

Public Company Accounting Oversight Board
Budget by Program Area
2009 - 2011
(Corrected December 3, 2010)

Program Area	2009 <u>Actuals</u>	2010 <u>Budget</u>	2011 <u>Budget</u>
Board and Executive Staff	6,136,000	6,858,000	7,164,000
Division of Registration and Inspections			
Inspections - Issuer Auditors	67,441,000	86,100,000	86,139,000
Inspections - Broker-Dealer Auditors	-	-	4,450,000
Registration	772,000	929,000	1,114,000
Sub-total	68,213,000	87,029,000	91,703,000
Division of Enforcement and Investigations			
Office of the Chief Auditor (Standards)	11,200,000	14,963,000	17,457,000
Office of Research and Analysis	5,402,000	7,507,000	7,423,000
Office of General Counsel/Secretary	6,053,000	7,844,000	8,974,000
Office of International Affairs	4,403,000	4,667,000	5,067,000
Financial Reporting Fraud Resource Center	1,648,000	2,205,000	3,043,000
Office of Outreach and Small Business Liaison	-	249,000	609,000
Office of Communications	-	-	1,225,000
Office of Government Relations	1,585,000	2,462,000	-
Office of Public Affairs	-	-	426,000
Office of Internal Oversight and Perf. Assurance	-	-	565,000
Office of Hearing Officer	1,223,000	1,467,000	1,504,000
Office of Administration	375,000	558,000	700,000
Administration	1,567,000	2,030,000	2,896,000
Information Technology	20,558,000	21,700,000	24,430,000
Human Resources	3,570,000	3,793,000	7,413,000
Compliance and Risk Management	-	-	708,000
Finance	2,166,000	2,476,000	2,482,000
Budget, Prog. Analysis, and Strat. Planning	696,000	967,000	643,000
Facilities	13,865,000	16,483,000	19,949,000
Sub-total	42,422,000	47,449,000	58,521,000
Total Outlays	148,660,000	183,258,000	204,381,000
Less: Net Interest Receipts			291,000
Total Outlays Less Interest Receipts			204,090,000
Less: Excess to Working Capital Reserve			24,000
Net Outlays			204,066,000
Less: Prior Year Registration and Annual Fees			1,726,000
Total Accounting Support Fees			202,340,000
Accounting Support Fee - Issuers			187,974,000
Accounting Support Fee - Broker-Dealers			14,366,000
Total Accounting Support Fees			202,340,000

Public Company Accounting Oversight Board
Budget by Cost Category
2009 - 2011
(Corrected December 3, 2010)

Cost Category	2009 <u>Actuals</u>	2010 <u>Budget</u>	2011 <u>Budget</u>
Personnel			
Salaries/1	88,916,000	107,469,000	118,957,000
Employee Benefits/2	11,293,000	13,779,000	15,377,000
Payroll taxes/3	4,647,000	5,531,000	6,029,000
Training/4	1,360,000	2,646,000	3,196,000
Recruitment and Relocation/5	2,405,000	3,104,000	4,488,000
Sub-total	108,621,000	132,529,000	148,047,000
Non-personnel			
Administrative Expenses/6	4,517,000	5,099,000	5,978,000
Consulting and Professional Fees/7	7,623,000	8,250,000	10,505,000
Facilities/8	10,900,000	13,017,000	14,363,000
Information Technology/9	6,526,000	8,798,000	7,998,000
Travel and Other Expenses/10	7,447,000	13,268,000	11,933,000
Sub-total	37,013,000	48,432,000	50,777,000
Capital Expenditures			
IT Development and Infrastructure/9	1,884,000	548,000	2,107,000
Facilities build-out/11	1,143,000	1,748,000	3,450,000
Sub-total	3,027,000	2,296,000	5,557,000
Total Outlays	148,661,000	183,257,000	204,381,000
Less: Net Interest Receipts/12			291,000
Total Outlays Less Interest Receipts			204,090,000
Less: Excess to Working Capital Reserve/13			24,000
Net Outlays			204,066,000
Less: Prior Year Registration and Annual Fees/14			1,726,000
Total Accounting Support Fees			202,340,000
Accounting Support Fee - Issuers/15			187,974,000
Accounting Support Fee - Broker-Dealers/15			14,366,000
Total Accounting Support Fees			202,340,000



NOTES TO 2011 BUDGET

The 2011 Budget for the Public Company Accounting Oversight Board ("PCAOB" or the "Board") is based on the best information available as of the approval date. Budgeted amounts are subject to change as conditions warrant. The following notes relate to specific line items in the budget.

