

Strategic Plan Fact Sheet 2018 - 2022

The Public Company Accounting Oversight Board (PCAOB) voted unanimously to adopt its 2018-2022 Strategic Plan. Although our mission—protecting the interests of investors and furthering the public interest in the preparation of informative, accurate, and independent audit reports—remains the same, the Strategic Plan outlines fundamental changes to how we intend to accomplish that mission over the coming five years. In addition to laying out a new vision and core values, the Strategic Plan focuses on four primary strategic priorities:

- **Effective Oversight.** We will drive continuous improvement in the quality of audit services and more clearly communicate our assessment of the quality we observe.
- **Innovation.** We will be more innovative in our oversight activities—particularly with respect to our approach to inspections and standard setting—and at the same time prepare for significant market-driven changes in the audit profession.
- **Improved Engagement.** We will engage more often and more directly with a broader array of investors, as well as with audit committees, preparers, and our other stakeholders to promote robust and timely dialogue regarding the quality of audit services.
- **Process and Culture Optimization.** We will optimize our operations and enhance the culture of our organization.

Prior to adopting the Strategic Plan, we published a draft for public comment, the first time the PCAOB has done so in its 15-year history. We received [31 comment letters](#), nearly all of which expressed support for the stated goals and objectives. Commenters included investors, preparers, audit firms, academics, regulators, and trade organizations. Broadly, the comments we received fell into two categories: (1) comments related to the text of the draft; and (2) suggestions related to our implementation of the plan. We address first the changes we made in response to the comments about the draft and second how we plan to address the implementation suggestions provided.

Responsive Changes Made

In response to comments about the draft itself, we made the following changes:

- **Reassessments of Oversight Activities.** Several commenters encouraged us to reassess or assess regularly the effectiveness of our various oversight activities—such as inspections, enforcement, and standard-setting. In response, we have updated the description of Goal 1 to reflect that we will regularly assess our oversight activities and the processes and technology that support them to ensure their ongoing effectiveness in improving the quality of audit services.
- **Inspection Reporting.** Numerous commenters encouraged us to address specifically inspection reporting in the draft, with an emphasis on improving both what information we report and how we report it. Although we had already contemplated modernizing our approach to inspection reporting in the draft as part of Goal 1, Objective 1, the Strategic Plan now explicitly identifies inspections reporting as a key part of our strategy.
- **Identify Preparers as Stakeholders.** Several commenters requested that the Strategic Plan specifically reference financial statement preparers as a relevant stakeholder group. Various parts of the Strategic Plan now specifically identify preparers as a relevant stakeholder group.

- **Coordination with Standard-Setting Organizations.** Some commenters requested that the final plan reference coordination of our oversight activities with domestic and international standard-setting organizations. The Strategic Plan now includes a specific reference to engagement with such organizations in Goal 3, Objective 2.

Implementation Suggestions

Numerous commenters provided suggestions on our implementation of the Strategic Plan. We summarize below the major themes of those comments and our planned response to them:

- **Inspections Approach and Results.** Numerous commenters offered specific, tailored suggestions on how we can improve our approach to inspections and the reporting of inspection results. For example, comments addressed the importance of focusing on quality control and considering the number of audit engagements inspected. Some commenters also addressed the predictability of inspection selections. Comments regarding reporting of inspection results addressed a need for the inclusion of additional contextual information and trends, increased detail regarding the severity of findings, root cause analyses insights, and identification of best practices. Consistent with Goal 1, Objective 1, we will consider carefully all of the comments received as we transform our approach to inspections and reporting.
- **Engagement.** Many commenters offered suggestions on how we can better engage with investors and, more broadly, our other stakeholders. We can and must improve in this area. As stated in Goal 3, Objective 2, we intend to devote significant time and resources to cultivating an effective and dynamic dialogue with investors, audit committees, preparers, and our other stakeholders and we will consider each of the suggestions offered in relation to that specific objective.
- **Advisory Groups.** Numerous commenters addressed our advisory groups, with some supporting a continuation of the existing advisory groups and others supporting significant changes to them. As we reassess our use of advisory groups in connection with Goal 3, Objective 2, we will carefully consider the positions set forth in the comment letters. We expect to announce changes to our advisory groups shortly.
- **PCAOB Guidance and Publications.** Numerous commenters offered suggestions regarding the potential content and form of the guidance we issue and the other information we publish. In connection with implementing Goal 1, Objectives 1 and 2 and Goal 3, Objective 1, we will consider the comments received on these points, with the aim of making our publications as timely and accessible as possible for our stakeholders.
- **Implementation and Review of New Standards.** Several commenters offered suggestions on our process for implementing new standards, while others offered suggestions regarding our performance of post-implementation reviews. We intend to consider the perspectives offered and, as stated in Goal 1, Objective 2, we will use robust economic and risk analysis—including, when appropriate, post-implementation reviews—to ensure that our standards remain effective and efficient in enhancing the quality of audit services.
- **Auditor’s Role Regarding Other Information and Company Performance Measures, Including Non-GAAP Measures.** Numerous commenters encouraged us to move forward with standard setting in this area. At present, the topic is on our research agenda and we will consider how to act on it, consistent with Goal 2, Objective 2, our enabling legislation, and the relevant missions and authorities of the PCAOB and the U.S. Securities and Exchange Commission.