

Public Company Accounting Oversight Board
2023 Budget by Cost Category
2021 - 2023



\$ in thousands

Cost Category	2021 Actuals	2022 Budget	2023 Budget
Personnel			
Salaries /1	170,467	185,150	206,829
Employee Benefits /2	25,593	28,866	31,737
Payroll taxes /3	9,913	11,045	12,427
Training /4	964	2,596	4,084
Recruitment and Relocation /5	739	2,956	3,010
Sub-total	207,676	230,612	258,087
Non-personnel			
Administrative Expenses /6	5,896	8,816	10,533
Consulting and Professional Fees /7	17,102	18,932	26,453
Facilities /8	18,787	19,909	20,326
Information Technology /9	14,458	16,585	14,895
Travel and Other Expenses /10	(13)	15,376	19,207
Sub-total	56,230	79,618	91,414
Capital Expenditures			
IT Development and Infrastructure /9	319	—	—
Facilities build-out /11	207	55	30
Sub-total	526	55	30
Total Outlays /12	264,431	310,285	349,531
Change to Working Capital Reserve, Net of Other Income and Reconciliations /13			(18,763)
Less: Prior Year Registration and Annual Fees /14			(1,360)
Total Accounting Support Fees /15			329,408
Accounting Support Fee - Issuers			300,256
Accounting Support Fee - Broker-Dealers			29,153

Details may not add to totals due to rounding.

Public Company Accounting Oversight Board
2023 Budget by Division/Office
2021 - 2023

\$ in thousands

Division/Office	2021 <u>Actuals</u>	2022 <u>Budget</u>	2023 <u>Budget</u>
Board and Executive Staff	8,460	9,184	11,144
Division of Registration and Inspections			
Inspections	117,115	139,514	153,367
Registration	1,358	1,450	1,535
Sub-total	118,473	140,964	154,902
Division of Enforcement and Investigations	18,527	19,938	22,994
Office of the Chief Auditor (Standards)	7,363	9,220	10,920
Office of Economic and Risk Analysis	12,363	12,519	13,663
Office of the General Counsel	10,963	11,921	13,367
Office of International Affairs	2,738	3,485	4,365
Office of Communications and Engagement	2,584	3,065	4,028
Office of the Investor Advocate	—	—	738
Office of Enterprise Risk Management	—	4,148	4,660
Office of Internal Oversight and Perf. Assurance	988	1,127	1,586
Office of Data, Security, and Technology	43,789	48,744	54,492
Office of Administration	38,182	45,971	52,672
Total Outlays /12	264,431	310,285	349,531
Change to Working Capital Reserve, Net of Other Income and Reconciliations /13			(18,763)
Less: Prior Year Registration and Annual Fees /14			(1,360)
Total Accounting Support Fees /15			329,408
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Accounting Support Fee - Broker-Dealers			29,153

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Notes to 2023 Budget

The 2023 Budget for the Public Company Accounting Oversight Board (“PCAOB” or the “Board”) was approved by the Board on November 18, 2022. The following notes relate to specific line items in the budget.

1. **Salaries** – The 2023 Budget includes funding for 926 employees to assist the Board in achieving its mandates under the Sarbanes-Oxley Act of 2002.
2. **Employee benefits** – Estimated expenses for employee benefits include costs associated with health care, retirement, and other employee benefit-related items.
3. **Payroll taxes** – Estimated payroll taxes include Social Security, Medicare, and unemployment taxes.
4. **Training** – Estimated training expenses include professional training in accounting and auditing, law, and other fields to fulfill the Board's commitment to maintaining highly-qualified staff to achieve the PCAOB's statutory mandates.
5. **Recruitment and relocation** – Estimated recruitment and relocation expenses are budgeted to cover the cost of recruiting highly-qualified, experienced staff in a competitive employment market for auditors, accountants, IT staff, and other professionals.
6. **Administrative expenses** – Estimated administrative expenses include costs for office supplies, printing, copying, postage, subscription and library, temporary help, and outreach events. This category also covers the premiums for our business insurance coverage.
7. **Consulting and professional fees** – Estimated consulting and professional fees include costs associated with developing certain initiatives related to the PCAOB's programs that require highly-specialized skills and services. These fees also include costs for services related to investigation and litigation support, translation, legal, and other advisory services.
8. **Facilities** – Estimated facilities expenses cover the costs of leases and other payments related to the PCAOB's office space. The PCAOB currently has leased office space at its headquarters in Washington, D.C., and in Ashburn, Virginia, in addition to regional office space to support its staff in Atlanta, Georgia; Charlotte, North Carolina; Chicago, Illinois; Irving, Texas; Denver, Colorado; Irvine, California; New York, New York; and Foster City, California.
9. **Information Technology Expense and Infrastructure** – Estimated IT expenses include costs associated with maintaining and enhancing the PCAOB's IT applications and infrastructure.
10. **Travel and related expenses** – Estimated travel and related expenses support travel primarily to perform inspections in the offices of registered public accounting firms. This category also covers the costs associated with participation by Board members and staff at speaking engagements and other outreach activities away from the PCAOB's offices.
11. **Facilities build-out** – The PCAOB expects to incur minimal capital expenditures in 2023 related to its office space.

12. **Total Outlays** – As discussed with the SEC staff, and based on guidance from the Office of Management and Budget, the PCAOB understands that sequestration, as applied to the PCAOB, means that sequestered funds are not available for obligation during the fiscal year in which the sequestration occurs, but are available in subsequent years. The result is that the gross \$17.7 million in PCAOB operating funds that were sequestered in 2022 become available in 2023. For 2023, the sequestration percentage is 5.7%, which results in a sequestration amount of \$19.9 million. Since the sequestration amount for 2023 is more than the sequestration amount for 2022, the PCAOB plans to submit a Revised Spending Plan for 2023 in the amount of \$2.2 million to the SEC to indicate where that reduction will be applied to the 2023 Budget.
13. **Change to working capital reserve, net of other income and reconciliation of certain estimates to actuals** – The PCAOB estimates that the working capital reserve that will provide funds necessary to cover its anticipated expenditures for the first five months of 2024 is more than the working capital reserve estimated for 2023 in the 2022 Budget. This difference is more than offset by interest and other income, and reconciliations between previously estimated spending and income versus actuals, which also affect the calculation of accounting support fee.
14. **Registration and annual fees** – Under Section 102 of the Sarbanes-Oxley Act of 2002, the PCAOB assesses and collects registration fees from applicants and annual fees from registered public accounting firms in amounts sufficient to recover the costs of processing and reviewing their registration applications and reports. Section 109 of the Sarbanes-Oxley Act of 2002 directs that any registration and annual fees collected in one calendar year must be used to reduce the recoverable budget expenses for the next calendar year (i.e., the year after the year in which they are received). Therefore, registration and annual fees collected for 2022 have been credited to the 2023 Budget as part of calculating the 2023 accounting support fee.
15. **Accounting Support Fee** – Pursuant to Section 109 of the Sarbanes-Oxley Act of 2002 and the rules of the PCAOB, the budget of the PCAOB – reduced by any registration and annual fees received for the preceding calendar year (see note 14) and adjusted for changes to the PCAOB’s working capital reserve, net of other income and reconciliation between estimates and actuals (see note 13) – is funded by the accounting support fee. This calculation produces the total 2023 accounting support fee of approximately \$329.4 million. In 2023, approximately \$300.3 million will be billed to issuers and \$29.2 million will be billed to broker-dealers.