

July 22, 2025

By Electronic Mail

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

Dear Chair Atkins and Commissioners Peirce, Crenshaw, and Uyeda:

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) Program Review Report: *Office of International Affairs* (July 2025). The Board formed IOPA in 2004 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 (“Review”) in conformance with the Institute of Internal Auditors’ *Global Internal Audit Standards*.

As the attached summary report sets forth, IOPA’s Review objective focused on evaluating the efficiency, effectiveness, and integrity of the Office of International Affairs’ (OIA) operations in fulfilling the international component of the PCAOB’s investor protection mission. The scope of IOPA’s Review included the policies, guidance, and operating procedures in place as of May 2025.

IOPA’s Review found that OIA’s core processes have been and continue to be essential to successfully accomplishing the PCAOB’s oversight of non-U.S. registered public accounting firms that audit or play a substantial role in the audits of U.S. issuers and broker-dealers, and that OIA has policies and procedures in place that efficiently and effectively support the international component of the Board’s investor protection mission.

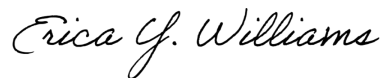
During the Review, IOPA identified certain enhancement opportunities to help enrich OIA’s support of the organization. In sum, IOPA recommends that OIA continue to assess and, as appropriate, enhance OIA’s processes and documentation, including but not limited to optimization in three specific areas: (1) memorialize country-specific details and nuances, with updates to be assessed at least annually; (2) for interactions with foreign regulators, OIA leadership: (a) analyze OIA’s routine internal engagements with PCAOB staff, inclusive of OIA seeking and incorporating direct feedback from PCAOB Divisions and Offices (D/O); and (b) formalize when and how OIA routinely engages D/O staff within OIA’s processes; and (3) for significant types of written work product (*i.e.*, those shared with Board

Groups and/or other D/Os), OIA leadership: (a) analyze the sufficiency of the detail and length, inclusive of OIA seeking and incorporating direct feedback from D/Os and Board Groups; and (b) formalize a requirement for internal review prior to circulation outside of OIA.

The Board has reviewed IOPA's recommendations and OIA management's responses thereto 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 29, 2025. Please feel free to contact the Director of IOPA, Michael Weigand, at (202) 591-4659 if you have any questions or would like any additional information about the Review.

Sincerely,



Erica Williams
Chair

Enclosure: IOPA's Summary Program Review Report: *Office of International Affairs* (July 2025)

Office of Internal Oversight and Performance Assurance

Program Review: *Office of International Affairs* Summary Report (July 2025)

1. Executive Summary

As detailed herein, from February 2025 through May 2025, the Public Company Accounting Oversight Board's (PCAOB or "Board") Office of Internal Oversight and Performance Assurance (IOPA) conducted a program review that assessed the policies, guidance, and operating processes and practices of the organization's Office of International Affairs (OIA or the "Office") ("Review").

Section 106(a)(1) of the Sarbanes-Oxley Act of 2002¹ (as amended,² "SOX" or the "Act") and PCAOB Rule 2100³ extend PCAOB oversight to non-U.S. registered public accounting firms that audit or play a substantial role in the audits of U.S. issuers and broker-dealers, in the same manner and to the same extent as U.S. registered public accounting firms.⁴ As such, dating back to inception, the PCAOB's oversight mandate – inclusive of registration, inspections, enforcement, and standard-setting – has maintained an international focus.⁵ For example, within the first year of the PCAOB's January 2003 opening, the Board hired international affairs staff;⁶ shortly thereafter, the Board established OIA as a standalone office responsible for international affairs. Similarly, after discussions dating back to 2003,⁷

¹ "Any foreign public accounting firm that prepares or furnishes an audit report with respect to any issuer, shall be subject to this Act and the rules of the Board and the Commission issued under this Act, in the same manner and to the same extent as a public accounting firm that is organized and operates under the laws of the United States or any State, except that registration pursuant to section 102 shall not by itself provide a basis for subjecting such a foreign public accounting firm to the jurisdiction of the Federal or State courts, other than with respect to controversies between such firms and the Board."

² For example, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank Act") gave the PCAOB oversight of auditors of broker-dealers registered with the U.S. Securities and Exchange Commission (SEC).