1. **Salaries** – In 2011, the PCAOB expects to continue augmenting its staff to assist the Board in achieving its mandates under the Sarbanes-Oxley Act of 2002 (the "Act") and provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act that require the Board to inspect, set auditing standards for, and apply enforcement resources to, the auditors of SEC-registered securities broker-dealers. In this regard, the PCAOB plans to have 717 staff by the end of 2011. The majority of the new employees are expected to be experienced auditors who will conduct the Board's program of inspections to assess the degree of compliance by registered public accounting firms with the Act, the rules of the Board, the rules of the U.S. Securities and Exchange Commission, and auditing and related professional practice standards, in connection with those firms' audits of issuers and broker-dealers. The 2011 Budget for salaries also includes related expenses for merit and other salary adjustments.
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** – Training expenses include professional training in accounting and auditing, law and other fields, to fulfill the Board's commitment to maintaining a highly-qualified staff in order to achieve the PCAOB's statutory mandates. Training expenses also include the costs associated with training staff to utilize the Board's IT infrastructure and applications, in addition to more general training regarding the Board's policies and procedures.

5. **Recruiting and relocation** – Estimated recruiting and relocation expenses are budgeted to cover the cost of recruiting highly-qualified, experienced staff in a competitive employment market for auditors and accountants.
6. **Administrative expenses** – Estimated administrative expenses include costs for office supplies, printing, copying, telecommunications, and postage. This category also covers the costs associated with insurance, including premiums for general property and casualty insurance, and directors' and officers' liability insurance.
7. **Consulting and professional fees** – Estimated consulting and professional fees include costs associated with developing certain initiatives related to the Board's programs that call for highly-specialized skills and services required for a limited period of time. These expenses also include costs for services related to investigation and litigation support, such as court reporters, translators, and document and database management, in addition to other legal and advisory services.
8. **Facilities** – Estimated facilities expenses cover the costs of lease and other payments related to the Board's office space. The Board currently has leased office space at its headquarters in Washington, D.C., and its technology center in Ashburn, Virginia, in addition to regional office space to support its inspections staff in Atlanta, Georgia; Chicago, Illinois; Dallas, Texas; Denver, Colorado; Irvine, California; New York, New York; and San Mateo, California. The 2011 Budget also includes funds for satellite locations in Boston, Massachusetts; Charlotte, North Carolina; Detroit, Michigan; Houston, Texas; and Tampa, Florida that report to New York, Atlanta, Chicago, Dallas, and Atlanta, respectively, as well as two new satellite locations that have yet to be determined.
9. **Information Technology** – Estimated IT expenses include costs associated with enhancing and maintaining the Board's IT infrastructure and applications. In addition, this category includes resources to support the Board's IT security activities.
10. **Travel and related expenses** – Estimated travel and related expenses support travel to perform inspections in the offices of registered public accounting firms. Currently, there are over 2,400 public accounting firms registered with the Board, more than 900 of which are located outside of the United States. This category also covers the costs associated with

participation by Board Members and professional staff in speaking and other outreach activities away from the Board's offices.

11. **Facilities build-out** – The PCAOB expects to incur capital expenditures in 2011 related to the completion of the build-out of additional office space in Atlanta, New York, and Washington, D.C.
12. **Interest** – Estimated interest income in 2011 is based on average cash balances invested and related repurchase agreements, netted against estimated bank charges incurred.
13. **Excess to working capital reserve** – The Board estimates that the working capital reserve will provide funds necessary to cover its anticipated expenditures for the first five months in 2012.
14. **Registration and annual fees** – Under Section 102 of the Act, the Board collects registration application fees from applicants and annual fees from registered public accounting firms in amounts sufficient to cover the costs of processing and reviewing their registration applications and required reports. Section 109 of the Act 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 2010 have been allocated to the 2011 Budget to produce the 2011 accounting support fee.
15. **Accounting Support Fee** – Pursuant to Section 109 of the Act and the rules of the PCAOB, the budget of the Board, reduced by any registration and annual fees received for the preceding calendar year, is funded by an annual accounting support fee. The 2011 Budget offsets the anticipated interest earned on cash balances (see note 12, above), as well as excess to the Board's working capital reserve (see note 13, above), against total outlays. This amount, minus the estimated registration and annual fees collected for 2010 (see note 14, above), produces the total 2011 accounting support fee of \$202.3 million. In 2011, approximately \$187.9 million will be billed to issuers and \$14.4 million will be billed to broker-dealers.