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## PCAOB Seeks Public Comment on Five-Year Strategic Plan

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Last week, the PCAOB released a draft of its [five-year strategic plan](#) for 2018-2022. As PCAOB Chair William D. Duhnke noted, “[t]his draft strategic plan is the product of significant engagement among PCAOB leadership, staff, investors, auditors, audit committee members, preparers, academics, and others interested in audit quality.” Evidencing the new Board’s commitment to stakeholder engagement and a “markedly different approach” than in prior years, the PCAOB is for the first time requesting public comment on its draft strategic plan. This latest request follows the PCAOB’s April 2018 public survey in which the PCAOB sought the public’s “perspectives on the PCAOB’s vision, priorities, and opportunities in fulfilling its mission.”

When finalized, the strategic plan will “serve[] as a roadmap for the [PCAOB], as well as a basis for its budget each year.” To that end, the draft strategic plan highlights the PCAOB’s primary duties and summarizes the following three primary conclusions that guided the PCAOB’s strategic planning activities for 2018-2022:

- **First**, the quality of audit services has improved substantially since the formation of the PCAOB, but more remains to be done. To make further progress, [the PCAOB] must regularly assess [its] oversight activities and the operations that support them and adjust accordingly in response to current and emerging risks and opportunities.
- **Second**, advancements in technology and data collection and analytics are rapidly disrupting the broader financial reporting system. Both the pace and direction of change will have significant implications for the audit profession. [The PCAOB] must anticipate and respond appropriately to those changes.
- **Third**, substantial opportunities exist for [the PCAOB] to engage more effectively with investors, audit committees, and other stakeholders and to provide them with more timely and relevant information regarding [its] oversight activities.

As outlined in the draft strategic plan, the PCAOB has identified five goals for 2018-2022, each of which includes a set of specific objectives:

- Drive improvement in the quality of audit services through a combination of prevention, detection, deterrence, and remediation;
- Anticipate and respond to the changing environment, including emerging technologies and

related risks and opportunities;

- Enhance transparency and accessibility through proactive stakeholder engagement;
- Pursue operational excellence through efficient and effective use of [the PCAOB's] resources, information, and technology; and
- Develop, empower, and reward [the PCAOB's] people to achieve . . . shared goals.

These goals and the deliberate process to reexamine how the PCAOB can best discharge its duties, both suggest that the new Board may take a different approach than the prior Board. Focusing on audit quality, for example, the draft strategic plan indicates that the PCAOB aims to provide more timely inspections feedback; better leverage available data, including post-implementation reviews of new or amended standards, to evaluate and refine the PCAOB's rules, standards, and guidance; prioritize enforcement activities based on the magnitude of the risks presented; and increase communication of audit quality indicators. Adhering to these objectives could impact the way in which the PCAOB conducts its inspections, makes rules, and ultimately communicates with stakeholders.

Comments on the draft strategic plan are due by September 10. Interested stakeholders should continue to monitor developments in this regard as the PCAOB finalizes its five-year plan.

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