³ SOX Section 106(a)(2) noted that "The Board may, by rule, determine that a foreign public accounting firm (or a class of such firms) that does not issue audit reports nonetheless plays such a substantial role in the preparation and furnishing of such reports for particular issuers, brokers, or dealers, that it is necessary or appropriate, in light of the purposes of this Act and in the public interest or for the protection of investors, that such firm (or class of firms) should be treated as a public accounting firm (or firms) for purposes of registration under, and oversight by the Board in accordance with, this subchapter."

PCAOB Rule 2100 requires the registration of each public accounting firm that prepares or issues any audit report with respect to any issuer, broker, or dealer, or plays a substantial role in the preparation or furnishing of an audit report with respect to any issuer, broker, or dealer.

⁴ [PCAOB Release No. 2004-005](#), *Final Rules Relating to the Oversight of Non-U.S. Public Accounting Firms* (June 9, 2004); see [Board Member Botic's Speech to 2025 Audit Conference, Chartered Accountants of Australia and New Zealand](#) (May 21, 2025).

⁵ See, e.g., [PCAOB Release No. 2003-020](#), *Briefing Paper: Oversight of Non-U.S. Public Accounting Firms* (Oct. 28, 2003).

⁶ [PCAOB's 2003 Annual Report](#).

⁷ PCAOB Release No. 2003-020 ("Over the past several months, the [PCAOB] has been engaged in a constructive dialogue with many of its foreign counterparts concerning these reforms and the possible development of a cooperative arrangement for the oversight of accounting firms that audit companies whose securities trade in public markets," as of Oct. 28, 2003).

the PCAOB's Division of Registration and Inspections (DRI) undertook inspections of the first non-U.S. registered firms beginning in 2005.⁸

According to a 2005 speech by former PCAOB Chair William J. McDonough, "oversight of the audits of U.S. public companies conducted by non-U.S. firms poses unique challenges."⁹ Therefore, OIA has been "at the forefront of [the PCAOB's] cooperation and collaboration with non-U.S. regulators to facilitate [the organization's] international inspection and enforcement activities."¹⁰

1.1. Program and Review Background

Program Background

OIA leadership and staff routinely collaborate with and support Board Members, Board staff, and other PCAOB Divisions/Offices (D/Os), including DRI, the Division of Enforcement and Investigations (DEI), and the Office of the General Counsel (OGC). At present, OIA is staffed with one Director and eight staff members, which is generally consistent with historic OIA headcount.¹¹

OIA supports the PCAOB in carrying out its mission to protect investors and further the public interest in the preparation of informative, accurate, and independent audit reports. This includes OIA's engagement with non-U.S. audit oversight regulators on both bilateral and multilateral bases supportive of the Board's cooperative approach to regulating registered accounting firms that operate in the global capital markets. OIA also brings Board Members' perspectives to the PCAOB's engagement with global stakeholders, sharing expertise and experiences regarding key advancements and topics in global audit oversight with the goal of improving audit quality.

Additionally, supported by OIA, PCAOB leadership and staff have historically participated actively in the International Forum of Independent Audit Regulators (IFIAR)¹² and other international organizations,¹³ which provide Board members and staff with opportunities to engage directly with global counterparts, including sharing information about PCAOB regulatory developments that may impact foreign jurisdictions. Further, led by OIA, the PCAOB annually hosts an International Institute on Audit

⁸ See [PCAOB Release No. 2008-007](#), *Rule Amendments Concerning the Timing of Certain Inspections of Non-U.S. Firms, and Other Issues Relating to Inspections of Non-U.S. Firms* (Dec. 4, 2008); [U.S. Securities and Exchange Commission \(SEC\) Release No. 34-50291](#), *Order Approving Proposed Rules Relating to Oversight of Non-U.S. Registered Public Accounting Firms* (Aug. 30, 2004).

⁹ [Remarks of Chair McDonough to Financial Executives International Current Financial Reporting Issues Conference](#) (Nov. 18, 2005); see, e.g., [PCAOB Release No. 2009-003](#), *Final Rule Concerning the Timing of Certain Inspections of Non-U.S. Firms, and Other Issues Relating to Inspections of Non-U.S. Firms* (June 25, 2009); PCAOB Release 2008-007.

