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May 15, 2026

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

Via Email to comments@pcaobus.org

Re: PCAOB Release No. 2026-001, PCAOB Strategic Priorities

Dear Office of the Secretary:

Grant Thornton LLP appreciates the opportunity to comment on the Public Company Accounting Oversight Board's (PCAOB's or Board's) Strategic Priorities. We commend the Board's intentional decision to solicit stakeholder input on its strategic direction and priorities prior to the plan's formal development. We respectfully submit our comments for the Board's consideration, including the accompanying Appendix to this letter that contains our responses to the questions posed in the release.

Sustainable standard setting and collaboration

We remain aligned with the Board's objective to focus on audit quality and investor protection, and we fully support the pursuit of moderate, sustainable standard setting that is responsive to stakeholder need. We continue to support the PCAOB's standard-setting due process that promotes transparency and incorporates broad stakeholder input. We recommend that the Board continue to provide adequate lead time between adoption and implementation to allow audit firms to apply the appropriate care and attention to their methodology, technology, and quality control updates.

We acknowledge that, due to the length of time that appropriate standard setting requires, there is a risk that the Board's regulatory priorities might shift over that time. In addition, the Board's original intent when adopting a new standard might not fully align with subsequent inspection perspectives. We encourage ongoing collaboration among the standard-setting, inspection, and enforcement divisions to drive consistent interpretation and application of standards, which is a cornerstone of audit quality. We are encouraged by the Board's commitment to consistency and stability regarding standard-setting and inspection activities to "help ensure that the interpretation of standards rests

with the standard-setting functions – not with inspections or enforcement.”¹ Similarly, we recommend certain process enhancements, described more fully in the Appendix to this letter, regarding the Board’s coordination with international and other domestic standard-setters in order to drive audit quality and, to the extent practicable, global consistency.

Transparency

As part of the Board’s desire for increased transparency, we encourage the Board to more broadly consider all stakeholders when executing its statutory mission of investor protection. We believe this intentional inclusion of a variety of stakeholder perspectives would meaningfully enhance confidence in audit quality and financial reporting. In particular, we recommend providing additional opportunities for practitioner dialogue at all stages of the process, from standards development through inspection and enforcement outcomes. We believe firms are uniquely positioned to provide informed, practical insights and feedback, which may enhance the operability of standards, minimize challenges in practice, and assist the Board in its mission of investor protection.

As described further in the Appendix to this letter, we also believe the Board could enhance clarity in inspections by (1) revising the framework presented in Part I.A of inspection reports, and (2) maximizing the incorporation of the inspection of firms’ systems of quality control in the overall inspection process. This would encourage dialogue and provide further context and actionable information for all stakeholders who utilize the PCAOB’s inspection reports.

Innovation

As audits continue to evolve in complexity and as emerging technologies become more prevalent, we believe the PCAOB plays a critical role in enabling responsible innovation that promotes audit quality and investor protection. As such, we recommend that the Board issue clear, comprehensive, principle-based guidance on the auditor’s use of artificial intelligence (AI) and other emerging technologies to reduce uncertainty, promote consistency, and support thoughtful adoption by auditors. Additionally, we encourage the Board to consider ways to deploy new technologies and modernize its oversight approach, such as leveraging firms’ systems of quality control, in order to make risk-based engagement selections for inspection, and to more efficiently analyze data in the comment letter process. We support the Board’s forward-thinking strategic planning in this complex and emerging area, and, with the appropriate guardrails, we believe the PCAOB can encourage innovation and reduce uncertainty in the industry.

We would be pleased to discuss our comments with you. If you have any questions, please contact Craig Woodfield, National Managing Partner of Assurance Quality and Risk, at 212-542-9735 or Craig.Woodfield@us.gt.com.

Sincerely,

/s/ Grant Thornton LLP

¹ PCAOB Chairman Demetrios Logothetis’s 2026 [Statement on PCAOB Strategic Priorities](#).

Appendix: Responses to questions within the Release

Question 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?

