The Institute of Internal Auditors
Elevating Impact

September 3, 2026

Mr. Demetrios (Jim) Logothetis
Chairman
Public Company Accounting Oversight Board
1666 K Street, NW
Washington, DC 20006-2803

RE: IIA Comments in Response to the Request for Public Comment on the Draft 2026-2030 Strategic Plan Goals and Objectives, PCAOB Release No. 2026-006

Dear Chairman Logothetis and Members of the Board:

On behalf of The Institute of Internal Auditors (The IIA), the international professional and standard-setting organization with more than 265,000 members worldwide, including over 75,000 in North America, I am pleased to submit these comments in response to the Public Company Accounting Oversight Board's (PCAOB or the Board) Request for Public Comment on the Draft 2026-2030 Strategic Plan Goals and Objectives, PCAOB Release No. 2026-006 (the Draft Plan RFC).[1]

This letter is The IIA's third submission in the Board's sequenced strategic planning and standard-setting consultations. Across all three submissions, The IIA's position has been consistent: standards that keep pace with the professions and practices they govern serve investors first, and internal audit is prepared to help the Board deliver them. The IIA responded to the Request for Public Comment on PCAOB Strategic Priorities[2] on May 15, 2026,[3] and to the Request for Public Comment on PCAOB Standard Setting[4] on August 7, 2026.[5] Both letters are incorporated by reference.

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[1] Pub. Co. Acct. Oversight Bd., *Request for Public Comment: Draft 2026-2030 Strategic Plan Goals and Objectives*, PCAOB Release No. 2026-006 (July 20, 2026), https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/administration/documents/strategic_plans/2026-006-rfc-sp.pdf [hereinafter Draft Plan RFC].

[2] Pub. Co. Acct. Oversight Bd., *Request for Public Comment: PCAOB Strategic Priorities*, PCAOB No. 2026-001 (Mar. 31, 2026), https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/administration/documents/strategic_plans/pcaob-no-2026-001-rfc-sp.pdf.

[3] Letter from Anthony J. Pugliese, President & Chief Exec. Officer, Inst. of Internal Auditors, to Demetrios (Jim) Logothetis, Chairman, Pub. Co. Acct. Oversight Bd. (May 15, 2026), https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/administration/strategic-plan-comments-2026/39_iia.pdf [hereinafter May 15 Letter].

[4] Pub. Co. Acct. Oversight Bd., *Request for Public Comment on PCAOB Standard Setting*, PCAOB Release No. 2026-005 (June 23, 2026), https://assets.pcaobus.org/pcaob-dev/docs/default-source/standards/standard-setting-agenda-request-for-comment/request-for-public-comment-on-pcaob-standard-setting.pdf [hereinafter Standard Setting RFC].

[5] Letter from Anthony J. Pugliese, President & Chief Exec. Officer, Inst. of Internal Auditors, to Demetrios (Jim) Logothetis, Chairman, Pub. Co. Acct. Oversight Bd. (Aug. 7, 2026), https://assets.pcaobus.org/pcaob-dev/docs/default-source/standards/standard-setting-agenda-request-for-comment/25_iia.pdf [hereinafter August 7 Letter].

About The Institute of Internal Auditors

The IIA is an international professional and standard-setting organization and is recognized globally as the internal audit profession's leader in standards, certification, education, research, and technical guidance. The professional practice of internal auditing worldwide is guided by The IIA's International Professional Practices Framework® (IPPF®), whose mandatory core, the Global Internal Audit Standards™, establishes requirements for independence, objectivity, competence, and quality assurance. The IIA also confers the Certified Internal Auditor® (CIA®) designation, the only globally recognized professional certification for internal auditors, of which more than 220,000 have been earned worldwide.[6] A defining feature of a properly structured internal audit function is its independence from management: internal auditors functionally report to the organization's governing body, typically the board of directors or its audit committee. That structural independence, together with the quality requirements the IPPF imposes on every internal audit function, positions internal audit as a distinct and essential participant in the assurance ecosystem that supports reliable public company financial reporting. Those requirements include ongoing internal quality assessment and an external quality assessment at least once every five years.[7]

I. Goal 1: Modernize Standard Setting and Implementation

Objective 1.1 (Establish a Framework for High-Quality Standard Setting)

The IIA supports this objective[8] and reiterates its August 7 recommendation that the framework incorporate, among its qualitative characteristics:

- *Ecosystem Coherence*: standards should recognize the respective and complementary roles of participants in the financial reporting and assurance ecosystem, including internal audit, and should not require duplication of assurance activities already performed under recognized professional frameworks.

