



September 6, 2018

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

RE: No. 2018-001, PCAOB Draft Strategic Plan 2018-2022

Dear Madam Secretary:

We appreciate the opportunity to comment on the Public Company Accounting Oversight Board's (PCAOB or the "Board") *Draft Strategic Plan 2018-2022* (the "draft strategic plan"). We commend the PCAOB for undertaking a transparent and inclusive approach to developing its strategic plan. We were pleased by the opportunities to participate in the Board's initial outreach and applaud the PCAOB's approach to involving and welcoming input from a range of stakeholders. We support the five strategic goals the PCAOB has included in the draft strategic plan.

The environment in which audits are conducted continues to evolve rapidly and audit quality is impacted by many factors. We are encouraged by the PCAOB's vision of forward-looking, responsive, and innovative oversight. Enhanced stakeholder engagement can enable the PCAOB to continue to balance the need to work within its remit, while engaging others who also have important roles in promoting audit quality and reliable financial reporting (e.g., the SEC, accounting standard setters, and audit committees).

Oversight

We believe goal one, driving improvement in the quality of audit services through a combination of prevention, detection, deterrence, and remediation, is an appropriate and important foundational goal for the PCAOB. The current approach to inspections has served the Board and its stakeholders well and we believe it has been an important contributing factor to the quality of audit services. Notwithstanding this, we agree with the Board's view that it is an opportune time for the Board to assess its inspections approach and the processes and technology that supports it in light of the changing environment.

We also support the PCAOB's intent to provide more timely information regarding its oversight activities and its objective of communicating, as soon as practicable, the nature and significance of its inspection results. As the PCAOB acknowledges, doing so will help registered firms better prevent and remediate deficiencies and other weaknesses in their audits and audit practices. There may also be opportunities for the PCAOB to share positive observations and feedback from its inspections and outreach activities.

Standard-setting and research activities

Standard-setting plays a fundamental role in serving the public interest in the preparation of informative, accurate, and independent audit reports. External engagement through the Investor Advisory Group (IAG) and the Standing Advisory Group (SAG) serves to inform the Board's standard-setting activities and its related research agenda. In addition to our Chief Auditor's participation on the SAG, we have also welcomed opportunities to engage directly with PCAOB staff on matters related to standard-setting projects in a proactive manner. It is timely for the Board to reassess the size, composition, structure, and administration of the IAG and the SAG to ensure the Board is receiving timely, relevant, and useful perspectives.



Feedback from stakeholders will assist the Board in achieving goal two, to anticipate and respond to the changing environment, including emerging technologies and related risks and opportunities. The continued use of the SAG or other task forces with subject matter experts can assist the Board and its staff in exploring issues on a timely basis and enhance the effectiveness of its efforts as the Board prepares for significant market-driven changes in the audit profession.

Ensuring the Board's stakeholders understand the objectives of any standard-setting project, and providing robust economic and risk analysis and details regarding the actions of others that may be necessary to achieve the PCAOB's objectives, could enhance the timeliness of the Board's standard-setting activities. As new standards are being implemented, we encourage Board and staff engagement with firms and others to identify and address questions or emerging issues to promote effective implementation.

We also believe robust collaboration within and across PCAOB programs can increase the overall effectiveness of the organization. For example, there may be innovative ways for the inspections program to inform standard-setting staff of areas where additional guidance or changes to standards could promote more consistent understanding or execution, especially in areas that are a common or persistent source of inspection findings across firms.

Engagement and collaboration with other stakeholders

It is in the public interest for regulators and standard setters to collaborate in reaching solutions that can promote improvement to audit quality. We encourage the Board to continue taking leadership roles within the International Forum of Independent Audit Regulators (IFIAR), and to engage with IFIAR's members as well as the Auditing Standards Board and International Auditing and Assurance Standards Board to share perspectives on matters affecting auditing standards and audit quality.

Collaboration with the SEC and accounting standard setters is also essential to the development of holistic solutions to address matters that are relevant to investors but may be wider reaching than the PCAOB's remit or may otherwise benefit from a collaborative approach. Finally, continued transparency and engagement with stakeholders will benefit the Board as it considers specific actions to implement its strategic plan.

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We appreciate the opportunity to provide input on the Board's draft strategic plan and would be pleased to continue a dialogue with the Board and its staff. Please contact Jorge Milo (973-236-7114), Len Combs (973-236-5265) or Brian Croteau (973-236-4799) regarding our submission.

Sincerely,

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

PricewaterhouseCoopers LLP