
CHARTER

OFFICE OF INTERNAL OVERSIGHT AND PERFORMANCE ASSURANCE OF THE PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD

Adopted by the Board – April 13, 2004

Amended by the Board – May 9, 2018

Amended by the Board – April 27, 2020

Mission and Scope of Work

The Governing Board has charged the Office of Internal Oversight and Performance Assurance ("Office") with providing internal examination of the programs and operations of the PCAOB to help ensure the internal efficiency, integrity, and effectiveness of those programs and operations. The assurance provided by the Office is intended to promote the confidence of the public, the Securities and Exchange Commission, and Congress in the integrity of PCAOB programs and operations.

To achieve its mission, the Office shall —

- Identify risks to the efficiency, integrity, and effectiveness of PCAOB programs and operations;
- Conduct performance and quality assurance reviews, audits, and inquiries to detect and deter waste, fraud, abuse, and mismanagement in PCAOB programs and operations; and recommend constructive actions that, when implemented, reduce or eliminate identified risks, and promote compliance with applicable laws, regulations, and PCAOB rules and policies;
- Assess whether resources are appropriately safeguarded, effectively utilized, and economically managed to promote careful stewardship of such resources; and
- Submit reports directly to the Governing Board summarizing the work of the Office.

Independence

The Director and staff of the Office should be free, both in fact and appearance, from personal, external, and organizational impairments to independence. The Director and staff of the Office have a responsibility to maintain independence so that opinions, conclusions, judgments, and recommendations are impartial and are viewed as impartial by reasonable and informed third parties having knowledge of the relevant information, including the SEC. The Director and staff of the Office should avoid situations that could lead reasonable and informed third parties to conclude that the Office is not able to maintain independence in conducting and reporting on its work.

To promote the objectivity of the Office, the Director reports directly to the Governing Board. The Governing Board has exclusive authority to hire, fire, and establish the compensation and other terms of employment of the Director. The Director's term in office shall be limited to five years. Evaluation of the Director's performance and the setting of his/her compensation shall be based on the Director's management of the Office, effective execution of the Office's work, including an annual internal audit plan, and management of inquiries, and shall not be based on the nature of the results from the Office's reviews, audits, and inquiries. Within its sole discretion, the Governing Board may, when appropriate, award a cash bonus to the Director based only on the Director's performance and not based on the nature of the results from the Office's reviews, audits, and inquiries.

The Office may not perform any operational or management function for a PCAOB program or operation; record any accounting transaction, other than those necessary to provide for the allocation of the resources of the Office; or supervise or direct any PCAOB employee or contractor outside the Office, except to the extent such personnel are assisting in a review, audit, or inquiry for the Office.

This organizational structure is intended to ensure the integrity and objectivity of the Office.

Applicable Standards

In carrying out its mission, the Office shall adhere to The Institute of Internal Auditors' mandatory guidance, including the (i) International Standards for the Professional Practice of Internal Auditing, (ii) Core Principles for the Professional Practice of Internal Auditing, (iii) Definition of Internal Auditing, and (iv) Code of Ethics. IOPA's performance shall be evaluated against such mandatory guidance by IOPA during its annual internal quality assurance reviews and by an IIA external validator at least once every five years.

Resources

The Office shall maintain a professional staff with sufficient knowledge, skills, experience, and professional certifications necessary to meet the requirements of this Charter. The Office may obtain the assistance of other PCAOB personnel and external parties,

including, when necessary, an independent legal adviser, to meet the requirements of this Charter. The Governing Board shall allocate in the annual budget appropriate resources for the Office, including training, information technology services, and external services to enable the Office to meet the requirements of this Charter.

Authority

The Director and Office staff shall have unrestricted access to all personnel and records, reports, audits, reviews, documents, papers, recommendations, or other materials of the PCAOB necessary to meet the requirements of this Charter.

The Governing Board authorizes the Office to make workpapers associated with Office reviews available to the SEC and its representatives in a designated PCAOB space. The Office will promptly notify the Governing Board of the request and identify the workpapers that will be made available.

