

Via Email

May 15, 2026

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

Reference: PCAOB No. 2026-001, Request for Public Comment – PCAOB Strategic Priorities

Dear Secretary Brown and Members of the Public Company Accounting Oversight Board (PCAOB or Board):

The Council of Institutional Investors (CII)¹ respectfully submits this letter in response to the PCAOB’s request for public comment (RPC) related to the development of strategic priorities that will inform the Board’s 2026-2030 strategic plan.² We applaud the Board for its process that includes consultation with investors and other key stakeholders and the solicitation of public comment.

CII is a nonprofit, nonpartisan association of U.S. public, corporate and union employee benefit funds, other employee benefit plans, state, and local entities charged with investing public assets, and foundations and endowments with combined assets under management of approximately \$5.2 trillion. Our member funds include major long-term shareowners with a duty to protect the retirement savings of millions of workers and their families, including public pension funds with more than 15 million participants – true and real “Main Street” investors through their pension funds. Our associate members include non-U.S. asset owners with about \$5.8 trillion in assets, and a range of asset managers with more than \$74 trillion in assets under management.

In 2022, CII strongly endorsed the Board’s draft of the current plan, in particular the description of the PCAOB’s mission and vision, noting that these were generally consistent with our membership-approved policies.³ Similar to what we shared previously, the policies that we

¹ For more information about the Council of Institutional Investors (CII), including its board and members, please visit CII’s website at <http://www.cii.org>.

² See Request for Public Comment, PCAOB Strategic Priorities, PCAOB No. 2026-001 (Mar. 31, 2026), https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/administration/documents/strategic_plans/pcaob-no-2026-001-rfc-sp.pdf?sfvrsn=b6ef3170_2.

³ See Letter from Jeffrey P. Mahoney, General Counsel, CII to Office of the Secretary, Public Company Accounting Oversight Board, **Re: PCAOB No. 2022-003** at 1 (Sept. 15, 2022), [https://www.cii.org/files/issues_and_advocacy/correspondence/2022/September%2015,%202022%20PCAOB%20letter%20\(final\).pdf](https://www.cii.org/files/issues_and_advocacy/correspondence/2022/September%2015,%202022%20PCAOB%20letter%20(final).pdf) (“CII strongly endorses the Draft Plan’s description of the PCAOB’s mission and vision.”).

believe may be most relevant to the PCAOB now, as it embarks on a new strategic planning process, include the following:

CII Policies

Financial Gatekeepers

The Council of Institutional Investors believes financial gatekeepers should be transparent in their methodology and avoid, or tightly manage, conflicts of interest. Robust oversight and genuine accountability to investors are also imperative. Regulators should remain vigilant and work to close gaps in oversight. Continued reforms are needed to ensure that the pillars of transparency, independence, oversight and accountability are solidly in place.

Auditors . . . , and other financial “gatekeepers” play a vital role in ensuring the integrity and stability of the capital markets. They provide investors with timely, critical information they need, but often cannot verify, to make informed investment decisions. With vast access to management and material non-public information, financial gatekeepers have an inordinate impact on public confidence in the markets. They also exert great influence over the ability of corporations to raise capital and the investment options of many institutional investors.

. . .

. . . The Sarbanes-Oxley Act of 2002 . . . bolstered the transparency, independence, oversight and accountability of accounting firms. . . For example, accounting firms now are barred from providing many consulting services to companies. . .

. . . CII welcomes further examination of financial gatekeepers by regulators, lawmakers, academics and others, to determine what changes, including new rules and stronger oversight, are needed.⁴

Independence of Accounting and Auditing Standard Setters

Audited financial statements including related disclosures are a critical source of information to institutional investors making investment decisions. The efficiency of global markets—and the well-being of the investors who entrust their financial present and future to those markets—depends, in significant part, on the quality, comparability and reliability of the information provided by audited financial statements and disclosures. The quality, comparability and reliability of that information, in turn, depends directly on the quality of the . . . standards that . . .

⁴ Policies on Other Issues, Financial Gatekeepers, CII (adopted Apr. 13, 2010), https://www.cii.org/policies_other_issues#fin_gatekeepers.

auditors use in providing assurance that the preparers' recognition, measurement and disclosures are free of material misstatements or omissions. The result should be timely, transparent and understandable financial reports.

The Council of Institutional Investors has consistently supported the view that the responsibility to promulgate . . . auditing standards should reside with independent organizations.

CII supports U.S. accounting and auditing standard setters cooperatively working with their international counterparts toward a common goal of high quality standards. This means maintaining a high degree of on-going communication among domestic and international standard setters to produce standards that first and foremost result in high quality financial reports, and secondarily result in consistent financial reporting outcomes. CII continues to be open to a transition to a single global set of high quality standards designed to produce comparable, reliable, timely, transparent and understandable financial information that will meet the needs of institutional investors and other consumers of audited financial reports. However, at this time CII does not support replacing U.S. accounting or auditing standards or standard setters with international standards or standard setters. . . .

In order to be high quality, . . . auditing standards must be seen as meeting the needs of the investing public, and the standard setting process must be independent and free from undue influence. Attributes that underpin an effective . . . auditing standard setter include:

- **Recognition of the Role of Reporting** – A recognition that . . . the quality of auditing . . . is a public good, necessary to investor confidence in individual enterprises and the global capital markets as a whole;
- **Sufficient Funding** – Resources sufficient to support the standard setting process, including a secure, stable, source of funding that is not dependent on voluntary contributions of those subject to the standards (for international standard setters, such funding may depend on governmental and stakeholder cooperation from multiple jurisdictions, including the United States);
- **Accountability to Investors** – A clear recognition that investors are the key customer of audited financial reports and, therefore, the primary role of audited financial reports should be to satisfy in a timely manner investors' information needs (this includes having significant, prominent and adequately balanced representation from qualified investors on the standard setter's staff, standard setting board, oversight board and outside monitoring or advisory groups);
- **Due Process** – A thorough public due process that includes solicitation of investor input on proposals and careful consideration of investor views before issuing proposals or final standards; . . .

- **Enforcement** – A clear, rigorous and consistent mechanism for enforcement by regulators of the . . . auditing standards.⁵

Auditor Independence

2.13a Audit Committee Responsibilities Regarding Independent Auditors:

The audit committee should fully exercise its authority to hire, compensate, oversee and, if necessary, terminate the company’s independent auditor. In doing so, the committee should take proactive steps to promote auditor independence and audit quality. Even in the absence of egregious reasons, the committee should consider the appropriateness of periodically changing the auditor, bearing in mind factors that include, but are not limited to: . . .

