

...the rule of the Board shall be con-
...the authority of the Com-
...with such firms for purposes of enti-
(2) the authority of the Commis-
...derived from other provisions of the
...and issuance of any audit report, or other
law; or
(3) the ability of the Commission to t-
...of the Commission, legal, administrative, o-
...against any registered public accounting fir-
person thereof.

TITLE I—PUBLIC COMP ACCOUNTING OVERSIGHT I

ESTABLISHMENT; ADMINISTRATIVE PROVISIO
ESTABLISHMENT OF BOARD.—There is establis
Accounting Oversight Board, to oversee the a
but are subject to the securities laws, and
to protect the interests of investors, and
audit reports for companies of information
e, operate as a nonprofit corporation. The B
Board shall not be re-



2007 Annual Report



PCAOB
Public Company Accounting Oversight Board



Five
YEARS

Building a
Strong Foundation
for Oversight



THE PCAOB'S MISSION

The PCAOB's mission, as derived from the Sarbanes-Oxley Act of 2002, is to oversee the auditors of public companies in order to protect the interests of investors and further the public interest in the preparation of informative, fair and independent audit reports.

OUR VISION

The PCAOB seeks to be a model regulatory organization. Using innovative and cost-effective tools, the PCAOB aims to improve audit quality, reduce the risks of auditing failures in the U.S. public securities market and promote public trust in both the financial reporting process and auditing profession.

FIVE YEARS: FULFILLING OUR MISSION

2002	2003	2004
<p>THE SARBANES-OXLEY ACT OF 2002 Public Law 107-204 July 30, 2002</p>		
<p>July 30 PCAOB Established by the Enactment of Sarbanes-Oxley Act of 2002</p>	<p>January 6 Opens Office in Washington, D.C.</p> <p>January 8 Board Member Charles D. Niemeier Named Acting Chairman of the PCAOB</p> <p>January 9 Holds First Open Meeting</p> <p>March 31 Roundtable: Foreign Auditor Registration</p> <p>April 16 Adopts Interim Auditing Standards</p> <p>April 25 SEC Determines the PCAOB Capable of Carrying Out Its Responsibilities under the Sarbanes-Oxley Act</p> <p>May 6 Adopts Audit Firm Registration Rules</p> <p>May 21 William J. McDonough Appointed Chairman</p> <p>June 30 Adopts Rules Related to Auditing and Related Professional Practice Standards and Advisory Groups</p> <p>July 17 Registration System Goes Online</p> <p>July 29 Roundtable: Reporting on Internal Controls</p> <p>September 29 Roundtable: Audit Documentation; Adopts Rules on Investigations and Adjudications</p> <p>October 7 Adopts Inspection Rules</p> <p>October 22 Registration Requirement Takes Effect for U.S. Audit Firms</p> <p>October 23 Board Member Charles Niemeier Reappointed</p> <p>December 17 Adopts Auditing Standard No. 1</p>	<p>March 9 Adopts Auditing Standard No. 2</p> <p>June 9 Adopts Auditing Standard No. 3; Adopts Rules Relating to the Oversight of Non-U.S. Audit Firms</p> <p>July 14 Roundtable: Auditor Independence and Tax Services</p> <p>July 19 Registration Requirement Takes Effect for Non-U.S. Audit Firms</p> <p>August 5 Board Member Bill Gradison Reappointed</p> <p>August 26 Issues Reports on Limited Inspections of Big Four Firms</p> <p>November 30 Holds First Forum on Auditing in the Small Business Environment</p>

PCAOB's Fifth Anniversary

During its fifth year of operations, the PCAOB continued to fulfill its Congressional mandate to protect investors through the oversight of auditors of public companies. The PCAOB enhanced its supervisory model, which integrates the activities of its core registration, inspection, standards-setting, and enforcement programs, and its regulatory support functions.

2005	2006	2007
<p>May 16 Issues Policy Statement Regarding Implementation of Auditing Standard No. 2, An Audit of Internal Control Over Financial Reporting Performed in Conjunction with an Audit of Financial Statements</p> <p>July 26 Adopts Auditing Standard No. 4</p> <p>November 30 Issues Report on the Initial Implementation of Auditing Standard No. 2</p> <p>December 2 Board Member Bill Gradison Named Acting Chairman</p>	<p>March 21 Issues Observations on the Initial Implementation of the Process for Addressing Quality Control Criticisms within 12 Months after an Inspection Report and Process for Board Determinations Regarding Firms' Efforts to Address Quality Control Criticisms in Inspection Reports</p> <p>May 10 PCAOB/SEC Roundtable: Internal Control Reporting Requirements</p> <p>June 19 Mark W. Olson Appointed Chairman; Board Member Kayla J. Gillan Reappointed</p>	<p>January 22 Issues Observations on Auditors' Implementation of PCAOB Standards Relating to Auditors' Responsibilities with Respect to Fraud</p> <p>April 18 Issues Report on the Second-Year Implementation of Auditing Standard No. 2</p> <p>May 2 Hosts First International Auditor Regulatory Institute</p> <p>May 24 Adopts Auditing Standard No. 5, Replacing Auditing Standard No. 2</p> <p>July 2 Board Member Daniel L. Goelzer Reappointed</p> <p>October 22 Issues Report on the PCAOB's 2004, 2005, and 2006 Inspections of Domestic Triennially Inspected Firms</p>

CHAIRMAN'S LETTER



MARK W. OLSON

On behalf of the Public Company Accounting Oversight Board, I am pleased to present this report on our activities during 2007. This year marks the PCAOB's fifth year as the independent oversight organization for auditors of U.S. public companies. This year the PCAOB further strengthened its oversight of auditors of public companies. At the same time, the PCAOB met expectations that it would operate effectively and efficiently, and in a manner that recognizes its public interest mission. It has been another busy year.

In May 2007, the PCAOB adopted a strategic plan that guided its programs and operations in 2007. Our primary goal is to promote investor confidence in audited financial statements of public companies through effective use of a supervisory model of oversight of registered public accounting firms. Other goals speak to ensuring robust two-way communication with the audit profession, market participants and other interested parties, and to further strengthen the effectiveness and coordination of auditor oversight efforts in the United States and abroad. Finally, the PCAOB seeks to operate in a manner that recognizes its public mission and responsibility to exercise careful stewardship over its resources. The plan is designed to see that the PCAOB's programs and operations remain appropriately aligned with its mission, values and goals. The plan will serve as a basis for measuring progress in meeting the PCAOB's important statutory mandate.

One of our key accomplishments in 2007 was adoption of Auditing Standard No. 5, *An Audit of Internal Control over Financial Reporting That Is Integrated with An Audit of Financial Statements*, to replace Auditing Standard No. 2. The Board also adopted related Rule 3525, *Audit Committee Pre-Approval of Non-Audit Services Related to Internal Control over Financial Reporting*, and conforming amendments to certain of the Board's other auditing standards. The new standard, rule and amendments were the culmination of an extensive effort, which included gathering feedback on the implementation of Auditing Standard No. 2 and a wholesale rewriting of the standard. The new standard is designed to increase the likelihood that material weaknesses in internal control will be found before they result in a material misstatement of a company's financial statements, yet allow for the elimination of procedures that are unnecessary to achieve that goal. The new standard will better meet the needs of investors, public companies and auditors.

Adopting Auditing Standard No. 5 is not the end of the PCAOB's work in this area; we are committed to achieving an effective implementation of the new standard. In October, mindful of the unique challenges smaller auditing firms may have in performing integrated audits, the PCAOB staff released preliminary guidance for auditors of smaller public companies on applying Auditing Standard No. 5.

The new standard also was discussed extensively during the PCAOB's Forums on Auditing in the Small Business Environment. These well-attended forums—eight were held around the nation during 2007—allow for an effective dialogue between the PCAOB and smaller public accounting firms and smaller public companies. The forums address a wide range of subjects across the Board's oversight programs and touch on emerging issues for auditors.

While adoption and implementation of Auditing Standard No. 5 were the PCAOB's top standards-setting priorities, we also focused on a number of additional standards-setting projects in 2007. By year-end, we published for comment a proposed Auditing Standard

No. 6, *Evaluating Consistency of Financial Statements*, and accompanying amendments of the PCAOB's interim auditing standards; and new Rule 3526, *Communication with Audit Committees Concerning Independence*, which would supersede certain interim standards and related interpretations.

The PCAOB is responsible for inspecting more than 800 domestic and foreign audit firms. Together, these firms audited the financial statements of over 14,000 public companies. With potentially over 14,000 audits to inspect, the PCAOB must allocate its inspection resources carefully. Our inspection teams, therefore, identify audits for review based on an assessment of the relative risks of misstatements or audit deficiencies. The teams further maximize the effectiveness of inspections by focusing on aspects of those audits most likely to pose the most challenging issues. This risk-based approach is accomplished through close collaboration between the Division of Registration and Inspections and the Office of Research and Analysis.

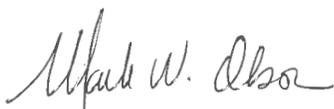
We increasingly are finding that the PCAOB can foster improvement in audit quality through the on-site dialogue the inspection process allows for, in addition to more formal findings in inspection reports and other oversight actions. The PCAOB employs several channels of communication with registered firms, which range from outreach and informal briefings on relevant issues, to inspections and issuance of inspection reports, to investigations and formal disciplinary actions. While much of the PCAOB's inspection and enforcement work is confidential by law, where we are able—and now that we have completed several years of inspections—we publish our insights from inspections. During 2007, the PCAOB issued three generalized summaries of inspection findings. These reports are useful to the public as well as to audit firms as they strive to improve audit quality.

With respect to our responsibilities relating to non-U.S. firms, in 2007 the PCAOB embarked on an effort to broaden its coordination and communication with audit regulators in foreign jurisdictions. The PCAOB became a member of the International Forum of Independent Audit Regulators in March 2007. We increased the number of jurisdictions in which the PCAOB performs joint inspections, which has the added value of promoting consistency across regulators. We also launched the PCAOB's International Audit Regulatory Institute through which we share information about PCAOB programs with non-U.S. regulators. Importantly, at year-end, the PCAOB released for comment a policy statement that could establish a framework for the PCAOB to rely more fully on the inspection work of the PCAOB's foreign counterparts in other countries.

The success of the PCAOB's programs depends on having sufficient experienced professional staff. The PCAOB Board and I are proud of our staff and the role they play in contributing to the increasingly robust, sophisticated and balanced approach we take to auditor oversight. Guided by our strategic plan, the PCAOB is well positioned to meet its statutory responsibilities in a timely and professional manner.

It is clear to me that the Sarbanes-Oxley Act has had a direct and positive effect on the governance of publicly traded companies and on the integrity of financial reporting. With the continued globalization of markets and the evolution of accounting practices, auditors of public companies will continue to be challenged to deliver high-quality audits.

For the past five years, the PCAOB has had an important role in helping to promote high-quality and informative audits. A summary of certain PCAOB actions over the past five years—entitled *PCAOB Activities 2003–2007*—is included with this report. As we begin our next five years of operation, we look forward to providing a supervisory oversight framework that engenders real improvements in audit quality and enhances public confidence in our capital markets.



Mark W. Olson
Chairman, Public Company Accounting Oversight Board

CORE VALUES

In pursuing its mission, the PCAOB is committed to the following values:

Public Interest: The Board and the staff of the PCAOB are committed to protecting investors and serving the public interest when carrying out their responsibilities.

Integrity: Given the nature and significance of the PCAOB's mission under the Act, it is the personal responsibility of the Board and the staff of the PCAOB to maintain the highest possible ethical standards.

Excellence: The Board and the staff of the PCAOB are committed to high-quality analysis and high performance in their oversight of registered public accounting firms.

Effectiveness and Efficiency: The Board recognizes that the PCAOB is primarily supported by fees from public companies and understands its responsibility to manage resources effectively and efficiently.

Fairness: In exercising its regulatory and enforcement authority, the PCAOB is committed to treating registered public accounting firms and associated persons in a fair, impartial and consistent manner.

Flexibility and Innovation: The PCAOB will be forward-thinking, anticipate risks and respond to rapidly emerging issues with its flexible and innovative programs and operations.

Accountability: The Board and the staff of the PCAOB accept responsibility for their actions and decisions.

Teamwork: The PCAOB will maintain a team of outstanding, highly qualified, experienced professionals, who are expected to collaborate in a work environment based upon cooperation and trust.

Summary of Activities for 2007

This annual report highlights the PCAOB's progress toward fulfilling its mission to oversee auditors of public companies in order to protect the interests of investors and further the public interest in the preparation of informative, fair and independent audit reports. This report is organized around the strategic goals identified in the PCAOB's May 2007 strategic plan. The plan established four overarching goals that call for an effective use of a supervisory model to oversee registered public accounting firms; pro-active interaction with key interested parties; effective coordination with other regulatory bodies in the United States and around the world; and maintaining careful stewardship of the PCAOB's resources.

Goal 1

Promote investor confidence in audited financial statements of public companies through an effective use of a supervisory model of oversight of registered public accounting firms

Goal 1 addresses the PCAOB's registration, inspections, standards-setting and enforcement programs—areas which encompass the PCAOB's supervisory model.

During the initial stages of the PCAOB's development, the Board chose to utilize a supervisory model for overseeing registered firms that embraced a risk-based approach. The Board expects all registered firms to adhere to its auditing standards and quality control requirements, as well as the firms' own policies, procedures and controls. From the viewpoint of public investors, the most important features of the supervisory model are the effects the PCAOB's programs have on strengthening quality control and risk-management practices of registered firms and, in a broader sense, achieving more consistent compliance with applicable professional standards. These effects contribute to public confidence in the reliability and independence of audit reports in furtherance of the PCAOB's mission under the Sarbanes-Oxley Act of 2002 (the Act).

Registration

The Act and the PCAOB rules prohibit accounting firms that are not registered with the PCAOB from issuing or playing a substantial role in the issuance of an audit report for a company publicly traded in the United States. While most public accounting firms registered with the PCAOB in 2003 and 2004, the PCAOB continues to receive new applications for registration, with a substantial portion of new registrants representing firms based outside of the United States. At the beginning of 2007, there were 1,738 firms registered with the PCAOB. In 2007, the Board approved registration applications of 156 firms, including 99 non-U.S. firms. In addition, in 2007, 63 firms withdrew from registration and the Board revoked the registration of three firms. Accordingly, the PCAOB ended the year with 1,828 firms registered.

Registered firms have diverse characteristics, and the PCAOB has tailored its oversight programs accordingly. The firms vary by geographic location and size, among other things. For example, 843 (46 percent) firms registered at the end of 2007 were based outside of the United States in 85 countries. In addition, 480 (26 percent) firms registered at the end of 2007 issued audit reports during 2007 for one to five issuer audit clients,* and 1,056 (58 percent) firms registered at the end of 2007, of which 424 (23 percent) were U.S.-based firms, issued no audit reports for an issuer during the year.

The Act and the PCAOB's rules relating to registration and withdrawal of firms impose deadlines for action. The Act requires that applications for registration be acted upon within 45 days of the receipt of a completed application. PCAOB rules govern requests to withdraw and provide that firms will be deemed withdrawn if the Board grants the petition for leave to withdraw or does not object to the withdrawal within 60 days of the request. In 2007, the Board took final action on all completed applications for registration and petitions for leave to withdraw within these time frames.

*This report uses the terms "public company" and "issuer" interchangeably. The term "issuer" is defined by the Sarbanes-Oxley Act of 2002 and PCAOB Rules.