- *Currency*: the framework should provide for reassessment of any standard whose operative criteria incorporate or depend upon an external professional framework when that referent materially changes.[9]

Ecosystem coherence also bears on project scoping: standards that address a common risk area in interconnected ways should be considered in conjunction. For example, fraud-related standard setting should account for internal audit's role in organizational fraud risk management and consider PCAOB Auditing Standard (AS) 2605, *Consideration of the Internal Audit Function*, alongside AS 2401, *Consideration of Fraud in a Financial Statement Audit*, and AS 2405, *Illegal Acts by Clients*. AS 2605, the standard governing the external auditor's use of internal audit work, is discussed under Objective 1.3 below.

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[6] Inst. of Internal Auditors, *Become a Certified Internal Auditor (CIA)*, https://www.theiia.org/certifications/cia (last visited Sept. 2, 2026) (reporting more than 220,000 CIAs across 170 countries).

[7] Inst. of Internal Auditors, *Global Internal Audit Standards* (2024) (issued Jan. 9, 2024, and effective Jan. 9, 2025) [hereinafter Global Internal Audit Standards].

[8] Draft Plan RFC, *supra* note 1, at 4 (Objective 1.1).

[9] August 7 Letter, *supra* note 5, at 4 (describing ecosystem coherence and currency).

The framework should likewise address the mechanics of high-quality standard setting itself, including comment periods commensurate with the complexity of each proposal and implementation periods that reflect realistic adoption timelines. The IIA also joins the many commenters in the standard-setting record who recommended that the framework itself be exposed for public comment and given durable authority, consistent with the principle that standards set in the public interest should be developed through transparent, inclusive, and disciplined due process.[10] That approach, in turn, promotes the assurance ecosystem coherence, currency, clarity, and predictability that make for stronger and better markets. The IIA's own experience developing a global framework through extensive public consultation demonstrates that a structured, principles-based foundation promotes transparency, consistency across projects, and disciplined prioritization, each of which serves the Board's investor-protection mandate.

Objective 1.2 (Effective Implementation and Post-Implementation Evaluation)

The IIA welcomes the Board's commitment to assess whether additional guidance is needed to address the use of artificial intelligence (AI) and other emerging technologies in financial reporting and the audit process.[11] Consistent with its August 7 comments and with the weight of comment in the Board's standard-setting consultation, The IIA recommends that this assessment proceed in the first instance through the Board's existing Data and Technology research project, with standard setting to follow where research demonstrates that existing standards or guidance are insufficient.[12] The IIA further recommends that the assessment expressly examine whether the criteria governing supervision, documentation, and evaluation of technology-assisted audit work are consistent across the assurance ecosystem. In particular, it should examine whether the criteria applied to the external auditor's own AI-assisted procedures align with the criteria applied when the external auditor evaluates comparable technology-assisted work performed by an internal audit function. Divergent criteria for equivalent work would create duplication, inconsistency, and confusion without any corresponding investor benefit. The IIA also supports the objective's commitment to post-implementation review and offers the internal audit profession's practice experience as evidence for those evaluations.

Objective 1.3 (Foster Alignment with International Standards)

The IIA strongly supports this objective. Its formulation is exactly right: reduce unnecessary differences where doing so promotes audit quality, efficiency, and consistency, while preserving the Board's independent standard-setting authority and necessary U.S.-specific requirements.[13] The IIA offers two refinements. First, the evaluation of alignment

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[10] *See, e.g.,* Letter from Dennis McGowan, Vice President of Pro. Prac., Ctr. for Audit Quality, to Off. of the Sec'y, Pub. Co. Acct. Oversight Bd. 2 (Aug. 7, 2026), https://assets.pcaobus.org/pcaob-dev/docs/default-source/standards/standard-setting-agenda-request-for-comment/18_caq.pdf [hereinafter CAQ Letter] (recommending that any conceptual framework, and any material change to it, be exposed for public comment before adoption). The comment letters submitted in response to the Standard Setting RFC are available at https://pcaobus.org/oversight/standards/standard-setting-research-projects/agenda-consultation--request-for-public-comment-on-pcaob-standard-setting.

