



RSM US LLP

30 South Wacker Drive  
Suite 3300

Chicago, IL 60606

[www.rsmus.com](http://www.rsmus.com)

December 20, 2024

U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549

**Re: SECURITIES AND EXCHANGE COMMISSION [Release No. 34-101723; File No. PCAOB-2024-07] Public Company Accounting Oversight Board; Notice of Filing of Proposed Rules on Firm Reporting; PCAOB Rulemaking Docket Matter No. 055.**

Dear Office of the Secretary:

RSM US LLP appreciates the opportunity to provide input on the final standard adopted by the Public Company Accounting Oversight Board (PCAOB) on Firm Reporting<sup>1</sup> (Final Standard) and filed with the Securities and Exchange Commission (SEC or the Commission). RSM is a registered public accounting firm serving middle-market issuers, brokers and dealers.

We are concerned that significant issues raised by commenters on PCAOB Release No. 2024-003, Firm Reporting, April 9, 2024 (Proposed Standard) have not been fully considered in the Final Standard.

We have summarized our most significant concerns with the Final Standard in four broad categories: duration of deliberation, PCAOB statutory authority, utility and usefulness of reported data, and cost of the reported data.

For the reasons outlined below, we do not support the approval of this Final Standard by the SEC.

**Duration of deliberation**

As stated in our June 7, 2024, comment letter<sup>2</sup> on the Proposed Standard, we are concerned about the time provided for responses to the Board's proposal. The concept release underlying the proposal was published in July 2015 with little public deliberation over the years leading to this proposal's issuance in April 2024. A 60-day comment period is foundationally disproportionate to the effort required to have fully evaluated and responded to the lengthy and detailed proposal with thoughtful and constructive responses. Now, just over 200 days from the proposal's issuance, the proposal is on track for adoption—despite concerns from us and other commenters, such as the CAQ<sup>3</sup>, about the Board's hurry to adopt the Final Standard.

**PCAOB statutory authority**

Regarding the PCAOB's authority to require the reporting of the adopted metrics, we encourage the SEC to further assess the extent to which the PCAOB has the statutory authority to issue certain aspects of the proposal. In our comment letter on the Proposed Standard, we stated our concern about the PCAOB's need for—and the objective of having—a firm's financial information for public disclosure.

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<sup>1</sup> [PCAOB Release 2024-013, Firm Reporting, November 21, 2024](#)

<sup>2</sup> [RSM comment letter to the PCAOB on Firm Reporting, June 14, 2024](#)

<sup>3</sup> [CAQ supplemental comment letter to the PCAOB, November 11, 2024](#)



### **Utility and usefulness of reported data**

We would also ask the SEC to consider whether the Final Standard clearly addresses and explains the intended beneficiaries and benefits of the Final Standard. The Final Standard includes references to investors and audit committees as users of the firm reporting. However, a CAQ survey of investors and audit committee members conducted in the Spring of 2024 revealed differing viewpoints than the PCAOB acknowledged in the release of its Final Standard.

For example, in the survey<sup>4</sup>:

- 63% of audit committees said that the proposed enhanced reporting requirements would not be useful to the audit committee in exercising its oversight role.
- 92% of investors indicated the information currently available to assess the quality of the audit of a publicly traded company meets “all” or “most” of their needs.

A majority agreed that audit committees have the necessary knowledge needed to select the auditor.<sup>5</sup> As we wrote in our initial response to the Firm Reporting proposal, we are uncertain of the usefulness of the proposed reporting for investors. The results of the CAQ survey of investors and audit committee members does not provide clarity as to the usefulness of this additional reporting and the Final Standard does not resolve the questions provided by RSM and other commentors on the Proposed Standard.

### **Cost of reported data**

As we wrote in our comment letter on the Proposed Standard, “The implementation costs to firms to comply with the proposal are not fully quantified or evaluated. We are concerned that the proposal has not demonstrated how such costs will yield the intended benefits to investors and audit committees regarding transparency about a firm’s audit quality.”<sup>6</sup> The Final Standard has not quantified or provided fulsome evaluation of the implementation costs. The Final Standard does not demonstrate how this cost to firms, which may be passed on partially or in full to audited companies and thus ultimately to investors, will yield benefits to investors and audit committees exceeding such costs.

### **Conclusion**

Given the concerns above, we respectfully request that the Commission not adopt the Final Standard as currently proposed.

We would be pleased to respond to any questions the SEC or its staff may have about our comments. Please direct any questions to Sara Lord, Chief Auditor, at 612.376.9572.

Sincerely,

*RSM US LLP*

RSM US LLP

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<sup>4</sup> [CAQ Audit Committee Survey, May 29-June 14, 2024](#) - Appendix

<sup>5</sup> CAQ Investor Survey, May 15-22, 2024

<sup>6</sup> [RSM comment letter to the PCAOB on Firm Reporting, June 14, 2024](#)