- the quality and frequency of communication from the auditor to the audit committee
- the experience, expertise and professional skepticism of the audit partner, manager and senior personnel assigned to the audit, and the extent of their involvement in performing the audit . . .
- the clarity, utility and insights provided in the auditor’s report and the auditor’s letter to management in relation to the audit
- the level of transparency and robustness of the audit firm with the audit committee and investors, including with respect to audit quality indicators, governance practices and underlying principles, and the financial stability of the audit firm
- enforcement actions (in process or completed), inspection results and fines levied by the Public Company Accounting Oversight Board or other regulators . . .

Investors are the “customers” and end users of financial statements and disclosures in the public capital markets. Both the audit committee and the auditor should recognize this principle.⁶

2.13f Shareowner Votes on the Board’s Choice of Outside Auditor: Audit committee charters should provide for annual shareowner votes on the board’s choice of independent, external auditor. In practice, if the board’s selection fails to achieve the support of a significant majority, such as 80%, of the for-and-against votes cast, the audit committee should: (1) solicit the views of major shareowners to determine why a meaningful minority of shareowners dissented from ratification and (2) take the shareowners’ views into considerations and reconsider its choice of auditor.⁷

⁵ Policies on Other Issues, Independence of Accounting and Auditing Standard Setters, CII (updated Mar. 1, 2017), https://www.cii.org/policies_other_issues#indep_acct_audit_standards.

⁶ CII Corporate Governance Policies, § 2.13 Auditor Independence (updated Mar. 12, 2026), https://www.cii.org/files/03_07_22_corp_gov_policies.pdf.

⁷ CII Corporate Governance Policies, §2.13f Shareowner Votes on the Board’s Choice of Outside Auditor.

Considering these and other membership-approved policies and related CII public positions, we offer the following comments in response to seven questions set forth in the RPC.⁸

1. What should the PCAOB focus on as its strategic priorities in registration, inspections, and enforcement over the next two to five years to further its statutory mission?⁹

Inspections

CII strongly supports the PCAOB continuing to focus on increasing the transparency in reporting inspection results as a strategic priority over the next two to five years to further its statutory mission.¹⁰ We continue to believe that the Board has opportunities to enhance the amount of publicly available relevant and reliable information that may be useful to investors by increasing the transparency of inspection reports.¹¹ As one example, we generally agree with the suggestions of Ken Goldman, former Yahoo CFO, former president of family office management company Hillspire, and current Member of the Investor Advisory Group of the PCAOB (IAG), that the transparency in reporting inspection results could be improved by having inspection reports that “‘summarize your key findings so that we have lessons learned’ and differentiate between genuine errors and ‘paperwork issues.’”¹²

As indicated by our policy on **Audit Committee Responsibilities Regarding Independent Auditors**, many of our members view inspection results as an important factor for audit committees to consider in exercising their authority to hire, terminate, compensate, and oversee the company’s independent auditor. The transparency of inspection results, particularly when the results focus on issues relevant to audit quality or auditor independence, could also be an important public source of information for shareholders when voting on the election of a chair and members of the audit committee and on the ratification of the external auditor.¹³ As one example, the voting guidelines of a major asset manager state: “We may vote against the audit

⁸ See Request for Public Comment: PCAOB Strategic Priorities at 1-2.

⁹ Request for Public Comment: PCAOB Strategic Priorities at 1 (emphasis added).

¹⁰ See, e.g., Letter from Jeffrey P. Mahoney, General Counsel, CII to Office of the Secretary, Public Company Accounting Oversight Board, **Re: PCAOB No. 2022-003** at 9 (“CII strongly supports the objective of increasing transparency in reporting inspection results.”).

¹¹ *Id.* (“We agree that the Board should make “‘publicly available relevant and reliable information that is useful to . . . stakeholders [including] . . . increasing the transparency of . . . inspection reports.’”); cf. Noah Levin & Alan Wilson, PCAOB Requests Public Comment on Strategic Priorities in First Open Meeting Under Chairman Logothetis, WilmerHale (Apr. 8, 2026), <https://www.wilmerhale.com/en/insights/blogs/keeping-current-disclosure-and-governance-developments/20260408-pcaob-requests-public-comment-on-strategic-priorities-in-first-open-meeting-under-chairman-logothetis> (“George Botic . . . specifically encouraged stakeholders to provide input across several key areas, including: . . . opportunities to enhance the PCAOB’s inspection program and public inspection reports.”).

¹² Courtney Vien, Accounting, PCAOB Chair Addresses the Board’s Credibility Problem, CFO Brew (May 5, 2026), <https://www.cfobrew.com/stories/pcaob-chair-jim-logothetis-addresses-the-boards-credibility-problem>.

¹³ See CII Corporate Governance Policies, 2.13f Shareowner Votes on the Board’s Choice of Outside Auditor.

committee members where the board has not facilitated quality, independent auditing [and] [w]e look to public disclosures for insight”¹⁴

Enforcement

CII also strongly supports the PCAOB, in cooperation with the Securities and Exchange Commission’s (SEC) Division of Enforcement, focusing on increasing the transparency of enforcement actions as a strategic priority over the next two to five years. We have long shared the reported concerns about enforcement transparency recently described by SEC Accountant Kurt Hohl:

SEC Chief Accountant Kurt Hohl . . . expressed excitement in working with the new Board members and encouraged them to look for opportunities to do things differently, including within the overlapping enforcement responsibilities of the SEC and the PCAOB. In so doing, Hohl noted the differing processes between the two, pointing out that, unlike the SEC, the PCAOB is statutorily required to keep its investigations and inquiries confidential until a settlement or final decision has been reached. *Because of this, Hohl observed, accounting firms try to “slow roll” PCAOB enforcement matters so that disclosure does not occur until several years later.*¹⁵

As indicated by our policy on **Audit Committee Responsibilities Regarding Independent Auditors**, many of our members view enforcement actions as an important factor for audit committees to consider in exercising their authority to hire, terminate, compensate, and oversee the company’s independent auditor. The transparency of enforcement actions, particularly when the actions focus on issues relevant to audit quality or auditor independence, could also be relevant for shareholders when voting for the election of a chair and members of the audit committee and on the ratification of the external auditor. As one example, the voting guidelines

¹⁴ BlackRock Investment Stewardship: Proxy Voting Guidelines for Benchmark Policies – U.S. Securities, BlackRock 11 (Jan. 2026), <https://www.blackrock.com/corporate/literature/publication/blackrock-investment-stewardship-benchmark-guidelines-us.pdf>; see, e.g., Ohio Public Employees Retirement System: Corporate Governance Policy & Proxy Voting Guidelines, Ohio Public Employees Retirement System 5 (Jan. 2026), <https://www.opers.org/pubs-archive/corporate-governance/Corporate-Governance-Policy-and-Proxy-Voting-Guidelines.pdf> (“Generally, OPERS will vote: . . . Against the lead independent chair or lead independent director and/or members of accountable committees when the Board: . . . [f]ails to facilitate quality, independent auditing or substantial accounting or prevent financial reporting irregularities . . .”).

