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

By e-mail: comments@pcaobus.org

Re: PCAOB Release No. 2022-003, Draft 2022-2026 PCAOB Strategic Plan

Dear Office of the Secretary:

RSM US LLP (RSM) values the opportunity to offer our comments on the Public Company Accounting Oversight Board's (PCAOB) Request for Comment, *Strategic Plan 2022–2026 – Draft for Comment* (draft Strategic Plan). RSM is a registered public accounting firm serving middle-market issuers, brokers and dealers.

We appreciate that the PCAOB is seeking feedback on its priorities and goals to continuously improve audit quality. We have a shared goal of audit quality, and our firm is committed to performing quality audits.

We are supportive of the PCAOB's vision and believe that since the formation of the PCAOB in 2002, audit quality has improved overall. We also laud the PCAOB for its continuing efforts to enhance audit quality. While it is a challenging environment for all stakeholders involved in the financial reporting ecosystem, we strongly believe that continued communication and input are needed to achieve your mission for investors and to further the public interest in the preparation of informative, accurate and independent audit reports. Therefore, we strongly encourage the PCAOB to engage in a robust manner with all of its stakeholders, including audit firms.

The draft Strategic Plan focuses on protecting investors and their needs, which is appropriate in pursuit of the mission of the PCAOB. Although RSM recognizes this need for a focus on investors, the challenges of implementation of the PCAOB's standards should not be ignored. RSM strongly encourages a greater focus on support for the implementation of the PCAOB's standards, in particular where widespread challenges have been identified. Implementation support, such as implementation guidance and staff publications, will enable firms of all sizes to implement the standards effectively and consistently, thus furthering the interests of investors to have trust and confidence in audits.

Organizational priorities

While we firmly support the PCAOB's broad organizational priorities of investor protection, engagement and adaptability, we have further comments, as set out below, on the specific goals and how they will accomplish the PCAOB's mission and serve the broader public interest.

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Goals

Goal 1: Modernize standards

We support the PCAOB's proposed efforts to modernize standards – standards that are fit-for-purpose and relevant are essential to high-quality audits. We also strongly support the consideration of scalability in the standards for entities of different sizes, as the PCAOB's standards are used across a broad spectrum of entities with different sizes and complexities.

We also support continuous robust engagement with all stakeholders. Understanding widespread challenges and developing effective solutions in response to a market need is in all stakeholder interests, and will contribute to a better functioning financial reporting ecosystem for all.

Vigorous due process for identifying and addressing strategic priorities is foundational to ensuring the development of standards that will support an effectively functioning financial reporting ecosystem. Therefore, we urge the PCAOB to continue to operate within the ambit of its due process and undertake appropriate consultation in order to identify its strategic priorities and develop its standards, including taking into account the findings from inspections and post-implementation reviews. As part of the evaluation process to identify matters of strategic importance, we strongly encourage the PCAOB to continue undertaking post-implementation reviews of new and revised standards to help understand specific implementation challenges and issues.

Consistency with other auditing standards

As the modern world becomes more global, we believe that it is important for the effective implementation of standards that there are no unnecessary differences between different sets of auditing standards across the world. This will help mitigate any confusion that may arise for investors who use financial information subject to different auditing standards, as well as help audit firms in developing methodologies, training personnel and performing consistently high-quality audits across their global networks, in particular for multinational audits.

The International Auditing and Assurance Standards Board (IAASB) sets global auditing and quality management standards through a rigorous due process that includes broad consultation on a global basis. The IAASB has the same goal of setting standards that result in high-quality audits. The IAASB's Work Plan is developed to respond to global issues and challenges that have been identified in the current environment, including issues that have been identified through inspections. We strongly encourage the PCAOB to collaborate with and leverage the work done by the IAASB in identifying new projects, with consideration given to whether similar standard-setting priorities are needed in the U.S.