Inspections of Registered Firms

The Act requires the PCAOB to conduct a continuing program of inspections to assess the compliance of registered public accounting firms and their associated persons with the Act, the rules of the PCAOB, the rules of the Securities and Exchange Commission (SEC) and professional standards in connection with the performance of audits, issuance of audit reports and related matters involving issuers. The Act requires annual inspections of registered firms that regularly audit more than 100 public companies and at least triennial inspections of registered firms that regularly audit 100 or fewer public companies, although the Act also authorizes the PCAOB, with SEC approval, to adjust those frequency requirements.

In 2007, the PCAOB inspected 236 registered accounting firms. Of those firms, 10, including one Canadian firm, had audited more than 100 public companies in 2006. The other 226 firms included 179 U.S. firms and 47 non-U.S. firms located in 16 countries. The PCAOB performed 44 percent of its inspections of the 179 U.S. firms from the PCAOB's offices. While not appropriate in every case, where they make sense, these PCAOB-based inspections save time and money for both the PCAOB and firms.

PCAOB inspection staff is located across the United States in regional offices in the following metropolitan areas: Atlanta, Chicago, Dallas, Denver, New York, San Francisco, Los Angeles and Washington, D.C. In 2007, the inspection team leaders responsible for large firm inspections had an average of more than 23 years of relevant experience. Overall, PCAOB inspection team members averaged 15 years of relevant experience.

PCAOB'S FIFTH ANNIVERSARY

Reflections from the Board



The PCAOB first opened its doors for business on January 6, 2003. At the time, I was one of four PCAOB Board members and one of eight PCAOB employees.

Five years later, the PCAOB has grown to nearly 500 employees in nine offices around the country. However, the personnel changes do not sufficiently demonstrate the strides made at the PCAOB to date.

The PCAOB has, I believe, demonstrated its even-handed approach to oversight. My sense is the profession sees the PCAOB as a fair, but firm, regulator, and the profession's generous spirit in embracing external oversight has improved the tone and tenor of the Board's relationship with the firms it oversees.

The PCAOB's success over the first five years also may be attributed to its efforts to include a diverse group of interested parties in its activities. From my perspective, the most important group to include was the investor community—a voice not previously well represented in the area of audit/accounting oversight. Not only did the PCAOB strive to respond to requests by investors, but the PCAOB proactively sought input from investors on matters the Board was considering. This approach was imperative for the PCAOB, as a new regulator tasked with "protecting the interests of investors." The result has been a collaborative relationship between the PCAOB and investors that will endure beyond the inaugural Board.

I am proud to have been a part of the inception of the PCAOB and to have helped it grow from its infancy through its adolescence to young-adult status. I wish the Board and staff all the best for the future.

Number of Issuer Audit Reports Issued Per Registered Firm

(As of December 31, 2007)

	U.S.	Non-U.S.	Total
Number of firms that issued no issuer audit reports	424	632	1,056
Number of firms that issued 1–5 issuer audit reports	338	142	480
Number of firms that issued 6–10 issuer audit reports	71	31	102
Number of firms that issued 11–25 issuer audit reports	77	23	100
Number of firms that issued 26–50 issuer audit reports	49	8	57
Number of firms that issued 51–100 issuer audit reports	15	6	21
Number of firms that issued > 100 issuer audit reports	11	1	12
Totals	985	843	1,828

Inspection Process

The PCAOB's standards and rules, including standards on quality control, establish the regulatory framework for inspecting registered firms. The inspection process involves not only reviewing specific audits but also assessing the quality control environment of the registered firms. The Board also strives at all levels to maintain a constructive, arms-length dialogue with registered firms. The remediation of identified deficiencies is an important part of this dialogue. Use of this supervisory model encourages a culture of integrity and rigor within the profession, while allowing the PCAOB to retain the formal and informal tools necessary to identify problems early, to require firms to address issues of concern to the Board in a timely manner and, in more serious cases, to take disciplinary action.

Throughout the inspection process, inspectors discuss identified issues with representatives of the firm, including members of the relevant engagement team, the representative responsible for the firm's handling of the inspection, the firm's national office experts and, in some cases, the managing partner or chief executive of the firm. Firms are asked to respond to any of the inspection team's written comments on issues identified with respect to the accounting and auditing work involved. Serious problems ultimately are described in Board inspection reports.

Often firms take steps to resolve matters raised even before their inspection reports are issued. Steps taken by firms may involve, for example, performing missed auditing procedures or other procedures to determine whether the firm can continue to support a previously expressed audit opinion, adding process improvements and enhancements to internal quality control systems and discussing accounting issues with an issuer-client. In some instances, based on such a discussion with its auditor, a public company may issue restated financial statements. Overall, the inspection process is designed to promote ongoing improvements in audit quality of registered firms.

In appropriate circumstances, matters identified in the course of an inspection may be referred to the Division of Enforcement and Investigations for follow-up, or may be specifically reported (outside the context of an inspection report) to other authorities, such as the SEC or the relevant state board of accountancy. Reports to the SEC may relate to potential violations by persons or entities other than a firm, including a firm's public company clients.

Engagement Reviews

Generally, PCAOB inspections include a review of portions of selected audit engagements performed in the prior year by the registered firm that is being inspected. In 2007, PCAOB inspectors reviewed 461 audit engagements performed by the 10 firms that had audited more than 100 issuers in 2006 and 574 audits performed by the 226 other firms inspected.

Engagements, as well as the specific portions of engagements reviewed, are selected for inspection primarily based on an assessment of the risk of material misstatements or significant auditing deficiencies, as well as other firm-specific risks. The PCAOB's Office of Research and Analysis (ORA) plays an important role in assisting PCAOB inspectors in selecting audit engagements and identifying the risk areas within each engagement that might be reviewed. To inform inspection staff on emerging issues, ORA also prepares research notes and training on complex accounting issues and market developments. In 2007, ORA notes and training included issues related to fair value accounting, accounting treatment of subprime mortgage securities and resulting audit issues.

Quality Control Reviews

In addition to evaluating the quality of the audit work performed on specific audits, PCAOB inspections included reviews of certain of the firms' practices, policies and procedures related to audit quality. For firms that have audited more than 100 issuers, these reviews have addressed practices, policies and procedures concerning audit performance and the following functional areas:

- Tone at the top,
- Practices for partner evaluation, compensation, admission, assignment of responsibilities and disciplinary actions,
- Independence implications of non-audit services; business ventures, alliances and arrangements; personal financial interests; and commissions and contingent fees,
- Practices for client acceptance and retention,
- Practices for consultations on accounting, auditing and SEC matters,
- The firm's internal inspection program,
- Policies and procedures for staffing audits, and
- The supervision by U.S. audit engagement teams of the work performed by foreign affiliates on non-U.S. operations of U.S. issuer audit clients.

For other firms, the quality control review component of a PCAOB inspection addressed practices, policies and procedures concerning audit performance, training, compliance with independence standards, client acceptance and retention and the establishment of policies and procedures.

With all firms, any defects in, or criticisms of, a firm's quality control system are discussed in the nonpublic portion of the firm's inspection report and will remain nonpublic unless the firm fails to address them to the Board's satisfaction within 12 months of the date of a report.

Inspection Reports

The Act requires the Board to prepare a written report of its findings on each inspection and provides that the report be transmitted in appropriate detail to the SEC and each appropriate state regulatory authority. The Act also provides that each report be made available in appropriate detail to the public, subject to certain statutory limits on public disclosure.

In 2007, the Board issued 170 reports of inspections conducted from 2004 through 2007. The public portions, which are published on the PCAOB's Web site, summarize significant auditing deficiencies found in the inspection. In 2007, the PCAOB reduced both its backlog of reports and the length of time between completion of an inspection and the issuance of the report. At year-end, the Board had issued reports for all inspections conducted before 2006, a majority of the inspections conducted in 2006 (including those of all the annually inspected firms) and a significant number of inspections conducted in 2007.

Remediation of Quality Control Inspection Findings

Not every PCAOB inspection results in an inspection report criticism of a firm's quality control system. When an inspection report does include any such criticism, however, the Act provides the firm with a specific incentive to address the problem: if the firm addresses the criticism to the Board's satisfaction within 12 months, the portion of the report discussing the criticism will remain nonpublic. The Board has adopted rules to implement this incentive mechanism. This remediation process is a cornerstone of the PCAOB's supervisory model of oversight.

While the Act's incentive mechanism depends upon the firm making sufficient progress within 12 months, the Board's determination about whether a firm has done so requires consideration and deliberation and typically occurs sometime after the running of the 12-month period permitted for firm action. In addition, the Board is not called upon to make such determinations in the case of inspection reports that did not include any quality control criticisms. For these reasons, there is not a one-to-one correlation between the number of inspection reports issued in one calendar year and the number of remediation determinations made in the following year.

In 2007, the PCAOB acted on 167 inspection reports with respect to which the 12-month remediation deadline had passed. In 163 of those cases, the Board determined that, within the 12 months following the report date, the firm had identified steps suited to the particular quality control objective and was making reasonable, good faith progress in implementing those steps, sufficient to warrant the result that those inspection report criticisms remain nonpublic. In four other cases, the PCAOB disclosed previously nonpublic portions of reports either because the remediation efforts identified by the firm did not satisfy that standard or because the firm failed to make any submission.

Inspecting Audits of Internal Control over Financial Reporting

During 2007, the PCAOB continued to inspect audits of internal control over financial reporting under Auditing Standard No. 2. The 2007 inspection approach evaluated the firms' approaches to effectively and efficiently integrating the audit of internal control with the audit of the financial statements, using a top-down, risk-based approach to the audit and using the work of others to the extent permitted under the standard.

In May 2007, the PCAOB adopted a new standard, Auditing Standard No. 5, to replace Auditing Standard No. 2. During the interim period, the PCAOB took steps to assist a successful implementation of Auditing Standard No. 5. These steps included gaining an understanding of the large firms' implementation plans and methodologies, as well as engaging in other communications with the large firms to describe the Board's inspection program of internal control audits under Auditing Standard No. 5. The PCAOB also began a comprehensive training program for all inspection personnel.

Standards-Setting

The PCAOB remained active in standards-setting in 2007, focusing on the development of three auditing standards initiatives.

In May 2007, the PCAOB followed through on its commitment to amend Auditing Standard No. 2, by adopting Auditing Standard No. 5, *An Audit of Internal Control over Financial Reporting That Is Integrated with an Audit of Financial Statements*, which was subsequently approved by the SEC in July 2007. Concurrently, the Board also adopted a related independence rule, Rule 3525, *Audit Committee Pre-Approval of Non-Audit Services Related to Internal Control over Financial Reporting*, and conforming amendments.

The new standard is designed to focus auditors on the most important matters in the audit of internal control over financial reporting and thereby increase the likelihood that material weaknesses in internal control will be discovered before they result in a material misstatement of a company's financial statements. The standard provides a framework for auditors to perform high-quality, risk-based audits that are tailored to the company's facts and circumstances. The Board worked closely with the SEC and issued Auditing Standard No. 5 in coordination with the SEC's issuance of its *Guidance Regarding Management's Report on Internal Control over Financial Reporting under Section 13(a) or 15(d) of the Securities Exchange Act of 1934*.

In October 2007, the PCAOB staff released for public comment *Preliminary Staff Views, An Audit of Internal Control That Is Integrated with an Audit of Financial Statements: Guidance for Auditors of Smaller Public Companies*. The guidance was intended to help auditors apply the provisions of Auditing Standard No. 5 to audits of smaller, less complex public companies. Topics discussed in the staff guidance include: evaluating entity-level controls, assessing the risk of management override, evaluating segregation of duties and alternative controls, auditing information technology controls, considering financial reporting competencies, and obtaining evidence about controls in companies with less formal documentation.

The second standards-setting initiative in 2007 related to the development of a concept release related to the PCAOB rules on tax services and independence. The concept release solicited comments regarding a portion of Rule 3523, *Tax Services for Persons in Financial Reporting Oversight Role*. In particular, the Board sought information about the possible effects on a firm's independence of providing tax services to a person covered by Rule 3523 during the portion of the audit period that precedes the beginning of the professional engagement period. It also sought input on other practical consequences of applying the restrictions imposed by Rule 3523 to that portion of the audit period. The comment period for this release ended in May 2007.

After considering the comments received on the concept release on tax services and independence, as described above, the Board, in July 2007, proposed to amend Rule 3523. At the same time, the Board also proposed Rule 3526, *Communication with Audit Committees Concerning Independence*, a new ethics and independence rule that would supersede certain of the Board's interim standards and require a registered firm to communicate certain information related to the firm's independence to the issuer's audit committee. At year-end, staff was finalizing a recommendation to the Board on the proposed rule.

The third initiative in 2007 in the standards-setting area was the proposal of a new auditing standard, *Evaluating Consistency of Financial Statements*. The proposed standard and related amendments to the interim standards would update and clarify the auditors' responsibilities with respect to evaluating and reporting on matters relating to the consistency of the financial statements. At year-end, staff was finalizing a recommendation to the Board on the proposed rule.

Enforcement

The PCAOB is authorized by the Act to investigate auditor conduct that may violate the laws, rules or standards within its jurisdiction, and is empowered to impose a range of disciplinary sanctions against registered accounting firms and associated persons who violate those laws, rules or standards.

While many deficient auditing practices are addressed through the inspection and remediation processes, the Board's enforcement authority is an important and necessary tool for protecting investors and advancing the public interest. In appropriate circumstances, the PCAOB takes disciplinary action against firms or audit professionals for violations of the laws, rules and standards within the Board's statutory enforcement jurisdiction.

Formal and Informal Investigation Processes

The PCAOB's enforcement staff conducts informal inquiries as well as formal investigations. In an informal inquiry, the staff may request documents, information or testimony from any person subject to the Board's jurisdiction. If sufficient grounds are found, the Board will authorize a formal investigation. In a formal investigation, the staff may demand that any registered firm and associated person provide sworn testimony or documents relevant or material to an investigation.

Inquiries and investigations arise from a number of sources, including PCAOB inspections of registered firms, PCAOB research and analysis, other regulators, public disclosures of restatements and auditor changes, news reports, and confidential tips. To encourage a flow of useful information, the PCAOB maintains an online "PCAOB Center for Enforcement Tips, Complaints and Other Information," at <http://www.pcaobus.org/Enforcement/Tips/index.aspx>, as well as a toll-free telephone number (800) 741-3158.

PCAOB inquiries and investigations are, by law, confidential and nonpublic. Pursuant to the Act and the PCAOB rules, the staff works closely with the SEC's Division of Enforcement to coordinate many of its investigations. In appropriate circumstances, the Act provides that information gathered in PCAOB investigations may also be shared with the U.S. Department of Justice, certain federal banking regulators, state attorneys general and appropriate state regulatory authorities.

In 2007, the staff initiated four formal investigations and a number of informal inquiries. In addition, the staff continued to conduct several formal investigations and informal inquiries opened in prior years.

Completed Disciplinary Proceedings

Investigations may lead the Board to institute disciplinary proceedings, which carry the prospect of a range of sanctions, from requiring additional professional training to more severe disciplinary or remedial sanctions, including significant civil money penalties and the possible revocation of a firm's registration or bar of an associated person.

The PCAOB announced nine settled disciplinary proceedings during 2007. This included actions against five registered firms and 10 associated persons for violations of PCAOB rules and auditing standards.