[11] Draft Plan RFC, *supra* note 1, at 4 (Objective 1.2).

[12] August 7 Letter, *supra* note 5, at 3–4.

[13] Draft Plan RFC, *supra* note 1, at 4 (Objective 1.3).

opportunities should run retrospectively as well as prospectively. A purely forward-looking approach would leave in place precisely those standards where divergence from international practice is greatest and longest-standing, because the oldest standards predate any alignment policy. Second, the Board can identify high-value alignment candidates objectively by asking where a converged baseline already exists: where both the international standard and the corresponding U.S. standard for audits of non-issuers have already been modernized on a common foundation. In such cases, alignment leverages completed, converged work at materially lower standard-setting cost.

The use of internal auditors illustrates the point. As noted under Objective 1.1, AS 2605 governs whether and to what extent a registered firm may use the work of an issuer's internal audit function. The Board adopted AS 2605 in 2003 as part of the interim standards carried over at the PCAOB's inception, and the standard remains substantially in that form. Since then, the rest of the relevant standards landscape has moved. The International Auditing and Assurance Standards Board (IAASB) revised its analogous standard, International Standard on Auditing (ISA) 610, in 2013.[14] The corresponding U.S. standard for audits of non-issuers was likewise superseded in 2014, by a standard developed on the basis of the revised ISA.[15] And the internal audit profession's governing framework, the criteria to which AS 2605's evaluations of competence and objectivity are ultimately addressed, was comprehensively modernized effective January 9, 2025. AS 2605 now stands apart from the international standard, the U.S. non-issuer standard, and the professional framework it references. The resulting divergence risks inconsistent reliance practices within global network firms, whose methodologies the Board itself has observed are based substantially on IAASB requirements,[16] and it serves no investor-protection purpose. Modernization here is efficiency-enhancing rather than burden-adding. The IIA also emphasizes that reliance is not delegation: responsibility for the audit opinion rests solely with the external auditor, and nothing in the alignment The IIA recommends would alter that allocation of responsibility or diminish the sufficiency of the evidence the external auditor must obtain.

Objective 1.4 (Advance Responsive, Risk-Based Standard-Setting Priorities)

The IIA supports risk-based standard-setting prioritization informed by stakeholder feedback and the Board's oversight activities.[17] The IIA recommends one addition: the objective should expressly include, among prioritization inputs, proactive and continuous assessment of material changes to the external professional frameworks and counterpart standards upon which the operative criteria of existing PCAOB standards depend. Inspection and enforcement insights are indispensable prioritization signals, but they are not complete ones. A standard whose criteria incorporate an external referent can become misaligned with current professional practice without generating inspection observations that name the standard:

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[14] Int'l Auditing & Assurance Standards Bd., *International Standard on Auditing 610 (Revised 2013), Using the Work of Internal Auditors* (2013).

[15] Am. Inst. of Certified Pub. Accts., *Statement on Auditing Standards No. 128, Using the Work of Internal Auditors* (2014) (superseding AU § 322 and codified at AU-C § 610; developed using ISA 610 (Revised 2013) as its base).

[16] Standard Setting RFC, *supra* note 4, at 14 (observing that certain aspects of the audit methodologies of some registered firms, particularly some of the largest firms belonging to global networks, are based substantially on the requirements of IAASB standards); *see also* August 7 Letter, *supra* note 5, at 4–5.

[17] Draft Plan RFC, *supra* note 1, at 4 (Objective 1.4).

work that faithfully applies outdated criteria complies with the standard as written, so the misalignment produces no exception for inspections to observe. Recognizing the issuance of a revised international standard, a revised U.S. non-issuer standard, or a comprehensively updated professional framework as an objective, verifiable prioritization input would allow such standards to surface through documented events rather than await failure signals. The addition would complement, not replace, the risk-based inputs the objective already identifies, and it would give concrete effect to the currency characteristic described above.