¹⁰ [PCAOB's 2022-2026 Strategic Plan](#).

¹¹ This excludes one OIA Assistant Director who began a one-year rotation serving as Counsel to a Board Member on March 1, 2025.

¹² Created in 2006, IFIAR membership consists of 56 independent audit regulators from around the globe. IFIAR provides a forum for independent audit regulators to share knowledge and experiences, with a focus on inspections of auditors and audit firms. The PCAOB has held leadership positions in IFIAR since first joining the organization in 2007.

¹³ The PCAOB is also involved in several international organizations whose work relates to aspects of the PCAOB's responsibilities, including the Consultative Advisory Groups of the International Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants. OIA also facilitates *ad hoc* PCAOB participation in meetings of other international organizations, including, for example, the Committee of European Audit Oversight Bodies and in cross-border financial regulatory dialogues led by the U.S. Department of Treasury.

Regulation (the “Institute”),¹⁴ which provides the PCAOB with international engagement opportunities without foreign travel costs.

Many non-U.S. authorities have required the PCAOB to enter into cooperative agreements prior to allowing the organization to conduct inspections and investigations in the respective foreign jurisdictions; OIA has been and remains responsible for negotiating relevant Statements of Protocol (SOPs) and Data Protection Agreements (DPAs) on behalf of the PCAOB. For example, at Board direction, OIA has negotiated 28 SOPs with non-U.S. regulators,¹⁵ including:

- 14 SOPs with foreign regulators during the PCAOB’s first decade (through 2012);
- 12 SOPs during the PCAOB’s second decade (2013 through 2022), including a historic 2022 SOP between the PCAOB and the Chinese regulatory bodies; and
- two SOPs to date during the PCAOB’s third decade (both during 2025).

As needed throughout the years, OIA staff has also negotiated numerous amendments to SOPs, including to reflect the enactment of the Dodd-Frank Act and changes in foreign laws.

Further, on behalf of the PCAOB, OIA has negotiated 17 DPAs with European audit regulators related to the European Union’s General Data Protection Regulation (GDPR),¹⁶ including obtaining the European Data Protection Board’s (EDPB) approval for the PCAOB’s first GDPR-compliant DPA (which formed the template for subsequent agreements between the PCAOB and European regulators).¹⁷ OIA continues to engage with foreign regulators in trying to reach additional SOPs and DPAs. Additionally, OIA is responsible for coordinating with the European Commission and European audit regulators on the periodic issuance of a required “Adequacy Decision,” which allows European audit regulators to provide the PCAOB with access to audit documentation received from European audit firms.¹⁸

As of July 2025, the PCAOB has conducted inspections in 58 non-U.S. jurisdictions and issued enforcement orders in 33 non-U.S. jurisdictions. OIA staff’s efforts to advance relationship-building and negotiate cooperative agreements with additional foreign regulators are ongoing.

¹⁴ The PCAOB established the Institute in 2007 to provide audit regulators from around the world an opportunity to learn about approaches to auditor oversight that serve to protect the interests of investors and increase the quality of audits. In 2015, the Institute’s focus changed to promote thought leadership and the sharing of experiences regarding key advancements and issues in global audit oversight.

In October 2024, the PCAOB hosted the 16th International Institute on Audit Regulation, entitled “Raising the Bar for Audit Quality.” Nearly 90 officials from audit regulators in 40 non-U.S. jurisdictions attended, as well as officials from several international organizations.

¹⁵ [PCAOB Cooperative Arrangements with Non-U.S. Regulators](#) (as of July 11, 2025).

¹⁶ *Id.* Before the GDPR went into effect in 2018, OIA had negotiated country-specific DPAs with most European regulators that focused on country-specific data protection legislation and requirements. These agreements were superseded by the GDPR-compliant agreements negotiated by OIA after 2020.

¹⁷ [Opinion 05/2021 on the Draft Administrative Arrangement for the Transfer of Personal Data between Haut Conseil du Commissariat aux Comptes and PCAOB](#) (Feb. 2, 2021).

¹⁸ See, e.g., [European Commission Implementing Decision 2022/1297](#) (July 22, 2022).