¹⁵ Margaret Gembala Nelson, Foley Viewpoints, Reading Between the Lines: The New SEC SOX Enforcement Group, Foley (Mar. 31, 2026) (emphasis added), <https://www.foley.com/insights/publications/2026/03/reading-between-the-lines-the-new-sec-sox-enforcement-group/>; see Letter from Jeffrey P. Mahoney, General Counsel, CII to Office of the Secretary, Public Company Accounting Oversight Board, *Re: PCAOB No. 2022-003* at 10-11 (agreeing with observations of Daniel L. Goelzer, a founding member of the PCAOB, that “SOX requires that PCAOB enforcement actions be nonpublic until the conclusion of the case—and, if the PCAOB loses, that the case remain nonpublic forever [and] [n]onpublic proceedings encourage delay, discourage settlements, and deprive the public of a real-time understanding of the kinds of auditing lapses that the board believes require sanctions.”).

of a major asset manager state: “[T]o the extent that . . . the audit firm has violated standards of practice, we may also not support ratification.”¹⁶

China-Based Audit Firms

CII strongly supports the PCAOB focusing a material amount of its inspection and enforcement resources on China-based registered audit firms as a strategic priority over the next two to five years to further its statutory mission, including its access to inspect and investigate registered audit firms headquartered in China in accordance with the Holding Foreign Companies Accountable Act (HFCAA).¹⁷ CII publicly supported the passage of the HFCAA and its implementation by the SEC.¹⁸ In a 2021 letter to the SEC, we explained the basis for that support:

As the leading voice for effective corporate governance and strong shareholder rights, CII believes that accurate and reliable audited financial statements are critical to investors in making informed decisions, and vital to the overall well-being of our capital markets. Consistent with our membership approved policies [on **Financial Gatekeepers** and **Independence of Accounting and Auditing Standard Setters**] we have long been troubled by the lack of cooperation of China’s regulators with the SEC and the Public Company Accounting Oversight Board (PCAOB) and their efforts to promote high quality audits of financial reports of Chinese companies that are listed on U.S. exchanges. In recent years those concerns have grown as the number of Chinese companies listed has increased significantly. What is also concerning is that many of those companies have adopted variable interest entity (VIE) and dual-class stock structures, both of which are complex and involve risks that are not fully understood by many market participants.^[19]

¹⁶ BlackRock Investment Stewardship: Proxy Voting Guidelines for Benchmark Policies – U.S. Securities, BlackRock at 11.

¹⁷ See, e.g., FACT SHEET: PCAOB Imposes Historic Sanctions on China-Based Audit Firms, Investors Are More Protected Today Because of HFCAA (Nov. 30, 2023), <https://pcaobus.org/news-events/news-releases/news-release-detail/fact-sheet-pcaob-imposes-historic-sanctions-on-china-based-audit-firms> (“The Public Company Accounting Oversight Board (PCAOB) today announced the first major enforcement settlements with mainland Chinese and Hong Kong firms since **securing historic access to inspect and investigate firms headquartered in China and Hong Kong in 2022** in accordance with the Holding Foreign Companies Accountable Act (HFCAA).”); see generally Holding Foreign Companies Accountable Act, Pub. L. No. 116–222; 134 Stat. 1063 (2020), <https://www.congress.gov/bill/116th-congress/senate-bill/945/text>.

¹⁸ See, e.g., Letter from Jeffrey P. Mahoney, General Counsel, CII to Vanessa A. Countryman, Secretary, Securities and Exchange Commission, Re: File No. S7-03-21 at 5 (May 5, 2021), https://www.cii.org/files/issues_and_advocacy/correspondence/2021/May%205%202021%20S7-03-21.pdf. (“CII subsequently supported the passage of the HFCA Act. And we now support an effective and timely implementation of the HFCA Act by the Commission.”).

¹⁹ See Emmanuel Tamrat, Behind the Veil: Risks of Chinese Companies and the VIE Structure An Update, CII 4 (Aug. 2025), <https://www.cii.org/Files/publications/Behind-the-Veil-Risks-of-Chinese-Companies-and-the-VIE-Structure-Aug-2025.pdf> (“The VIE structure has allowed many Chinese companies in select sectors with foreign investment restrictions to indirectly access U.S. capital markets, and this arrangement poses key risks to investors.”);

To be clear, CII is focused foremost on the quality and integrity of U.S. capital markets. Our members have a variety of investment strategies for emerging and frontier markets, and understand risk has to be calibrated to rewards. But we expect that U.S. capital markets should adhere to their articulated standards. And this is not happening where U.S.-listed companies are audited by firms that are not inspected by the PCAOB.

CII's preference is for the PCAOB to inspect the audit work and practices of PCAOB-registered firms in China. However, after more than a decade of negotiations China has refused to permit such inspections. We agree with Daniel Goelzer, former acting PCAOB Chairman and former SEC General Counsel, that “[i]t isn't sustainable for the U.S. to have an audit inspection requirement and to enforce it against all auditors, except those from China”²⁰

We believe recent developments relating to China-based auditing firms continue to raise questions about the risks to investors and the public confidence in the markets. As one example, we note the recent exchange between U.S. Senator Jim Banks (R-IN) and SEC Chair Paul Atkins at the recent Banking, Housing, and Urban Affairs Committee hearing on the “Oversight of the U.S. Securities and Exchange Commission”:

SENATOR JIM BANKS (R-IN)

.....

China has taken steps to crack down on Western accounting firms that offer auditing services to Chinese companies. Should American investors trust the financial reports they get on a Chinese company if the auditors preparing that report answer to the CCP?

[SEC Chair Paul] Atkins: . . . [T]he SEC swore in new board members for the Public Company Accounting Oversight Board (PCAOB), *and this is a main issue they will work on.*²¹

see also Letter from Alaska Commissioner of Revenue Adam Crum et al., to The Honorable Paul Atkins, Chairman, U.S. Securities and Exchange Commission 2 (May 20, 2025), <https://sfof.com/wp-content/uploads/2025/05/Delisting-Letter.pdf> (The Chinese Communist Party (CCP) has cracked down on firms conducting due diligence on Chinese companies, manipulated Chinese stock and bond markets, embedded CCP cells within all Chinese companies, and permitted widespread use of opaque variable interest entity (VIE) structures to circumvent U.S. regulatory scrutiny [and] [t]hese practices, combined with the PCAOB's discovery of significant and pervasive deficiencies in its first-ever inspections of Chinese audit firms, necessitate a close examination of whether China-based companies should be listed on U.S. exchanges.”).

