
Strategic Plan

2022-2026

Draft for Comment

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ABOUT THE PCAOB

The PCAOB is a nonprofit corporation established by Congress pursuant to the Sarbanes-Oxley Act of 2002, in the wake of the corporate financial reporting scandals of 2001 and 2002.

Everything we do is guided by the PCAOB's mission and vision.

Our mission: The PCAOB regulates the audits of public companies and SEC-registered brokers and dealers in order to protect investors and further the public interest in the preparation of informative, accurate, and independent audit reports.

Our vision: The PCAOB will be a trusted leader that promotes quality auditing through forward-looking, responsive, and innovative oversight. At all times we will act with integrity; pursue excellence; operate with effectiveness; embrace collaboration, inclusiveness, and respect; and demand accountability.

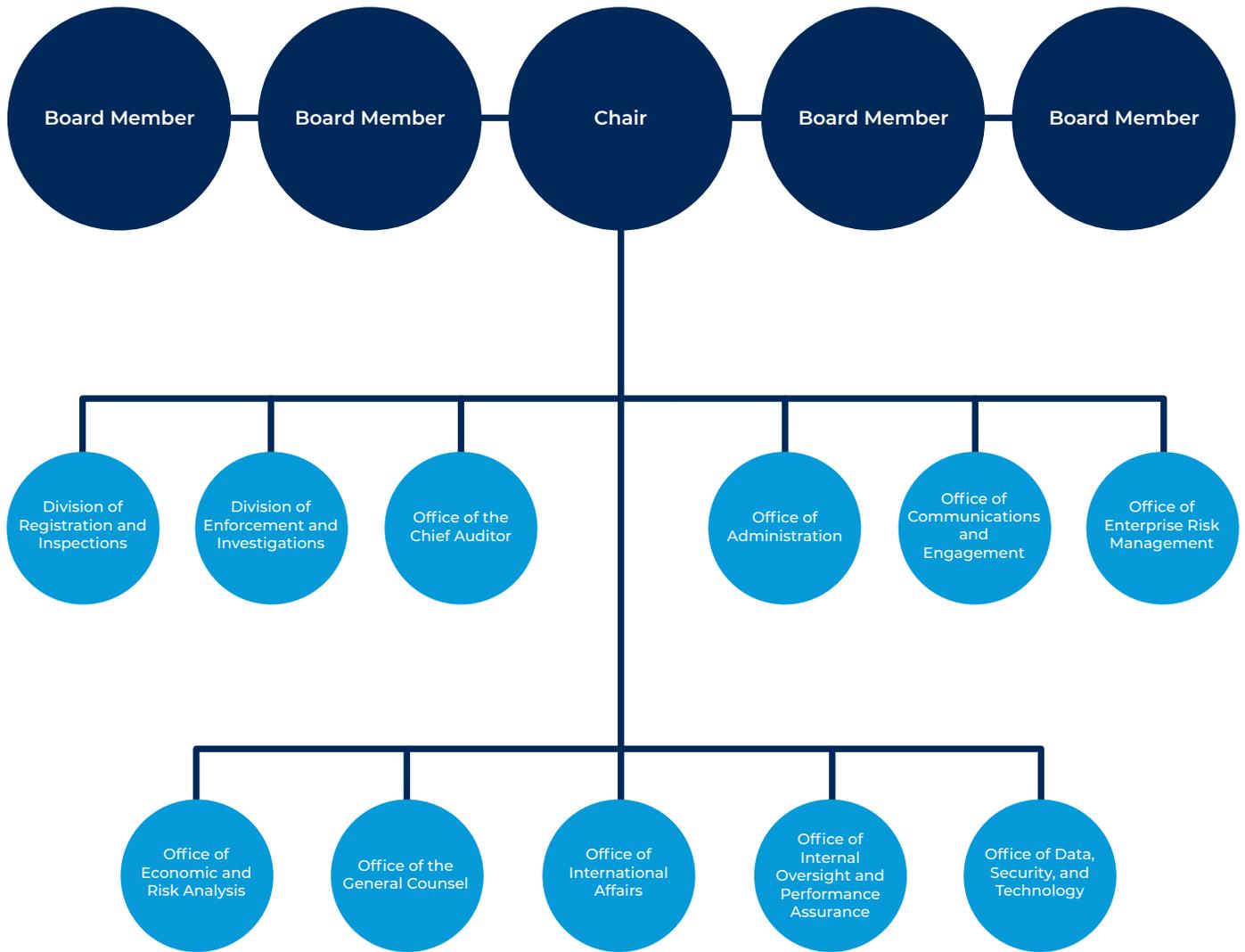
In fulfilling its mission, the PCAOB has four primary duties:

- Registering public accounting firms that prepare audit reports for public companies subject to the federal securities laws and SEC-registered brokers and dealers.
- Establishing auditing and related attestation, quality control, ethics, and independence standards.
- Inspecting registered public accounting firms, including their audits and quality control systems.
- Investigating and bringing enforcement actions against registered public accounting firms and their associated persons for violations or potential violations of laws, rules, and standards governing audits of public companies and broker-dealers.

In support of the PCAOB's mission, we also conduct economic research and risk analysis, engage with our stakeholders and other domestic and non-U.S. regulators, and manage a talented workforce that utilizes various tools, technologies, and resources to deliver on our mission.

The PCAOB's work is carried out by approximately 800 professionals organized into divisions and offices across the United States. (See accompanying chart, "The PCAOB: Organization and Responsibilities.")

The PCAOB: Organization and Responsibilities



Note: The Office of Internal Oversight and Performance Assurance reports to the full Board.

PCAOB Offices



ORGANIZATIONAL PRIORITIES

Three priorities guided us as we crafted this plan:

Investor Protection

The PCAOB must continue to boldly pursue our investor-protection mission through our standard-setting, inspections, and enforcement programs. The Goals set forth below outline how we aim to achieve our mission.

Engagement

We pursue our mission by interacting with our stakeholders, including investors, investor advocates, audit firms and individual auditors, audit committee members, financial statement preparers, other regulators, Congress, and academics.

Regular and meaningful dialogue with all of these stakeholders helps us learn about developments in auditing and the capital markets, advances in technology, the effects of our work on our stakeholders, and other topics.

We are already taking steps to increase our external engagement by standing up two advisory groups, and these groups have met and provided thoughts on our strategic direction. We also have appointed an Investor Advocate and a Stakeholder Relations Associate Director. We will continue this vital engagement as part of the execution of our strategic plan.

Adaptability

The audit profession is constantly adapting, and the PCAOB must adapt as well.

Public companies, broker-dealers, and audit firms are using technology in new ways. Public companies are more global, as are audits. As audit firms expand their operations, and as the technical complexity of financial statements and audits increases, the effectiveness of an audit firm's quality control system continues to be critical. Additionally, emerging trends – such as new approaches to raising capital (including through special purpose acquisition companies), digital assets, the war for talent, and increased remote work at public companies, broker-dealers, and audit firms – are transforming auditing and financial statement preparation while creating additional risks.

The PCAOB must continue to anticipate and respond to developments in the audit profession. As a result, we are researching emerging trends and modernizing our standards to drive changes in auditing practices and enhance investor protection.

We are also continually improving our inspections program, using a data-driven and risk-based approach, with a focus on riskier engagements and audit areas.

We are committed to providing, to the extent permitted by law, timely information to the public on the results of our inspections. We are also publishing more material to educate our stakeholders on our regulatory activities, including guidance addressing the implementation and application of our standards.

Finally, we are focused on aggressively pursuing all statutory legal theories for charging respondents and remedies available in executing our enforcement program, which is central to protecting investors and promoting the public interest.

GOALS

The execution of this ambitious plan requires the collaboration and commitment of the entire organization. Although standard setting, inspections, and enforcement are the key public-facing programs necessary to achieve our statutory mandate, their success is highly dependent on the dedicated support of our other offices.

Our Office of International Affairs is at the forefront of our cooperation and collaboration with non-U.S. regulators to facilitate our international inspection and enforcement activities. Our Office of Economic and Risk Analysis helps to guide our data-driven regulatory activities. Our Office of the General Counsel provides expert legal advice to the Board and all of its divisions and offices. Our Office of Communications and Engagement leads our internal and external engagement with our staff and stakeholders. Our strength is also grounded in the staff in our Office of Administration, Office of Data, Security, and Technology, and Office of Enterprise Risk Management, who make our work possible. Finally, our Office of Internal Oversight and Performance Assurance examines our programs and operations to help ensure their integrity, efficiency, and effectiveness.

