independent oversight function that should be considered? If so, what are they, and what are their associated costs and benefits?

Many firms already use external providers to perform an independent oversight function; however, these approaches vary based on firm structure and size. Allowing firms to address the proposal's objectives through their own frameworks is appropriate, as it enables a response tailored to each firm's risks and organizational structure without introducing unnecessary cost or requiring the revision of effective existing practices.

13. Are the proposed amendments to paragraph .53e sufficiently clear and appropriate? If not, why not?

We appreciate the proposed revisions in paragraph .53e to clarify and narrow the scope of the requirements to only those metrics which are calculated measures and made publicly available. We believe that it would be helpful to further clarify in the final release or through the release of interpretive guidance whether the requirement applies only to those communications required under pplicable professional and legal requirements or all such metrics publicly disclosed. This clarification would assist in consistent application of this requirement across the profession. We also believe that it would be helpful to clarify in the final release or through the release of interpretive guidance whether all changes to the calculation of disclosed metrics to which this requirement applies must be explained or whether this requirement applies only to material changes in the calculation of the disclosed metrics.

14. Would allowing firms to provide an explanation of metrics on their website adversely affect the utility and comprehensibility of metrics made public for investors and other users? If so, how?

We do not believe allowing firms to provide explanations of firm metrics on their websites would negatively impact users' access to or ability to understand the metrics. The proposed approach instead promotes consistency and usability, particularly where metrics are presented across multiple documents or disclosures. Centralizing the explanations reduces repetition and enables users to more easily identify when a metric is defined consistently across disclosures, rather than requiring them to compare for alignment.

15. Are the proposed amendments to paragraphs .68a and .68d sufficiently clear and appropriate? Why or why not?

The ability to consider compensating controls in evaluating whether a deficiency exists is helpful and more closely aligns with current standards. However, the wording should be aligned, or supplemented

with clarifying interpretations or guidance, to ensure consistent application. Absent alignment, differing conclusions for the same exception across standards could create communication and transparency challenges.

We request additional clarification regarding the proposal “to limit the requirement to evaluate whether similar engagement deficiencies exist so it applies only with respect to those engagement deficiencies that result or **could result in**…” (emphasis added). Specifically, it is unclear whether "could" should be assessed at the individual engagement level or at a broader, thematic level. As currently written, it does not clearly indicate whether a single potential significant engagement deficiency necessitates evaluation under paragraph .68d, or whether such an evaluation is intended only when a theme or trend begins to emerge. In cases involving isolated incidences, the root cause may not be relevant to other engagements, and expanding the evaluation may not be appropriate.

Another point is the example of the cash confirmation procedures added to paragraph .68d. As described in the example, cash is not a significant account and therefore cash confirmation procedures would not be required. As such, confirmation procedures would not be required for a non-significant account and therefore it is unclear what resulted in the determination that there was a significant engagement deficiency. Accordingly, the example does not illustrate a meaningful or realistic scenario and does not appear to support the intended objective of evaluating similar engagement deficiencies.

17. Would the proposed amendments to .68d reduce the complexity, subjectivity, or costs associated with evaluating engagement deficiencies across other engagements? Please explain.

The proposed amendments to .68d could reduce the complexity, subjectivity and costs associated with evaluating engagement deficiencies slightly; however, we feel that the example given in Question 15 about the cash confirmation procedures creates confusion.

18. Are the proposed amendments to the definition of QC deficiency to take into account other quality responses (e.g., compensating responses) appropriate and clear? Why or why not?

We support allowing the evaluation of compensating controls and believe this is an appropriate addition to QC 1000. However, it is unclear how this concept will work in practice. For example, where a quality risk has a single response that fails, it is unclear whether firms may consider other responses that mitigate other identified risks to support achievement of the overall objective. There may be responses where a precision level is too high to singularly address a specific risk on their own, but when considered collectively, may reduce the risk of failing to achieve the objective to an acceptable level. As currently worded, it may still meet the definition of a deficiency—even if it doesn't fully address the specific risk—but that risk alone may be lowered enough that it would not prevent achievement of the objective unless there were also other quality risks to that objective.