²⁰ Letter from Jeffrey P. Mahoney, General Counsel, CII to Vanessa A. Countryman, Secretary, Securities and Exchange Commission, Re: File No. S7-03-21 at 1-4 (footnotes omitted).

²¹ Oversight of the U.S. Securities and Exchange Commission, Before the S. Banking, Housing, & Urb. Aff. Comm., William & Jensen, BGOV 5 (Feb. 12, 2026) (exchange between Senator Jim Banks (R-IN) and SEC Chair Paul Atkins) (emphasis added & on file with CII); *see* Letter from Alaska Commissioner of Revenue Adam Crum et al., at 2 (“China’s actions create an environment ripe for fraud and abuse increasing the likelihood that China-based, U.S.-listed companies will violate the disclosure, auditing, or antifraud provisions of the Securities Exchange Act

In this context, CII recognizes the importance of the Board allocating sufficient resources to the inspections of workpapers from registered China-based audit firms. Accordingly, we agree with SEC Chair Atkins’s testimony indicating that the Board should have as a strategic objective prioritizing the inspections and enforcement of registered China-based audit firms.

2. What changes should the PCAOB make to its inspections program including, but not limited to, changes in light of its new quality control standard (QC 1000)?²²

QC 1000

CII generally supports QC 1000, based in part on our membership approved policy on **Independence of Accounting and Auditing Standard Setters**. We are aware that the PCAOB Chair Demetrios (Jim) Logothetis has indicated that the Board “would pursue ‘narrow’ changes” to the QC 1000,²³ before its December 15, 2026, effective date.²⁴

In light of the fact that PCAOB Chair Logothetis and three of the four current Board members were not involved in the deliberations of QC 1000,²⁵ we would respectfully request that any proposed amendments to QC 1000 include consideration of, at a minimum, the following two proposed requirements each of which are generally consistent with CII membership approved policies and CII’s prior communications to the Board:

- (1) *Requiring for larger firms a “QC Committee” composed entirely of at least three persons independent of the firm.*²⁶

[and] [w]hile China has ostensibly granted the PCAOB access to Chinese audit firms, it is questionable whether these inspections are sufficient when the government is acting so exhaustively to obscure accurate information about Chinese companies.”)

²² Request for Public Comment: PCAOB Strategic Priorities at 1 (emphasis added); *see generally* QC 1000, A Firm’s System of Quality Control (effective on 12/15/2026), PCAOB (last visited May 14, 2026), <https://pcaobus.org/oversight/standards/qc-standards/details/qc-1000--a-firms-system-of-quality-control>.

²³ Ellichipuram Umesh, US Audit Watchdog to Revisit Contested Firm Quality-Control Standard, Intl. Acct. Bull. (Apr. 2, 2026), <https://www.internationalaccountingbulletin.com/news/us-audit-watchdog-to-revisit/?cf-view>.

²⁴ *See* News Release, PCAOB Postpones Effective Date of QC 1000 and Related Standards, Rules, and Forms, PCAOB (Aug. 28, 2025), <https://pcaobus.org/news-events/news-releases/news-release-detail/pcaob-postpones-effective-date-of-qc-1000-and-related-standards--rules--and-forms> (“The Public Company Accounting Oversight Board (PCAOB) announced today that it is postponing for one year, to December 15, 2026, the effective date for QC 1000, *A Firm’s System of Quality Control*, and other new and amended PCAOB standards, rules, and forms adopted by the Board on May 13, 2024.”).

²⁵ *See* Press Release, SEC Appoints New Chairman and Board Members to PCAOB, 2026-16, U.S. Securities and Exchange Commission (Jan. 30, 2026), <https://www.sec.gov/newsroom/press-releases/2026-16-sec-appoints-new-chairman-board-members-pcaob> (“The Securities and Exchange Commission today announced the appointment of Demetrios (Jim) Logothetis, as Chairman, and Mark Calabria, Kyle Hauptman, and Steven Laughton, as Board members, of the Public Company Accounting Oversight Board (PCAOB) [and] George Botic will continue his service as a Board member and will remain as Acting Chairman until Mr. Logothetis is sworn in.”).

²⁶ *See* Letter Jeffrey P. Mahoney, General Counsel, CII to Vanessa A. Countryman, Secretary, Securities and Exchange Commission, *PCAOB–2024–01, Notice of Filing of Proposed Rules on General Responsibilities of the Auditor in Conducting an Audit and Amendments to PCAOB Standards, and PCAOB–2024–02, Notice of Filing*

We reiterate the following summary of the basis for this recommendation from our 2023 comment letter to the Board:

[O]ur recommend[ation is] . . . derived from our . . . membership approved policies on **Audit Committee Responsibilities Regarding Independent Auditors, Auditor Independence**, and **The Board of Directors**.^[27] Those policies include provisions analogous to the SEC rules for corporate audit committees and the related New York Stock Exchange and Nasdaq Stock Market listing standards.

We also believe our recommend[ation] . . . [is] aligned with the . . . Proposal's related findings that: (1) "Firm governance . . . establish[es] the environment that determines how firm personnel carry out responsibilities for the operation of a firm's QC system and the performance of its engagements[;]" (2) "Such an oversight function could reduce negative impacts of commercial considerations on decision making by firms about their QC system and thereby improve incentives to implement QC systems that more fully meet the interests of investors and financial statement users"[;][and] (3) "Some academic research finds that the level of Board independence is associated with benefits."²⁸

(2) *Requiring public reporting regarding quality control matters.*²⁹

We reiterate the following summary of the basis for this recommendation again from our 2023 comment letter to the Board:

Unfortunately, [QC 1000] . . . rejects the view of CII and many investors by not requiring any meaningful disclosure about the system of QC to investors. As a result, investors will not know whether firms have developed a feedback loop sufficient to proactively identify deficiencies before they appear in PCAOB inspections. Nor will investors be aware of the resources devoted to the system, the persons responsible for overseeing audit quality, or the firm's own conclusion about the effectiveness of the system.

of Proposed Rules on a Firm's System of Quality Control and Related Amendments to PCAOB Standards 2 n.8 (June 27, 2024),

[https://www.cii.org/files/June%202024%20CII%20letter%20to%20SEC%20on%20PCAOB%20standards%20\(final\).pdf](https://www.cii.org/files/June%202024%20CII%20letter%20to%20SEC%20on%20PCAOB%20standards%20(final).pdf) ("CII recommendations in response to the "A Firm's System of Quality Control and Other Amendments to PCAOB Standards, Rules, and Forms" that were not adopted by the PCAOB include: [] requiring for larger firms a 'QC committee' composed entirely of at least three persons independent of the firm. . . . and [] requiring public reporting regarding quality control matters."); *but cf.* Ellichipuram Umesh, US Audit Watchdog to Revisit Contested Firm Quality-Control Standard, Intl. Acct. Bull. (We note "the CAQ said firms were struggling to find suitable independent executives for the oversight boards" a claim we believe is debatable).

