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February 25, 2022

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

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

Dear Office of the Secretary:

The Center for Audit Quality (CAQ) is a nonpartisan public policy organization serving as the voice of U.S. public company auditors and matters related to the audits of public companies. The CAQ promotes high-quality performance by U.S. public company auditors; convenes capital market stakeholders to advance the discussion of critical issues affecting audit quality, U.S. public company reporting, and investor trust in the capital markets; and using independent research and analyses, champions policies and standards that bolster and support the effectiveness and responsiveness of U.S. public company auditors and audits to dynamic market conditions. Based in Washington, DC, the CAQ is affiliated with the American Institute of CPAs. This letter represents the observations of the CAQ based upon feedback and discussions with certain of our member firms, but not necessarily the views of any specific firm, individual, or CAQ Governing Board member.

The CAQ appreciates the opportunity to share our views in response to the Public Company Accounting Oversight Board's (PCAOB or Board) Request for Public Comment related to draft governance frameworks for its two new advisory groups, the Investor Advisory Group ("IAG") and the Standards and Emerging Issues Advisory Group ("SEIAG").

Overall Support

We are very supportive of the Board's efforts to establish these new advisory groups. Obtaining input and insights from a variety of stakeholders with a diversity of experiences on matters related to audit quality is critically important.

Standards and Emerging Issues Advisory Group

With regards to the SEIAG, as suggested by its name change, we believe it is appropriate to have a focus on standards and emerging issues. In particular, we strongly support the draft framework's composition to include individuals with expertise in accounting (including financial reporting), auditing, corporate finance, corporate governance, and investing in public companies. It takes the roles of public company management, audit committees, and auditors working in concert to foster a system that supports both high quality financial statements and audits. Further, auditors and audit committees are key to audit quality.



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We believe individuals with current and recent experience auditing public companies will be extremely beneficial to the effectiveness of the SEIAG. Individuals representing public accounting firms of varying sizes with a range of public company auditing clients will provide a broad perspective.

Trust and transparency support an effective standard-setting process. Therefore, public SEIAG meetings will be useful to a wide range of interested parties. In addition, transparency regarding how the SEIAG meeting discussions inform the Board's decision-making process will be helpful in understanding the Board's actions and decisions.

We are very supportive of the inclusion of certain observers, especially other financial reporting and auditing standard setters. While there are unique qualities related to the U.S. capital markets and the audits of U.S. public companies, collaboration among standard setters contributes to audit quality. This is because some commonality among key standards allows for consistent application of auditing standards by thousands of auditors globally.

The CAQ appreciates the opportunity to comment on the Request for Public Comment. We would be pleased to discuss our comments or answer any questions regarding the views expressed in this letter. Please address questions to Dennis McGowan (dmcgowan@thecaq.org) or Vanessa Teitelbaum (vteitelbaum@thecaq.org).

Sincerely,

A handwritten signature in black ink that reads "Dennis J. McGowan".

Dennis J. McGowan, CPA
Vice President, Professional Practice
Center for Audit Quality

cc:

PCAOB

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