September 6, 2022

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

Via email: comments@pcaobus.org

Re: Strategic Plan 2022-2026 Draft for Comment

Dear Members of the Public Company Accounting Oversight Board (PCAOB):

The National Association of State Boards of Accountancy (NASBA) appreciates the opportunity to comment on the PCAOB’s Strategic Plan 2022-2026 Draft for Comment (the Plan). NASBA’s mission is to enhance the effectiveness and advance the common interests of the Boards of Accountancy (State Boards) that regulate all Certified Public Accountants (CPAs) and their firms in the United States and its territories, which includes all audit, attest and other services provided by CPAs. State Boards are charged by law with protecting the public.

In furtherance of that objective, NASBA supports the three organizational priorities that should set the direction for the PCAOB’s strategy. NASBA also supports the stated goals and objectives in the Plan and offers the following comments.

The preamble to Goal 1 of the Plan expresses the intent to modernize the PCAOB standards. We strongly agree with that objective. But, instead of continuing the piecemeal approach of periodically updating the 2003 standards embedded in PCAOB No. 1, we suggest that you use the opportunity to accelerate the process of modernizing and aligning all remaining standards adopted in 2003.

We also believe that a fifth goal should be considered: strengthen registration requirements that allow firms to practice in the SEC/PCAOB space. As state regulators, we regularly institute enforcement action against accounting firms and individual CPAs whose work in connection with public companies and SEC-registered brokers and dealers has been determined to be substandard. The seriousness and pervasiveness of the deficiencies in many cases raises the question of whether those firms and practitioners have the capability to properly audit public companies and brokers and dealers. While these lapses are identified in the inspection process, it is often too late as the public has already been negatively impacted. We believe it would be in the public interest for the PCAOB to increase the rigor associated with firm registrations. We are particularly pleased to see the current PCAOB standard-setting agenda includes a short-term project to revise its interim quality control standards to strengthen requirements over firms’ quality control systems. This would be a substantive step and put further pressure on firms to significantly raise their performance level.
We appreciate the opportunity to comment on the Plan.

Very truly yours,

[Signatures]

W. Michael Fritz, CPA  
NASBA Chair

Ken L. Bishop  
NASBA President and CEO