

May 15, 2026

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

**PCAOB Release No. 2026-001, March 31, 2026: PCAOB STRATEGIC PRIORITIES**

Dear Secretary Brown and PCAOB Board Members:

Johnson Global Advisory (JGA) appreciates the opportunity to comment on the Public Company Accounting Oversight Board's request for public comment on its strategic priorities as the PCAOB develops its 2026–2030 Strategic Plan.

JGA's mission is to be the most innovative and technically excellent advisory firm at the intersection of companies, auditors, and regulators, which improves investor decision-making confidence. We serve a diverse group of audit firms ranging from single office firms to more complex regional firms and the top 20 audit firms. We help audit firms interpret, respond, and comply with global auditing and financial reporting standards and regulatory requirements, including those standards set by the PCAOB. Our team of financial reporting quality advisors helps prepare audit firms to perform high-quality audits using innovative tools with a shared commitment to implement effective policies, procedures, and controls.

Our comments are informed by deep, ongoing engagement with firms subject to PCAOB oversight, including first-hand experience with inspections, remediation efforts, implementation of auditing standards (including QC 1000), and regulatory interactions. We offer the perspectives below to support the PCAOB's statutory mission to protect investors while promoting audit quality, scalability, and consistency across firms of varying size and complexity.

We provide our comments on certain specific questions posed in the standard as follows:

**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?**

**Registration**

With respect to registration, we encourage the PCAOB to prioritize efficiency, clarity, and accessibility, particularly for firms serving smaller issuers and emerging growth companies. Consistent with principles recently emphasized by U.S. Securities and Exchange Commission (SEC) Chairman, Paul S. Atkins, regarding the importance of reducing unnecessary regulatory friction and supporting capital formation, well-functioning capital markets depend on regulatory frameworks that are clear, predictable, and proportionate.<sup>1</sup> In practice, access to high-quality auditors is a necessary precondition for efficient capital formation, and registration processes that are unclear, prolonged, or unpredictable can limit market access without enhancing investor protection.

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<sup>1</sup> See [“Speech by Chair Atkins on Reducing Regulatory Burdens and Promoting Market-Driven Capital Formation” \(Apr. 22, 2026\). Harvard Law School Forum summary of speech](#)

A transparent and timely registration framework helps ensure that capable firms can enter and operate in the market while maintaining appropriate safeguards. Efficiency in this context should not be viewed as a reduction in rigor, but as an opportunity to better align regulatory processes with the practical realities facing firms serving smaller or first-time public companies. Clear expectations, consistent processing, and timely feedback reduce unnecessary friction while preserving oversight objectives.

## **Inspections**

For inspections, we believe the PCAOB's strategic priorities should focus on modernizing the inspection approach to reflect QC 1000, firm-specific risk, and inspection history, while avoiding a one-size-fits-all model. Not all firms, and not all findings warrant the same inspection response. A more tailored, risk-based approach would improve both efficiency and effectiveness.

A hybrid inspection approach, one that relies primarily on assessing the effectiveness of a firm's systems of quality control but recalibrates toward engagement-level testing when deficiencies are identified, can improve both efficiency and effectiveness. Specifically, we encourage the PCAOB to prioritize:

- A measured transition toward a quality-control-focused inspection model aligned with QC 1000 and firm-level risk assessment, monitoring, and remediation.
- Retention of targeted engagement-level procedures where inspection history or identified deficiencies indicate elevated risk.
- Clear differentiation of inspection scope based on firm size, historical outcomes, and demonstrated effectiveness of the system of quality control.

Based on our experience, this approach will allow the PCAOB to focus inspection resources where they are most needed, while also creating meaningful incentives for firms to invest in robust monitoring and remediation processes. It reinforces the principle that effective quality control systems matter, rather than treating all firms as they present equivalent risk profiles.

## **Enforcement**

We believe enforcement priorities should be grounded clearly and consistently in the PCAOB's investor-protection mission. Based on our experience working with firms responding to investigations and enforcement inquiries, enforcement actions are most effective, and most credible, when they are clearly tied to actual or potential investor financial harm.