The PCAOB brought settled actions concerning violations of PCAOB rules and auditing standards involving, among other things, significant audit deficiencies, independence and audit documentation. In one case, the Board imposed a \$1 million civil money penalty against a firm, and also censured the firm, for violations of PCAOB auditing standards. This was the first case in which the Board exercised its authority to impose civil money penalties. In connection with the same audit, the Board also disciplined the person who had been the lead firm partner on the audit, barring him from association with any registered firm (with a right, after two years, to petition the Board to permit association).

The Board also revoked the registration of three firms (in one case with a right to reapply for registration after two years) and censured another firm. In the settled actions against individuals, the Board censured one individual, suspended another from association with any registered firm for one year, and barred seven others from association with any registered firm (in two cases with a right after two years to petition the Board to permit association and, in three cases, with a right to do so after one year).

In each of these 2007 cases, the respondents consented to the Board-ordered sanctions without admitting or denying the findings set forth in the orders. The Board's orders in these cases are posted on the PCAOB Web site at http://www.pcaobus.org/Enforcement/Disciplinary_Proceedings/index.aspx.

PCAOB'S FIFTH ANNIVERSARY

Reflections from the Board



CHARLES NIEMEIER

In the Board's first five years, we have made substantial progress in establishing the inspection, standards-setting and enforcement programs that the Act charged us to design and carry out for the protection of investors. Each of these programs is based on a strong foundation of rules developed with the assistance and expertise of our heroically hard-working staff and vetted through an open public comment process and review and approval by the Securities and Exchange Commission.

Much of our future work will involve maintaining robust and effective oversight based on this foundation. But we are by no means finished building our programs. Nor have we yet conquered many of the impediments to high-quality, reliable auditing.

Although it can be difficult to predict future challenges, there are a number of things the PCAOB can do to bolster its effectiveness in the next five years. Now that the PCAOB's core oversight programs are in place, the PCAOB should begin to evaluate the impediments to high-quality auditing that we find and, through a combination of our inspection, standard-setting and enforcement tools, design counterweights to those impediments. It is particularly important that we effectively counteract any tendency for auditors not to stand up to management when the auditor has identified material errors or weakness in internal controls.

In addition, the PCAOB is only in the earliest stage of being able to compile and analyze the information we obtain in our inspections and other oversight activities and put it to strategic use. This kind of analysis is not only useful to identifying audit problems, it is also critical to developing appropriate auditing and related professional practice standards, as well as to providing accounting standards-setters and securities regulators valuable feedback on weaknesses in accounting and financial reporting.

Goal 2

Inform, educate and obtain feedback from a broad cross-section of the audit profession, market participants and other interested parties about the PCAOB's oversight activities and best practices in the auditing profession

Obtaining and sustaining robust communication with interested parties are important goals of the PCAOB and critical to achieving effective oversight and promoting investor confidence. During 2007, the PCAOB continued to reach out to the audit profession, issuers, investors and other interested parties in a variety of ways. Specifically, the PCAOB issued certain guidance, reports and releases related to its work and sought feedback from representatives of the auditing profession and the issuer and investor communities, through such forums as the Forums on Auditing in the Small Business Environment, the Standing Advisory Group (SAG), the Auditing Risk Working Group, as well as other speaking opportunities.

Guidance and Reports

The insights gained from information gathered enable the PCAOB to be more adept in focusing its oversight activities and further shaping the Board's outreach to investors, registered firms and other interested parties. In addition to formal rulemaking activities discussed earlier, the PCAOB issued a number of publications in support of its supervisory approach to improving auditing practices. During 2007, the PCAOB issued seven summary reports or guidance documents:

- In January, the Board released a report entitled *Observations on Auditors' Implementation of PCAOB Standards Relating to Auditors' Responsibilities with Respect to Fraud*. This report drew on important and recurring observations with respect to auditors' responsibilities for the detection of fraud made during the PCAOB's inspection of audit work performed by registered firms.
- In April, the staff released staff questions and answers on Rule 3522, *Tax Transactions*, and Rule 3523, *Tax Services for Persons in Financial Reporting Oversight Roles*.
- Also in April, the Board released a report entitled *Report on the Second-Year Implementation of Auditing Standard No. 2*. This report related to overall findings by PCAOB inspectors during their reviews of the firms' second-year implementation of Auditing Standard No. 2.
- As noted previously, in October 2007, the staff released for comment *Preliminary Staff Views, An Audit of Internal Control That Is Integrated with an Audit of Financial Statements: Guidance for Auditors of Smaller Public Companies* to assist the auditors of smaller public companies with their implementation of the new internal control auditing standard, Auditing Standard No. 5. In preparing this guidance, the PCAOB staff consulted with and drew from the experiences of auditors who had already performed integrated audits of smaller public companies.
- Also in October 2007, the Board released a report entitled *Report on the PCAOB's 2004, 2005, and 2006 Inspections of Domestic Triennially Inspected Firms*. This report discussed areas of the audit where PCAOB inspectors observed significant or frequent deficiencies in the first PCAOB inspections of triennial firms.

PCAOB'S FIFTH ANNIVERSARY

Reflections from the Board



DANIEL L. GOELZER

In 2002, when the SEC appointed the founding members, few people had heard of the PCAOB or understood why it had been created. At one of our first informal meetings, the new Board members agreed that speaking about the Board and listening to what others had to say about it should be a priority. Since that time, PCAOB speakers have participated in hundreds of panels, forums and meetings in nearly every state and many foreign countries. Our audiences have included investors, accountants, company executives, lawyers, regulators and members of the general public. These events have provided invaluable opportunities to both explain our work and learn from those who are affected by it.

The Board has also used more formal tools to get input and advice and to let interested persons know what we are thinking. The Board decided early in its existence that it would develop rules and auditing standards through a public comment process and would act by votes taken at public Board meetings. In addition, the Board created the Standing Advisory Group—the SAG—to provide it with advice on auditing standards. The SAG has certainly lived up to the Board's expectations. It can always be counted on for lively and informed discussion of our key challenges.

One of the Board's most successful communications strategies was the creation of the Forums on Auditing in the Small Business Environment. The vast majority of the firms registered with the Board, and of the public companies that file audit reports with the SEC, are small. The forums, which were the brain-child of Kayla Gillan, are a unique opportunity for Board members and staff to meet face-to-face with auditors practicing in the smaller company environment, and with executives and directors of their clients, to hear their concerns, and to discuss how we are seeking to fulfill our mission.

I believe that our successes to date have been a function of our ability to communicate with those affected by the Board's work. Our future success will depend on further strengthening that outreach. We need to always be ready to listen and to learn.

- In December 2007, PCAOB staff issued *Staff Audit Practice Alert No. 2, Matters Related to Auditing Fair Value Measurements of Financial Instruments and the Use of Specialists*. This alert provided auditors with information related to auditing fair value measurements and disclosures in financial statements, as well as the use of specialists in this area, and reminded auditors of certain other aspects of the auditing and related accounting standards that were particularly relevant at the time.
- Also in December 2007, the Board issued for public comment a proposed policy statement on full reliance and the implementation of existing PCAOB Rule 4012. This proposed policy statement is described below.

Forums on Auditing in the Small Business Environment

In 2007, the PCAOB continued its outreach efforts to smaller registered public accounting firms through eight Forums on Auditing in the Small Business Environment held around the country. Three of these forums also included an additional day of separate sessions for directors and financial executives of smaller public companies. During these forums, participants met with Board members and staff and heard in-depth analysis of the findings from the PCAOB's small audit firm inspection program, as well as detailed discussions with respect to new and proposed auditing standards. Participants were also given the opportunity during these forums to provide feedback directly to Board members and staff of the PCAOB.

In 2007, more than 500 auditors from small firms attended the forums conducted for auditors, and approximately 150 audit committee members and financial executives from smaller public companies attended the sessions. Since their inception in late 2004, nearly 2,500 members of the small business community have attended the forums.

Standing Advisory Group

The Board met three times in 2007 with its SAG—a diverse body of individuals who advise the Board on auditing and professional practice standards. The group consisted of 30 individuals with expertise in a variety of fields, including accounting, auditing, corporate finance, corporate governance and investing. Six organizations have observer status with speaking rights at all meetings of the SAG: the SEC, the Financial Accounting Standards Board (FASB), the Government Accountability Office (GAO), the International Auditing and Assurance Board (IAASB), the U.S. Department of Labor, and the Auditing Standards Board of the AICPA (ASB).

The SAG's 2007 meetings were open to the public and webcast through the PCAOB's Web site to make the discussions accessible to as wide an audience as possible. The agenda for each meeting was accompanied by publicly available briefing papers on the topics discussed.

At the February 22, 2007 meeting, the group discussed proposed changes to Auditing Standard No. 2 and heard from a panel about forensic audit procedures. During the emerging issues portion of the meeting, there was a discussion of a recent Delaware Chancery Court opinion on stock option granting practices.

At the June 21, 2007 meeting, the SAG discussed accounting estimates and fair value measurements and related party transactions. There was a panel discussion on engagement team performance. The time allocated for emerging issues was devoted to financial reporting and auditing implications of the subprime mortgage market liquidity situation and initial thoughts on 2008 standards-setting priorities.

In the final meeting of the year, on October 18, 2007, the group engaged in a discussion of audit implications of financial statements in U.S. filings prepared in accordance with International Financial Reporting Standards (IFRS). Staff members from ORA presented a working paper entitled "Changes in Market Response to Financial Statement Restatement Announcements in the Sarbanes-Oxley Era" and moderated a discussion about the subprime mortgage crisis. In addition, the PCAOB sought the SAG's advice on the following potential standards-setting priorities for 2008:

- Ethics and independence rules concerning independence, tax services and contingent fees
- Principles of reporting
- Engagement quality review
- Risk assessment, including fraud risk assessment
- Fair value
- Use of specialists
- Related parties, including considerations of fraud risk factors
- Confirmations, including consideration of fraud risk factors
- Action plan for review of interim standards
- Effective implementation of Auditing Standard No. 5

Audit Risk Working Group

In addition to almost daily interaction with the larger registered firms through its inspection process, in February 2007, the PCAOB began regular meetings involving senior PCAOB staff, the lead technical partners of the largest eight accounting firms and the Center for Audit Quality. The meetings are designed to improve dialogue between the PCAOB and audit firms. More specifically, the objectives of the working group are to proactively identify, monitor and assess events impacting audit risk, and to gain an improved understanding of risk assessment methodologies employed by the firms.

Speaking Engagements and Congressional Testimony

In order to reach a broad cross-section of interested parties, in 2007, Board members and PCAOB staff participated in external speaking events in the United States and abroad, ranging from delivering keynote addresses to panel participation. The primary audience groups for these speaking events included auditors, issuers and investors, in addition to academics and students across the country.

In 2007, the PCAOB Chairman testified before two congressional committees concerning the impact of the Act and the Board's mission on small businesses. In April, Chairman Olson testified before the Senate Committee on Small Business and Entrepreneurship, and in June, he testified before the House Committee on Small Business.

Goal 3

Further strengthen the effectiveness and coordination of auditor oversight efforts in the United States and abroad

In 2007, the PCAOB continued its coordination with U.S. and international oversight bodies. The PCAOB maintains close working relationships with the SEC and FASB, as well as interacting with the National Association of State Boards of Accountancy (NASBA), individual state boards and other relevant regulatory and law enforcement authorities. The PCAOB also participates in the U.S. Auditing Standards Coordinating Forum, along with the GAO and ASB.

Board members and PCAOB staff monitored the work of two federal advisory committees. In June 2007, the SEC established the Advisory Committee on Improvements to Financial Reporting (CIFIr) to examine the U.S. financial reporting system and suggest ways of reducing unnecessary complexity in financial reporting and making financial reports more useful and understandable for investors. CIFIr met twice in 2007, with PCAOB Chairman Mark Olson participating as an observer. Chairman Olson, Board members Daniel Goelzer and Charles Niemeier, and Chief Auditor Tom Ray observed meetings of CIFIr's subcommittees on the standards-setting process, the audit process and compliance, substantive complexity, and delivering financial information, respectively. The CIFIr subcommittees met numerous times in the second part of the year.

In July 2007, the Department of the Treasury established the Advisory Committee on the Auditing Profession to examine the sustainability of a strong and vibrant auditing profession. The Treasury Advisory Committee is considering, among other matters: the auditing profession's ability to attract and retain the human capital necessary to meet developments in the business and financial reporting environment; audit market competition and concentration; and the financial resources of the auditing profession, including the effect of existing limitations on auditing firms' structure, as well as those factors affecting audit quality. The Treasury Advisory Committee met twice in 2007, with Chairman Olson participating as an observer. In addition, Chairman Olson and Board members Goelzer and Bill Gradison participated as observers on the subcommittees on Firm Structure and Finances, Concentration and Competition, and Human Capital, respectively. These subcommittees met numerous times in the second part of the year.

International Coordination

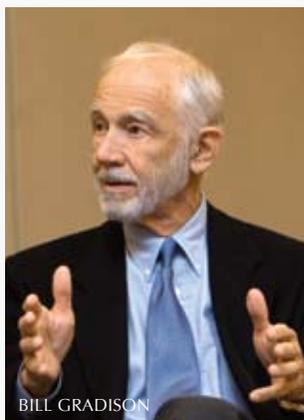
The PCAOB continued to build upon and broaden its working relationships with its non-U.S. counterparts. The PCAOB recognizes that cross-border cooperation is fundamental to strengthening audit quality globally. To that end, in 2007, the PCAOB had bilateral contact or discussions regarding auditor oversight with many countries around the world, including Argentina, Australia, Belgium, Brazil, Canada, Chile, China, France, Germany, Greece, India, Ireland, Israel, Japan, Korea, Mexico, the Philippines, the Netherlands, Norway, Singapore, South Africa, Sweden, Switzerland and the United Kingdom. These bilateral discussions enabled the PCAOB to conclude cooperative arrangements with the auditor oversight authorities in Australia and the Republic of Korea, in addition to continuing previously established arrangements with the Canadian Public Accountability Board and the Professional Oversight Board in the United Kingdom. As a result, the PCAOB was able to conduct joint inspections of PCAOB-registered firms with the home-country regulators in all of those jurisdictions. In addition, through discussion and coordination with the relevant government authorities, the PCAOB conducted inspections in 13 other countries in Asia and Latin America that do not currently have independent auditor oversight authorities that regularly conduct inspections.

During the year, the PCAOB continued to work with the European Commission (EC) with regard to the implementation of the European Union's 8th Company Law Directive on Statutory Auditors. In March 2007, Chairman Olson and EC representatives began discussions for future cooperation among the PCAOB and the European Union Member States as they implement the 8th Directive. In connection with its discussions and in recognition of the evolution of auditor oversight systems around the world, the Board issued a proposed policy statement on full reliance and the implementation of existing PCAOB Rule 4012 for public comment on December 5, 2007. The proposed policy statement articulates certain essential criteria that further define the principles set forth in Rule 4012 on inspections of non-U.S. registered public accounting firms and articulates circumstances under which the PCAOB could determine to place full reliance on the inspection programs of qualified non-U.S. auditor oversight entities. The policy statement envisions the use of bilateral arrangements to govern progression toward full reliance. The comment period for the draft policy statement was still open at the end of 2007.

In addition to bilateral meetings, the PCAOB has found that multilateral forums play an important role in furthering the effectiveness of and coordination among auditor oversight authorities. In 2007, the PCAOB increased its efforts to promote cooperation through the exchange of experiences and knowledge by hosting its first International Auditor Regulatory Institute in Washington, D.C. The event was attended by over 75 representatives from more than 40 countries. The Institute covered the PCAOB's inspection program and other significant activities of the PCAOB, including standards-setting, the enforcement process and international cooperation.