²⁷ CII Corporate Governance Policies, § 2 The Board of Directors.

²⁸ Letter from Jeffrey P. Mahoney, General Counsel, CII to Ms. Phoebe W. Brown, Office of Secretary, Public Company Accounting Oversight Board 8 (Jan. 19, 2023) (footnotes omitted),

<https://www.cii.org/Files/Correspondence/January%202023%20CII%20letter%20to%20PCAOB.pdf>.

²⁹ See Letter Jeffrey P. Mahoney, General Counsel, CII to Vanessa A. Countryman, Secretary, Securities and Exchange Commission, *PCAOB–2024–01, Notice of Filing of Proposed Rules on General Responsibilities of the Auditor in Conducting an Audit and Amendments to PCAOB Standards, and PCAOB–2024–02, Notice* at 2 n.8.

. . . [We acknowledge] Section 104 of SOX prohibits the PCAOB from disclosing the “portions of the inspection report” that included “criticisms of or potential defects in the quality control systems” unless not remediated within 12 months. . .

. . . [However,] we believe the QC Form should, at a minimum, be made public with the PCAOB identified deficiencies redacted. . . for a number of reasons, including the following:

- We believe there is plenty of information in the QC Form that would be beneficial to investors for investment or proxy voting decisions even if all information about efficiencies was omitted;
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- We believe the logic of [QC 1000’s] . . . approach is circular: It creates a QC Form, includes information subject to mandatory confidentiality obligations, then uses those obligations to justify non-disclosure to investors;
- We believe the [QC 1000] . . . approach appears inconsistent with the practice of the PCAOB in other areas, including inspection reports which specifically acknowledge the incompleteness of the information and caution against excessive reliance; and
- We believe the overall benefits of the [QC 1000] . . . would be reduced without public issuance of the QC Form to investors because, in part, the PCAOB would already be aware of deficiencies in the firm’s QC systems and of related firm remediation efforts prior to the release of the Form QC.³⁰

For all the above reasons, it remains our view that “public disclosure of incomplete information to investors about the firms’ QC systems is superior to no disclosure of information.”³¹

Risk-Based Method

CII generally supports the PCAOB considering as part of its risk-based selections for issuer audit inspections³² the corporate law of the issuer’s state of incorporation. We note that our membership approved policies include a provision that reflects the view that corporate law in the jurisdiction in which an issuer is incorporated may have a significant impact on investors rights and protections.³³ Generally consistent with that policy, empirical data indicates “that Nevada . .

³⁰ Letter from Jeffrey P. Mahoney, General Counsel, CII to Ms. Phoebe W. Brown, Office of Secretary, Public Company Accounting Oversight Board at 14-15 (footnotes omitted).

³¹ *Id.* at 15.

³² See PCAOB Inspection Procedures: What Does the PCAOB Inspect and How Are Inspections Conducted?, PCAOB (last visited May 14, 2026), <https://pcaobus.org/oversight/inspections/inspection-procedures> (“In selecting issuer audits for review, we generally use both risk-based and random methods of selection, and we generally focus our attention on audit areas we believe to be of greater complexity, areas of greater significance or with a heightened risk of material misstatement to the issuer’s financial statements, and areas of recurring deficiencies.”).

³³ CII Corporate Governance Policies, § 1.8 Incorporation and Reincorporation (“Companies should incorporate in jurisdictions with strong investor rights and protections [and] [c]ompanies should not reincorporate in jurisdictions

. a state with lax corporate law, attracts firms that are 30–40% more likely to report financial results that later require restatement than firms incorporated in other states, including Delaware.”³⁴ In other words, a correlation may be evident between less investor protective Nevada corporate law and an issuer’s propensity for financial restatement after its incorporation in Nevada. As a result, we believe the Board should consider the corporate law of the jurisdiction in which an issuer is incorporated as a factor to be considered as part of the PCAOB’s risk-based selections for issuer audit inspections.

3. What inspection information would be most useful to stakeholders, and how could inspection reporting be enhanced under a quality control-focused inspection program?³⁵

See our responses to questions 1 and 2.

4. What standard-setting projects should the PCAOB pursue?³⁶

CII strongly supports the PCAOB pursuing, consistent with our policy on **Audit Committee Responsibilities Regarding Independent Auditors**, two standard setting projects over the next two to five years to further their statutory mission.

(1) **Firm and engagement metrics:** CII generally supported the Board’s Firm and Engagement Metrics (F&EM) proposal, which was withdrawn on February 11, 2025.³⁷ CII recommends that the Board revisit this proposal and re-engage with investors and other stakeholders to develop a corresponding final rule. In the previous communication, CII summarized its views on the F&EM proposal including recommendations on how it could be improved.

where corporate governance structures are less robust than their current jurisdiction of incorporation [and] [a]dditionally, companies should not adopt new articles of incorporation or bylaws which diminish investor rights and protections in conjunction with reincorporation.”)

³⁴ Michal Barzuza & David C. Smith, What Happens in Nevada? Self-Selecting into Lax Law, 27 Rev. Fin. Stud. 3593 (2014), available at <https://www.jstor.org/stable/24466828>; see also Michal Barzuza, Nevada v. Delaware: The New Market for Corporate Law, Harv. L. Sch. F. on Corp. Governance (Feb. 26, 2026), <https://corpgov.law.harvard.edu/2026/02/26/nevada-v-delaware-the-new-market-for-corporate-law> (“In prior work, David Smith and I found that Nevada attracts firms that use aggressive accounting methods and frequently restate earnings—suggesting relatively high agency costs.”); cf. William J. Moon, Havens for Corporate Lawbreaking, Wash. U. L. Rev. (2025) (“Notably, emerging jurisdictions supplying corporate law to American corporations, such as Nevada and the Cayman Islands, have broadly eliminated doctrines that enable shareholder suits against directors and officers who turn a blind eye to corporate lawbreaking.”); see generally Havens for Corporate Lawbreaking with William Moon, Voice of Corp. Governance podcast (June 18, 2025), <https://podcasts.apple.com/in/podcast/havens-for-corporate-lawbreaking-with-william-moon/id1433954314?i=1000713469480> (discussing the trend of jurisdictions including Nevada and Cayman Islands as undercutting the legal compliance obligations of directors and officers).