19. Is permitting firms to choose their own evaluation date to conclude on the effectiveness of the QC system appropriate? Why or why not?

Yes, permitting firms to choose their own evaluation date to conclude on the effectiveness of the QC system is very appropriate. For RSM, this flexibility allows us to retain our existing ISQM 1 evaluation date, which better aligns with our monitoring cycle. Because inspection cadence changes during various periods, this allows us to complete our monitoring efforts and have time to evaluate thematic quality events, assess SOQM impacts and implement remediation by our annual evaluation date. Further, there are often annual processes which may occur around a firm’s fiscal year end, which does not align with a specified annual evaluation date. For example, there are often mandatory training, annual compliance

and governance activities that may occur sufficiently close to a prescribed evaluation date that the current instances of the response may not have fully operated in the current period as the process spans the September 30 prescribed date. In addition, any deficiencies identified in the design, implementation or operation of the control would not have sufficient time to perform root cause procedures, design and implement remediation and test for operating effectiveness of the response prior to the prescribed evaluation date. Permitting firms to determine their own evaluation date allows firms to align their selected date with the timing of business process that support the identified quality responses in their system of quality management.

20. Is five months an appropriate amount of time for the firm's QC system to operate before requiring the firm to evaluate its QC system for the first time as of its selected evaluation date? If not, what length of time would be appropriate?

Regarding the five-month timeline, this does not impact RSM since our annual date aligns with the QC 1000 effective date. However, we request clarification on certain aspects of the proposed wording in paragraphs .77 as detailed below.

First, in subparagraph .77a, the phrase, "as of the *evaluation date*" is unclear. It is not evident whether these words are intended to establish an "as of" the evaluation date similar to a company's ICFR evaluation. Since the SOQM operates on a continuous basis, clarification is needed on whether a deficiency that existed for most of the year, but was remediated by the evaluation date, would still be considered in evaluating the effectiveness of the system for that year.

Regarding the modification to the note to Paragraph .77, we are asking for clarification of the phrase "may be supported by evidence obtained from testing after the evaluation date." It is unclear whether this refers to testing of instances that occurred prior to the evaluation date, or whether the related response activities may occur after the evaluation date. For example, where a response is designed and implemented and operates once as of the evaluation date but requires two instances of operation to conclude that remediation is effective, it is unclear whether a subsequent instance occurring after the evaluation date but prior to the filing of Form QC would satisfy this requirement.

This approach may create challenges for responses that operate less frequently or sufficiently close to the evaluation date. Because Form QC must be filed within 60 days of the evaluation date, firms may have only one instance of operation available for testing, which may be insufficient under existing methodologies to conclude that remediation is effective. In addition, ISQM 1 allows for conclusions based on design and implementation only, without requiring testing of operating effectiveness, which could result in differences in the determination of whether remediation has occurred across standards solely due to differences in the wording in the standards and not as a result of the design and implementation of responses to appropriately mitigate quality risks and achieve quality objectives.

23. Is the proposed removal of "major QC deficiency" from QC 1000 appropriate? Why or why not?

Yes, the proposed removal of "major QC deficiency" from QC 1000 is appropriate as it is helpful to align with other applicable standards and reduces the additional complexity associated with evaluating deficiencies to determine whether a deficiency should be classified as a deficiency or a major QC deficiency, a term which only exists in QC 1000.

26. Would the alternative evaluation framework with a binary conclusion (i.e., that the QC system is either effective or not effective in achieving the reasonable assurance objective) be more appropriate for evaluating the effectiveness of the QC system? Why or why not?