PCAOB'S FIFTH ANNIVERSARY

Reflections from the Board



There was never really any doubt that the PCAOB's inspection program would be central to the PCAOB successfully carrying out its statutory mission to "oversee the audit of public companies ... in order to protect the interests of investors and further the public interest in the preparation of informative, accurate, and independent audit reports..."

The challenge in creating—from scratch—a registration and inspections division is hard to overstate. One of the first actions of the new Board was to choose George Diacont to lead the division. George's background, experience and reputation made him the ideal candidate. A former Marine helicopter pilot, George describes the development of the inspection program as "building an airplane while flying it."

The challenge for the new inspection program was its "limited" inspections of the Big Four firms. This was undertaken in the fall of 2003 with a staff of just over 20 inspectors. In spite of the name, these inspections, which were voluntary on the part of the firms (because they had not yet been registered by the PCAOB), were anything but limited. Each inspection included the review of 16 audit engagements. The experience with these limited inspections proved invaluable to the development of the program.

New inspection-related challenges have arisen and been met: for example, tailoring the inspection program to review implementation of the initial internal control auditing standard, Auditing Standard No. 2, and then regearing the entire program to assess the implementation of an entirely new internal control standard, Auditing Standard No. 5. Likewise, the necessity of inspecting non-U.S. firms that audit U.S. public companies required the PCAOB to tailor its inspection program to audit firms of all sizes and to engagements with public companies, large and small.

With Board oversight, George and his team have built a highly professional, nimble group, one that currently comprises approximately half of PCAOB's budget and human resources. I am confident it will continue to develop, evolve and adapt to the changing auditing environment.

Number of Firms by Country

(As of December 31, 2007)

COUNTRY	NUMBER OF REGISTERED FIRMS
United States	985
China	81
United Kingdom	69
Canada	56
India	50
Australia	41
Germany	40
France	35
Singapore	20
Brazil, Mexico, Netherlands	17 each
Israel, Italy	16 each
South Africa, Spain	15 each
Belgium, Japan, Russian Federation	14 each
New Zealand, Turkey	13 each
Argentina, Taiwan	12 each
Ireland, Republic of Korea, Malaysia	11 each
Switzerland	10
Indonesia	9
Chile, Philippines	8 each
Austria, Colombia, Hungary, Portugal, Sweden, Thailand, Venezuela	7 each
Costa Rica, Czech Republic, Denmark, Norway, Poland, Romania	6 each
Finland, Greece	5 each
Bermuda, Cayman Islands, Egypt, Kazakhstan, Luxembourg, Panama, Peru, Ukraine, United Arab Emirates	4 each
Bolivia, Pakistan, Paraguay	3 each
Bahrain, Croatia, Cyprus, El Salvador, Iceland, Malta, Slovakia, Slovenia, Uruguay	2 each
Armenia, Bahamas, Barbados, Belize, Brunei Darussalam, Bulgaria, Cambodia, Dominican Republic, Ecuador, Estonia, Georgia, Ghana, Haiti, Jamaica, Lao People's Democratic Republic, Lebanon, Mauritius, Papua New Guinea, Tunisia, Vietnam	1 each
	1,828

The PCAOB also participated as a member in meetings of the International Forum of Independent Audit Regulators (IFIAR). IFIAR comprises 22 independent audit regulators from around the world.

Separately, the PCAOB continued to monitor efforts by various professional bodies to develop high-quality professional standards for auditing. The PCAOB participated as an observer, with speaking rights, at meetings of two boards associated with the International Federation of Accountants (IFAC). These boards include the IAASB and the International Ethics Standards Board for Accountants. The PCAOB also participates as an observer to the two consultative advisory groups of those boards, as well as the consultative advisory group to IFAC's International Accounting Education Standards Board. Additionally, the PCAOB meets periodically with other national standards-setters. Reciprocally, the IAASB continued to participate as an observer at meetings of the SAG.

Goal 4

Operate the PCAOB in a manner that recognizes its public mission and responsibility to exercise careful stewardship over its resources

The PCAOB continued to carefully monitor its operations to ensure that its program and administrative activities continue to be managed in an effective and efficient manner.

The resource most critical to the PCAOB's ability to achieve its mission is its staff, and the PCAOB is committed to attracting and retaining a highly qualified and committed group of employees. Hiring has been a challenge for the PCAOB, particularly in the highly competitive market for experienced accountants for its inspections, standards-setting and enforcement programs. For the first time, in 2007, the Board was able to meet its hiring goals for inspectors. At the same time, the PCAOB maintained a high rate of retention across the organization.

The PCAOB tasked its financial reporting management team to perform an assessment of internal control over its financial reporting. Those efforts allowed the PCAOB to conclude that its internal control over financial reporting was effective as of year-end 2007. The PCAOB also obtained an audit of internal control that was integrated with the audit of its financial statements. The PCAOB asked its external auditor to apply Auditing Standard No. 5 in performing this integrated audit so that the PCAOB and its auditors would be held to the same standard as public companies and their auditors. The PCAOB's external auditor opined that the Board maintained, in all material respects, effective internal control over financial reporting as of year-end.

In preparing its annual budget for fiscal year 2008, the PCAOB also adhered to the time line and format set forth in the SEC's rule facilitating SEC review and approval of the PCAOB's budget.

One of the ongoing objectives of the PCAOB is to use technology effectively to support its business needs. During 2007, the PCAOB took a number of steps to streamline its technology infrastructure. In 2007, the Office of Information Technology engaged in periodic meetings with division and office heads to obtain user feedback and discuss prioritization of technology needs. Information technology resources also were used to develop and maintain a PCAOB intranet and a case management system used by enforcement staff.

The PCAOB also developed an Employment Policies and Procedures Manual, which brings together various legal and internal requirements, and adopted a document retention policy that replaced an interim policy.

Finally, the PCAOB monitors its operations through its Office of Internal Oversight and Performance Assurance (IOPA), which provides the Board assurance with respect to the quality, accountability, and operational efficiency of PCAOB programs and operations. IOPA conducts performance reviews of PCAOB programs and operations, provides real-time quality assurance assessments to the Board, and may also receive and review allegations of wrongdoing by PCAOB employees. IOPA conducts its performance reviews in accordance with the GAO's *Government Auditing Standards* (the Yellow Book). During 2007, IOPA completed reviews and issued reports concerning PCAOB's large firm inspections and security policies and procedures. Summaries of these reviews are posted on the PCAOB's Web site at http://www.pcaobus.org/About_the_PCAOB/Internal_Oversight/index.aspx.

Financial Review

In 2007, the PCAOB's financial resources were directed toward programs and operations consistent with the organization's mission and key goals. The discussion that follows provides an overview of the PCAOB's financial operations for 2007.

The PCAOB's most valuable asset is its personnel: salaries and related personnel expenses represented more than 70 percent of total operating expenses for 2007. At the program level, staff and financial resources continue to be allocated to program activities that are organized around the PCAOB's principal responsibilities as described in the Act and supporting activities. In 2007, operating expenses for all programs increased by approximately \$3.8 million, or 3 percent over 2006 expense levels, reflecting the maturing operations of the PCAOB. Key operating expense variances for each program and activity are described briefly in the "Program Activities" section of this Financial Review.

The primary source of operating revenue continues to be accounting support fees from public companies. Accounting support fees sufficient to fund the PCAOB's budget are assessed annually to the issuers in accordance with the PCAOB's funding rules. On November 30, 2006, the Board adopted a 2007 budget of approximately \$136.4 million. The SEC approved the PCAOB's 2007 budget on December 4, 2006. That approval encompassed the PCAOB's assessment and allocation of accounting support fees, which totaled approximately \$122.4 million to fund the PCAOB's 2007 activities. Additional information about the accounting support fees and other sources of revenue is presented below.

This Financial Review, together with the 2007 audited financial statements and the accompanying notes, provide financial information and disclosures related to the PCAOB's programs and operations described in the other sections of this annual report.

PRESENTATION OF FINANCIAL STATEMENTS

The PCAOB's financial statements are presented in accordance with U.S. generally accepted accounting principles pursuant to Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations* (SFAS No. 117). A discussion of the Statements of Financial Position and the accompanying Statements of Activities follows.

STATEMENTS OF FINANCIAL POSITION

The PCAOB reported unrestricted net assets of \$70,756,530 at December 31, 2007. The availability of an operating surplus from the prior year permitted the PCAOB to assess less accounting support fees in 2007 than otherwise would have been required. This resulted in a decrease of approximately \$3.3 million in net assets from 2006 to 2007. At December 31, 2007, unrestricted net assets included \$1,000,750 resulting from the collection of a civil money penalty. These funds will be used to fund a scholarship program pursuant to Section 109(c)(2) of the Act and are separately identified in the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits with financial institutions and short-term, highly liquid investments. The PCAOB utilizes a sweep service from a financial institution to invest in overnight repurchase agreements in U.S. Treasury or agency securities. The balance also includes cash collected on behalf of the FASB. The Financial Accounting Foundation ("FAF") designated the PCAOB as the collection agent for invoicing and collecting the FASB accounting support fees, as authorized by the Act. The PCAOB received approximately \$209,000 in both 2007 and 2006 for providing this service. Cash and cash equivalents include approximately \$5,000 and \$6,000 of cash collected on behalf of the FASB at December 31, 2007, and 2006, respectively. Corresponding amounts are included in accounts payable and other liabilities in 2007 and 2006. In 2007, the PCAOB collected a civil money penalty of \$1 million related to a disciplinary action against a registered firm. As indicated above, these funds, plus

accrued interest, are included in the cash and cash equivalents balance and are statutorily designated for use towards a scholarship program by Section 109(c)(2) of the Act.

Short-Term Investments

The PCAOB invests in U.S. Treasury bills to earn additional income on its cash balance. The Board had approximately \$50 million and \$61 million invested in Treasury bills as of December 31, 2007 and 2006, respectively.

Accounts Receivable

Accounts receivable include uncollected accounting support fees from public companies and were approximately \$66,000 and \$44,000 as of December 31, 2007 and 2006, respectively. These balances represented a collection rate of approximately 99.9 percent for both years.

Prepaid Expenses and Other Assets

Prepaid expenses and other assets were approximately \$4.1 million and \$2.8 million as of December 31, 2007 and 2006, respectively. The increase of \$1.3 million was related primarily to prepaid software maintenance agreements, business and health insurance, and subscriptions to various databases primarily used to support research activities.

Fixed Assets

Net fixed assets were approximately \$13.9 million and \$19.8 million as of December 31, 2007 and 2006, respectively. The decrease was due to the continued depreciation of fixed assets and decreased spending on information technology assets, furniture, fixtures and leasehold improvements. During 2007 and 2006, the PCAOB invested approximately \$2.6 and \$4.6 million, respectively, in fixed assets.

Accounts Payable and Other Liabilities

Accounts payable and other liabilities consist primarily of year-end accruals and increased from approximately \$9.2 million in 2006 to \$9.7 million in 2007, an increase of \$500,000. The increase was attributable primarily to the timing of receipt and payment of invoices.

STATEMENTS OF ACTIVITIES

Operating Revenue

Total operating revenue increased by approximately \$13 million in 2007 compared to 2006. Operating revenue includes accounting support fees and fees for registering accounting firms.

Accounting Support Fees

The PCAOB's activities are funded primarily by accounting support fees (fees from issuers) that are assessed annually based on the methodology described in the Act and PCAOB rules. Generally, the fees equal the approved PCAOB budget, offset by funds available from the prior year's operations. The accounting support fees totaled approximately \$122.3 million in 2007, compared to approximately \$109.3 million in 2006, an increase of \$13 million, or 12 percent.

Annual accounting support fees are allocated to equity and investment company issuers based on their relative average monthly U.S. equity market capitalization. Equity issuers with an average market capitalization of less than \$25 million and investment company issuers with an average market capitalization, or net asset value, of less than \$250 million are allocated a share of the accounting support fee equal to zero.

In 2007, the PCAOB issued invoices to 10,519 issuers, compared to 10,171 issuers in 2006. Approximately 52 percent of the issuers received invoices for \$1,000 or less. The largest 1,000 issuers received invoices for approximately 83 percent of the total fees. In addition, equity issuers were assessed approximately 94.6 percent of the total fees, and investment company issuers were assessed the remaining 5.4 percent.

The following table reflects the distribution of fee levels by issuer.

FEES	NUMBER OF ISSUERS	
	2007	2006
\$200–500	3,817	3,783
\$501–1,000	1,602	1,612
\$1,001–5,000	2,802	2,652
\$5,001–10,000	812	796
\$10,001–50,000	1,046	940
\$50,001–100,000	211	187
\$100,001–500,000	197	171
\$500,001–1,000,000	21	21
\$1,000,001–3,000,000	11	9
Total	10,519	10,171

Fees for Registering Accounting Firms

The PCAOB receives a one-time registration fee from public accounting firms that register with the PCAOB. The amount of each firm's fee is based on the firm's number of public company audit clients, and ranges from \$250 for a firm with no public company audit clients to \$390,000 for a firm with more than 1,000 public company audit clients. In 2007, the PCAOB collected approximately \$39,000 from registration applicants and approved the registration of 156 firms. As of December 31, 2007, 1,828 accounting firms were registered with the PCAOB.

Non-operating Revenue

Non-operating revenue includes interest income generated from investments in U.S. Treasury bills and overnight repurchase agreements in U.S. Treasury or agency securities, an annual fee assessed to FAF for serving as its collection agent, and other miscellaneous income, such as civil monetary penalties collected. In December 2007, the Board imposed a civil money penalty of \$1 million on a registered accounting firm for violations of PCAOB auditing standards. The funds collected as a result were recorded as non-operating revenue. Therefore, non-operating revenue increased by approximately \$1 million from 2006 to 2007.

Operating Expenses

Pursuant to SFAS No. 117, the PCAOB's operating expenses are presented as program and supporting activities in the audited financial statements. The expenses charged to each program or activity are addressed in the discussion below. However, because disclosure of functional expenses is a useful complement to this discussion, the following table and accompanying analysis of the PCAOB's functional operating expenses for 2007 are presented first.

FUNCTIONAL OPERATING EXPENSES	BALANCE FOR THE YEARS ENDED DECEMBER 31,	
	2007	2006
Personnel Costs	\$ 92,077,000	\$ 85,267,000
Travel Expenses	7,157,000	5,827,000
Information Technology Related Expenses	6,674,000	8,723,000
Depreciation	8,438,000	12,286,000
Other Operating Expenses	16,267,000	14,727,000
Total Operating Expenses	\$130,613,000	\$126,830,000

Total operating expenses for the organization grew by approximately \$3.8 million in 2007 to \$130.6 million. Personnel costs were approximately 70 percent of total operating expenses in 2007, compared to 67 percent in 2006. These costs include salaries, employee benefits, training, recruiting and relocation. Increases in staffing levels (from 462 employees at the end of 2006 to 475 employees at the end of 2007) and 2007 pay increases were primarily responsible for the increase in personnel expenses from approximately \$85.3 million in 2006 to \$92.1 million in 2007, an increase of \$6.8 million.