³⁵ Request for Public Comment, PCAOB Strategic Priorities at 2 (emphasis added).

³⁶ *Id.*

³⁷ See PCAOB; Notice of Withdrawal of Proposed Rules on Firm Reporting and Firm and Engagement Metrics and Related Amendments to PCAOB Standards, Exchange Act Release No. 102,399, File No. PCAOB-2024-006 and PCAOB-2024-07 (Feb. 11, 2025), <https://www.sec.gov/files/rules/pcaob/2025/34-102399.pdf>.

[T]he F&EM proposal . . . implements a long overdue 2008 recommendation of the [U.S. Department of Treasury Advisory Committee on the Auditing Profession] . . . to provide investors with decision-useful metrics about audit firms and individual audits. We believe the proposed metrics would provide significant benefits to investors by providing information they currently don't have access to. And we believe that such information could assist investors in making more informed decisions about whether to vote to approve the ratification of the auditor or the election or reelection of the audit committee chair or members, or in exercising their responsibilities for oversight of the audit committees of public companies.

We recommend several improvements to the F&EM Proposal for the Board's consideration, including:

- Requiring a metric not proposed: Percentage of PCAOB Part 1.A infractions of the total tested.
- Requiring metrics to be disclosed in both the Form AP and Form FM and in the auditor's report.
- Amending the proposed audit firm's voluntary narrative disclosures from no more than 500 words per metric to no more than 1,000 words per metric.
- Post-implementation actions:
 - o Providing high quality tools to search for and analyze the metrics;
 - o Conducting and releasing research on the metrics to show how they might be used by investors; and
 - o Establishing a process of periodic reviews to allow for potential improvements to the metrics.³⁸

(2) **Critical audit matter amendments:** CII agrees with the recent comments of Board member George Botic that critical audit matters (CAMs) are a “pillar of the PCAOB's efforts to protect investors by promoting transparency in the audit process”³⁹ That pillar, however, in our view is not as sturdy as the PCAOB had originally intended and appears to be deteriorating every year as the number of CAMs continues to decline.⁴⁰ We, therefore, respectfully reiterate our 2023 recommendation that the Board pursue two amendments to AS

³⁸ Letter from Jeffrey P. Mahoney, General Counsel, CII to Ms. Phoebe W. Brown, Office of Secretary, Public Company Accounting Oversight Board 14 (May 30, 2024), [https://www.cii.org/files/May%202024%20CII%20letter%20to%20PCAOB%20\(final\)%20.pdf](https://www.cii.org/files/May%202024%20CII%20letter%20to%20PCAOB%20(final)%20.pdf) (“Generally consistent with the audit report language in our Auditor Independence policy, we respectfully recommend the Board consider additional amendments to AS 3101 as part of this Proposal.”).

³⁹ Brian Stickland, New/ Audit & Assurance, 5 Imperatives for Auditors from the PCAOB Chair, J. Acct. (Jan. 12, 2026), <https://www.journalofaccountancy.com/news/2026/jan/5-imperatives-for-auditors-from-the-pcaob-chair/>.

⁴⁰ See Auditor Reporting, PCAOB (last visited May 14, 2026), <https://pcaobus.org/oversight/standards/pir/auditor-reporting> (“The average number of CAMs per audit report has declined over time, and the proportion of audit reports that communicate a single CAM has increased”).

3101: *The Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion* (AS 3101)⁴¹ to improve the disclosure of CAMs.⁴²

1. CAMs should include what the auditors found: Our first amendment would require “disclosure of how [CAMS were] . . . addressed in a manner that many investors believe would provide more useful information for decision making.”⁴³ More specifically, we reiterate our 2023 recommendation to amend Section 14(c) of AS 3101 as follows:

.14 For each critical audit matter communicated in the auditor's report the auditor must:

....

- c. Describe how the critical audit matter was addressed in the audit; ~~and,~~ including:

~~Note: In describing how the critical audit matter was addressed in the audit, the auditor may describe:~~ (1) the auditor's response or approach that was most relevant to the matter; (2) a brief overview of the audit procedures performed; (3) an indication of the outcome of the audit procedures; and (4) key observations with respect to the matter, ~~or some combination of these elements.~~^[44]

⁴¹ AS 3101: *The Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion* (last visited May 13, 2026), <https://pcaobus.org/oversight/standards/auditing-standards/details/AS3101>.

⁴² See Letter from Jeffrey P. Mahoney, General Counsel, CII to Ms. Phoebe W. Brown, Office of Secretary, Public Company Accounting Oversight Board, Re: PCAOB Rulemaking Docket No. 049: Proposed Auditing Standard – General Responsibilities of the Auditor in Conducting an Audit and Proposed Amendments to PCAOB Standards 6 (May 18, 2023), <https://www.cii.org/files/Attachment%20May-18-2023-PCAOB-Letter-final.pdf> (“Generally consistent with the audit report language in our Auditor Independence policy, we respectfully recommend the Board consider additional amendments to AS 3101 as part of this Proposal [and] [i]n our view, two additional amendments are necessary to address (1) the declining number of critical audit matters (CAMs) disclosed and (2) the failure of the disclosure to include the permitted information requested by CII and many investors regarding the outcomes and key observations of the related audit procedures performed.”).

⁴³ *Id.* at 7-8; cf. Emily Elaine Griffith et al., *Why do Critical Audit Matters Lack Teeth? Insights from Auditors' Implementation Experiences*, SSRN 34 (last revised Jan 23, 2026), available at SSRN: <https://ssrn.com/abstract=4256853> or <http://dx.doi.org/10.2139/ssrn.4256853> (“institutional forces have diluted the PCAOB’s original intent such that the resulting disclosures lack bite”); Voice Corp. Governance, *Old Institutions, New Report: Auditors’ Experiences Implementing Critical Audit Matter Reporting with Karla Zehms*, CII (Sept. 27, 2023), available at <https://www.buzzsprout.com/202904/episodes/13672012-old-institutions-new-report-auditors-experiences-implementing-critical-audit-matter-reporting-with-karla-zehms> (describing how the implementation of critical audit matters excluded information that was permitted but not required notwithstanding that many investors would have found the information decision-useful)

⁴⁴ Letter from Jeffrey P. Mahoney, General Counsel, CII to Ms. Phoebe W. Brown, Office of Secretary, Public Company Accounting Oversight Board, Re: PCAOB Rulemaking Docket No. 049: Proposed Auditing Standard – General Responsibilities of the Auditor in Conducting an Audit and Proposed Amendments to PCAOB Standards at 7.

