

**Public Company Accounting Oversight Board
Budget by Program Area
2008 - 2010**

Program Area	<u>2008 Actuals</u>	<u>2009 Budget</u>	<u>2010 Budget</u>
Board and Executive Staff	6,988,000	7,730,000	6,858,000
Division of Registration and Inspections			
Registration	627,000	829,000	929,000
Inspections	60,227,000	68,753,000	86,100,000
Sub-total	60,854,000	69,582,000	87,029,000
Division of Enforcement and Investigations	8,493,000	12,187,000	14,962,000
Office of the Chief Auditor (Standards)	4,265,000	6,838,000	7,507,000
Office of Research and Analysis	5,406,000	6,756,000	7,844,000
National Fraud Center	-	352,000	249,000
Office of General Counsel	3,255,000	5,032,000	4,667,000
Office of International Affairs	1,308,000	2,222,000	2,205,000
Office of Communications	1,784,000	1,793,000	2,462,000
Office of Administration			
Administration	1,027,000	1,979,000	2,030,000
Information Technology	18,404,000	19,778,000	21,700,000
Human Resources	2,962,000	3,093,000	3,793,000
Finance	2,084,000	2,883,000	2,476,000
Budget, Prog. Analysis, and Strat. Planning	588,000	763,000	967,000
Facilities	11,614,000	14,762,000	16,483,000
Sub-total	36,679,000	43,258,000	47,449,000
Office of Internal Oversight and Perf. Assurance	1,182,000	1,286,000	1,467,000
Office of Hearing Officer	-	572,000	558,000
Total Outlays	130,214,000	157,608,000	183,257,000
Less: Net Interest Receipts			199,000
Total Outlays Less Interest Receipts			183,058,000
Less: Excess to Working Capital Reserve			4,880,000
Net Outlays			178,178,000
Less: Prior Year Registration Fees			112,000
Accounting Support Fee			178,066,000

Public Company Accounting Oversight Board
Budget by Cost Category
2008 - 2010

Cost Category	2008 <u>Actuals</u>	2009 <u>Budget</u>	2010 <u>Budget</u>
Personnel			
Salaries/1	81,475,000	92,163,000	107,468,000
Employee Benefits/2	8,455,000	11,957,000	13,779,000
Payroll taxes/3	4,114,000	4,603,000	5,531,000
Training/4	1,377,000	1,855,000	2,646,000
Recruitment and Relocation/5	1,522,000	2,750,000	3,104,000
Sub-total	96,943,000	113,328,000	132,528,000
Non-personnel			
Administrative Expenses/6	4,230,000	5,021,000	5,099,000
Consulting and Professional Fees/7	3,060,000	5,809,000	8,250,000
Facilities/8	10,020,000	12,521,000	13,017,000
Information Technology/9	7,296,000	7,993,000	8,798,000
Travel and Other Expenses/10	6,809,000	10,782,000	13,268,000
Sub-total	31,415,000	42,126,000	48,432,000
Capital Expenditures			
IT Development and Infrastructure/9	1,309,000	1,397,000	548,000
Facilities build-out/11	547,000	757,000	1,749,000
Sub-total	1,856,000	2,154,000	2,297,000
Total Outlays	130,214,000	157,608,000	183,257,000
Less: Net Interest Receipts/12			199,000
Total Outlays Less Interest Receipts			183,058,000
Less: Excess to Working Capital Reserve/13			4,880,000
Net Outlays			178,178,000
Less: Prior Year Registration Fees/14			112,000
Accounting Support Fee/15			178,066,000



NOTES TO 2010 BUDGET

The 2010 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 2010, 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"). In this regard, the PCAOB plans to have 636 staff by the end of 2010. 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 the financial statements of public companies. The 2010 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 2010 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.
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 2,200 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 2010 related to the completion of the build-out of additional office space in Ashburn, Atlanta, Dallas, New York, San Mateo, and Washington, D.C.
12. **Interest** – Estimated interest income in 2010 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 expects to utilize an excess to its working capital reserve to reduce the 2010 accounting support fee. The Board estimates that the remaining working capital reserve will provide funds necessary to cover its anticipated expenditures for the first five months in 2011.
14. **Registration fees** – Under Section 102 of the Act, public accounting firms applying for registration with the Board must pay registration fees in an amount sufficient to cover the costs of processing and reviewing their registration applications. Section 109 of the Act directs that any registration 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 fees collected for 2009 have been allocated to the 2010 Budget to produce the 2010 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 or annual fees received for the preceding calendar year, is funded by an annual accounting support fee. The 2010 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 fees collected for 2009 (see note 14, above), produces the 2010 accounting support fee of \$178.1 million.