Travel represents a significant expense for the PCAOB and is influenced by a number of factors, including the cost of accommodations and airfare, the number of trips taken and the travel destination (regional, national and international). Approximately 85 percent of total travel expenses were related to inspections activity. Increased travel associated with the more expensive international inspections further contributed to the overall increase in travel expenses. Total travel expenses for the PCAOB increased from approximately \$5.8 million in 2006 to \$7.2 million in 2007, an increase of \$1.4 million.

Information technology-related expenses, which include expenses such as telecommunications, non-capitalized hardware, data storage, software development and data security maintenance, decreased by approximately \$2 million, from \$8.7 in 2006 to \$6.7 in 2007. The decrease was primarily a result of decreased software development.

Other operating expenses, which include administrative expenses (such as subscriptions, office supplies, printing and copying, and insurance), professional and consulting fees and facilities costs, increased by approximately \$1.5 million to \$16.3 million in 2007. This increase was primarily due to increased spending for subscriptions for data sources, professional fees for expert witnesses and a review of the inspections program by external consultants. In addition, facilities costs increased due to higher rent payments from the expansion of the PCAOB's Washington, D.C. office as well as higher utilities costs in each office. Facilities costs for each PCAOB office are allocated to program areas based on staffing levels in accordance with SFAS No.117.

Fixed assets are depreciated under the straight-line method over their useful lives. As the PCAOB completed its fifth year of operations in 2007, much of the initial investment in fixed assets, especially information technology related assets, became fully depreciated prior to the end of the year. This resulted in a decrease in depreciation expense of approximately \$3.8 million, from \$12.3 million in 2006 to \$8.5 million in 2007.

The following discussion on program and supporting activities addresses expense totals as presented in the audited financial statements grouped by activity classifications in accordance with SFAS 117.

Program Activities

The Act gives the PCAOB four primary responsibilities: registration of accounting firms that audit U.S. public companies; inspections of registered public accounting firms; establishment of auditing, quality control, ethics, independence and other standards for registered public accounting firms; and investigation and discipline of registered public accounting firms and their associated persons for violations of specified laws or professional standards. These responsibilities are designated as program activities and are reflected as such in the Statements of Activities. The financial statements include two additional program activities: research and analysis, and Board and related activities.

Costs associated with the PCAOB's program activities totaled approximately \$96 million in 2007 (74 percent of total operating expenses) and approximately \$88.5 million in 2006 (70 percent of total operating expenses).

Registration and Inspections

During 2007, the PCAOB continued to register and inspect public accounting firms. Operating expenses increased to approximately \$65.7 million in 2007 from approximately \$63 million in 2006, primarily due to increased staffing and increased travel costs.

Enforcement

Formal and informal investigations of registered firms continued in 2007 as operating expenses of the Division of Enforcement and Investigations increased to approximately \$9.1 million from approximately \$7.3 million in 2006, an increase of \$1.8 million. The increase was related primarily to planned increases to the program's staffing level and related personnel costs, professional fees related to the use of expert witness testimony, and increased allocated facilities costs.

Office of the Chief Auditor

The Office of the Chief Auditor assists the Board in its standards-setting process. Increased staffing costs, and other increases in professional fees and allocated facilities costs, resulted in an overall increase in the office's operating expenses from approximately \$3.9 million in 2006 to approximately \$4.2 million in 2007.

Office of Research and Analysis

The Office of Research and Analysis identifies and analyzes emerging accounting and auditing issues, and other risk areas that could contribute to audit failures. For 2007, the office's operating expenses increased to approximately \$7.5 million from approximately \$6.9 million in 2006. This increase of approximately \$600,000 was primarily due to higher recruiting fees, increased spending on professional fees related to the development of a risk analysis model, higher subscription expenses and increased allocated facilities costs.

Board and Related Activities

Board and related activities include those costs associated with the operations of the Board members' offices. In addition, expenses related to the Office of International Affairs are currently charged to this program area. Operating expenses for Board and related activities increased to approximately \$9.6 million in 2007 from approximately \$7.4 million in 2006. For a portion of 2006, the Board operated with only four members. For 2007, a full five-member Board with supporting professional staff was in place, resulting in increased personnel-related expenses of approximately \$1.5 million for 2007 as compared to 2006. The Chairman also commissioned a review of the inspections program, conducted by external consultants at a cost of approximately \$500,000. The remaining increase of approximately \$200,000 was due to higher travel and allocated facilities costs, including travel and event-driven costs in support of the PCAOB's Forums on Auditing in the Small Business Environment.

Supporting Activities

As described below, supporting activities include administration, communications and information technology. In 2007, these activities were approximately 26 percent of the total operating expenses of the PCAOB compared to approximately 30 percent in 2006. Total operating expenses of the supporting activities decreased from approximately \$38.4 million in 2006 to approximately \$34.6 million in 2007.

Administration and General

Administration and general operating expenses consist of expenses related to human resources, finance, general counsel, administration, and internal oversight and performance assurance. Collectively, operating expenses in these areas decreased to approximately \$14.2 million in 2007 from approximately \$14.7 million in 2006. The decrease was due to decreases in staffing levels and professional fees.

Communications

Communications includes expenses related to external relations' initiatives, including public affairs and government relations. Operating expenses decreased slightly to approximately \$1.9 million in 2007, from approximately \$2 million in 2006, primarily due to lower staffing levels.

IT Infrastructure, Security and Telecommunications

Expenses for information technology infrastructure, security and telecommunications include personnel costs and depreciation that were not directly attributable to program activities. In 2007, operating expenses decreased to approximately \$18.5 million from approximately \$21.7 million in 2006. This decrease was primarily due to lower depreciation expense because many of the PCAOB's initial fixed asset purchases became fully depreciated prior to December 31, 2007.

Statements of Financial Position

	2007	2006
Assets		
Cash and cash equivalents	\$21,225,433	\$ 7,952,124
Short-term investments	49,695,500	61,459,350
Accounts receivable	66,313	43,740
Prepaid expenses and other assets	4,051,485	2,829,536
Furniture and equipment, leasehold improvements and technology, net	13,940,064	19,819,726
Total Assets	\$88,978,795	\$92,104,476
Liabilities and Net Assets		
Liabilities		
Accounts payable and other liabilities	\$ 9,661,173	\$ 9,185,690
Deferred rent	8,561,092	8,838,868
Total Liabilities	18,222,265	18,024,558
Unrestricted Net Assets		
Undesignated	69,755,780	74,079,918
Statutorily designated for specific uses in Section 109(c)(2) of the Sarbanes Oxley Act	1,000,750	—
Total Net Assets	70,756,530	74,079,918
Total Liabilities and Net Assets	\$88,978,795	\$92,104,476

The accompanying notes are an integral part of the financial statements.

Statements of Activities

	2007	2006
Changes in Unrestricted Net Assets		
Operating Revenue		
Fees from issuers	\$122,285,500	\$109,278,600
Fees from registering accounting firms	38,750	49,750
Total operating revenue	122,324,250	109,328,350
Operating Expenses		
Program activities		
Registration and inspections	65,664,709	63,029,855
Enforcement	9,066,427	7,287,041
Standards-setting	4,211,457	3,892,260
Research and analysis	7,450,357	6,887,292
Board and related activities	9,640,540	7,377,712
Supporting activities		
Administration and general	14,209,871	14,716,723
Communications	1,860,165	1,984,668
IT infrastructure, security and telecommunications	18,509,323	21,654,729
Total operating expenses	130,612,849	126,830,280
Operating Income (Deficit)	(8,288,599)	(17,501,930)
Non-Operating Revenue		
Interest income and other	3,964,461	3,955,112
Funds generated from collection of civil monetary penalties	1,000,750	—
Total non-operating revenue	4,965,211	3,955,112
Increase (Decrease) in Unrestricted Net Assets	(3,323,388)	(13,546,818)
Unrestricted Net Assets, Beginning of Year	74,079,918	87,626,736
Unrestricted Net Assets, End of Year	\$ 70,756,530	\$ 74,079,918

The accompanying notes are an integral part of the financial statements.

Statements of Cash Flows

	2007	2006
Cash Flows from Operating Activities		
Cash received from issuers	\$ 122,262,927	\$ 109,279,532
Cash received from registering accounting firms	38,750	49,750
Interest income and other	3,964,461	3,955,112
Funds generated from collection of civil monetary penalties	1,000,750	—
Cash paid to suppliers and employees	(123,199,159)	(113,826,086)
Net cash (used in) provided by operating activities	4,067,729	(541,692)
Cash Flows from Investing Activities		
Purchases of furniture and equipment, leasehold improvements and technology	(2,566,414)	(4,587,623)
Proceeds from sale of furniture	8,144	7,200
Purchases of short-term investments	(157,253,394)	(170,679,781)
Proceeds from sales of short-term investments	169,017,244	161,865,550
Net cash (used in) provided by investing activities	9,205,580	(13,394,654)
Net (Decrease) Increase in Cash and Cash Equivalents	13,273,309	(13,936,346)
Cash and Cash Equivalents, Beginning of Year	7,952,124	21,888,470
Cash and Cash Equivalents, End of Year	\$ 21,225,433	\$ 7,952,124
Reconciliation of Change in Unrestricted Net Assets to Net Cash Provided by Operating Activities		
(Decrease) Increase in Unrestricted Net Assets	\$ (3,323,388)	\$ (13,546,818)
Reconciliation Adjustments		
Depreciation and amortization	8,437,932	12,286,371
(Increase) decrease in accounts receivable	(22,573)	932
Increase in prepaid expenses and other assets	(1,221,949)	(506,586)
(Decrease) increase in accounts payable and other liabilities	475,483	(571,520)
(Decrease) increase in deferred rent	(277,776)	1,795,929
Net Cash Provided by (Used in) Operating Activities	\$ 4,067,729	\$ (541,692)

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements

NOTE 1—NATURE OF ACTIVITIES

The Public Company Accounting Oversight Board (the “PCAOB”) was established by the Sarbanes-Oxley Act of 2002 (the “Act”) to oversee the auditors of public companies in order to protect the interests of investors and further the public interest in the preparation of informative, fair, and independent audit reports. The Act established the PCAOB as a private, non-profit corporation.

Under the Act, the U.S. Securities and Exchange Commission (the “SEC”) has broad oversight over the PCAOB, including the appointment of Board members, approval of rules and standards, and review of the Board’s actions and its operations. The PCAOB’s annual budget must be approved by the SEC, under the Act. As part of the Budget process and pursuant to the Act, the Board establishes and the SEC approves a reasonable annual support fee to maintain the Board.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Presentation. The financial statements have been prepared in accordance with U.S. generally accepted accounting principles and are presented pursuant to Statement of Financial Accounting Standards Statement No. 117, Financial Statements of Not-for-Profit Organizations (“SFAS No. 117”). Under SFAS No. 117, the PCAOB is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The net assets of the PCAOB are not subject to any donor-imposed restrictions as defined by SFAS No. 117 and therefore all have been classified as unrestricted in the accompanying statements. In 2007, the PCAOB has reported unrestricted net assets which are statutorily designated for specified uses. These assets consist of all funds generated from the collection of civil monetary penalties. Pursuant to Section 109(c)(2) of the

Sarbanes-Oxley Act, all funds generated from the collection of penalties shall be used, exclusively, to fund a scholarship program.

The PCAOB’s unrestricted net assets primarily consist of amounts to fund operations in the subsequent year prior to collection of that year’s accounting support fees and the organization’s investments in fixed assets, particularly technology hardware and software. Registration and inspections, enforcement, standards-setting, research and analysis and Board and related activities are the program activities for the PCAOB. Costs associated with these program activities include salaries, benefits, rent, program-specific technology costs and other direct operating expenses relating to the above activities. Indirect costs are not allocated to program activities, but are included in supporting activities.

Program Activities of the PCAOB

- *Registration and Inspections.* The Act requires that an accounting firm be registered with the PCAOB if it prepares or issues, or plays a substantial role in the preparation or issuance of, any audit report with respect to an issuer. The PCAOB reviews the registration application of each public accounting firm that chooses to register with it. If the PCAOB approves its application, that registered public accounting firm is subject to the PCAOB’s rules and continuing program of inspections. This program assesses each firm’s compliance with the Act, the rules of the PCAOB and the rules of the SEC, as well as professional standards, in connection with the firm’s performance of audits, issuance of audit reports, and related matters involving issuers, as defined in the Act.
- *Enforcement.* The Act grants the PCAOB broad investigative authority over registered public accounting firms and persons associated with such firms. The PCAOB has authority to impose disciplinary and remedial sanctions, including civil monetary

penalties, when it determines that one or more of the above has violated the laws, rules, or standards within the PCAOB's jurisdiction.

- *Standards-Setting.* The PCAOB establishes auditing, related attestation, quality control, independence and ethics standards to be used by registered public accounting firms in the preparation and issuance of audit reports.
- *Research and Analysis.* The PCAOB's Office of Research and Analysis collects, analyzes, and assimilates information from multiple sources and provides the PCAOB's other divisions with assessments of risks that may influence public companies or their auditors to provide financial statements or other public information that is not fairly presented in all respects.
- *Board and Related Activities.* In accordance with the Act, the PCAOB Board is responsible for carrying out the PCAOB's regulatory programs and operations. Although the PCAOB has experienced professional staff in each of its program areas, the Board remains responsible for determining the PCAOB's action in each program area, as well as for performing such other duties or functions as the Board (or the SEC, by rule or order) determines are necessary or appropriate to promote high professional standards among, and improve the quality of audit services offered by, registered public accounting firms and their associated persons, or otherwise to carry out the Act, in order to protect investors or further the public interest. In addition, the Board engages in communication and other outreach efforts with the accounting profession, the investing public, public companies, and other U.S. and non-U.S. regulators concerning, among other things, the PCAOB's mission, programs and initiatives and its oversight of the accounting profession. Also included in Board and Related Activities are the PCAOB's non-U.S. initiatives.

Use of Estimates. The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires financial reporting management to make estimates and assumptions that may affect the reported

amounts of assets, liabilities, revenues, and expenses, and the disclosure of contingent assets and liabilities. Accordingly, actual results could differ from these estimates.

Fees from Issuers. Fees from issuers, which are referred to as the Board's Accounting Support Fee in the Act, are amounts invoiced to certain issuers whose shares are publicly traded and to certain investment companies to fund the operating budget of the PCAOB. Such fees are recognized as revenue in the budget year to which they relate. The amount of fees invoiced to individual entities is determined as prescribed in the Act and the Rules of the PCAOB. The PCAOB reports all fees from issuers as an increase in unrestricted net assets.

Fees from Registering Accounting Firms. Fees from registering accounting firms are amounts collected from each public accounting firm that applies for registration with the PCAOB to recover the costs of processing and reviewing registration applications. These fees are not intended to and do not cover certain registration program expenditures that do not relate solely to processing and reviewing registration applications. The PCAOB reports all fees from registering accounting firms as an increase in unrestricted net assets and all such fees are recognized as revenue in the budget year to which they relate.

Funds Collected from Imposition of Civil Monetary Penalties. In December 2007, the PCAOB issued an Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions, for violations of the PCAOB's auditing standards. That Order imposed civil monetary penalties upon a registered public accounting firm. In accordance with Section 109(c)(2) of the Sarbanes-Oxley Act, all funds generated from the collection of civil monetary penalties are to be used, exclusively, to fund a "merit scholarship program for undergraduate and graduate students enrolled in accredited accounting degree programs." The PCAOB reports all funds generated from the collection of civil monetary penalties (including related interest income) as increases in unrestricted net assets statutorily designated for special uses in Section 109(c)(2) of the Sarbanes-Oxley Act.