In sum, OIA's program includes the following four core processes, each of which plays an important role in facilitating access for the PCAOB's oversight functions over foreign registered accounting firms:

- (1) Establishing and maintaining bilateral and multilateral relationships with non-U.S. authorities;
- (2) Facilitating the PCAOB's participation in the activities and work streams of IFIAR;
- (3) Conducting various outreach activities (*e.g.*, the Institute); and
- (4) Providing internal support and advice to the Board and staff on cross-border issues.

Review Background

This Review is the first time IOPA has undertaken a focused, risk-based assessment of OIA. IOPA's last significant review that involved OIA primarily focused on DRI's International Inspections processes.¹⁹

Following increased international activity in recent years, including the passage and implementation of the Holding Foreign Companies Accountable Act,²⁰ IOPA considered the present to be an opportune time to evaluate the efficiency and effectiveness of OIA's policies, guidance, and operating processes and practices.

1.2. Review Objective and Scope

Objective

Consistent with IOPA's Charter and IOPA's 2025 Internal Review Plan, IOPA's Review objective focused on evaluating the efficiency, effectiveness, and integrity of OIA's operations in fulfilling the international component of the PCAOB's investor protection mission.

Scope

The scope of IOPA's Review included the policies, guidance, and operating procedures in place as of the time of the Review. IOPA's work included assessing and evaluating key processes related to the PCAOB's access to non-U.S. registered public accounting firms' information and personnel and relationships with non-U.S. audit regulators.

Following a risk-based evaluation conducted prior to and continuously updated during Review fieldwork, IOPA's Review procedures included:

- Obtaining an understanding of the processes, staff, and systems involved in OIA's program; and
- Considering the adequacy of policies, guidance, and procedures that govern OIA's operations.

IOPA completed these Review procedures via procedural walkthroughs and follow-up inquiries, interviews and surveys with OIA leadership and staff, interviews with employees of other D/Os who collaborate with OIA, discussions with Board Members, and document review.

IOPA conducted this Review in conformance with the Institute of Internal Auditor's *Global Internal Audit Standards*.

¹⁹ [Performance Review: PCAOB's International Inspections](#) (Dec. 4, 2009).

²⁰ [Pub. L. No. 116-222, 134 Stat. 1063](#) (Dec. 18, 2020).

1.3. Review Opinion

The PCAOB's oversight of non-U.S. registered public accounting firms that audit or play a substantial role in the audits of U.S. issuers and broker-dealers dates to the passage of SOX in 2002 and the Dodd-Frank Act in 2010, respectively. IOPA's Review found that OIA's four core processes have been and continue to be essential to successfully accomplishing the PCAOB's mandate, and that OIA has policies and procedures in place that efficiently and effectively support the international component of the Board's investor protection mission.

In IOPA's opinion, OIA leadership and staff exhibited appropriate recognition of and support for the organization's mission, vision, and values. OIA's staff is generally regarded to be highly knowledgeable, long-tenured, experienced, and professional. Given the complexity and uniquely specialized nature of OIA's work, the PCAOB and OIA rely heavily on the experience, judgment, and institutional knowledge of the Office's staff.

During the Review, IOPA identified certain enhancement opportunities that it believes will help OIA enrich its contributions to the organization. Section 1.3.1 (below) summarizes the Review observations on a risk scale, which is described in Appendix A - IOPA's Risk Rating Legend.

1.3.1 Summary of Observations

| Observation Summary and Recommendations | Rating | Responsible Party | Target Date |
|--|--------|-------------------|-------------|
| <p>Continue Enhancing OIA's Processes and Documentation</p> <p>While recognizing direct benefits from steps taken by OIA in recent years to preserve institutional knowledge and drive consistency, IOPA identified opportunities to continue enhancements of OIA's processes and documentation that will provide continued benefit, including addressing the risks of key-person dependencies and related impacts to operational effectiveness that are inherent with relatively small, specialized, senior teams like OIA.</p> <p>IOPA recommends that OIA continue to assess and, as appropriate, enhance OIA's processes and documentation, including but not limited to optimization in three specific areas:</p> <ul style="list-style-type: none">(1) memorialize country-specific details and nuances, with updates to be assessed at least annually;(2) for interactions with foreign regulators, OIA leadership:<ul style="list-style-type: none">(a) analyze OIA's routine internal engagements with D/O staff, inclusive of OIA seeking and incorporating direct feedback from D/Os; and (b) formalize when and how OIA routinely engages D/O staff within the Office's processes; and | Low | OIA Director | Q2 2026 |