Our standard-setting, inspections, and enforcement programs work together to advance our mission. The standard-setting process produces standards that are clear and scalable; the inspection process provides insights on where standards could be improved, as well as information that may lead to investigations and enforcement; and the enforcement and investigations process informs the PCAOB on areas where we need to focus our inspection efforts or enhance standards. These programs reinforce each other, and all three are shaped by input from, and with an eye toward protecting, investors.

Goal 1: Modernize Standards

In May 2022, we announced one of the most ambitious [standard-setting agendas](#) in the organization's history.

Effective audit, attestation, quality control, ethics, and independence standards advance audit quality and are foundational to the PCAOB's execution of its mission to protect investors. These standards provide the requirements auditors must satisfy when conducting their audits. They also serve as a basis against which our inspectors inspect firms and our enforcement teams investigate firms and associated persons and pursue disciplinary sanctions.

Yet, as important as these standards are, some of them were written by the audit profession and have not been updated since before the PCAOB was established in 2003, when they were adopted on what was intended to be an interim basis.

The world has changed since 2003, and our standards must adapt to keep up with developments in auditing and the capital markets. We intend to modernize and streamline our existing standards and to issue new standards where necessary to meet today's needs.

Goal 1 Objectives:

[Adopt Standards That Meaningfully Improve Audit Quality and Enhance Our Ability to Enforce the Standards and Inspect for Compliance](#)

We will improve audit quality by adopting standards that are clear and scalable, to account for differences in the complexities and sizes of audit firms and the public companies and broker-dealers they audit.

We expect to propose and adopt numerous amendments and new standards over the coming years, in accordance with our [standard-setting and research agendas](#). We also plan to evaluate certain existing standards to determine whether they are outmoded.

Our standard-setting agenda is necessarily dynamic and will be updated in response to our regulatory activities and engagement with our external stakeholders. We plan to continue to focus on emerging risks and trends, updating our standards as practices in financial reporting and the audit profession evolve.

Engage in Robust Dialogue With Stakeholders

Our standards are developed with input from the public through, among other things, the notice-and-comment process. In addition, we gain ongoing input and insights from our advisory groups in advancing our mission. We look forward to receiving comments on our proposed standards and to working with our advisory groups to understand the perspectives of key stakeholders as we revisit some existing standards and develop and adopt new standards.

Evaluate Developments in Data and Technology

We will continue to assess whether there is a need for guidance, changes to PCAOB standards, or other action in light of the increased use of technology-based tools by auditors and financial statement preparers. This assessment includes evaluating the role technological innovation plays in driving audit quality. Research from this effort may give rise to individual standard-setting projects and inform the nature and scope of other projects that are on the standard-setting agenda.

In addition, we will look for opportunities to leverage our internal teams and external experts when developing thought leadership on the impact of emerging technologies on audit quality.

Goal 2: Enhance Inspections

Inspecting registered public accounting firms' audits and quality control systems for compliance with applicable laws, rules, and standards is one of the most important tools the PCAOB has to protect investors. Inspections also provide an opportunity to inform the PCAOB's standard-setting activities by observing firms' practices.

Goal 2 Objectives:

Perform Quality Inspections

We will continue to perform robust inspections that assess firms' compliance with applicable laws, rules, and standards. Our Inspections Quality Group will continue to drive excellence across our inspections function by assessing the quality, consistency, and efficacy of our inspections.

Increase Transparency in Reporting Inspection Results

Subject to our statutory limitations, we will continue our efforts to make publicly available relevant and reliable information that is useful to our stakeholders. This includes increasing the transparency of our inspection reports.

Improve the Timeliness of Inspection Reports

We are taking additional steps to streamline our internal processes to enable more timely issuance of inspection reports. We are renewing our focus in this area and are committed to delivering meaningful results.

Deliver Useful Guidance to the Audit Profession

We will publish staff Spotlight reports and other materials that describe observations from our inspection activities, including areas where we find common deficiencies. In addition, as appropriate, we plan to continue to highlight "good practices" implemented by some firms where such deficiencies are not observed. Our focus is to provide audit committees, auditors, and others with additional context and relevant information on our inspections to further their understanding and support their efforts to proactively improve audit quality.

