



November 11, 2024

By email: comments@pcaobus.org

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

Re: Proposing Release: Firm and Engagement Metrics - PCAOB Rulemaking Docket Matter No. 041; Proposing Release: Amendments to PCAOB Auditing Standards related to a Company's Noncompliance with Laws and Regulations and Other Related Amendments - PCAOB Rulemaking Docket Matter No. 051; Proposing Release: Firm Reporting - PCAOB Rulemaking Docket Matter No. 055.

Dear Office of the Secretary:

On November 5, 2024, the Public Company Accounting Oversight Board (PCAOB or Board) updated their standard setting and rulemaking agendas. We observed that the status of the PCAOB's projects on *Firm Reporting* and *Firm and Engagement Metrics* were updated for the first time to note that the Board's next action for these projects would be to move forward to adoption in 2024. We continue to echo the comments in our original comment letters, including the need for additional outreach and pilot testing, before the PCAOB considers adopting final standards and rules with respect to these projects.¹ We also observed that the Board's project *Noncompliance with Laws and Regulations* (NOCLAR or amendments) remains on the agenda to be adopted in 2024.

We continue to believe strongly that these amendments should be re-proposed before they are adopted and sent to the U.S. Securities and Exchange Commission (SEC or Commission) for approval. Given the numerous and significant concerns expressed by a wide-ranging set of commenters, including nearly 80% of commenters opposing the NOCLAR proposal,² our expectation is that any NOCLAR amendments that the Board seeks to adopt would have to be substantially revised, and, as such, the public should have the opportunity to comment on any such revised proposal.

¹ See CAQ firm reporting comment letter dated [June 7, 2024](#), CAQ metrics comment letter dated [June 7, 2024](#), and supplemental comment letter dated [August 1, 2024](#).

² See [CAQ Analysis of PCAOB Proposed Amendments to PCAOB Auditing Standards Related to NOCLAR](#).



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Chair Williams has stated, “Public comment is also an essential part of our standard-setting process...We are grateful to everyone who provides feedback, and we carefully weigh and consider each and every comment we receive. Ultimately, having modern, effective standards that live up to the protections investors expect is good for investors, good for the profession, and good for our capital markets.”³

We believe that re-proposal would enable further public comment that can assist the PCAOB in setting final requirements that are “clear and scalable.”⁴ The CAQ appreciates the PCAOB holding a roundtable earlier this year as a mechanism to further explore feedback on the amendments. In a review of the comments from external stakeholders on the PCAOB’s rulemaking docket after the roundtable,⁵ we observed that roughly 80% of the comment letters submitted to the PCAOB were not supportive of the NOCLAR proposal, and a little over half of the letters recommended the PCAOB repropose or withdraw NOCLAR. This further supports the desire for the public to have input prior to the amendments being adopted by the PCAOB and sent to the SEC.

As the Board and Commission continue to gather feedback from other interested parties, we would be pleased to discuss our comments or answer questions from the Board or Commission regarding the views expressed in this letter.

Sincerely,



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

PCAOB

Erica Y. Williams, Chair
George R. Botic, Board member
Christina Ho, Board member
Kara M. Stein, Board member
Anthony C. Thompson, Board member

SEC

Gary Gensler, Chair
Caroline Crenshaw, Commissioner
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Hester Peirce, Commissioner
Mark Uyeda, Commissioner
Paul Munter, Chief Accountant

³ See October 17, 2023, [speech](#) by PCAOB Chair Williams.

⁴ See page 10 of the [PCAOB Strategic Plan](#).

⁵ See [PCAOB Rulemaking Docket 051](#).