We continue to support the PCAOB's statutory mission to protect investors and further the public interest in the preparation of informative, accurate, and independent audit reports, and we encourage consistency in the rigor with which the Board executes its mission of investor protection. To further this mission, we believe the Board could prioritize consistent inspection and enforcement actions driven by sustainable standard setting, as well as implementing a formal mechanism for practitioner implementation-related dialogue.

The Board's inspection and enforcement functions play a critical role in driving audit quality and shaping firm behavior, and we believe the execution of those oversight activities is most effective when aligned with the Board's standard-setting division. We acknowledge the Board's interdepartmental collaboration efforts when a new standard is adopted, but we believe continuous coordination between inspectors and the Office of the Chief Auditor, beyond the initial implementation of a standard, would allow for greater synergy between standard-setting intent, inspection findings, and enforcement outcomes, promoting enhanced audit quality. We encourage consistent alignment between inspectors and standard setters to mitigate the risk and potential unintended consequences of a standard inappropriately evolving over time through inspection and enforcement actions. As such, we promote a sustainable approach that prioritizes consistency, closer collaboration, and heightened transparency between the Board's divisions on an ongoing basis.

In addition to enhanced and continuous coordination, we believe early and broad stakeholder engagement would promote durable standard setting and reduce variability in inspection outcomes. While we appreciate the current opportunities for firms to interact with the PCAOB's divisions, we encourage the Board to solicit feedback from practitioners earlier in the standard-setting process and further enhance the dialogue between the Board and audit firms to address practical application matters before they could result in findings in inspection reports.

We believe that the Board could further benefit from obtaining more granular and technical insights from practitioners before standards are drafted and proposed for public comment. Such insights could promote consistency and minimize inspection issues that may be caused by misinterpretation or misalignment. Further, from a standard-setting perspective, by encouraging productive, implementation-related interactions with the PCAOB staff earlier in the standard-setting life cycle, the Board would allow the profession to identify practical application questions or challenges before a standard is proposed. With this early collaboration, the PCAOB would be positioned to draft, inspect, and enforce sustainable, principle-based standards that will benefit audit quality and protect the public interest.

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

Risk-based engagement selection

We are supportive of the Board's desire for further enhancements to its inspection program in light of its new quality control standard (QC 1000). While we have expressed substantive concerns² regarding the scope and complexity of QC 1000, we believe that, with some refinements, the Board could leverage QC 1000 and optimize its inspection approach by using the effectiveness of a firm's system of quality control to make deliberate, risk-based engagement selections for inspection. We believe this targeted inspection strategy would assist the Board in making fewer, yet more meaningful, engagement selections based on the risk profile of the firm and, consequently, improve the efficacy of the Board's inspection process. This could also mitigate certain engagement partners or engagements being selected for inspection repeatedly within relatively short timeframes, particularly for non-Big Four firms. Reducing the quantity of inspected engagements could also allow the Board's inspectors to focus on other areas potentially impacting audit quality, such as performing analyses on emerging issues, which could inform future inspection focus areas or standard setting.

We have previously provided public feedback to the PCAOB and Securities and Exchange Commission on the ongoing QC 1000 implementation challenges. We commend the Board for deferring the effective date until the end of 2026; however, we remain concerned about the potential unintended consequences associated with certain requirements in QC 1000 that meaningfully deviate from International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*. For example, the inconsistency in terminology concerning monitoring and remediation, including defined terms such as Engagement Deficiency, QC Observation, QC Deficiency, and Major QC Deficiency, across the various standards poses significant operational and communication challenges. Without consistent definitions, quality control policies and procedures may become unclear and incongruous. The use of inconsistent terminology hinders accurate interpretation of results, challenges the identification of appropriate corrective actions, and impedes efficient and effective communication with stakeholders, including audit committees and regulators, thereby increasing compliance complexity and risk of noncompliance. While we acknowledge certain incremental differences are necessary due to basic jurisdictional nuances, we continue to encourage overall alignment of QC 1000 with ISQM 1 for global consistency. We look forward to providing further detail in our response to the Board's supplemental request to comment on certain provisions of QC 1000 when it is released.