Cash Held for Others under Agency Agreement. On behalf of the Financial Accounting Standards Board (the "FASB"), the Financial Accounting Foundation (the "FAF") designated the PCAOB as the collection agent for invoicing and collection of the 2007 and 2006 FASB accounting support fees. The PCAOB earned and was paid \$209,400 in both 2007 and 2006 from FAF for acting as the collection agent. This amount is included in interest income and other in the accompanying statements of activities. Otherwise, the PCAOB recognizes no revenue or expense related to this relationship and maintains a separate bank account for all fees collected on behalf of the FASB. As of December 31, 2007 and 2006, the PCAOB had \$4,779 and \$5,675, respectively, included in cash and cash equivalents related to the FASB. A corresponding \$4,779 and \$5,675 was included in accounts payable and other liabilities for amounts due to the FASB as of December 31, 2007 and 2006, respectively.

Cash and Cash Equivalents. The term cash and cash equivalents, as used in the accompanying financial statements, includes demand deposits and overnight investment accounts with financial institutions, and short-term, highly liquid investments purchased with a maturity of three months or less. At times, the PCAOB's demand deposits with financial institutions exceed federally insured limits. However, the PCAOB has not experienced any losses in such accounts and financial reporting management believes the PCAOB is not exposed to any significant credit risk on these accounts.

Short Term Investments. Short term investments include investments in US Treasury bills with values of \$49,695,500 and \$61,459,350 as of December 31, 2007 and 2006, respectively, with maturities of six months from the original issue date. These investments are carried at market value, which approximates fair value. Income earned on these investments was \$2,958,591 and \$3,034,531 during the years ended December 31, 2007 and 2006, respectively.

Depreciation and Amortization. Furniture and equipment, leasehold improvements and technology are stated at cost, less accumulated depreciation and amortization

computed under the straight-line method over their useful lives. Furniture and equipment and technology are depreciated over their estimated useful lives of 3 to 5 years. Leasehold improvements are amortized over the shorter of their estimated useful lives or the remaining term of the current office leases.

Taxes. The PCAOB is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, the accompanying financial statements include no provision for federal income taxes. It is the PCAOB's position that because of its status and powers under the Act it is not subject to state and local taxation. The PCAOB has made filings with appropriate state and local taxing authorities to receive formal tax exemptions, where available. In those circumstances where the PCAOB has not received a formal tax exemption and any possible tax liability would be significant, it will take appropriate steps to establish that it is not subject to state and local taxes in the relevant jurisdiction, pursuant to the Act.

NOTE 3—FURNITURE AND EQUIPMENT, LEASEHOLD IMPROVEMENTS AND TECHNOLOGY

These assets consist of the following at December 31, 2007 and 2006:

	2007	2006
Technology		
Hardware	\$ 12,336,930	\$ 11,350,798
Purchased and developed software	27,782,994	26,923,555
Leasehold improvements	9,811,625	9,183,767
Furniture and equipment	6,817,364	6,582,739
Technology development and construction in process	300,079	475,969
Total	57,048,992	54,516,828
Accumulated depreciation and amortization	(43,108,928)	(34,697,102)
	\$ 13,940,064	\$ 19,819,726

Depreciation and amortization expense was \$8,437,932 and \$12,286,371 in 2007 and 2006, respectively.

NOTE 4—LEASE COMMITMENTS

As of December 31, 2007, the PCAOB occupied office space in Washington, D.C.; New York, New York; Sterling, Virginia; San Mateo, California; Irvine, California; Atlanta, Georgia; Dallas, Texas; Chicago, Illinois and Denver, Colorado on leases that expire from 2013 to 2017.

These operating leases include provisions for scheduled rent increases over the respective terms.

Rent is being expensed using the straight-line method over the respective lease terms. Rent under this method was \$8,340,154 and \$7,670,239 in 2007 and 2006, respectively. Deferred rent that has been expensed but will not be paid until future years totaled \$8,561,092 and \$8,838,868 as of December 31, 2007 and 2006, respectively, and is being amortized over the remaining lives of the office leases.

Minimum rental commitments under the office leases as of December 31, 2007 are as follows:

YEAR ENDING DECEMBER 31,	
2008	\$ 8,001,177
2009	8,118,947
2010	8,407,113
2011	8,540,978
2012	8,682,670
Thereafter	12,309,501
	<hr/>
	\$54,060,386

NOTE 5—RETIREMENT BENEFIT PLAN

The PCAOB has a defined contribution retirement plan which covers active employees. The PCAOB matches contributions in an amount equal to 100% up to 6% of the eligible compensation. The PCAOB's contributions become fully vested immediately. The PCAOB's contributions to employees' accounts were \$4,002,506 and \$3,428,718 for 2007 and 2006, respectively.

NOTE 6—LITIGATION AND CONTINGENCIES

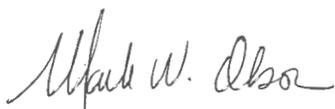
In February 2006, the Free Enterprise Fund and Beckstead and Watts, LLP filed a civil action in the U.S. District Court for the District of Columbia against the PCAOB and its then-current Board members in their official capacities (Case No 1:06CV00217). This action alleged that "the Board and all power and authority exercised by it violate the Constitution." On March 21, 2007, the District Court granted summary judgment for the defendants and, on March 26, 2007, dismissed the case. The plaintiffs have appealed the District Court's decision to the U.S. Court of Appeals for the District of Columbia Circuit (Case No. 07-5127) and that appeal is pending. The PCAOB intends to continue to defend this action vigorously.

Financial Reporting Management's Report on Internal Control over Financial Reporting

The PCAOB's financial reporting management, including the interim Chief Administrative Officer and interim Chief Financial Officer, under the direction of the Chairman (collectively, "financial reporting management") are responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The PCAOB's financial reporting management assessed the effectiveness of the PCAOB's internal control over financial reporting as of December 31, 2007. In making this assessment, financial reporting management used the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on its assessment, the PCAOB's financial reporting management concluded that the organization's internal control over financial reporting is effective as of December 31, 2007. The Board has reviewed this assessment and approved its inclusion in the Annual Report.



Mark W. Olson
Chairman of the Board



Angela Desmond
Interim Chief Administrative Officer



Bela Daruwala
Interim Chief Financial Officer

Independent Auditors' Report

To the Board
Public Company Accounting Oversight Board
Washington, DC

We have audited the accompanying statements of financial position of the Public Company Accounting Oversight Board (PCAOB) as of December 31, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. We have also audited the Board's internal control over financial reporting as of December 31, 2007 based on the criteria established in Internal Control—Integrated Framework issued by the Committee on Sponsoring Organizations of the Treadway Commission (COSO). The PCAOB's financial reporting management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the PCAOB's internal control over financial reporting based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

We conducted our audit of the internal control over financial reporting in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and that receipts and expenditures of the company are being made only in accordance with authorizations of management of the company; and (3) provide reasonable assurance regarding prevention of timely detection of unauthorized acquisitions, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with policies or procedures may deteriorate.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Public Company Accounting Oversight Board as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Public Company Accounting Oversight Board maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007 based on criteria established in Internal Control—Integrated Framework issued by the Committee on Sponsoring Organizations of the Treadway Commission (COSO).

Blum, Shapiro & Company, P.C.

April 4, 2008

2007 Standing Advisory Group Members

(As of December 31, 2007)

Ernest F. Baugh, Jr.

National Director of Professional Standards, Mayer Hoffman McCann P.C.

David M. Becker

Partner, Cleary Gottlieb Steen & Hamilton LLP

Peter A. Bridgman

Senior Vice President and Controller, PepsiCo, Inc.

Joseph V. Carcello

Director of Research, Corporate Governance Center, University of Tennessee

Vincent P. Colman

Assurance Partner and U.S. National Office of Professional Practice Leader, PricewaterhouseCoopers LLP

Cynthia Cooper

President, Cynthia Cooper Consulting, LLC

Leroy Dennis

Executive Partner of Assurance Services, McGladrey & Pullen, LLP

J. Richard Dietrich

Professor of Accounting and Chair of the Department of Accounting & Management Information Systems, The Ohio State University

Randy G. Fletchall

Americas Vice Chair of Professional Practice and Risk Management, Member of the Americas Executive Board, Ernst & Young LLP

Kimberly P. Gavaletz

Vice President, JSF Autonomic Logistics & Global Sustainment, Lockheed Martin Aeronautics

Arnold C. Hanish

Chief Accounting Officer, Eli Lilly and Company

Gaylen R. Hansen

Audit Principal, Director of Accounting and Auditing Quality Assurance, Ehrhardt Keefe Steiner & Hottman PC

Howard J. Johnson

Retired Vice President of Internal Audit, Lowe's Companies, Inc.

David M. Julian

Executive Vice President, Wachovia Corporation

John R. Krimmel

Senior Vice President and Consultant, Callan Associates Inc.

Robert J. Kueppers

Deputy CEO, Deloitte & Touche USA LLP

Michael P. McCauley

Director, Office of Corporate Governance and Investment Communications, State Board of Administration (SBA) of Florida

Rebecca T. McEnally

Director, Capital Markets Policy Group, CFA Institute Center for Financial Market Integrity

John M. Morrissey

Managing Director, Fortress Investment Group LLC

Charles H. Noski

Retired Vice Chairman of the Board, AT&T Corporation

Craig P. Omtvedt

Senior Vice President and Chief Financial Officer, Fortune Brands, Inc.

Samuel J. Ranzilla

Audit Partner, Partner-in-Charge of Department of Professional Practice, KPMG LLP

Cynthia L. Richson

President, Richson Consulting Group, LLC

Linda E. Scott

Senior Consultant, Governance for Owners USA

Damon A. Silvers

Associate General Counsel, AFL-CIO

Robert M. Tarola

Senior Vice President and Chief Financial Officer, W.R. Grace & Co.

Lynn E. Turner

Trustee, Colorado Public Employees' Retirement Association

Raymond T. White

Consultant to the Council of Institutional Investors

Wes Williams

Executive-in-Charge, Assurance Professional Practice Group, Crowe Chizek and Company LLC

Christianna Wood

Senior Investment Officer, Global Equity, California Public Employees' Retirement System

Public Company Accounting Oversight Board



(From left to right)

Daniel L. Goelzer; Charles D. Niemeier; Kayla J. Gillan; Bill Gradison; Mark W. Olson, Chairman

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Regional Associate Director

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Deputy Director

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Helen A. Munter
Deputy Director

Members of the Board

Mark W. Olson, Chairman
Angela Desmond, Chief of Staff
Bridget M. Neill, Special Advisor
Sharon Virag, Director of Technical Policy Implementation

Kayla J. Gillan, Board Member
Joanne O'Rourke Hindman, Special Advisor
Donald R. Marlais, Special Counsel

Daniel L. Goelzer, Board Member
Phoebe W. Brown, Special Counsel

Bill Gradison, Board Member
Ronald S. Boster, Special Advisor
Mary M. Sjoquist, Special Counsel

Charles D. Niemeier, Board Member
Samantha E. Ross, Special Counsel

Division and Office Leaders

Division of Registration and Inspections

George H. Diacont, Director
Carl E. Calender, Deputy Director
Christopher D. Mandaleris, Deputy Director
Walt Miles, Deputy Director
Patricia J. Thompson, Deputy Director
Sarah J. Williams, Deputy Director

Office of the Chief Auditor

Thomas Ray, Chief Auditor and
Director of Professional Standards
Jennifer A. Rand, Deputy Chief Auditor
Gregory Scates, Deputy Chief Auditor

Division of Enforcement and Investigations

Claudius B. Modesti, Director
Kyra C. Armstrong, Deputy Director
Jarett Decker, Deputy Director
Raymond J. Hamm, Deputy Director

Office of the General Counsel

J. Gordon Seymour, General Counsel and Secretary
Michael Stevenson, Deputy General Counsel
Barbara B. Hannigan, Ethics Officer and Senior
Compliance Counsel

Office of Research and Analysis

Martin F. Baumann, Director

Office of International Affairs

Rhonda Schnare, Director

Office of Internal Oversight and Performance Assurance

Peter Schleck, Director
Frederick D. Doggett, Deputy Director

Office of External Relations

Mary Moore Hamrick, Director
Kent Bonham, Deputy Director
Colleen A. Brennan, Deputy Director

Office of Administration

Angela Desmond, Interim Chief Administrative Officer
Bela Daruwala, Acting Chief Financial Officer
Marc Stewart, Chief Information Officer
William Wiggins, Budget Officer
Sara Simko Bridwell, Director of Human Resources
Dennis Eschete, Director of Facilities Management

PCAOB

Public Company Accounting Oversight Board

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PCAOB

Public Company Accounting Oversight Board

PCAOB Activities
2003–2007

PCAOB Registration and Inspection Statistics 2003–2007

Audit Firm Registrations	2,040
Audit Firm Withdrawals	205
Audit Firm Revocations	7
Countries in which Registered Public Accounting Firms are Located	86
Inspections Completed	792
Engagements Reviewed in Inspections	4,000*
Inspection Reports Issued	553

*Approximate

PCAOB Board Releases¹ and Staff Guidance² 2003–2007

2003

1st Quarter

DOCUMENT	DOCUMENT NUMBER	DATE
Bylaws of the Public Company Accounting Oversight Board	PCAOB No. 2003-01	1/9/2003
Proposing Release—Proposal for Registration System of Public Accounting Firms	PCAOB Release No. 2003-001 Rulemaking Docket Matter No. 001	3/7/2003
Proposing Release—Board Funding: Proposal for Establishment of Accounting Support Fee	PCAOB Release No. 2003-002 Rulemaking Docket Matter No. 002	3/14/2003

2nd Quarter

DOCUMENT	DOCUMENT NUMBER	DATE
Adopting Release—Board Funding: Establishment of Accounting Support Fee	PCAOB Release No. 2003-003 Rulemaking Docket Matter No. 002	4/18/2003
Proposing Release—Proposal of Ethics Code for Board Members, Staff and Designated Contractors and Consultants	PCAOB Release No. 2003-004 Rulemaking Docket Matter No. 003	4/18/2003
Proposing Release—Statement Regarding the Establishment of Auditing and Other Professional Standards	PCAOB Release No. 2003-005 Rulemaking Docket Matter No. 004	4/18/2003
Adopting Release—Establishment of Interim Professional Auditing Standards	PCAOB Release No. 2003-006	4/18/2003
Bylaws of the Public Company Accounting Oversight Board	PCAOB No. 2003-01, Amendment 1	4/25/2003
Adopting Release—Registration System for Public Accounting Firms	PCAOB Release No. 2003-007 Rulemaking Docket Matter No. 001	5/6/2003
Adopting Release—Ethics Code for Board Members, Staff and Designated Contractors and Consultants	PCAOB Release No. 2003-008 Rulemaking Docket Matter No. 003	6/30/2003
Adopting Release—Compliance with Auditing and Related Professional Practice Standards—Advisory Groups	PCAOB Release No. 2003-009 Rulemaking Docket Matter No. 004	6/30/2003

3rd Quarter

DOCUMENT	DOCUMENT NUMBER	DATE
Announcement of Registration Application Fees	PCAOB Release No. 2003-010	7/17/2003
Frequently Asked Questions Regarding Registration with the Board (Superseded by Registration FAQs dated 11/13/2003 and removed from website)	PCAOB Release No. 2003-011	7/18/2003
Proposing Release—Proposed Rules on Investigations and Adjudications	PCAOB Release No. 2003-012 Rulemaking Docket Matter No. 005	7/28/2003
Proposing Release—Proposed Rules on Inspections of Registered Public Accounting Firms	PCAOB Release No. 2003-013 Rulemaking Docket Matter No. 006	7/28/2003
Proposing Release—Proposed Rule on Withdrawal from Registration	PCAOB Release No. 2003-014 Rulemaking Docket Matter No. 007	7/28/2003
Adopting Release—Rules on Investigations and Adjudications	PCAOB Release No. 2003-015 Rulemaking Docket Matter No. 005	9/29/2003
Adopting Release—Final Rule on Withdrawal from Registration	PCAOB Release No. 2003-016 Rulemaking Docket Matter No. 007	9/29/2003

¹ Documents described as “Adopting Releases” relate to Board action adopting rules or standards. Although the date of the release is the date of the Board action, the rules and standards are not effective unless and until approved by the SEC.