II. Goal 2: Modernize the Inspections and Registration Programs

The IIA supports the quality control-focused inspection approach described in Objective 2.1 and the commitment to clearer, timelier inspection reporting in Objective 2.2.[18] The profession's own experience is instructive. Every internal audit function operating under the IPPF undergoes ongoing internal quality assessment and periodic external quality assessment, and those assessments have shown that evaluating the system of quality surfaces root causes that engagement-by-engagement review alone does not.

The IIA notes one specific intersection with its prior comments: when a registered firm relies on internal audit work, that reliance determination is itself subject to inspection.[19] Objective, profession-based benchmarks for evaluating internal audit functions, such as conformance with the mandatory elements of the IPPF as evidenced by the external quality assessment the framework requires at least once every five years,[20] would give inspection teams a consistent, verifiable basis for assessing whether reliance was appropriate, reduce variability across inspections, and afford firms predictability in how reliance decisions will be evaluated. The IIA also reiterates its recommendation that inspection reporting accurately attribute findings to the appropriate function, whether internal or external, so that public reports inform rather than blur the distinct responsibilities of internal and external audit.

III. Goal 4: Deepen Stakeholder Engagement and Communication

The IIA welcomes the Board's commitment to deepen two-way engagement with investors, audit committees, audit firms, advisory groups, other audit standard setters, and other stakeholders.[21] To strengthen those engagements and make them fully reflective of the assurance ecosystem the Board oversees, The IIA recommends that the final Plan expressly reach the internal audit profession and its standard-setting body. The IIA is itself an audit standard setter: the IPPF guides the internal audit functions whose work intersects the Board's standards, inspections, and technology initiatives in most large public companies, and internal audit is the professional constituency positioned between the audit committee and management. Engaging internal audit alongside the other audit standard setters the Plan already contemplates would extend Goal 4's reach to the full ecosystem on which reliable financial reporting depends.

[18] Draft Plan RFC, *supra* note 1, at 5 (Objectives 2.1 and 2.2).

[19] May 15 Letter, *supra* note 3, at 3.

[20] Global Internal Audit Standards, *supra* note 7, Standard 8.4 (requiring an external quality assessment at least once every five years).

[21] Draft Plan RFC, *supra* note 1, at 6 (Objective 4.1).

Consistent with that recommendation, The IIA renews its May 15 request that the Board consult with The IIA to include an ongoing representative of the internal audit profession in the Standards and Emerging Issues Advisory Group,[22] and further requests that any advisory body, task force, or working group the Board establishes on technology and artificial intelligence matters in furtherance of Goals 1 and 5 include internal audit representation. Commenters in the standard-setting record who proposed such a body identified auditors, preparers, investors, audit committee members, academics, technology specialists, and representatives of other standard setters among prospective participants.[23] Internal audit belongs on that list on two counts: it provides assurance over the deployment and governance of AI-enabled tools inside public companies and increasingly applies such tools in its own work, and The IIA is itself a standard setter for the profession. The IIA stands ready to propose qualified participants with AI assurance experience.

The IIA also supports mechanisms for early technical input on draft standards before formal public exposure, an interest the Board has itself expressed and that commenters in the standard-setting record share.[24] Structured early input surfaces implementation issues while they remain inexpensive to address, and it exemplifies the two-way engagement Goal 4 contemplates.

IV. Goal 5: Modernize Oversight Through Technology and Data

The IIA strongly supports the Board's recognition that its investments must equip it to oversee "an increasingly technology-enabled audit environment."[25] The technology-enabled audit environment the Board describes includes technology-enabled internal audit. Internal audit functions increasingly generate assurance work using data analytics, continuous monitoring, and AI-assisted tools, and how external auditors should evaluate such work is a question on which current standards offer little guidance.