² Grant Thornton LLP's [March 16, 2020 comment letter](#) to the PCAOB on Concept Release, *Potential Approach to Revisions to PCAOB Quality Control Standards*; [February 1, 2023 comment letter](#) to the PCAOB on Rulemaking Docket Matter No. 046; [July 16, 2024 comment letter](#) to the Securities and Exchange Commission on File No. PCAOB-2024-02; and [September 24, 2025 comment letter](#) to the Securities and Exchange Commission on File No. PCAOB-2025-01

Protocol for evaluating firm methodology

We encourage the Board to consider establishing guidelines for evaluating firm methodology, particularly in light of QC 1000. We believe the Board could enhance inspection effectiveness by focusing evaluations of methodology on significant changes, such as the adoption of a new standard or rule, and testing the firm's system of quality control related to methodology change management. This would prioritize significant methodology changes and risk indicators, recognizing that repeated evaluation of unchanged methodology can divert attention from higher-risk areas. Such an approach could also reduce variability in methodology-related matters or findings across inspection periods by limiting challenges arising from differing inspector perspectives when no substantive changes in standards or methodology have occurred.

Increased collaboration among divisions

We believe continuous alignment between the inspection and standard-setting divisions would enhance audit quality by improving consistency and reducing regulatory volatility. We also believe the profession could benefit from enhanced transparency with regard to division coordination when it comes to inspection matters or findings. Effective communication among a firm, the Office of the Chief Auditor, and the inspections division could allow firms to engage in robust technical dialogue regarding audit approach and professional judgments. Such a process would provide firms with additional transparency and deeper insights into the auditing standards and related inspection observations, which would drive more meaningful improvements and, thus, enhance audit quality.

Severity ratings

As discussed further in Question 3 below, we recommend implementing a qualitative severity rating system to replace binary conclusions in inspection reports to provide clearer context regarding the nature, pervasiveness, and root causes of findings to stakeholders.

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

We are encouraged by the Board's desire to enhance inspection information to be more decision-useful for stakeholders. The current insights derived from inspections not only inform the Board of audit areas of focus that may benefit from additional guidance but also drive remediation efforts and improvements for practitioners. We believe the Board could benefit from broadening stakeholder engagement to provide more meaningful information within inspection reports to all stakeholders that contribute to investor protection. We are aligned with general Board sentiment that greater transparency and clarity is essential for investor protection, and we encourage the Board to champion continued, early stakeholder engagement and comprehensive feedback when shaping priorities, providing inspection information, and executing its statutory mission.

In order to enhance transparency for all stakeholders, we also recommend implementing a severity-based framework for inspection findings in PCAOB inspection reports. We continue to believe that findings reported in Part I.A are necessary for the Board to fulfill its regulatory oversight duties, provide feedback to firms for any necessary remediation, and drive improvement in audit quality. However, we are concerned that the use of

engagement-level binary finding labels in Part I.A oversimplify or misconstrue inspection results. The current system may be perceived as lacking context and, thus, may not adequately convey the nature and scope of the finding, including relative severity, pervasiveness, or underlying root causes of identified issues. In practice, we have found that other stakeholders often request deeper insights regarding the impact and risk of the findings in Part I.A, such as when audit committees inquire as to which findings led to restatements of the financial statements. Audit firms could also benefit from enhanced inspection information given the increased prevalence of using other audit firms. It could assist lead auditors in sorting through inspection findings that indicate the need for increased consideration on a particular engagement versus findings that might not be as significant or relevant to the engagement. It could also inform planning decisions and the extent of the lead auditor's supervision and review of other auditors.

Additionally, these findings drive the published deficiency rates and are frequently interpreted externally as "failed audits," which we believe diminishes the transparency of the inspection reports and decision-usefulness of the information they contain. We agree with former Board Member Christina Ho's sentiment that quantitative failure rates, when presented without context, lose explanatory value and risk misleading users of financial reports.³ As such, we believe that a severity grading for inspection findings would provide necessary context, enhance transparency and usefulness to all stakeholders, and improve investor confidence.

