



September 15, 2022

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

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

Dear Mrs. Brown,

This letter is submitted by Financial Executives International's (FEI) Committee on Corporate Reporting (CCR) in response to the Public Company Accounting Oversight Board's (PCAOB or Board) Strategic Plan 2022-2026 Draft for Public Comment (Plan).

FEI is a leading international organization comprised of members who hold positions as Chief Financial Officers, Chief Accounting Officers, Controllers, Treasurers, and Tax Executives at companies in every major industry. CCR is FEI's technical committee of approximately 50 Chief Accounting Officers and Corporate Controllers from Fortune 100 and other large public companies, representing more than \$11 trillion in market capitalization. CCR reviews and responds to pronouncements, proposed rules and regulations, pending legislation, and other documents issued by domestic and international regulators and organizations such as the U.S. SEC, PCAOB, FASB, and IASB.

This letter represents the views of CCR and not necessarily the views of FEI or its members individually.

Executive Summary

As preparers, CCR shares the PCAOB's commitment to serve the needs of investors and other users of financial reports in the public interest and appreciates the opportunity to provide feedback on the Board's Plan. We support the PCAOB's mission focused on protecting investors through standard-setting, inspections, and enforcement programs. We commend the PCAOB and staff for their focus on maintaining an ongoing dialogue with key stakeholders and adapting to developments in the profession. In our letter, we offer broad support for the Plan and provide additional feedback on numerous objectives specifically outlined in each of the Plan goals, based on our collective experience in preparing financial statements and providing the Board our perspectives in their outreach activities.

Modernize Standards

As noted above, we are supportive of the Board’s commitment to adapting to developments in the profession, specifically the goal of modernizing existing standards and issuing new standards to meet today’s needs. We strongly support enhancements to reflect areas of reporting that are most important to investors and believe engaging with investors and other stakeholders to update the standards as practices in financial reporting evolve will provide value. CCR supports that input should be solicited and evaluated from a broad array of constituents, including preparers. We have found immense value in the discussions organized by the PCAOB where preparers, users, and auditors meet, in the same room, to hear each other’s views on standard-setting and research projects, and that such discussions yield the best results. Examples of these efforts include collaborative discussions by the PCAOB, such as meetings of the Standards and Emerging Issues Advisory Group (SEIAG), which consist of various stakeholder groups. We appreciate the conscientiousness and receptivity displayed by the Board’s consideration of feedback from a variety of stakeholder groups. In our response to the PCAOB’s Request for Public Comment, *Advisory Groups – Draft Governance Frameworks*, we shared the unique preparer perspective that can provide constructive feedback on issues such as control evidence, independence, the use of service organizations, and internal audit functions. When such views are taken into the total mix of information considered by the Board, we believe the resulting outcome is more robust, on point, and transparent.

Additionally, we support the Board’s continual assessment as to whether there is need for guidance, changes to PCAOB standards, or other actions considering the increased use of technology-based tools by auditors and financial statement preparers. We are increasingly using various grades of technology in preparation of financial statements, incorporating automation, artificial intelligence, robotics, etc. and applaud the Board’s efforts to ensure the level of audit quality remains at the same high level, which may require enhancements to procedures or standards applied given the use of these technologies. We invite further opportunities to be part of the Board’s outreach in better understanding technologies used and how they are applied as part of financial reporting.

Enhance Inspections and Strengthen Enforcement

We appreciate the Board’s prioritization of enhancing inspections and strengthening enforcement of PCAOB rules and standards to protect investors. CCR is supportive of quality inspections as a means of ensuring the highest quality level of audits and ultimately quality of information that investors receive. We appreciate the Board’s efforts to increase transparency in reporting inspection results as we believe it is important to keep all stakeholders apprised of findings to bring light to emerging areas of risk. We have found the staff Spotlight reports helpful in better understanding efforts to proactively improve audit quality and appreciate the additional context and relevant information on PCAOB inspections they have included. As preparers, we have a shared interest in providing investors with decision-useful information that is reliable and agree enforcement promotes audit quality and investor protection.



Improve Organizational Effectiveness

We commend the prioritization of investing in the PCAOB's most valuable resource, people, including both the staff and the external shareholders that help with efforts to carry out the mission of protecting investors and furthering the public interest in the preparation of informative, accurate, and independent audit reports. We strongly support the objective to foster a diverse and inclusive workplace culture along with efforts to ensure the Board's stakeholder outreach is broad and inclusive. As outlined above, we strongly support the Board's objective to make external engagement an institutional capability and a program through which the PCAOB seeks and receives feedback from stakeholders and shares its story. Based on our experience participating in the standard-setting outreach process, we believe the process is most effective when views are provided by a broad array of constituents representing diversity of experience, industry, gender, ethnicity, etc. We applaud the Board's first step in enhancing stakeholder engagement through establishing the IAG and SEIAG. A few of our current members actively participate in the PCAOB's advisory groups and find them to be a valuable forum for fostering understanding between stakeholders and gathering information to inform the Board's views on emerging issues. We stand ready to participate in the outreach process and provide preparer perspectives as appropriate, as we agree ongoing dialogue makes the Board more effective in executing their mission.

Conclusion

We appreciate this opportunity to provide feedback on the PCAOB's Strategic Plan Draft. Our members are fully committed to playing an active role in helping the PCAOB carry out its strategic plan and fulfill its mission. We thank the PCAOB for its consideration of our comments and welcome further discussion with the PCAOB or staff at your convenience.

Sincerely,

Rudolf Bless

Rudolf Bless
Chair, Committee on Corporate Reporting
Financial Executives International