Responsibilities

The Office shall —

- Provide ongoing quality assurance with regard to the design and operating effectiveness of PCAOB programs (e.g., registration, inspections, investigations and enforcement, and standard setting) and operations (e.g., administration, information technology, human resources, and budget and finance);
- Prepare an annual risk assessment of PCAOB programs and operations;
- Prepare and execute an annual internal audit plan, approved by the Governing Board, informed by its annual risk assessment;
- Upon the recommendation of the Governing Board, the SEC, or other appropriate governmental authority, or on the Office's initiative, conduct inquiries relating to PCAOB programs and operations; and
- Receive and review allegations of wrongdoing lodged against PCAOB personnel as well as tips and complaints of potential waste, fraud, abuse, or mismanagement in PCAOB programs or operations.¹

¹ To the extent the Office receives and reviews an allegation of wrongdoing lodged against a member of the Governing Board, each of whom is also an employee under the PCAOB's Bylaws, that affected member shall not participate in the Governing Board's consideration and discussion regarding such review. In addition, the Office will implement, subject to the nonaffected Governing Board's approval, appropriate safeguards to help ensure its independence in any such reviews.

Accountability

In addition to regular performance reviews of the Director, the Office shall be accountable to the Governing Board by —

- Undergoing an external quality assurance review at least every five years and submitting the results of such review to the Governing Board;
- Monitoring the quality of its work on an ongoing basis, analyzing and summarizing the results of this quality monitoring, and submitting a report describing the results of the monitoring to the Governing Board at least annually;
- Following both the PCAOB's Ethics Code and IIA Code of Ethics to promote the integrity and professionalism of the Office's work and annually certifying compliance with such Codes to the Governing Board; and
- Promptly notifying the Governing Board of any allegation of wrongdoing made against the Director or staff of the Office so that the Governing Body can determine the appropriate manner for assessing the allegation, including by authorizing an internal investigation by an objective party.

Communication and Reporting

The Office shall —

- Report to the Governing Board and, upon the direction of the Governing Board, to managers of PCAOB programs and operations, the SEC, other governmental authorities, and the public, on the results of its performance and quality assurance reviews, audits, and inquiries;
- Report to the Governing Board any significant changes in the Office's assessment of risks and significant issues relating to the efficiency, integrity, and effectiveness of PCAOB programs and operations and recommend potential improvements to those programs and operations. Propose to the Governing Board appropriate changes to the approved internal audit plan arising from changes in assessed risks or identified issues;
- Report to the Governing Board deficiencies and weaknesses identified while executing the annual internal audit plan and make recommendations for remediation of those deficiencies and weaknesses;
- Monitor and report to the Governing Board on the status of management's remediation of identified deficiencies and weaknesses;

- When appropriate, inform the Office of General Counsel, including the Ethics Officer, about the Office's work, including the results of inquiries into tips, complaints, and/or allegations of professional or ethical misconduct;
- Submit to the Governing Board (i) a mid-year report that summarizes the results of the Office's work and (ii) an annual report that (a) summarizes the Office's work, including the results of the annual internal audit plan, (b) confirms the Director's review of summaries of actions taken by management in response to the Office's recommendations, (c) reports on the Office's ongoing quality monitoring of its work, and (d) certifies the Director and Office staff's independence, objectivity, and compliance with the Office's employee conduct policy;
- Report immediately to the Governing Board whenever the Office becomes aware of particularly serious or flagrant problems, abuses, or deficiencies relating to the administration of PCAOB programs and operations and that warrant immediate Governing Board attention. The Governing Board should transmit any such report to the SEC within seven calendar days, together with a report by the Governing Board containing any comments it deems appropriate; and
- Inform PCAOB personnel annually of the Office's role and functions, including receiving and reviewing allegations of wrongdoing by PCAOB personnel made on an anonymous basis.

ADOPTED BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

April 27, 2020