Place Greater Focus on Firms' Remediation Efforts

The PCAOB will place a greater emphasis on the expectation that firms take meaningful actions to remediate criticisms of, or potential defects in, their quality control systems in accordance with PCAOB guidance. We expect firms to be diligent in designing and implementing actions that address the identified criticisms in a timely manner. Consistent with the requirements of the Sarbanes-Oxley Act, we will publish all quality control criticisms that the firms have not remediated to the Board's satisfaction within the required time period.

Goal 3: Strengthen Enforcement

The PCAOB's enforcement program protects investors by holding accountable those who violate PCAOB rules and standards and other related laws and rules. Assertive enforcement and meaningful sanctions for those who violate the rules also deter wrongdoing.

Goal 3 Objectives:

Rigorously Enforce PCAOB and Other Applicable Standards, Laws, and Rules

Rigorous enforcement incentivizes the auditing profession to diligently follow all applicable requirements and, in so doing, promotes audit quality and investor protection.

The PCAOB will take a more assertive approach to bringing enforcement actions. We will diligently pursue and hold accountable those who violate our rules and standards and related laws and rules, including violations that result from negligent conduct. We will continue to pursue other serious cases involving reckless, intentional, and repeated violations of our rules and standards.

Investor protection demands that we consider whether violations of our rules and standards merit enforcement actions, even if we have never brought charges under those rules or standards before.

Impose More Significant Penalties and Other Relief

We will use all of the statutory tools available to our enforcement program, and, when the conduct warrants it, we will use them to the maximum extent possible.

The penalties, bars, suspensions, and other relief that the PCAOB pursues through its enforcement actions must protect investors and the public from wrongdoers and incentivize audit firms and professionals to perform their roles with the utmost quality and integrity.

Increase Transparency in Enforcement Actions

We will increase transparency in settled enforcement actions by more frequently naming the issuers or broker-dealers whose audits are implicated and by increasing transparency around penalties.

Collaborate With Other Regulators to Bring Concurrent Actions

We will continue to coordinate our enforcement work with other regulators, including internationally, as appropriate. We will strive to bring concurrent enforcement actions with the SEC where the attorneys and accountants in the PCAOB's Division of Enforcement and Investigations can provide expertise in bringing cases against audit firms and individual auditors.

Goal 4: Improve Organizational Effectiveness

The PCAOB's most valuable resource is people, including the approximately 800 dedicated professionals on our staff who carry out our mission and our external stakeholders whose input helps to make us more effective.

Investing in our staff and enhancing our stakeholder engagement will improve both our overall organizational effectiveness and our efforts to meet our mission.

Goal 4 Objectives:

Radically Improve the Employee Experience

The PCAOB cannot achieve its mission without a talented, experienced, and engaged staff. We rely on their expertise, skills, and experience to write standards, inspect audit firms, bring enforcement actions, and support our efforts.

We will strive to retain current staff members and attract future employees by increasing employee engagement. This means investing in professional development, fostering a diverse and inclusive workplace culture, and promoting employee well-being. We will enhance productivity and a sense of connectedness among employees through working arrangements that provide flexibility, autonomy, and opportunities for meaningful employee interaction.

Enhance Stakeholder Engagement

We will make external engagement an institutional capability and a program through which the PCAOB seeks and receives feedback from stakeholders and shares its story.

We recognize the need to increase and improve our engagement with investors, investor advocates, audit firms and individual auditors, audit committee members, financial statement preparers, other regulators in the U.S. and abroad, Congress, and academics as we pursue our mission. Ongoing dialogue makes us more effective in executing our mission.

Re-establishing the PCAOB's advisory groups was the first step, and we will continue to enhance this work. As noted above, we have expanded senior leadership by hiring an Investor Advocate to further the interests of investors at the PCAOB. We will launch an investor education campaign to help investors understand the critical role that the PCAOB plays in the financial reporting system. We have also filled an Associate Director for Stakeholder Relations position to increase and enhance our engagement with other external stakeholders. We plan to consider new ways to provide investors with user-friendly data and information regarding our regulatory activities.

Improve Internal Processes to Make It Easier for PCAOB Staff to Advance the PCAOB's Mission

We will create greater impact and reinvigorate the PCAOB staff by removing impediments and adding tools to help them do the PCAOB's work more effectively.

As the external environment changes ever more rapidly, the PCAOB needs to become more agile. That means staying focused on the mission, engaging in more efficient decision-making, achieving greater coordination across the organization, and clearing away barriers so that talented professionals can get things done. As we make progress in these areas, we will be poised to more effectively execute our mission.

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