The IIA recommends that the Board add that gap to its research agenda as a defined workstream within the Data and Technology project, reinforced by the investments described in Objective 5.2. The profession's existing body of practice can support that work: The IIA's Artificial Intelligence Auditing Framework provides structured criteria for assurance over AI systems, and recent Internal Audit Foundation research examines internal audit's adoption of, and assurance over, AI-enabled tools.[26] The IIA offers that work, and the profession's operational experience, to the Board's research and capability-building efforts.

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[22] May 15 Letter, *supra* note 3, at 5.

[23] *See, e.g.,* CAQ Letter, *supra* note 10, at 7 (proposing a technology task force whose participants could include auditors, preparers, audit committee members, investors, academics, technology specialists, and representatives of other relevant standard setters or regulators).

[24] Standard Setting RFC, *supra* note 4, at 13 (expressing interest in expanding the Board's means for identifying and addressing stakeholder concerns before a standard is finalized); *see also* CAQ Letter, *supra* note 10, at 4 (recommending earlier stakeholder engagement in the standard-setting process, including project-specific task forces where specialized expertise is needed).

[25] Draft Plan RFC, *supra* note 1, at 7 (Objective 5.2).

[26] *See, e.g.,* Inst. of Internal Auditors, *The IIA's Artificial Intelligence Auditing Framework* (updated Sept. 2024), https://www.theiia.org/en/content/tools/professional/2023/the-iias-updated-ai-auditing-framework/; Internal Audit Found. & AuditBoard, *Internal Audit and AI-Enabled Fraud* (Feb. 17, 2026).

V. Measuring Strategic Plan Progress

The Draft Plan states that progress will be assessed through the Board's governance, budgeting, and performance planning processes.[27] The IIA recommends that the final Plan go one step further and commit to published, time-bound milestones for Goal 1, including a published plan for modernization of the remaining interim standards that identifies the standards to be reviewed, their sequencing, and expected timelines. A published modernization plan would give concrete effect to Objective 4.2's commitment to transparency and accountability,[28] provide stakeholders a basis on which to assess progress, and align the Board's planning with the practice of other standard setters, whose published agendas discipline both their own work and the expectations of those they govern.

Conclusion

The IIA is committed to an open and productive relationship with the PCAOB and welcomes the opportunity to provide additional information, engage in dialogue, or participate in any advisory or research processes the Board may establish, including the Data and Technology research project. For additional information or to discuss The IIA's comments further, please contact Ramón A. Correa, Director for U.S. Advocacy, at Ramon.Correa@TheIIA.org.

Thank you for considering our comments, and for the transparent process through which the Board is developing this Plan.

Sincerely,

Anthony J. Pugliese, CIA, CPA, CGMA, CITP
President and Chief Executive Officer
The Institute of Internal Auditors

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[27] Draft Plan RFC, *supra* note 1, at 8.

[28] Draft Plan RFC, *supra* note 1, at 7 (Objective 4.2).

Summary of The IIA's Key Recommendations

- Adopt the standard-setting framework contemplated by Objective 1.1, incorporate ecosystem coherence and currency among its qualitative characteristics, and expose the framework itself for public comment.

- Add to Objective 1.4, among prioritization inputs, material changes to the external professional frameworks and counterpart standards on which the operative criteria of existing PCAOB standards depend, so that misalignment surfaces through objective, verifiable events rather than awaiting failure signals.

- Apply Objective 1.3's alignment evaluation retrospectively as well as prospectively, and prioritize candidates where a converged international and U.S. non-issuer baseline already exists, including AS 2605, which now stands apart from ISA 610, its U.S. non-issuer counterpart, and the modernized professional framework it references, without altering the external auditor's sole responsibility for the audit opinion.

- Include the internal audit profession and its standard-setting body among the stakeholders engaged under Objective 4.1; include an ongoing internal audit representative in the Standards and Emerging Issues Advisory Group; and include internal audit representation on any technology or AI advisory body established under Goals 1 and 5.

- Add to the research agenda, as a defined workstream within the Data and Technology project supported by Objective 5.2's investments, the evaluation of technology-enabled internal audit work and the consistency of criteria governing technology-assisted work across the assurance ecosystem.

- Commit in the final Plan to published, time-bound milestones for Goal 1, including a published modernization plan for the remaining interim standards identifying sequencing and expected timelines.