



Committee on Corporate Reporting

February 25, 2022

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

Re: PCAOB Release No. 2022-001

Dear Ms. Brown,

This letter is submitted by Financial Executives International’s (FEI) Committee on Corporate Reporting (CCR) in response to the Public Company Accounting Oversight Board’s (PCAOB or Board) Request for Public Comment, *Advisory Groups – Draft Governance Frameworks*.

FEI is a leading international organization comprised of members who hold positions as Chief Financial Officers, Chief Accounting Officers, Controllers, Treasurers, and Tax Executives at companies in every major industry. CCR is FEI’s technical committee of approximately 50 Chief Accounting Officers and Corporate Controllers from Fortune 100 and other large public companies, representing more than \$12 trillion in market capitalization. CCR reviews and responds to pronouncements, proposed rules and regulations, pending legislation, and other documents issued by domestic and international regulators and organizations such as the U.S. SEC, PCAOB, FASB, and IASB.

This letter represents the views of CCR and not necessarily the views of FEI or its members individually.

Executive Summary

We applaud the decisive actions taken by the newly formed PCAOB Board in establishing the Investor Advisory Group (IAG) and the Standards and Emerging Issues Advisory Group (SEIAG) to obtain input from stakeholders on matters related to the PCAOB’s mission. Such actions are demonstrative of the PCAOB’s commitment to stakeholder outreach and reinforce Chair Williams’ public statement that “the effectiveness of [the PCAOB’s] oversight depends on robust dialogue with key stakeholders.” In our letter, we offer broad support for the Board’s actions, provide comments around the composition of the SEIAG, and highlight the unique perspective of preparers.

Support for the New Advisory Groups

We fully support the establishment of the IAG and SEIAG. Many of our current and former members actively participated in the PCAOB’s Standing Advisory Group (SAG) and found it to be a valuable forum for fostering understanding between stakeholder groups and gathering information to inform the Board’s views on emerging issues. While these joint outreach discussions can be helpful for high-level information gathering, we have found such discussions to be especially valuable when focused on identifying the potential benefits, costs, and

complexities of a specific proposal or course of action as part of the PCAOB's economic analysis.¹ We encourage the Board to carefully consider how it might best utilize the SEIAG to advance the PCAOB's objectives and mission.

Composition of the SEIAG

In our experience, input from a variety of stakeholder groups is essential to developing effective standards² and identifying and addressing emerging issues in a way that engenders trust in the public markets and protects the interests of investors. To this end, we support the diverse composition proposed in the draft SEIAG Governance Framework and recommend that the Board select SEIAG members with the goal of maintaining meaningful representation from each key stakeholder group. We also support the Board's decision to allow one or more IAG members to serve on the SEIAG and agree that dual participation will improve communication between the two groups.

The Preparer Perspective

As the Board considers emerging issues and how best to address them through standard setting or by other means, preparers of financial information have a unique perspective that is complementary to those of other stakeholders. For example, preparers are positioned to provide constructive feedback on issues such as control evidence, independence, the use of service organizations, and internal audit functions. Furthermore, preparers have direct experience using systems and processes that continue to evolve with emerging technologies. Preparers also can provide insights into a proposal's operability, including operational issues of which practitioners and investors may not be aware, and the expected upfront and ongoing costs that companies may incur if a proposal is adopted. When such views are taken into the total mix of information considered by the Board, we believe the resulting due process is more robust, precise, and transparent, and better enables the Board to meet the objectives set forth in its statutory mission. In this regard, we stand ready to assist and welcome the opportunity to participate in stakeholder outreach activities on a regular basis.

Conclusion

We commend the Board's focus on engaging with key stakeholders. Our members are fully committed to playing an active role in helping the Board carry out its strategic plan and fulfill its mission, and we thank the Board for its consideration of both our comments and our SEIAG nominations. We look forward to continued dialogue and would be pleased to answer any questions from the Board or staff at your convenience.

Sincerely,

Rudolf Bless

Rudolf Bless
Chair, Committee on Corporate Reporting
Financial Executives International

¹ See [Staff Guidance on Economic Analysis in PCAOB Standard-Setting](#) and the November 2020 Spotlight publication titled [The PCAOB's Use of Economic Analysis and Stakeholder Input in Standard Setting](#).

² In the context of this letter, the general term "standards" refers to auditing, attestation, quality control, ethics, and independence standards produced by the PCAOB.