Accordingly, we encourage the PCAOB to align enforcement decisions more explicitly with matters such as:

- Financial statement restatements or non-reliance events
- Significant audit failures that undermine markets and investor confidence
- Systemic quality control deficiencies that pose broad or repeated risk across engagements

Enforcement approaches perceived as emphasizing non-audit technical, administrative, or procedural compliance matters over issues more directly tied to investor protection may unintentionally divert attention from higher-risk areas most relevant to audit quality and capital markets. Recent public

commentary at the Board level<sup>2</sup> has also reflected concerns regarding whether certain enforcement and regulatory activities may contribute to a more compliance-oriented environment that could discourage constructive engagement and innovation among firms committed to audit quality. As the PCAOB evolves under new leadership, we encourage continued evaluation of how enforcement priorities, public messaging, and regulatory initiatives can best balance accountability, investor protection, transparency, and long-term resiliency of the audit profession.

Failure to comply with aspects of a standard that is more compliance-based (such as a delay in filing Form AP by the required deadline) are not having the same effect on an investor or user than say a failure to audit a material estimate on the financial statements. Aligning enforcement priorities with material investor risk reinforces the legitimacy and effectiveness of the PCAOB's program while maintaining focus on outcomes that meaningfully impact investor confidence.

**Question #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)?**

The adoption of QC 1000 presents a meaningful opportunity for the PCAOB to modernize its inspections program and further align inspection practices with a system-based approach to audit quality. Based on our experience working with firms implementing quality management systems, we support an inspections framework that:

- Places greater emphasis on evaluating the design and operating effectiveness of a firm's system of quality control, rather than relying predominantly on engagement-level testing alone.
- Leverages firms own monitoring and remediation processes where those processes are demonstrated to be robust, timely, and effective.
- Recognizes differences in firm size, organizational structure, and available resources, particularly among firms serving smaller issuers and emerging growth companies.

At the same time, it has been our experience that smaller firms often have limited personnel dedicated solely to quality functions, with key quality responsibilities concentrated to one or two individuals. An abrupt or exclusive shift of inspection accountability to firm quality leadership, without appropriate calibration, may create unintended pressure, particularly where engagement-level deficiencies are driven by engagement partner behavior rather than by systemic weaknesses in the firm's quality control system.

To address these risks, we encourage the PCAOB to consider phased implementation, clearer inspection expectations, and calibrated inspection responses. This could include the ability to rely more heavily on quality management systems for firms with strong inspection histories and demonstrated monitoring effectiveness, while retaining appropriate flexibility to expand inspection scope when firm-specific risk indicators or identified deficiencies warrant deeper engagement-level focus.

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<sup>2</sup> [See remarks by Christina Ho, Former PCAOB Board Member. "An Opportunity for Genuine Collaboration to Advance Audit Quality and Improve the Resiliency of Our Capital Markets," Public Company Accounting Oversight Board, May 2024.](#)

This balanced approach would promote more effective oversight, reinforce the objectives of QC 1000, and encourage sustained investment in quality management without imposing disproportionate burdens on firms with demonstrated effectiveness.

**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?**

Stakeholders would benefit significantly from more informative and differentiated inspection reporting. Based on our experience working with firms, audit committees, and other stakeholders, current inspection reports often describe fundamentally different audit deficiencies using similar standardized language. This lack of differentiation can make it difficult for users to assess the relative severity of findings, understand root causes, and prioritize remediation efforts effectively.

For example, we have observed situations where an audit involving robust procedures over a complex fair value estimate but missed some aspect of documenting testing of an input received inspection language that was substantively similar to language used for an engagement in which the auditor largely accepted a specialist’s report with minimal evaluation of the significant inputs. Although these two deficiencies reflected materially different levels of auditor effort, judgment, and risk exposure, they were described using nearly identical, “boilerplate” language, providing limited decision-useful information to stakeholders.

