

**Public Company Accounting Oversight Board**  
**2019 Budget by Cost Category**  
**2017 - 2019**

Cost Category	2017 <u>Actuals</u>	2018 <u>Budget</u>	2019 <u>Budget</u>
Personnel			
Salaries /1	161,550,803	161,796,658	164,026,508
Employee Benefits /2	23,032,497	25,262,896	24,925,619
Payroll taxes /3	8,725,130	8,963,793	9,170,134
Training /4	3,482,318	2,423,137	2,849,352
Recruitment and Relocation /5	698,840	1,690,300	3,167,280
Sub-total	197,489,588	200,136,784	204,138,893
Non-personnel			
Administrative Expenses /6	5,960,947	5,854,911	6,594,867
Consulting and Professional Fees /7	8,136,552	9,228,691	14,510,029
Facilities /8	18,640,123	18,658,819	19,167,430
Information Technology /9	9,191,744	10,278,694	13,091,524
Travel and Other Expenses /10	11,784,648	13,556,645	14,872,242
Sub-total	53,714,014	57,577,761	68,236,092
Capital Expenditures			
IT Development and Infrastructure /9	2,330,169	794,000	1,290,000
Facilities build-out /11	3,306,760	1,400,000	76,000
Sub-total	5,636,928	2,194,000	1,366,000
<b>Total Outlays /12</b>	<b>256,840,531</b>	<b>259,908,545</b>	<b>273,740,984</b>
Change to Working Capital Reserve, Net of Other Income and Reconciliations /13			(9,434,554)
Less: Prior Year Registration and Annual Fees /14			1,454,500
<b>Total Accounting Support Fees /15</b>			<b>262,851,931</b>
Accounting Support Fee - Issuers			228,523,469
Accounting Support Fee - Broker-Dealers			34,328,462

*Note: Details may not add to totals due to rounding.*

**Public Company Accounting Oversight Board  
2019 Budget by Division/Office  
2017 - 2019**

Division/Office	2017 <u>Actuals</u>	2018 <u>Budget</u>	2019 <u>Budget</u>
Board and Executive Staff	5,961,659	6,708,896	11,040,725
Division of Registration and Inspections			
Inspections	126,998,004	125,733,272	125,269,095
Registration	1,266,739	1,310,384	1,344,244
Sub-total	128,264,743	127,043,656	126,613,339
Division of Enforcement and Investigations	19,677,053	19,599,747	20,098,097
Office of the Chief Auditor (Standards)	8,323,432	8,569,118	8,958,604
Office of Economic and Risk Analysis	12,766,742	14,078,885	14,291,099
Office of the General Counsel	8,967,053	8,587,040	8,285,500
Office of International Affairs	2,816,745	3,188,313	3,062,543
Office of External Affairs	2,658,460	2,148,648	3,107,012
Office of Internal Oversight and Perf. Assurance	1,265,721	1,441,430	1,319,455
Office of Information Technology	28,057,852	30,188,378	36,609,944
Office of Administration	38,081,071	38,354,433	40,354,666
<b>Total Outlays /12</b>	<b>256,840,531</b>	<b>259,908,545</b>	<b>273,740,984</b>
Change to Working Capital Reserve, Net of Other Income and Reconciliations /13			(9,434,554)
Less: Prior Year Registration and Annual Fees /14			1,454,500
<b>Total Accounting Support Fees /15</b>			<b>262,851,931</b>
Accounting Support Fee - Issuers			228,523,469
Accounting Support Fee - Broker-Dealers			34,328,462

*Note: Details may not add to totals due to rounding.*



## NOTES TO 2019 BUDGET

The 2019 Budget for the Public Company Accounting Oversight Board ("PCAOB" or the "Board") is based on the best information available as of the approval date. The following notes relate to specific line items in the budget.

1. **Salaries** – The 2019 Budget includes funding for 838 employees to assist the Board in achieving its mandates under the Sarbanes-Oxley Act of 2002, as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Act").
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 information technology (IT) infrastructure and applications, in addition to more general training.
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, and IT staff.
6. **Administrative expenses** – Estimated administrative expenses include costs such as office supplies, printing, copying, postage, subscription and library, temporary help,

and outreach events. 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 in Ashburn, Virginia, in addition to regional office space to support its inspections staff in Atlanta, Georgia; Charlotte, North Carolina; Chicago, Illinois; Irving, Texas; Denver, Colorado; Irvine, California; New York, New York; and Foster City, California. The 2019 Budget also includes funds for satellite locations in Boston, Massachusetts; Houston, Texas; Los Angeles, California; Fort Lauderdale, Florida; and Tampa, Florida.
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 1,860 public accounting firms registered with the Board, approximately 47 percent of which are located outside of the United States. This category also covers the costs associated with participation by Board members and staff in speaking and other outreach activities away from the Board's offices.
11. **Facilities build-out** – The PCAOB expects to incur minor capital expenditures in 2019 related to build-out of 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 \$17.2 million in PCAOB operating funds that were sequestered in 2018 become available in 2019. For 2019, the sequestration percentage is 6.2%, which results in a sequestration amount of \$17.0 million. Since the sequestration amount for 2019 is less than the amount for 2018, the 2019 ASF is reduced by the difference of \$0.2 million.
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 2020 is more than the working capital reserve estimated for 2019 in the 2018 Budget. Interest and other income, reconciliations between previously estimated spending and income amounts and actual amounts, and the decrease in the sequester amount for 2019 compared to 2018 also affect the calculation of accounting support fee.
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 2018 have been credited to the 2019 Budget as part of calculating the 2019 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 (see note 14) and adjusted for changes to the Board’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 2019 accounting support fee of approximately \$262.9 million. In 2019, approximately \$228.5 million will be billed to issuers and \$34.3 million will be billed to broker-dealers.