

Public Company Accounting Oversight Board
2021 Budget by Cost Category
2019 - 2021

\$ in thousands

Cost Category	2019 Actuals	2020 Budget	2021 Budget
Personnel			
Salaries /1	155,823	169,519	176,767
Employee Benefits /2	23,459	26,817	27,881
Payroll Taxes /3	8,946	10,058	10,557
Training /4	3,129	2,969	2,275
Recruitment and Relocation /5	2,596	2,178	1,045
Sub-total	193,953	211,541	218,524
Non-personnel			
Administrative Expenses /6	6,980	8,458	7,889
Consulting and Professional Fees /7	10,769	15,455	16,495
Facilities /8	19,398	20,217	19,449
Information Technology /9	13,215	13,774	13,834
Travel and Other Expenses /10	11,872	14,697	11,035
Sub-total	62,234	72,601	68,703
Capital Expenditures			
IT Development and Infrastructure /9	2,002	—	—
Facilities Build-out /11	174	571	52
Sub-total	2,177	571	52
Total Outlays /12	258,364	284,712	287,279
Change to Working Capital Reserve, Net of Other Income and Reconciliations /13			(21,985)
Less: Prior Year Registration and Annual Fees /14			(1,375)
Total Accounting Support Fees /15			263,919
Accounting Support Fee - Issuers			236,234
Accounting Support Fee - Broker-Dealers			27,685

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

Public Company Accounting Oversight Board
2021 Budget by Division/Office
2019 - 2021

\$ in thousands

Division/Office	2019 Actuals	2020 Budget	2021 Budget
Board and Executive Staff	10,260	11,793	11,971
Division of Registration and Inspections			
Inspections	120,035	128,680	129,437
Registration	1,336	1,383	1,279
Sub-total	121,371	130,063	130,716
Division of Enforcement and Investigations	17,605	19,564	19,663
Office of the Chief Auditor (Standards)	6,964	8,561	8,693
Office of Economic and Risk Analysis	13,369	14,467	13,673
Office of the General Counsel	7,703	7,821	9,284
Office of International Affairs	2,772	3,215	3,147
Office of External Affairs	2,448	2,940	3,026
Office of Internal Oversight and Perf. Assurance	964	1,191	1,206
Office of Data, Security, and Technology	34,970	42,096	44,546
Office of Administration	39,937	43,001	41,356
Total Outlays /12	258,364	284,712	287,279
Change to Working Capital Reserve, Net of Other Income and Reconciliations /13			(21,985)
Less: Prior Year Registration and Annual Fees /14			(1,375)
Total Accounting Support Fees /15			263,919
Accounting Support Fee - Issuers			236,234
Accounting Support Fee - Broker-Dealers			27,685

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

Notes to 2021 Budget

The 2021 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 2021 Budget includes funding for 859 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 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, 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 business 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, translators, and legal and other 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.
9. **Information Technology Expense and Infrastructure** – Estimated IT expenses include costs associated with enhancing and maintaining the Board’s IT applications and infrastructure.
10. **Travel and related expenses** – Estimated travel and related expenses support travel 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 in speaking and other outreach activities away from the Board’s offices.
11. **Facilities build-out** – The PCAOB expects to incur minimal capital expenditures in 2021 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 \$16.8 million in PCAOB operating funds that were sequestered in 2020 become available in 2021. For 2021, the sequestration percentage is 5.7%, which results in a sequestration amount of \$16.4 million. Since the sequestration amount for 2021 is less than the amount for 2020, the 2021 ASF is reduced by the difference of \$0.4 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 2022 is more than the working capital reserve estimated for 2021 in the 2020 Budget. Interest and other income, reconciliations between previously estimated spending and income versus actuals, and the decrease in the sequester amount for 2021 compared to 2020 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 2020 have been credited to the 2021 Budget as part of calculating the 2021 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 2021 accounting support fee of approximately \$263.9 million. In 2021, approximately \$236.2 million will be billed to issuers and \$27.7 million will be billed to broker-dealers.