The current framework for evaluating the conclusion related to QC system effectiveness provides for an appropriate range of potential conclusions and reflects the complexity of determining effectiveness of an overall system of quality management. However, as noted in our response to Questions 15-18 above, it is important that the terminology in the evaluation of deficiencies is consistent among differing quality management standards and that the evaluation framework is aligned. Reaching different conclusions due to variations in terminology or the framework in the standards may create confusion to users and introduce unnecessary complexity for firms, which would need to reconcile and explain the differences in the conclusions around effectiveness of their system of quality management between standards, particularly when the difference is due solely to the differing framework and not the underlying design or implementation of the system of quality management.

28. Are the proposed amendments to paragraph .84 sufficiently clear and appropriate? If not, why not?

While we do not object to the proposed amendments to paragraph .84, these proposed amendments do not address a key issue related to real-time systems, particularly the requirement to retain documentation "in a manner that permits timely retrieval" by the QC documentation date. Real-time systems may not allow reconstruction of information back to a specific point in time unless versions are archived or captured (e.g., via screenshots). In addition, paragraph .84 does not clarify whether firms are required to retain evidence of every instance of every response, or just those instances that were tested to support the firm's QC system evaluation. Retaining documentation for all instances of a response's operation would impose significant storage burdens.

Further, while the reduction in required document retention from seven years to five years is helpful in reducing the storage burden, there are still significant costs associated with retaining the required data, as currently described, for this period. Further, with the pace of change in technology, many solutions may be outdated or superseded in a shorter period than five years, requiring firms to continue to maintain outdated systems or incur costs to archive the information in those systems simply to meet the five-year documentation requirement prescribed in the QC 1000 proposed amendments. We recommend interpretive guidance be published that clarifies the nature and extent of documentation that is required to be retained for the proposed five-year period. Clarifying the documentation required to be retained may reduce the likelihood that systems may be significantly altered or replaced during the required document retention period and reduce the cost burden for data storage.

29. Is the proposed amendment to retain documentation for five years sufficiently clear and appropriate? If not, why not?

Please see our response to Question 28.

31. Should a firm applying for registration be required to report on Form 1 which quality management standard(s) (e.g., QC 1000, ISQM 1, or SQMS 1) its QC policies are based on?

We do not object to the proposed amendment to require a firm to disclose which quality management standard(s) its QC policies are based on when applying for registration. This disclosure may provide useful information regarding compliance with existing quality management standards and further support the objective of ensuring audit quality while removing the design-only requirement, as proposed.

32. With respect to the design and implementation costs associated with the QC 1000 requirements currently under consideration for amendment by the Board, what are the costs firms have already incurred and anticipate incurring, and how have or will those costs impact audit fees? To the extent feasible, please quantify your response and explain your methodology.

Firms have already incurred significant design and implementations costs to comply with QC 1000 requirements, including expanded documentation to ensure quality risks and responses are sufficiently precise. We also anticipate significant continued ongoing costs related to maintaining this documentation, particularly where duplicate evaluations are needed (e.g., deficiency evaluation) or where differing conclusions must be reconciled. The incremental cost of applying QC 1000 will negatively impact audit fees to the extent that they are not offset by expected benefits that may be received through changes in the inspection process.

33. How would the proposed amendments impact the costs you expect firms will incur to design, implement, and operate a QC 1000-compliant system? To the extent feasible, please quantify your response and explain your methodology.

We expect the proposed amendments to reduce the overall cost of designing, implementing and operating a QC 1000-compliant system compared to the initial proposal, primarily due to the elimination of EQCF requirement, reduction of the document retention period from seven to five years, and simplification of the evaluation of deficiencies along with deficiency impact on the overall evaluation of the system of quality management. For RSM, the ability to select our annual evaluation date is a welcome modification, as the originally proposed date of September 30 does not align with our business cycle, including monitoring and remediation processes. Requiring multiple annual processes was putting undue pressure on completing our assessment of design, implementation and operating effectiveness by September 30, as well as meeting the subsequent Form QC filing deadline 61 days later.

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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 Allison Eidinger, Quality Management Partner, National Professional Standards Group, at 206.341.8075.

Sincerely,

RSM US LLP

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