



July 24, 2024

By Electronic Mail

The Honorable Gary Gensler  
The Honorable Hester M. Peirce  
The Honorable Caroline A. Crenshaw  
The Honorable Mark T. Uyeda  
The Honorable Jaime Lizárraga  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Dear Chair Gensler and Commissioners Peirce, Crenshaw, Uyeda, and Lizárraga:

I am pleased to transmit to you a summary of the Public Company Accounting Oversight Board (PCAOB or “Board”) Office of Internal Oversight and Performance Assurance’s (IOPA or “Office”) Performance Review Report: *Workplace 2.0* (July 2024). The Board formed IOPA to promote the confidence of Congress, the Securities and Exchange Commission, and the public in the integrity of PCAOB programs and operations. IOPA conducted this review in conformance with the Institute of Internal Auditors’ *International Standards for the Professional Practice of Internal Auditing*.

At the onset of the COVID-19 pandemic, beginning in March 2020, the Board directed a “mandatory telework period” for all staff. As the pandemic evolved, the Board adjusted the operating model and allowed for a “voluntary return to office” starting in April 2022. As the pandemic further evolved, the Board utilized a working group to consider a variety of longer-term operating models, culminating in the November 1, 2022 implementation of Workplace 2.0. IOPA undertook this review (“Review”) to evaluate the operational effectiveness of Workplace 2.0 and review risk areas related to business continuity, health and safety, organizational culture, employee recruiting and retention, and privacy concerns. This Review is the first time IOPA has performed a comprehensive audit of Workplace 2.0.

As the summary report sets forth, IOPA’s Review of the Workplace 2.0 operating model revealed a high degree of satisfaction among PCAOB Division/Office (D/O) leadership and staff, with no identified negative impact on the quality of organizational output, and the organization’s Workplace 2.0 Policy appears to sufficiently meet enterprise needs. IOPA identified many beneficial organizational impacts of Workplace 2.0 in the risk areas covered by the Review, including operational continuity and effectiveness; staff acquisition, retention, and morale; employee health and safety; data access and protection; and long-term lease assessment.

Notably, IOPA did not identify any formal observations that require a response by management. Nonetheless, IOPA is highlighting for consideration by the Board and D/O leadership certain insights gained during the Review, including in the areas of operational continuity and effectiveness, employee health and safety, and data protection and access.



The Board has reviewed IOPA's enhancements to Workplace 2.0 for consideration and has approved the transmittal of the summary report to you.

The PCAOB intends to publish the attached summary on its website on or about July 31, 2024. Please feel free to contact Michael Weigand, Director of IOPA, at (202) 591-4659 or me if you have any questions or would like any additional information about the review.

Sincerely,

Erica Williams  
Chair

Enclosure: IOPA's Summary Performance Review Report: *Workplace 2.0* (July 2024)

## Office of Internal Oversight and Performance Assurance

### **Performance Review: *Workplace 2.0* Summary Report (July 2024)**

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#### 1. Executive Summary

As detailed herein, from September 2023 through May 2024, the Public Company Accounting Oversight Board’s (PCAOB or “Board”) Office of Internal Oversight and Performance Assurance (IOPA or the “Office”) conducted a performance review (“Review”) of the PCAOB’s Workplace 2.0 flexible work model and policy (“Workplace 2.0”).

##### 1.1 Review Objective and Scope

###### Objective

The objective of IOPA’s Review was to evaluate the operational effectiveness of Workplace 2.0 and review risk areas related to business continuity, health and safety, organizational culture, employee recruiting and retention, and privacy concerns.

###### Scope

The scope of IOPA’s Review included:

- Performing walkthroughs and evaluating documented policies and procedures, including the PCAOB’s Workplace 2.0 Policy, COVID-19 Health and Safety Policy, Policy on Acceptable Use of Information and Technology Assets (evaluated in the context of Workplace 2.0), and other relevant organizational communications and guidelines.
- Interviewing Office of the Chief Operating Officer (OCOO) leadership and staff to gain an understanding of the Workplace 2.0 Policy development, related staff training, communications, and noted organizational impacts.
- Interviewing Division and Office (D/O) leadership in the Division of Enforcement and Investigations, Division of Registration and Inspections (DRI), Office of Communications and Engagement, Office of Economics and Risk Analysis, Office of Enterprise Risk Management, Office of International Affairs, Office of the Chief Auditor, and Office of the General Counsel to understand how the implementation of Workplace 2.0 has impacted organizational effectiveness, efficiency, productivity, and staff morale.
- Reviewing the results of an organizational employee engagement survey from June 2023.
- Considering research related to leading work model and policy information from a well-known consulting company and reviewing organizational alignment with best practices in remote work according to the consultant’s industry research and surveys.
- Performing detailed testing on staff acknowledgments of the Workplace 2.0 Policy.
- Performing limited detailed testing on the location of Office of Data, Security, and Technology (ODST) hardware.

- Reviewing OCOO’s lease assessment strategy and projections.

IOPA conducted this Review in conformance with the Institute of Internal Auditor’s *International Standards for the Professional Practice of Internal Auditing*.

## 1.2 Workplace 2.0 and Review Background

### Workplace 2.0 Background

In response to the impact of the COVID-19 pandemic, the PCAOB has undertaken a series of successful efforts to maintain organizational effectiveness and productivity while prioritizing employee health and safety and fostering staff morale and engagement.

