



February 21 2022

**Public Company Accounting Oversight Board (PCAOB)**  
1666 K Street NW  
Washington, DC 20006  
[comments@pcaobus.org](mailto:comments@pcaobus.org)

**RE: PCAOB Release No. 2022-001**  
*Advisory Groups – Draft Governance Frameworks*

To members of the PCAOB:

BerryDunn welcomes the opportunity to comment on the PCAOB (Board)'s Request for Public Comment related to the proposed establishment of two new advisory groups – the Investor Advisory Group (IAG) and the Standards and Emerging Issues Advisory Group (SEIAG) – their respective draft governance frameworks, and other key components of their existence.

The request for comment is commendable; we recognize the importance the Board places on effective input from stakeholders in its standard-setting process. BerryDunn is very supportive of the proposal, and appreciates the opportunity to put forward a few suggestions and ideas for consideration.

Our main points with respect to the request for comment, which are discussed at greater length below, are as follows:

- **Outreach (PCAOB Value: Collaboration)**  
*By attracting and leveraging stakeholder input, the proposed advisory groups are consistent with the PCAOB's stated value – Collaboration. We suggest the Board consider reviewing the Financial Accounting Standards Board's (FASB's) 2021 Investor Outreach Report for additional ideas on how they might obtain even more investor input.*
- **Education (PCAOB Value: Effectiveness)**  
*Consistent with the PCAOB's stated value – Effectiveness. We recommend the Board consider an educational component to its advisory group framework.*
- **Proposed Framework**  
*We agree with the overall concept and framework. Where we have specific suggestions for consideration, these are outlined in Section #3 below.*

The details of our comments and suggestions are as follows:

## 1. Outreach

We commend the Board in seeking to attract and leverage stakeholder input as a key component to its standard-setting process. In this regard, we see the proposed advisory groups as a demonstration of the PCAOB's "Collaboration" value. Thinking of ways to further enhance these efforts, we were struck by FASB's 2021 Investor Outreach Report, which highlighted FASB's efforts to engage investors and obtain their input during the prior year. We recommend the Board review this report, as doing so may generate additional ideas for how to obtain even more investor and other stakeholder feedback.

## 2. Education

The proposed diversity of perspectives outlined in the advisory group framework is commendable, and sets the stage for rich discussions, assessments, and recommendations. The effectiveness of advice and oversight is ultimately rooted in a continuous cycle of learning, a loop that frequently includes not only feedback, but also periods of study and reflection. With this in mind, we recommend that the Board consider establishing regular education sessions for group members, as well as for identified key stakeholders and stakeholder groups. Such sessions could involve guest speakers who would be able to describe first-hand experiences with emerging topics or existing standards. The Board could also seek advice from the groups on areas in which to provide supplemental communication or educational support that would be helpful to ensure standards are well understood by all participants.

## 3. Proposed Framework

- a) **Overall:** We recommend that the IAG and SEIAG meetings take place with participation of PCAOB members. We appreciate that this may be the intention of the PCAOB already; if so, our suggestion is perhaps the framework would be enhanced if this were explicitly stated or clarified, to clarify the Board's intent for future Board members. Participation of PCAOB members in the IAG and SEIAG meetings would serve communication in two meaningful ways: it would allow for direct input to Board members by the groups, and it would afford Board members the opportunity to ask follow-up questions and engage in deeper dialogue.
- b) **Size/Composition:** We recommend a revision to the "Size" parameters as described in the proposed advisory groups' framework document. Currently the "Size" section includes the statement, "...to ensure communication between [the two proposed advisory groups], one (or more) IAG members will also serve on the SEIAG as a member(s)." The "Composition" section of both groups makes it clear that "Membership will be personal to the individuals selected to serve...attendance at meetings may not be delegated to others." With these two statements in mind, we recommend amending the "Size" statement in each framework document to read "...to ensure communication between the [two proposed advisory groups], at least two IAG members, but no more than 20% of total SEIAG membership, will also serve on the SEIAG as members."

Given the stated importance of communication between these two new advisory groups, combined with the statement that membership is personal and meeting attendance cannot be delegated (with which we agree), having a minimum of only one member of the proposed IAG on the SEIAG appears to be a single point of potential communication failure (e.g., due to misunderstanding the feedback) in the proposed group composition. We are also sensitive to and in agreement with keeping the group membership small enough for overall effectiveness, and yet diverse enough to ensure sufficient feedback to the Board. Accordingly, too high a level of membership overlap from the IAG might simultaneously risk both effectiveness and diversity of perspective.

Our suggested edit of increasing the minimum to two IAG members serving as SEIAG members and adding a cap of no more than 20% of total SEIAG membership would help mitigate meeting/communication risk while ensuring the proposed membership diversity of the SEIAG.


- c) **Membership Terms** – We appreciate and agree with the Board’s commitment to ensuring advisory group continuity and imposing term limits, as suggested by the current structure outlined in the “Membership Terms” section in each of the proposed group framework. We also agree that a 50%/50% split between term lengths (i.e., two-year and three-year as drafted) is appropriate. However, we considered a situation in which everyone who initially joins one of the groups is reappointed to the maximum term allowed (six years) which would, as proposed, result in the entire group membership terms ending simultaneously. We recommend the 50% of members with initial three-year membership terms have a maximum term of either five years or seven years (i.e., a three-year term followed by either a two-year term; or a three-year term followed by up to two two-year terms), to mitigate this risk.
- d) **Nonvoting attendees** – We appreciate and support the Board’s commitment to including nonvoting attendees at advisory group meetings, and suggest the Board consider broadening the nonvoting attendee list to further enhance communication among those with standard-setting and regulatory authority. For example, it may be helpful for the Board to review the nonvoting attendees that were part of the PCAOB’s previous Standard Advisory Group to determine if attendees from some or all of those bodies may be beneficial to the Board from the standpoint of communication among stakeholders in the financial reporting and assurance ecosystem.

Again, we appreciate the invitation to comment on the proposed framework for the PCAOB’s two new advisory groups, and hope that the Board finds our suggestions helpful in finalizing plans and charters for these key groups.

Sincerely,



Todd Desjardins, CPA, Quality Assurance Principal



Susan Weber, MBA, Senior Manager/Consultant