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

We appreciate the opportunity to provide input on the PCAOB's standard-setting initiatives, and we encourage the Board to prioritize sustainable, principle-based standards that support the Board's mission of investor protection. As discussed above, appropriate standard setting requires comprehensive due process, which begins with the identification of the need for a new or revised standard. We encourage the Board to identify these public needs judiciously to ensure the benefit to the profession and to investors is commensurate with costs associated with standard setting and implementation, including academic and broader ecosystem costs.

Artificial intelligence

As technology use in the industry evolves for both practitioners and clients, we believe it is in the public interest to create thorough guidance related to AI. We believe the current lack of guidance from the Board and the existence of various differing nonauthoritative frameworks and other guidance could serve as a deterrent for innovation and may result in inconsistent use of AI tools, which could ultimately undermine audit quality. We believe it is important to consider this topic from two perspectives: (a) an issuer's use of technology and related considerations in an audit, and (b) an auditor's use of technology to perform the audit and obtain audit evidence (for example, generative AI or AI-enabled workflows). We urge the Board to develop targeted guidance, in lieu of standard setting, that specifically addresses the auditor's use of AI. We believe addressing both topics will greatly enhance auditors' understanding and use of technology while keeping them focused on audit quality and the objectives of an audit. As AI is a constantly evolving area of focus, the Board's guidance could lead to consistency and responsible adoption by

³ Former Board Member Christina Ho's comments on Earmark podcast "[Behind the Numbers: The Truth About PCAOB Deficiency Rates](#)"

auditors. We encourage the Board to collaborate, where appropriate, with the SEC as well as other standard setters to foster a globally consistent and pragmatic approach to the topic.

Short-term standard-setting projects

As discussed below in Question 5, we support the alignment of standard-setting timelines and topics addressed by domestic and international standard-setters. We believe it is in the public interest to coordinate efforts among the standard setters to revise or create standards with similar topics to allow for practitioners to provide comprehensive feedback and coordinate implementation timely. As such, we believe that the Board should prioritize the following projects to align with international and other domestic standards that have already been adopted or are in process:

- **Going concern** – Given the recent and ongoing developments by other standard setters, and the significant updates to the domestic financial reporting frameworks since the Board last substantively addressed this area, we believe the Board should elevate the going concern standard-setting project as a higher priority standard-setting project.
- **Fraud** – As fraud is a consistent risk area in audits, we believe a holistic modernization could reduce risk of misinterpretation and unnecessary complexity. Additionally, prioritizing a project on fraud would align more appropriately with the timing of international and other domestic standard setters, as well as provide a foundational standard that could then inform changes, if any, to the standard on noncompliance with laws and regulations (NOCLAR).
- **NOCLAR** – We believe that enhancements to NOCLAR requirements could be influenced by the modernization of the fraud standard, as discussed above. We continue to have significant concerns regarding the Board's proposed Rulemaking Docket Matter No. 051, *Amendments to PCAOB Auditing Standards related to a Company's Noncompliance with Laws and Regulations and Other Related Amendments*⁴, and we believe it is essential for the Board to consider stakeholder feedback and potential additional outreach before moving forward.

Attestation standards update

We are aligned with the Board's general sentiment that standard setting should remain practical and measured, emphasizing meaningful and sustainable enhancements over volume of projects. As such, we recommend deprioritizing the attestation standards update given the other projects and topics that would be of greater benefit to the profession than updating a set of standards that are rarely used. In fact, we encourage the Board to work with other regulators and urge them not to require the standards of the PCAOB for certain engagements, for example, for Securities Investor Protection Corporation (SIPC) Agreed-Upon Procedures engagements. These actions would significantly curtail confusion within the profession and among stakeholders with regard to whether such engagements fall within the jurisdiction of the PCAOB. If the regulators

⁴ Grant Thornton LLP's [August 7, 2023 comment letter](#) to the PCAOB on Rulemaking Docket Matter No. 051, *Amendments to PCAOB Auditing Standards related to a Company's Noncompliance with Laws and Regulations and Other Related Amendments*

change their requirements, the use of the standards of the PCAOB would align more closely with the PCAOB's jurisdictional oversight responsibilities, and it could limit the standards the PCAOB would have to maintain. It is possible that the PCAOB could eliminate the legacy attestation standards (that is, those other than AT 1 and AT 2) from its suite of standards.