When undertaking standard-setting activities, again, we encourage that there are no unnecessary differences between the PCAOB's standards and the IAASB's international auditing standards. We also believe it would be helpful if the PCAOB's standards explicitly explained any significant differences to the IAASB's equivalent standard, as has been done for the publication on the PCAOB's *Potential Approach to Revisions to PCAOB Quality Control Standards* issued in December 2019. Any such differences could be set out in, for example, an appendix to the standard. Transparently publishing guidance on intended performance and reporting differences between the PCAOB standards and the standards issued by the IAASB would serve not only to assist auditors in applying the PCAOB's standards as intended, but also serve investors. This will enable investors reviewing financial information for two companies whose audits were performed under different standards to accurately understand whether the audit reports intentionally entailed different procedures in formulating their opinions and whether the reports themselves are intended to portray different information or disclosures.

More implementation support

As the environment becomes more complex, and standards have changed to facilitate this complexity, implementation issues continue to manifest, including consistent interpretation of the application of the standards. In the past, the PCAOB provided various types of implementation support to help with the effective application of the standards (for new or revised standards or where issues had been identified).

RSM strongly encourages the PCAOB to focus sufficient resources on the effective implementation of new or revised standards. Such implementation support will help address some of the current issues identified and challenges being experienced on a timely basis, and may help negate some inspection findings with a clarified, more consistent approach in areas where challenges and issues are known only to firms that are annually inspected and have more frequent contact with the PCAOB.

More focus on data and technology

With evolving technological advancements, we strongly support the continued proposed efforts on data and technology. We encourage the PCAOB to focus on changes to the standards that appropriately support the way audits are being performed and how evidence is being obtained, with changes being made in a balanced way so as to keep the standards relevant. Specifically, some of the more significant aspects of how technology impacts the audit, such as the effect on audit evidence of using different technologies, should be more explicitly addressed in the standards.

In addition to standard-setting to address some of the implementation challenges currently being experienced in relation to data and technology, it would also be helpful to understand emerging trends and observations and inspection findings with regard to data and technology through, for example, more regular 'Staff Spotlight' documents.

Prioritizing strategic challenges

Lastly, we would like to encourage that the PCAOB give consideration to the ambitiousness of its standard-setting activities. While we understand that there is pressure to address many issues, we implore the PCAOB to focus on those areas of standard-setting that will bring global consistency and where widespread issues and challenges have been identified. Due process and robust feedback from all stakeholders should not be diminished for the sake of expediency. Consideration should be given to the volume of changes proposed in a short timeline – therefore we encourage consideration of sufficient time for rollout and adoption of new and revised standards that would enable enough lead time to implement new standards into methodologies and technology solutions.

Goal 2: Enhance inspections

We strongly support the performance of quality inspections. In particular, we support the proposed efforts to improve the timeliness of inspection reports as this benefits both investors and firms.

We welcome a commitment to publishing Staff Spotlights describing observations from inspections, and in particular for 'good practices' to be shared as such information helps us determine the robustness of our policies and procedures and whether changes need to be made.

Goal 3: Strengthen enforcement

We support a robust system of enforcement to promote audit quality, protect investors and encourage a balanced approach to enforcement for egregious departures from standards.

Goal 4: Improve organizational effectiveness

We support the goals set to improve organizational effectiveness, particularly the focus on people. As with firms and other organizations, managing effective delivery of your committed goals can only take place with talented, experienced and engaged staff.

One of the greatest risks facing the profession today is attracting enough talented and passionate people to support the many aspects of the financial reporting ecosystem. We all have a role to play in ensuring that the profession remains attractive to younger talented and passionate people embarking on their career journeys, thereby contributing to the continued success in protecting the credibility of the financial reporting process. Therefore, we encourage the PCAOB, as it contemplates its efforts related to its current staff, to further consider what more can be done to encourage and maintain a bigger, more talented pool of people that all stakeholders in the financial reporting ecosystem will benefit from.

We would be pleased to respond to any questions the Board or its staff may have about our comments. Please direct any questions to Jamie Klenieski, Audit Quality and Risk Leader, at 215.648.3014, or Sara Lord, Chief Auditor, at 612.376.9572.

Sincerely,

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