Based on our experience, more nuanced inspection reporting would be particularly valuable if it incorporated:

- Graded or tiered descriptions of inspection findings that differentiate based on severity, pervasiveness, and potential impact.
- Greater qualitative context explaining *why* a particular finding is significant, including whether concerns relate primarily to execution, judgment, supervision, or systemic quality issues.
- Enhanced transparency around how inspection results are evaluated, aggregated, compared, and escalated within the PCAOB’s inspection process.

More differentiated and context-rich inspection reporting would improve transparency, support more targeted and effective remediation by firms, and better enable audit committees and other stakeholders to understand inspection outcomes. We believe that these enhancements would also reinforce investor confidence by more clearly linking inspection results to meaningful audit quality risks, consistent with the PCAOB’s investor-protection mission.

We recommend the PCAOB move toward a more decision-useful reporting model that not only identifies deficiencies but clearly differentiates their severity and underlying drivers, enabling stakeholders to more effectively assess audit quality and remediation priorities.

**Question #4 – What standard-setting projects should the PCAOB pursue?**

We believe the PCAOB should prioritize standard-setting projects that reflect evolving audit risks, increasingly complex business models, and recurring inspection findings that continue to challenge firms. Based on our experience working with firms across a range of sizes, clear standards and implementation

guidance, particularly where persistent deficiencies exist, can have a more lasting impact on audit quality than reliance on inspection findings or enforcement actions alone.

Additional implementation guidance, illustrative examples, and interpretive materials tied to common inspection themes would be especially beneficial, particularly for smaller firms with limited technical resources. Based on our experience, ambiguity in applying existing standards often contributes to inconsistent execution, even where audit teams are making good-faith efforts to ensure compliance.

Key areas where standard-setting or interpretive guidance could meaningfully enhance audit quality include:

- **Auditing Digital Assets**

There is currently no PCAOB auditing standard that specifically addresses digital assets, despite their growing prevalence and increasing scrutiny in inspections and enforcement. Based on our experience, auditors are often forced to analogize to standards that were not designed for these assets, leading to inconsistent approaches and heightened inspection risk. Targeted standard-setting or interpretive guidance would help establish clearer expectations, reduce reliance on regulation through inspection or enforcement, and promote greater consistency in audit execution.

- **Technology and Artificial Intelligence (AI)**

Existing standards and related guidance often rely on broad principles that can be difficult to apply in highly automated, technology-enabled audit and business environments. Based on our experience, firms continue to struggle with how to appropriately assess risks, controls, and audit evidence in environments that rely heavily on advanced systems, data analytics, and emerging AI tools. Updates or interpretive guidance that reflect modern business processes, data architectures, and technology-enabled audit techniques would better align standards with current practice.

Overall, we encourage the PCAOB to focus its standard-setting agenda on areas where clearer requirements and practical guidance can proactively improve audit quality, reduce recurring inspection findings, and support consistent application across firms. Based on our experience, thoughtful standard-setting, supported by implementation guidance, can strengthen investor protection while enhancing the operability and effectiveness of the audit process.

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

We support greater alignment between PCAOB auditing standards and international auditing standards, including those issued by the International Auditing and Assurance Standards Board (IAASB) and American Institute of Certified Public Accountants (AICPA), where differences are not required by U.S. statutory, legal, or regulatory considerations. Based on our experience working with firms that operate across jurisdictions or maintain both PCAOB and non-issuer practices, unnecessary divergence increases complexity without a corresponding benefit to audit quality or investor protection.