2. The number of CAMs reported should increase: As indicated, the average number of CAMs has been decreasing over the years, but the language and intent of AS 3101, survey results,⁴⁵ and academic research,⁴⁶ indicates auditors should consider increasing the number of CAMs included in their reports.⁴⁷ In particular, we note that the decreased number of CAMs appears to relate, at least in part, to AS 3101’s “especially challenging” language used in paragraphs 11 and 12. We believe this language (1) has been interpreted narrowly in a manner that results in a fewer number of CAMs being disclosed — about 1.5 and declining — than the PCAOB had intended, and (2) may actually discourage auditors from issuing potential CAMs. Speaking at a 2023 IAG meeting, Martin Baumann, former Chief Auditor of the Board, recommended amending AS 3101 to eliminate the word “especially” in paragraphs 11 and 12.⁴⁸ Baumann’s recommendation is generally consistent with CII’s 2023 recommendation and our current recommendation to the Board.⁴⁹

5. How can the PCAOB achieve greater alignment of its auditing standards with international auditing standards?⁵⁰

CII, consistent with our policy on **Independence of Accounting and Auditing Standard Setters**, strongly supports the PCAOB cooperatively collaborating with their international

⁴⁵ See, e.g., Dennis McGowen, Audit Action, Audit Unveiling the Value of Critical Audit Matters (CAMs) for Investors, CAQ (Sept. 26, 2024), <https://www.theqaq.org/aia-unveiling-the-value-of-cams-for-investors> (“More than half (58%) of investors surveyed indicated that they prefer to see more CAMs identified in an auditor’s report; and when asked what changes to CAMs would benefit their investment decisions, approximately half of respondents shared that both increasing the number of CAMs (52%) and increasing the detail provided in CAMs (51%) would be beneficial.”).

⁴⁶ See Keith Czerney & Daun Jang, An Examination of Critical Audit Matter Disclosure Quality 31 (Jan. 12, 2025) (on file with CII) (finding that auditors report fewer CAMs than expected 88% of the time and supporting the idea that auditors may not be disclosing as many CAM topics as expected); Voice Corp. Governance, Disappearing Audit Disclosure: Changes in the Reporting of Critical Audit Matters with Kate Suslava, CII (June 8, 2023), <https://www.buzzsprout.com/2SFJune02904/episodes/13003288-disappearing-audit-disclosurechanges-in-the-reporting-of-critical-audit-matters-with-kate-suslava> (noting the decreasing number of CAMs two years after the implementation and urging the PCAOB to educate the public about the significance and meaning of CAMs).

⁴⁷ See THE SECOND ANNUAL INVESTOR ADVISORY GROUP MOST DECISION-USEFUL CRITICAL OR KEY AUDIT MATTERS FOR 2024, Members of the Investor Advisory Group 13 (Dec. 2025), https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/advisory/documents/second-annual-most-decision-useful-critical-or-key-audit-matters-for-2024.pdf?sfvrsn=ba19a3a8_1 (“Consistent with the MIAG’s recommendations for improving CAMs in last year’s report, the language and intent of AS 3101, and recent academic research, auditors should consider increasing the number of CAMs included in their reports.”).

⁴⁸ See PCAOB IAG Meeting (June 7, 2023, Part 1 of 2) (Martin Baumann comments during discussion of agenda item: “IAG Subcommittee on Standards Briefing to the PCAOB – Critical Audit Matters”), <https://pcaobus.org/news-events/events/event-details/pcaob-investor-advisory-group-meeting-june-2023>; see also Briefing to the PCAOB – Critical Audit Matters, Subcomm. on Standards, PCAOB IAG Meeting (June 7, 2023), at 14 (“MODIFYING CAM LANGUAGE IN THE STANDARD (AMEND THE RULE)”); https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/advisory/documents/iag-june-7-2023/4.-briefing-cams.pdf?sfvrsn=c27adf0a_3.

⁴⁹ See Letter from Jeffrey P. Mahoney, General Counsel, CII to Ms. Phoebe W. Brown, Office of Secretary, Public Company Accounting Oversight Board at 7 (“We generally agree with the MIAG that the amendment to . . . delete the word ‘especially’ addresses ‘a concern this term is being used to avoid reporting of a critical audit matter.’”).

⁵⁰ Request for Public Comment, PCAOB Strategic Priorities at 2 (emphasis added).

counterparts toward a common goal of high-quality standards. We, however, do not currently support the PCAOB replacing its standards or subordinating its standard setting process to international standard setters.

Our view is based, in part, on the SEC’s Chief Accountant, Kurt Hohl, recent comments regarding international auditing standards:

Many people don’t know that international standards on auditing are the basis for most firm audit methodology and are used as the baseline for the AICPA [American Institute of Certified Public Accountants] and the development of auditing standards in the United States. There’s great interest for my office in the development of international standards of auditing. *There are some problems there in terms of funding, and challenges in terms of governance that we will try to address.*⁵¹

Consistent with our policy and its views on the importance of funding and governance to the effectiveness of an auditing standard setter, we believe the funding and governance challenges identified by the SEC’s Chief Accountant should be resolved *before* the Board considers how to proceed, if at all, in terms of reaching greater alignment between the PCAOB’s auditing standards and international auditing standards.

6. In what ways should the PCAOB consider deploying technology, including AI, to help further its investor-protection mission?⁵²

CII continues to strongly support as a strategic objective of the Board the ongoing evaluation of developments in technology, including AI, and the consideration of the need for guidance, changes to PCAOB standards, or other action in light of the increased use of technology by registered audit firms and financial statement preparers and in furtherance of the Board’s investor protection mission.⁵³

⁵¹ Douglas R. Carmichael, A Conversation with SEC Chief Accountant Kurt Hohl: Highlights from the 20th Annual Baruch College Audit Conference, CPA J. (Apr. 2026) (emphasis added), <https://www.cpajournal.com/2026/04/17/a-conversation-with-sec-chief-accountant-kurt-hohl>.

⁵² Request for Public Comment, PCAOB Strategic Priorities at 2 (emphasis added).