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

We commend the Board for considering whether and how it can achieve greater alignment with other auditing standards. We believe the profession could benefit from more consistency among PCAOB standards, auditing standards generally accepted in the United States (US GAAS), and International Standards on Auditing (ISAs).

We believe the most immediate action the Board could take is to continue to engage (and enhance collaboration) with international and other domestic standard setters. We believe that the Board's early input into international projects could enable easier adaptation or adoption by the PCAOB. We also believe the Board could benefit from the work undertaken by the AICPA Auditing Standards Board, which evaluates the ISAs and identifies necessary jurisdictional differences as part of its convergence projects (such differences are summarized in Appendix B of US GAAS, *Substantive Differences Between the ISAs and US GAAS*).

Although, we recognize that divergence is appropriate in certain circumstances due to jurisdictional differences and the PCAOB's statutory authority, we support convergence of overarching audit principles in order to promote global consistency, enhance audit quality, and create operational efficiencies. We note that the standards of the PCAOB are fundamentally designed differently than the ISAs or US GAAS, and we do not believe it would be beneficial for the PCAOB to revert or redo its established standards (for example, risk assessment). Nevertheless, on a go-forward basis, we encourage the Board to engage frequently with international and other domestic standard setters to:

- minimize wording differences, to the extent practicable,
- more clearly indicate any incremental or differing requirements, and
- ensure that alignment in principle is achieved and maintained.

We believe the Board could potentially benefit from enhancing its processes to align more closely with certain processes utilized by the International Auditing and Assurance Standards Board (IAASB), such as more transparent deliberations on major issues and obtaining more practitioner and other stakeholder perspectives during the standards development process. As discussed in Question 1 above, we encourage the Board to consider including a process for public deliberation prior to a proposal being issued for public comment. With this process improvement, the Board could be better positioned to address feedback or common themes within the release text of an exposure draft.

Additionally, we encourage the Board to consider coordinating the timing of its standard-setting projects with those of the international and other domestic standard setters. While there may be instances where it is best for the PCAOB to take its own path on standard setting, we believe converging timelines with other standard setters would be beneficial, particularly to the profession, as it would allow stakeholders to gain a comprehensive

perspective of new or revised standards, compare the standards more efficiently, and provide feedback to all standard setters within the same time period. We believe such an approach could also improve the efficiency of implementation efforts once standards are finalized.

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

We appreciate the opportunity to provide the Board with recommendations on how best to utilize technology to further its mission of investor protection. We agree with Chair Logothetis when he stated, “Technology is reshaping the audit profession, and it must reshape audit oversight as well.”⁵ The use of technology, particularly AI, is constantly evolving within the industry, and we support the Board’s objectives to adapt concurrently to address this complex topic. As discussed in our response to Question 4 above, we believe the Board has an opportunity to further promote innovation in the industry by providing principle-based guidance (or potentially standards) regarding the use of AI.

Additionally, we encourage the Board to explore ways to deploy AI to enhance operations and create efficiencies in its processes. One area we have identified that may benefit from the introduction of AI is the comment letter process. We recommend that the Board consider implementing a standardized response template for exposure drafts, similar to the current IAASB process. Such a template could enable AI to more efficiently collate responses, generate common themes, and analyze stakeholder input in order for the Board to appropriately evaluate the feedback and respond. Nevertheless, we emphasize the importance of maintaining the human element with the deployment of any AI-enabled process or other emerging technologies, particularly in this area, so commenter feedback is not misplaced or misinterpreted.

Further, we recommend the Board consider utilizing AI or other technology to assist with risk-based engagement inspection selections, as discussed in Question 2. Such use could potentially allow the Board to more effectively and efficiently analyze firms’ risk profiles in light of QC 1000, leading to more intentional engagement selections for inspection.

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

Overall, the Board’s transparency involves clarity, consistency, and usability, and is driven by balancing the needs of all stakeholder groups in the financial reporting ecosystem. We provide recommendations that could enhance transparency in our responses to other questions above.

⁵ Chairman Logothetis’s [Statement on PCAOB Strategic Priorities](#)