² In addition to the releases identified in this document, the PCAOB also has released approximately 553 inspection reports. Those reports are not listed here, but a complete list of them may be found on the PCAOB’s website at http://www.pcaobus.org/inspections/Public_Reports/index.aspx.

PCAOB Board Releases and Staff Guidance

4th Quarter

DOCUMENT	DOCUMENT NUMBER	DATE
Proposing Release—Proposed Auditing Standard—An Audit of Internal Control Over Financial Reporting Performed in Conjunction with an Audit of Financial Statements	PCAOB Release No. 2003-017 Rulemaking Docket Matter No. 008	10/7/2003
Proposing Release—Proposed Rule Regarding Certain Terms Used in Auditing and Related Professional Practice Standards	PCAOB Release No. 2003-018 Rulemaking Docket Matter No. 009	10/7/2003
Adopting Release—Inspection of Registered Public Accounting Firms	PCAOB Release No. 2003-019 Rulemaking Docket Matter No. 006	10/7/2003
Briefing Paper: Oversight of Non-U.S. Public Accounting Firms	PCAOB Release No. 2003-020	10/28/2003
Proposing Release—Proposed Auditing Standard—References in Auditors' Reports to the Standards of the Public Company Accounting Oversight Board	PCAOB Release No. 2003-021 Rulemaking Docket Matter No. 010	11/12/2003
Proposing Release—Proposed Technical Amendments to Interim Standards Rules	PCAOB Release No. 2003-022 Rulemaking Docket Matter No. 011	11/12/2003
Frequently Asked Questions Regarding Registration with the Board (Superseding Registration FAQs dated 7/18/2003)	PCAOB Release No. 2003-011A	11/13/2003
Proposing Release—Proposed Auditing Standard on Audit Documentation and Proposed Amendment to Interim Auditing Standards	PCAOB Release No. 2003-023 Rulemaking Docket Matter No. 012	11/21/2003
Proposing Release—Proposed Rules Relating to the Oversight of Non-U.S. Public Accounting Firms	PCAOB Release No. 2003-024 Rulemaking Docket Matter No. 013	12/10/2003
Adopting Release—Auditing Standard No. 1, References in Auditors' Reports to the Standards of the Public Company Accounting Oversight Board	PCAOB Release No. 2003-025 Rulemaking Docket Matter No. 010	12/17/2003
Adopting Release—Technical Amendments to Interim Standards Rules	PCAOB Release No. 2003-026 Rulemaking Docket Matter No. 011	12/17/2003

2004

1st Quarter

DOCUMENT	DOCUMENT NUMBER	DATE
Adopting Release—An Audit of Internal Control Over Financial Reporting Performed in Conjunction with an Audit of Financial Statements (Auditing Standard No. 2)	PCAOB Release No. 2004-001 Rulemaking Docket Matter No. 008	3/9/2004
Proposing Release—Proposed Auditing Standard Conforming Amendments to PCAOB Interim Standards Resulting from the Adoption of PCAOB Auditing Standard No. 2, An Audit of Internal Control Over Financial Reporting Performed in Conjunction with an Audit of Financial Statements	PCAOB Release No. 2004-002 Rulemaking Docket Matter No. 014	3/9/2004
Bylaws of the Public Company Accounting Oversight Board	PCAOB No. 2004-02	3/9/2004
Adopting Release—Registration Deadline for Non-U.S. Accounting Firms	PCAOB Release No. 2004-003 Rulemaking Docket Matter No. 013	3/11/2004
Frequently Asked Questions Regarding Issues Relating to Non-U.S. Accounting Firms	N/A	3/11/2004

PCAOB Board Releases and Staff Guidance

2nd Quarter

DOCUMENT	DOCUMENT NUMBER	DATE
Public Notice of Disapproval of Registration Application (James C. Marshal, CPA, PC)	PCAOB Release No. 2004-004	5/4/2004
Adopting Release—Final Rules Relating to the Oversight of Non-U.S. Public Accounting Firms	PCAOB Release No. 2004-005 Rulemaking Docket Matter No. 013	6/9/2004
Adopting Release—Audit Documentation and Amendment to Interim Auditing Standards (Auditing Standard No. 3)	PCAOB Release No. 2004-006 Rulemaking Docket Matter No. 012	6/9/2004
Adopting Release—Rule Regarding Certain Terms Used in Auditing and Related Professional Practice Standards	PCAOB Release No. 2004-007 Rulemaking Docket Matter No. 009	6/9/2004
Staff Questions and Answers—Auditing Internal Control over Financial Reporting, 1–26 (Superseded by Staff Questions and Answers dated 7/27/2004 and removed from website)	N/A	6/23/2004
Staff Questions and Answers—Audits of Financial Statements of Non-Issuers Performed Pursuant to the Standards of the Public Company Accounting Oversight Board	N/A	6/30/2004
Staff Questions and Answers—Auditing Internal Control over Financial Reporting, 1–26	N/A	7/27/2004
Statement Concerning the Issuance of Inspection Reports	PCAOB Release No. 104-2004-001	8/26/2004

3rd Quarter

DOCUMENT	DOCUMENT NUMBER	DATE
Adopting Release—Conforming Amendments to PCAOB Interim Standards Resulting from the Adoption of PCAOB Auditing Standard No. 2, An Audit of Internal Control Over Financial Reporting Performed in Conjunction with an Audit of Financial Statements	PCAOB Release No. 2004-008 Rulemaking Docket Matter No. 014	9/15/2004

4th Quarter

DOCUMENT	DOCUMENT NUMBER	DATE
Staff Questions and Answers—Auditing Internal Control over Financial Reporting, 27–29	N/A	10/6/2004
Order Making Findings and Disapproving Registration Application of Alan K. Geer, PA	PCAOB Release No. 2004-009	10/14/2004
Order Making Findings and Disapproving Registration Application of Henry Schiffer, CPA, AAC	PCAOB Release No. 2004-010	10/14/2004
Order Making Findings and Disapproving Registration Application of Schuhalter Coughlin & Suozzo PC	PCAOB Release No. 2004-011	10/14/2004
Proposing Release—Proposed Rule on Procedures Relating to Subpoena Requests in Disciplinary Proceedings	PCAOB Release No. 2004-013 ³ Rulemaking Docket Matter No. 015	10/26/2004
Staff Questions and Answers—Auditing Internal Control over Financial Reporting, 30–36	N/A	11/22/2004
Adopting Release—Temporary Transitional Rule Relating to PCAOB Auditing Standard No. 2, An Audit of Internal Control Over Financial Reporting Performed in Conjunction with An Audit of Financial Statements	PCAOB Release No. 2004-014 Rulemaking Docket Matter No. 016	11/30/2004

3 There is no PCAOB Release No. 2004-012.

PCAOB Board Releases and Staff Guidance

4th Quarter (Continued)

DOCUMENT	DOCUMENT NUMBER	DATE
Proposing Release—Proposed Ethics and Independence Rules Concerning Independence, Tax Services and Contingent Fees	PCAOB Release No. 2004-015 Rulemaking Docket Matter No. 017	12/14/2004
Order Making Findings and Disapproving Registration Application of Kushner, Smith, Joanou & Gregson, LLP	PCAOB Release No. 2004-016	12/16/2004

2005

1st Quarter

DOCUMENT	DOCUMENT NUMBER	DATE
Order Making Findings and Disapproving Registration Application of Randall N. Drake, CPA	PCAOB Release No. 2005-001	1/11/2005
Staff Questions and Answers—Auditing Internal Control over Financial Reporting, 37	N/A	1/21/2005
Order Making Findings and Disapproving Registration Application of Larry D. Liberfarb, P.C.	PCAOB Release No. 2005-002	2/14/2005
Proposing Release—Proposed Auditing Standard—Reporting on the Elimination of a Material Weakness	PCAOB Release No. 2005-002 Rulemaking Docket Matter No. 018	3/31/2005

2nd Quarter

DOCUMENT	DOCUMENT NUMBER	DATE
Order Making Findings and Disapproving Registration Application of Norman H. Ross PC	PCAOB Release No. 2005-003	4/18/2005
Order Making Findings and Disapproving Registration Application of Harvey S. Weingard	PCAOB Release No. 2005-004	4/18/2005
Order Making Findings and Disapproving Registration Application of David M. Winings, CPA	PCAOB Release No. 2005-005	4/18/2005
Order Making Findings and Disapproving Registration Application of Eric C. Yartz	PCAOB Release No. 2005-006	4/18/2005
Order Making Findings and Disapproving Registration Application of Earnest D. Loewenwarter & Co. LLP	PCAOB Release No. 2005-007	4/26/2005
Order Making Findings and Disapproving Registration Application of Norman Stumacher	PCAOB Release No. 2005-008	4/26/2005
Policy Statement Regarding Implementation of Auditing Standard No. 2, An Audit of Internal Control Over Financial Reporting Performed in Conjunction with an Audit of Financial Statements	PCAOB Release No. 2005-009	5/16/2005
Staff Questions and Answers—Auditing Internal Control over Financial Reporting, 38-55	N/A	5/16/2005
Order Instituting Disciplinary Proceedings, Making Findings and Imposing Sanctions (In the Matter of Goldstein and Morris, CPAs, P.C. and Edward B. Morris, CPA)	PCAOB Release No. 2005-010 PCAOB No. 105-2005-001	5/24/2005
Order Instituting Disciplinary Proceedings, Making Findings and Imposing Sanctions (In the Matter of Alan J. Goldberger, CPA, and William A. Postelnik, CPA)	PCAOB Release No. 2005-011 PCAOB No. 105-2005-002	5/24/2005

PCAOB Board Releases and Staff Guidance

2nd Quarter (Continued)

DOCUMENT	DOCUMENT NUMBER	DATE
Staff Questions and Answers—Attest Engagements Regarding XBRL Financial Information Furnished under the XBRL Voluntary Financial Reporting Program on the Edgar System	N/A	5/25/2005
Order Making Findings and Disapproving Registration Application of Beckman Kirkland & Whitney	PCAOB Release No. 2005-012	6/8/2005

3rd Quarter

DOCUMENT	DOCUMENT NUMBER	DATE
Order Making Findings and Disapproving Registration Application of Halt, Buzas & Powell, Ltd	PCAOB Release No. 2005-013	7/12/2005
Adopting Release—Ethics and Independence Rules Concerning Independence, Tax Services and Contingent Fees	PCAOB Release No. 2005-014 Rulemaking Docket Matter No. 017	7/26/2005
Adopting Release—Reporting on Whether a Previously Reported Material Weakness Continues to Exist	PCAOB Release No. 2005-015 Rulemaking Docket Matter No. 018	7/26/2005
Order Making Findings and Disapproving Registration Application of Frank Bujan	PCAOB Release No. 2005-016	7/28/2005
Order Making Findings and Disapproving Registration Application of Beutel Accountancy Corporation	PCAOB Release No. 2005-017	7/28/2005
Order Making Findings and Disapproving Registration Application of United Financial CPA PC	PCAOB Release No. 2005-018	8/29/2005

4th Quarter

DOCUMENT	DOCUMENT NUMBER	DATE
Order Staying Denials of Confidential Treatment Requests	PCAOB Release No. 2005-019	10/28/2005
Adopting Release—Ethics and Independence Rules Concerning Independence, Tax Services and Contingent Fees (Technical Amendments)	PCAOB Release No. 2005-020 Rulemaking Docket Matter No. 017	11/22/2005
Order Instituting Disciplinary Proceedings, Making Findings and Imposing Sanctions (In the Matter of Clyde Bailey, P.C., and Clyde B. Bailey, CPA)	PCAOB Release No. 2005-021 PCAOB No. 105-2005-003	11/22/2005
Order Instituting Disciplinary Proceedings, Making Findings and Imposing Sanctions (In the Matter of Kenny H. Lee CPA Group, Inc., and Kwang Ho Lee, CPA)	PCAOB Release No. 2005-022 PCAOB No. 105-2005-004	11/22/2005
Report on the Initial Implementation of Auditing Standard No. 2, An Audit of Internal Control Over Financial Reporting Performed in Conjunction with an Audit of Financial Statements	PCAOB Release No. 2005-023	11/30/2005

PCAOB Board Releases and Staff Guidance

2006

1st Quarter

DOCUMENT	DOCUMENT NUMBER	DATE
Process for Board Determinations Regarding Firms' Efforts to Address Quality Control Criticisms in Inspection Reports	PCAOB Release No. 104-2006-077	3/21/2006
Observations on the Initial Implementation of the Process for Addressing Quality Control Criticisms within 12 Months after an Inspection Report	PCAOB Release No. 104-2006-078	3/21/2006
Adopting Release—Implementation Schedule for Certain Ethics and Independence Rules Concerning Independence, Tax Services and Contingent Fees	PCAOB Release No. 2006-001 Rulemaking Docket Matter No. 017	3/28/2006

2nd Quarter

DOCUMENT	DOCUMENT NUMBER	DATE
Order Instituting Disciplinary Proceedings, Making Findings and Imposing Sanctions (In the Matter of Reuben E. Price & Co. Public Accountancy Corp.	PCAOB Release No. 2006-002 PCAOB No. 105-2005-005	4/18/2006
Adopting Release—Overview of Auditing Standard No. 4, Reporting on Whether a Previously Reported Material Weakness Continues to Exist	PCAOB Release No. 2006-003 Rulemaking Docket Matter No. 018	4/27/2006
Statement Regarding the Public Company Accounting Oversight Board's Approach to Inspections of Internal Control Audits in the 2006 Inspection Cycle	PCAOB Release No. 104-2006-105	5/1/2006
Proposing Release—Proposed Rules on Periodic Reporting by Registered Public Accounting Firms	PCAOB Release No. 2006-004 Rulemaking Docket Matter No. 019	5/23/2006
Proposing Release—Proposed Rules on Succeeding to the Registration Status of a Predecessor Firm	PCAOB Release No. 2006-005 Rulemaking Docket Matter No. 020	5/23/2006
Staff Questions and Answers—Adjustments to Prior-Period Financial Statements Audited by a Predecessor Auditor	N/A	6/9/2006

3rd Quarter

DOCUMENT	DOCUMENT NUMBER	DATE
Matters Relating to Timing and Accounting for Option Grants	Staff Audit Practice Alert No. 1	7/28/2006

4th Quarter

DOCUMENT	DOCUMENT NUMBER	DATE
Staff Questions and Answers—Auditing the Fair Value of Share Options Granted to Employees	N/A	10/17/2006
Adopting Release—Implementation Schedule for Certain Ethics and Independence Rules Concerning Independence, Tax Services and Contingent Fees	PCAOB Release No. 2006-006 Rulemaking Docket Matter No. 017	10/31/2006
Proposing Release—Proposed Auditing Standard—An Audit of Internal Control Over Financial Reporting That Is Integrated with an Audit of Financial Statements and Related Other Proposals	PCAOB Release No. 2006-007 Rulemaking Docket Matter No. 021	12/19/2006