At the onset of the COVID-19 pandemic, beginning in March 2020, the Board directed a “mandatory telework period” (MTP) for all staff. As the pandemic evolved, the Board adjusted the operating model and allowed for a “voluntary return to office” starting in April 2022. As the pandemic further evolved, the Board utilized a working group to consider a variety of longer-term operating models based on factors including employee feedback and surveys, consultant guidance, and discussions with comparable federal government entities and not-for-profit organizations. These efforts culminated in the November 1, 2022, implementation of Workplace 2.0.

Workplace 2.0 “allows for hybrid work, where most staff may work primarily from a location other than a PCAOB physical office if they so choose,” and “applies to all full-time and part-time staff of the PCAOB, including interns and fellows.”<sup>1</sup> The Workplace 2.0 Policy requires all staff to be affiliated with either a physical PCAOB office, an “assigned location” (for staff who were previously affiliated with former satellite offices, following the closure of those offices), or a “home-office” (for the small number of PCAOB staff who were already designated as full-time remote staff).<sup>2</sup>

Workplace 2.0 also provides for required “Intentional Gatherings,” which are described as “specified times where leadership and staff are scheduled to intentionally gather at their assigned office or location [or alternate business location, if designated] to coordinate meaningful in-person time together.”<sup>3</sup> These gatherings “can be scheduled at the discretion of D/O Directors, but should not be held for those activities that can be performed as efficiently in a virtual environment, such as regular staff meetings, one-on-one discussions, independent work, etc.”<sup>4</sup> Intentional Gatherings can include but “are not limited to training, hearings, inspections, major project-specific meetings (kick-offs), or conferences.”<sup>5</sup> The Workplace 2.0 Policy notes that “staff are free to live and work anywhere within the United States; however, staff, including staff who move away from their assigned office or location, will be responsible for ensuring attendance at Intentional Gatherings at their assigned office or location at the staff’s own expense, unless otherwise required by state law.”<sup>6</sup>

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<sup>1</sup> PCAOB’s Workplace 2.0 Policy (“Workplace 2.0 Policy”) (internally available for PCAOB staff) (Sept. 26, 2022).

<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

<sup>5</sup> Intentional Gathering Frequently Asked Questions (internally available for PCAOB staff) (as of May 28, 2024).

<sup>6</sup> Workplace 2.0 Policy.

## Review Background

This Review is the first time IOPA has performed a comprehensive audit of Workplace 2.0. In 2022, during MTP and prior to the inception of Workplace 2.0, IOPA performed a limited review of organizational planning efforts over the post-pandemic Return to Office work model; IOPA's results were reported to the Board.

## 1.3 Review Opinion

IOPA's Review of the Workplace 2.0 operating model revealed a high degree of satisfaction among D/O leadership and PCAOB staff, and the policy appears to sufficiently meet organizational needs. IOPA identified many beneficial organizational impacts of Workplace 2.0 in the risk areas covered by the Review, including operational continuity and effectiveness; staff acquisition, retention, and morale; employee health and safety; data access and protection; and long-term lease assessment (see Section 1.3.1).

Notably, IOPA did not identify any formal observations that require a response by management. Nonetheless, IOPA is highlighting for consideration by the Board and D/O leadership certain insights gained during the Review (see Section 1.3.2).

### 1.3.1 Workplace 2.0 Benefits

IOPA notes several benefits from Workplace 2.0, including as to operational continuity and effectiveness; staff acquisition, retention, and morale; employee health and safety; data protection and access; and long-term lease assessment.

Risk Area	Workplace 2.0 Benefits
Operational Continuity and Effectiveness	Workplace 2.0 has enhanced aspects of organizational productivity, due to factors including time saved on commuting and travel, increased ease of communication and enhanced availability of staff; and effective implementation of up-to-date, collaborative technology tools.
Staff Acquisition, Retention, and Morale	Flexibility afforded by Workplace 2.0 has benefitted staff recruiting efforts, retention, and morale.
Employee Health and Safety	COVID-19 Health and Safety Policy has effectively mitigated risk through consideration of public health guidance and employee health and safety. In addition, Workplace 2.0 has enhanced organizational resiliency through further staff dispersion, including less in-office concentration of staff at any given time.
Data Protection and Access	ODST has maintained a proactive, continual approach to support organizational data access, connectivity, hardware, and software needs.
Long-Term Lease Assessment	OCOO has undertaken a proactive, well-reasoned approach to beneficially align the PCAOB's long-term lease strategy with organizational needs under Workplace 2.0.

### 1.3.2 Risk Areas to Consider for Workplace 2.0 Enhancement

IOPA offers for consideration by the Board and D/O leadership several areas that IOPA believes could further enhance the PCAOB’s Workplace 2.0 module.

Risk Area	Enhancements for Consideration
Operational Continuity and Effectiveness	Further socialize existing camera usage “best practice” guidelines.
	Continue to assess approach to Intentional Gatherings.
	Continue to assess requirements surrounding voluntary travel.
	Continue to enhance efforts to onboard and integrate new staff in a hybrid operating model.
	Continue to critically evaluate staff “essential worker” designations.
Employee Health and Safety	Continue to routinely reassess COVID-19 Health and Safety Policy to ensure alignment with the evolving state of COVID-19 and recommendations from public health authorities.
Data Protection and Access	Continue to assess process improvements to the Off Boarding and Asset Reclamation Workflows.
	Allocate ODST budget (in conjunction with other ODST efforts) to support redesigning existing PCAOB conference rooms and newly leased office spaces to meet evolving technology needs.

### 1.3.3 Review Support

IOPA thanks all personnel who supported this Review, both at the senior management and staff operating level, for their courtesy and cooperation throughout this assessment.