⁵³ See Letter from Jeffrey P. Mahoney, General Counsel, CII to Office of Secretary, Public Company Accounting Oversight Board at 7-8 (“We believe the Board should ‘continue to assess whether there is a need for guidance, changes to PCAOB standards, or other action in light of the increased use of technology-based tools by auditors and financial statement preparers.’”).

We generally share the following view expressed by IAG Member Jen Sisson, CEO of the International Corporate Governance Network, in connection with the April 2026 IAG meeting discussion of the agenda item on “Artificial Intelligence”:⁵⁴

AI means “the mechanics of how audits get done are going to change,” . . . and the PCAOB needs to think about what it needs to do differently to respond.⁵⁵

In addition, CII generally believes, consistent with our policy on **Audit Committee Responsibilities Regarding Independent Auditors**, that the PCAOB could also help further its investor protection mission by deploying technology, including AI, to make more accessible the public information they currently maintain about registered auditing firms. In that regard, we generally support the views of the Members of the IAG in their comment letter in response to this question:

[W]e propose that the Board consider using AI to create an “answer-bot” or an AI search function so that investors and members of the public might be able to query the public database of inspection reports and other valuable information the PCAOB already possesses. AI has reached the point now where it can access and analyze structured and unstructured data. It also can embed necessary confidentiality restrictions. This use of AI could free up PCAOB staff time in responding to requests and trying to figure out what investors and the public want. In addition, it could unleash the power of crowds to identify interesting and impactful questions.⁵⁶

7. How can the PCAOB enhance transparency with its stakeholders?⁵⁷

CII strongly supports the PCAOB enhancing transparency with its stakeholders, including by “engaging in robust dialogue with stakeholders.”⁵⁸ We note, as indicated in our policy on **Audit Committee Responsibilities Regarding Independent Auditors**, investors are the “customers” and primary users of audited financial statements. Thus, we believe it is essential that the Board have as a strategic objective engaging in more robust dialogue with investors.⁵⁹

⁵⁴ See PCAOB Investor Advisory Group Meeting, Agenda (Apr. 29, 2026), <https://pcaobus.org/news-events/events/event-details/pcaob-investor-advisory-group-meeting-april-2026>.

⁵⁵ Courtney Vien, Accounting, How AI is Reshaping the Audit, CFO Brew (May 11, 2026), <https://www.cfobrew.com/stories/how-ai-is-reshaping-the-audit>.

⁵⁶ Letter from the Members of the Investor Advisory Group to Phoebe W. Brown, Secretary, PCAOB, *Reference: PCAOB No. 2026-001, Request for Public Comment – PCAOB Strategic Priorities* 12-13 (May 13, 2026) (on file with CII).

⁵⁷ Request for Public Comment: PCAOB Strategic Priorities at 2 (emphasis added).

⁵⁸ Letter from Jeffrey P. Mahoney, General Counsel, CII to Office of the Secretary, Public Company Accounting Oversight Board, *Re: PCAOB No. 2022-003* at 7.

⁵⁹ See, e.g., Letter from Jeffrey P. Mahoney, General Counsel, CII to Office of the Secretary, Public Company Accounting Oversight Board, *Re: PCAOB No. 2022-003* at 7.

As we have previously explained:

[E]ngaging in robust dialogue with the Investor Advisory Group (IAG) and investors generally deserves the Board’s special attention:

CII believes the PCAOB’s mission “to protect investors[,]” combined with the general underrepresentation of investors on the PCAOB’s board and staff, and in connection with the PCAOB’s comment letter process, suggests the need for more, rather than less, input from investors. Our membership[-]approved policies reflect the view that as the “key customer of audited financial reports,” investor input is essential to the PCAOB in fulfilling its mission . .

..⁶⁰

We also continue to recommend that the PCAOB consider supporting and allocating sufficient resources to new approaches to enhancing dialogue with investors and other stakeholders including the following CII 2022 proposed initiatives aligned to this priority:

- Develop and issue for public comment an annual survey of the standard setting priorities of the PCAOB, encouraging responses from individual members of the IAG, individual Board members, PCAOB senior staff, and the general public and subsequently issue a public report summarizing the survey results;^[61] and
- Develop and publicly issue an annual performance review of the PCAOB’s activities and accomplishments in pursuing each of its statutory duties, based on established criteria and including commentary on how the Board’s performance might be improved.⁶²

Finally, we want to express our strong support for the PCAOB adopting as a strategic objective the identification and implementation of public due process procedures for public meetings that are responsive to the recent comments of Dennis R. Beresford, CPA, drawing from his experience as Chair of the Financial Accounting Standards Board:

I was encouraged by the Board’s stated commitment to openness but remain concerned that public meetings typically do not include substantive discussion or

⁶⁰ Letter from Jeffrey P. Mahoney, General Counsel, CII to Office of the Secretary, Public Company Accounting Oversight Board, *Re: PCAOB No. 2022-003* at 7.

⁶¹ *Cf.* Priorities of the Financial Accounting Standards Board: 2013 Survey, Financial Accounting Standards Advisory Council (May 2013) (on file with CII) (survey by the Financial Accounting Standards Advisory Council (FASAC) to FASAC members, on behalf of the Financial Accounting Standards Board (FASB), to identify key areas of suggested focus, as well as other initiatives and efforts, for the FASB); Priorities of the Financial Accounting Standards Board: Responses to the FASAC Survey, FASAC (Summer 2013), <https://fasb.org/page/ShowPdf?path=2013%20FASAC%20Survey%20Responses%20Final.pdf&title=2013%20FASAC%20Survey%20Results>.

⁶² Letter from Jeffrey P. Mahoney, General Counsel, CII to Office of the Secretary, Public Company Accounting Oversight Board, *Re: PCAOB No. 2022-003* at 7.

debate. My experience at the FASB demonstrated that open deliberations – where staff recommendations are actively discussed and challenged – lead to better outcomes and a more informed constituency. I urge the Board to consider increasing the transparency and interactivity of its meetings and to move away from what may appear to observers as an overly legalistic process with Board members mainly reading from prepared scripts. Greater openness, combined with enhanced external engagement, should improve both the quality and credibility of PCAOB standards.⁶³

We appreciate the opportunity to provide CII’s investor-focused perspective on what the Board’s strategic priorities should be. Please contact me (Jeff@cii.org) if you have any questions about the content of this letter.

Sincerely,

A handwritten signature in cursive script that reads "Jeff Mahoney".

Jeffrey Mahoney
General Counsel

⁶³ Letter from Dennis R. Beresford, CPA to PCAOB, RE: PCAOB No. 2026-001, at 2-3 (Apr. 3, 2026), https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/administration/strategic-plan-comments-2026/4_drb.pdf?sfvrsn=f2b0524f_2.