PCAOB Board Releases and Staff Guidance

4th Quarter (Continued)

DOCUMENT	DOCUMENT NUMBER	DATE
Adopting Release—Amendments to Board Rules Relating to Inspections	PCAOB Release No. 2006-008 Rulemaking Docket Matter No. 022	12/19/2006
Order Instituting Disciplinary Proceedings, Making Findings and Imposing Sanctions (In the Matter of Armando C. Ibarra, P.C., Armando C. Ibarra, Sr., and Armando C. Ibarra, Jr.)	PCAOB Release No. 2006-009 PCAOB No. 105-2006-001	12/19/2006
Order Instituting Disciplinary Proceedings, Making Findings and Imposing Sanctions (In the Matter of Turner Stone & Company, LLP, and Edward Turner, CPA)	PCAOB Release No. 2006-010 PCAOB No. 105-2006-002	12/19/2006

2007

1st Quarter

DOCUMENT	DOCUMENT NUMBER	DATE
Observations on Auditors' Implementation of PCAOB Standards Relating to Auditors' Responsibilities with Respect to Fraud	PCAOB Release No. 2007-001	1/22/2007

2nd Quarter

DOCUMENT	DOCUMENT NUMBER	DATE
Concept Release Concerning Scope of Rule 3523, Tax Services for Persons in Financial Reporting Oversight Roles; Implementation Schedule For Rule 3523	PCAOB Release No. 2007-002 Rulemaking Docket Matter No. 017	4/3/2007
Staff Questions and Answers—Ethics and Independence Rules Concerning Independence, Tax Services and Contingent Fees	N/A	4/3/2007
Proposing Release—Proposed Auditing Standard—Evaluating Consistency of Financial Statements and Proposed Amendments to Interim Auditing Standards	PCAOB Release No. 2007-003 Rulemaking Docket Matter No. 023	4/3/2007
Report on the Second-Year Implementation of Auditing Standard No. 2, An Audit of Internal Control Over Financial Reporting Performed in Conjunction with an Audit of Financial Statements	PCAOB Release No. 2007-004	4/18/2007
Adopting Release—Auditing Standard No. 5, An Audit of Internal Control Over Financial Reporting That Is Integrated with an Audit of Financial Statements and Related Independence Rule and Conforming Amendments	PCAOB Release No. 2007-005 Rulemaking Docket Matter No. 021	5/24/2007
Adopting Release—Retaining Rule 4003(d) Relating to Inspection Frequency	PCAOB Release No. 2007-006 Rulemaking Docket Matter No. 022	5/24/2007
Proposing Release—Proposed Amendments to Limit Board Rule 4003's Fixed Periodic Inspection Requirement to Firms That Regularly Issue Audit Reports	PCAOB Release No. 2007-007 Rulemaking Docket Matter No. 024	5/24/2007
Adopting Release—Auditing Standard No. 5, An Audit of Internal Control Over Financial Reporting That Is Integrated with an Audit of Financial Statements and Related Independence Rule and Conforming Amendments ⁴	PCAOB Release No. 2007-005A Rulemaking Docket Matter No. 021	6/12/2007

4 This release was issued to make technical corrections to the cross-references in paragraph 75.g. of Auditing Standard No. 5 as adopted on 5/24/2007.

PCAOB Board Releases and Staff Guidance

3rd Quarter

DOCUMENT	DOCUMENT NUMBER	DATE
Proposing Release—Proposed Ethics and Independence Rule 3526, Communication with Audit Committees Concerning Independence; Proposed Amendment to Rule 3523, Tax Services for Persons in Financial Reporting Oversight Roles; Implementation Schedule for Rule 3523	PCAOB Release No. 2007-008 Rulemaking Docket Matter No. 017	7/24/2007

4th Quarter

DOCUMENT	DOCUMENT NUMBER	DATE
Adopting Release—Amendments to Limit Board Rule 4003's Fixed Periodic Inspection Requirement to Firms That Regularly Issue Audit Reports	PCAOB Release No. 2007-009 Rulemaking Docket Matter No. 024	10/16/2007
Preliminary Staff Views, An Audit of Internal Control That Is Integrated with An Audit of Financial Statements: Guidance for Auditors of Smaller Companies	N/A	10/17/2007
Report on the PCAOB's 2004, 2005 and 2006 Inspections of Domestic Triennially Inspected Firms	PCAOB Release No. 2007-010	10/22/2007
Request for Public Comment on Policy Statement: Guidance on Implementation of PCAOB Rule 4012	PCAOB Release No. 2007-011	12/5/2007
Matters Related to Auditing Fair Value Measurements of Financial Instruments and the Use of Specialists	Staff Audit Practice Alert No. 2	12/10/2007

PCAOB Disciplinary Sanctions 2003–2007

Registration Disapprovals

2004

MATTER	DOCUMENT NUMBER	DATE
Public Notice of Disapproval of Registration Application (James C. Marshall CPA, PC)	PCAOB Release No. 2004-004	5/4/2004
In re Registration Application of Alan K. Geer, PA	PCAOB Release No. 2004-009	10/14/2004
In re Registration Application of Henry Schiffer, CPA, AAC	PCAOB Release No. 2004-010	10/14/2004
In re Registration Application of Schuhalter Coughlin & Suozzo PC	PCAOB Release No. 2004-011	10/14/2004
In re Registration Application of Kushner, Smith, Joanou & Gregson, LLP	PCAOB Release No. 2004-016	12/16/2004

2005

MATTER	DOCUMENT NUMBER	DATE
In re Registration Application of Randall N. Drake, CPA	PCAOB Release No. 2005-001	1/11/2005
In re Registration Application of Larry D. Liberfarb, P.C.	PCAOB Release No. 2005-002	2/14/2005
In re Registration Application of Norman H. Ross PC	PCAOB Release No. 2005-003	4/18/2005
In re Registration Application of Harvey S. Weingard	PCAOB Release No. 2005-004	4/18/2005
In re Registration Application of David M. Winings, CPA	PCAOB Release No. 2005-005	4/18/2005
In re Registration Application of Eric C. Yartz	PCAOB Release No. 2005-006	4/18/2005
In re Registration Application of Earnest D. Loewenwarter & Co. LLP	PCAOB Release No. 2005-007	4/26/2005
In re Registration Application of Norman Stumacher	PCAOB Release No. 2005-008	4/26/2005
In re Registration Application of Beckman Kirkland & Whitney	PCAOB Release No. 2005-012	6/8/2005
In re Registration Application of Halt, Buzas & Powell, Ltd	PCAOB Release No. 2005-013	7/12/2005
In re Registration Application of Frank Bujan	PCAOB Release No. 2005-016	7/28/2005
In re Registration Application of Beutel Accountancy Corporation	PCAOB Release No. 2005-017	7/28/2005
In re Registration Application of United Financial CPA PC	PCAOB Release No. 2005-018	8/29/2005

Other Disciplinary Sanctions⁵

2005

MATTER	DOCUMENT NUMBER	DATE
In the Matter of Goldstein and Morris, CPAs, P.C. and Edward B. Morris, CPA	PCAOB Release No. 2005-010 PCAOB No. 105-2005-001	5/24/2005
In the Matter of Alan J. Goldberger, CPA and William A. Postelnik, CPA	PCAOB Release No. 2005-011 PCAOB No. 105-2005-002	5/24/2005
In the Matter of Clyde Bailey, P.C., and Clyde B. Bailey, CPA	PCAOB Release No. 2005-021 PCAOB No. 105-2005-003	11/22/2005
In the Matter of Kenny H. Lee CPA Group, Inc., and Kwang Ho Lee, CPA	PCAOB Release No. 2005-022 PCAOB No. 105-2005-004	11/22/2005

⁵ Prior to 2007, PCAOB disciplinary orders (other than registration disapprovals) were identified both with general release numbers and with release numbers in the “105” series, which represents the section in the Sarbanes-Oxley Act of 2002 on Investigations and Disciplinary Proceedings. Beginning in 2007, the Board discontinued the use of general release numbers for such orders.

PCAOB Disciplinary Sanctions

2006

MATTER	DOCUMENT NUMBER	DATE
In the Matter of Reuben E. Price & Co. Public Accountancy Corp.	PCAOB Release No. 2006-002 PCAOB No. 105-2005-005	4/18/2006
In the Matter of Armando C. Ibarra, P.C., Armando C. Ibarra, Sr., and Armando C. Ibarra, Jr.	PCAOB Release No. 2006-009 PCAOB No. 105-2006-001	12/19/2006
In the Matter of Turner Stone & Company, LLP and Edward Turner, CPA	PCAOB Release No. 2006-010 PCAOB No. 105-2006-002	12/19/2006

2007

MATTER	DOCUMENT NUMBER	DATE
In the Matter of Williams & Webster, P.S., Kevin J. Williams, CPA, and John G. Webster, CPA	PCAOB Release No. 105-2007-001	6/12/2007
In the Matter of Thomas Benson and Thomas Benson, CPA	PCAOB Release No. 105-2007-002	6/29/2007
In the Matter of Susan E. Birkert	PCAOB Release No. 105-2007-003	11/14/2007
In the Matter of Timothy L. Steers, CPA, LLC, and Timothy L. Steers, CPA	PCAOB Release No. 105-2007-004	11/14/2007
In the Matter of Deloitte & Touche LLP	PCAOB Release No. 105-2007-005	12/10/2007
In the Matter of James L. Fazio, CPA	PCAOB Release No. 105-2007-006	12/10/2007
In the Matter of Ann Marie Fitzpatrick, CPA	PCAOB Release No. 105-2007-007	12/14/2007
In the Matter of Stephen J. Nardi, CPA	PCAOB Release No. 105-2007-008	12/14/2007
In the Matter of Kantor, Geisler & Oppenheimer, P.A., Steven M. Kantor, CPA, and Thomas E. Sewell	PCAOB Release No. 105-2007-009	12/14/2007

PCAOB Standing Advisory Group Discussion Topics 2003–2007

2004

DATE	DISCUSSION TOPIC
June 21–22	<ul style="list-style-type: none"> Scope of the PCAOB's Standard-Setting Activities SAG Objectives and Operations Prior Standard-Setting Activities Revision of the Generally Accepted Auditing Standards Hierarchy Prioritization and Review of Existing Standards, Including Consideration of New Standards Potential Project—Auditor's Responsibility for Communications to Investors Containing Financial Information Potential Standard—Engagement Quality Reviews Potential Standard—Communications and Relations with Audit Committees Potential Standard—Quality Control
September 8–9	<ul style="list-style-type: none"> Fraud and Related Topics Educational Session—Risk Assessment Related Parties Auditing Fair Value Confirmations Emerging Issues
November 17–18	<ul style="list-style-type: none"> 2005 Standards-Setting Agenda GAAS Hierarchy Codification of Standards Elements of Quality Control Reporting on the Correction of Material Weaknesses Challenges of Section 404

2005

DATE	DISCUSSION TOPIC
February 16	<ul style="list-style-type: none"> Reporting Model Risk Assessment Emerging Issue—The Auditor's Ability to Provide Advice to Audit Clients
June 8–9	<ul style="list-style-type: none"> Summary of First Round of 404 Reporting and Recent PCAOB Activities Auditor Panel—Discussion of Strategies for 2005 Issuer Panel—Discussion of Strategies for 2005 Audit Committee Oversight Evaluation of Material Weaknesses Reporting and Communications Issues Multi-Location Issues Small Business Panel Next Steps

PCAOB Standing Advisory Group Discussion Topics

2005 (Continued)

DATE	DISCUSSION TOPIC
October 5–6	2006 Proposed Standards-Setting Activities Reasonable Assurance Panel Discussion—Engagement Quality Review Panel Discussion—Communications with Audit Committees Review of Existing Standards-Principles of Reporting Emerging Issues—Inspection Observations on the First Year of 404 Implementation; Effect of Independence and Indemnification/Limitation of Liability Clauses; and Adjustments to Prior-Period Financial Statements Audited by a Predecessor Auditor

2006

DATE	DISCUSSION TOPIC
February 9	Specialists Risk Assessment Emerging Issues—Independence and Indemnification/Limitation of Liability Clauses
June 12–13	PCAOB Activities Regarding Section 404 and Auditing Standard No. 2 (AS No. 2) Panel Discussion—Implementation of Section 404 and AS No. 2 Panel Discussion—The Research Synthesis Program Panel Discussion—Implications of ICFR Reporting for Auditing Emerging Issue—Matters Relating to Timing and Accounting for Option Grants
October 5	2007 Proposed Standards-Setting Activities PCAOB Strategic Planning—Measuring the PCAOB's Success Panel Discussion—Consideration of Smaller-Company/Smaller-Firm Issues

2007

DATE	DISCUSSION TOPIC
February 22	Proposed Changes to AS2 Panel Discussion—Forensic Audit Procedures Emerging Issue—Delaware Chancery Court Opinion on Stock Option Granting Practices
June 21	Accounting Estimates and Fair Value Measurements Panel Discussion—Engagement Team Performance Related Parties Emerging Issues—Financial Reporting and Auditing Implications of the Subprime Lending Situation and Current Market Liquidity Situation; and Initial Thoughts on 2008 Standards-Setting Priorities
October 18	Proposed Standards-Setting Activities Audit Implications of IFRS Financial Statements in U.S. SEC Filings Office of Research and Analysis, Working Paper Presentation—Changes in Market Responses to Financial Statement Restatement Announcements in the Sarbanes-Oxley Era Emerging Issue—Financial Reporting and Auditing Implications of the Subprime Lending Situation and Current Market Liquidity Situation

PCAOB Roundtables 2003–2007

DATE	DISCUSSION TOPIC
March 31, 2003	Foreign Auditor Registration
July 29, 2003	Reporting on Internal Controls
September 29, 2003	Audit Documentation
July 14, 2004	Auditor Independence and Tax Services
May 10, 2006	Internal Control Reporting Requirements ⁶

PCAOB Forums on Auditing in the Small Business Environment 2003–2007

DATE	LOCATION
November 30–December 1, 2004	Costa Mesa, CA
January 26–27, 2005	Dallas, TX
February 3–4, 2005	San Mateo, CA
February 24–25, 2005	Atlanta, GA
March 10–11, 2005	Chicago, IL
March 22–23, 2005	Fort Lee, NJ
April 26–27, 2005	Denver, CO
June 22–23, 2005	Pittsburgh, PA
August 4–5, 2005	Orlando, FL
October 20–21, 2005	Boston, MA
January 23–24, 2006	Santa Monica, CA
February 27–28, 2006	Ft. Lauderdale, FL
May 2–3, 2006	San Antonio, TX
June 21, 2006	Seattle, WA
September 8, 2006	Boston, MA
October 16, 2006	Philadelphia, PA
November 6–7, 2006	New York, NY
December 7, 2006	Chicago, IL
January 23, 2007	Santa Monica, CA
April 23, 2007	Houston, TX
June 1, 2007	Ft. Lauderdale, FL
June 27–28, 2007	San Francisco, CA
September 10–11, 2007	Atlanta, GA
October 22–23, 2007	New York, NY
November 9, 2007	Chicago, IL
December 4, 2007	Washington, DC

⁶ Joint roundtable with the SEC

PCAOB

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