

Jeffrey L. Johanns
Lecturer
University of Texas at Austin

September 10, 2018

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

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

I am pleased to respond to the request for comments from the Public Company Accounting Oversight Board (the “PCAOB” or the “Board”) on its *Draft Strategic Plan 2018-2022* (the “Plan”).

Overall Comments

I appreciate and support the Board’s outreach to external stakeholders for input regarding its strategic planning process. I agree overall that the five strategic goals included in the draft Plan are appropriate. I also agree with the “Key Factors Affecting our Strategic Outlook”, especially, the recognition of disruptive technological change. It is apparent that the large accounting firms will drive technological innovation in auditing, and the PCAOB must monitor and respond timely to changes in auditing methodologies through standard-setting.

The overall tone of enhanced transparency, feedback and engagement with stakeholders is appropriate and welcome.

Specific Comments - Goal One

The draft Plan's discussion of standard-setting is very brief and lacks specificity, even for a long-term strategic plan. It might be useful for the Board to include more guidance in the Plan on broad categories of anticipated or potential future areas of focus beyond standards relating to technology. For example, it seems likely that registrants will increasingly move beyond financial statement reporting to integrated reporting, sustainability, and/or Environmental, Social and Governance reporting, with or without legal requirements to do so. Another example is the increasing use of non-GAAP information, in some cases appearing more prominently than GAAP disclosures.

The fourth objective of goal one is to "determine, develop, and communicate indicators of audit quality" and to "identify and communicate factors that correlate with the quality of audit services." It is positive that the AQI project appears to have renewed focus from the Board. It would be very helpful if the developed AQIs were to include examples of audit procedures performed that resulted in the prevention of accounting errors. Disclosure of this information is consistent with the objectives of goal one.

I appreciate the opportunity to provide my perspectives on the draft Plan.

Very Truly Yours,

A handwritten signature in cursive script that reads "Jeffrey L. Johanns".

Jeffrey L. Johanns