In pursuing greater alignment, we encourage the PCAOB to:

- Clearly articulate the rationale for departures from international standards, including whether such differences are driven by investor-protection considerations, inspection experience, or unique aspects of the U.S. regulatory environment. Based on our experience, transparency around these differences helps firms design methodologies that appropriately address PCAOB-specific requirements while maintaining consistency elsewhere.
- Recognize the AICPA's System of Quality Management (SQMS) framework as an important bridge between PCAOB and IAASB requirements. Many firms already leverage SQMS concepts across their practices, and acknowledging this alignment can support more efficient and consistent implementation of quality standards.
- Minimize unnecessary divergence that increases operational complexity for firms operating across multiple regulatory regimes, particularly where alignment would not diminish the PCAOB's oversight objectives. For example, PCAOB's QC 1000 and IAASB's ISQM are conceptually aligned and both are risk-based. However, if PCAOB inspections or guidance were to require materially different terminology, documentation structures, or assessment mechanics (beyond what U.S. oversight requires), firms operating globally may be forced to maintain parallel quality systems, one PCAOB-specific and one international. This increases operational complexity, training burden, and risk inconsistency, even where the underlying objectives (risk identification, monitoring, and remediation) are the same.

Minimizing unnecessary divergence in this context would mean:

- Allowing firms to leverage a single, integrated quality management framework aligned with ISQM 1 and the AICPA's SQMS,
- While clearly identifying the *specific incremental requirements* needed to satisfy PCAOB oversight objectives.

We believe that greater alignment promotes consistency, scalability, and efficiency in audit execution, while allowing firms to focus resources on addressing substantive audit risks. Thoughtful convergence, paired with clearly explained departures where necessary, can enhance audit quality and investor protection without imposing avoidable burden, such as requiring firms to redesign systems solely for jurisdictional differences that do not substantively enhance audit quality.

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

Technology, including AI, presents a significant opportunity for the PCAOB to enhance its investor-protection mission. The PCAOB is uniquely positioned to lead by modeling a thoughtful, risk-based approach to the use of technology in both oversight and guidance to the profession.

We recommend the PCAOB prioritize (these recommendations are made without knowledge of how inspection and enforcement staff are already using technology internally to optimize the PCAOB's mission, that otherwise isn't available publicly):

- Risk-based inspection selection using aggregated data (e.g., Form AP, Form QC, inspection history, restatements, and non-reliance events) to more precisely target higher-risk engagements and firms.
- Deployment of advanced analytics to identify patterns associated with recurring deficiencies, elevated audit risk, or systemic quality issues.
- Increased transparency around how technology is used in inspection selection and enforcement decision-making, including the types of data inputs considered and how they influence regulatory focus.

In practice, uncertainty around regulatory expectations can discourage responsible innovation by firms. Clear guidance and transparency regarding the PCAOB's own use of technology would enable firms to adopt AI and data-driven tools more confidently while maintaining appropriate governance and controls.

A measured and transparent approach would enhance inspection effectiveness, promote consistency, and reinforce investor confidence, while supporting innovation that improves audit quality.

**Question #7 – How can the PCAOB enhance transparency with its stakeholders?**

We encourage the PCAOB to further enhance transparency with registered firms, audit committees, and other stakeholders. Clear communication of regulatory priorities and expectations is critical to driving consistent audit execution and meaningful quality improvement.

We recommend the PCAOB:

- Provide clearer articulation of inspection and enforcement priorities, including how focus areas are identified and how they evolve over time and quantify how they measure success and what those goals are.
- Publish more timely and actionable staff observations and implementation guidance, particularly in areas with recurring inspection findings or interpretive challenges.
- Expand structured dialogue with stakeholders during the implementation of new standards and inspection approaches to promote shared understanding and consistency in application.

Enhanced transparency enables firms to allocate resources more effectively, supports proactive remediation, and reinforces credibility and effectiveness of the PCAOB's oversight program.

We appreciate the PCAOB's efforts to engage stakeholders early in the strategic planning process. JGA would welcome further dialogue with the Board or Staff regarding these comments and stands ready to assist in advancing high-quality, investor-focused auditing standards and oversight. We would be pleased to discuss our comments with you at your convenience. Please direct any questions to Jackson Johnson, President and Shareholder ([jjohnson@jgacpa.com](mailto:jjohnson@jgacpa.com)) or Geoffrey Dingle, Managing Director and Shareholder ([gdingle@jgacpa.com](mailto:gdingle@jgacpa.com)). They may be reached at (702) 848-7084.

Sincerely,

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