| Observation Summary and Recommendations | Rating | Responsible Party | Target Date |
|--|--------|-------------------|-------------|
| (3) for significant types of written work product (<i>i.e.</i> , those shared with Board Groups and/or other D/Os), OIA leadership: (a) analyze the sufficiency of the detail and length, inclusive of OIA seeking and incorporating direct feedback from D/Os and Board Groups; and (b) formalize a requirement for internal review within OIA prior to circulation outside of the Office. | | | |

1.3.2 Risk Category Distribution

IOPA found that risks identified during the Review were operational in nature.



1.3.3 Leading Practices

IOPA found consistent respect and support for OIA leadership and staff throughout the organization. Many attributed the PCAOB's global successes with the diplomatic and subject matter expertise of OIA. IOPA noted a high degree of professionalism across OIA, with constructive collaboration both within the Office and with cross-functional D/Os. Others outside of the PCAOB have also offered significant support for the organization's international work via OIA.²¹

PCAOB Board Members provided IOPA with uniformly positive support for OIA leadership and staff. Board Members informed IOPA, and have publicly recognized,²² that OIA's work has continued to align with the Board's strategic perspective and that OIA staff are exceedingly professional and supportive of the PCAOB's mission.

²¹ See, e.g., [Reuters Article: European Audit Regulators Warn: Eliminating PCAOB Will Have Adverse Consequences](#) (June 16, 2025) ("In many ways, [the PCAOB's] work has become the benchmark for independent auditor oversight worldwide," CEAOB Chair Prodromides wrote. "The PCAOB is also a long-standing and trusted counterpart authority for bilateral cooperation with EU audit regulators").

²² See, e.g., Board Member Botic's May 21, 2025 Speech; [Chair Williams' Press Release regarding Execution of Chinese SOP](#) (Aug. 26, 2022).

IOPA further noted that OIA leadership and staff have made strides in recent years to update existing documentation, memorialize information not previously detailed in writing, and develop templates and guidance documents. In choosing to commit resources to doing so, OIA leadership has focused on the benefits of sharing and preserving significant institutional knowledge while also driving consistency. During Review fieldwork, IOPA identified direct benefits resulting from these efforts.

OIA's activity in recent years has also included an active continuation of establishing and maintaining cooperative agreements with foreign regulators, including completing complex negotiation of GDPR-compliant DPAs,²³ amending and updating existing SOPs to reflect changes in foreign laws, and entering into first-time cooperative arrangements with new jurisdictions.²⁴ Continued access in Europe for PCAOB inspections and investigations also has depended on OIA's successful engagement with European Union-level institutions including the European Commission, the Committee of European Auditing Oversight Bodies and the EDPB.²⁵ Continued outreach activities with IFIAR and the Institute have further served to successfully promote the Board's mission and focus.

1.3.4 Management Response Summary

OIA provided responses indicating a commitment to actions that are responsive to our recommendations.

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

²³ See, e.g., Opinion 05/2021 on the Draft Administrative Arrangement for the Transfer of Personal Data between Haut Conseil du Commissariat aux Comptes and PCAOB; PCAOB Cooperative Arrangements with Non-U.S. Regulators.

²⁴ [Statement of Protocol with Slovak Republic Audit Regulator](#) (May 5, 2025); [Statement of Protocol with Romanian Audit Regulator](#) (Mar. 4, 2025).

²⁵ See, e.g., Commission Implementing Decision 2022/1297 of 22 July 2022; Opinion 05/2021 on the Draft Administrative Arrangement for the Transfer of Personal Data between Haut Conseil du Commissariat aux Comptes and PCAOB.

Appendix A – Risk Classification and Definitions

Effective 1/1/25

The legend below provides the reader with further perspective of the degree of risk and related color-coded risk rating that IOPA attributes to each review observation.

IOPA used its professional judgment in determining the overall ratings presented in this report, which is intended to provide management with information about the condition of risks and internal controls at a point in time.

| | |
|-----------------|---|
| High | <p>The degree of risk is unacceptable and poses a significant level of financial, compliance, or operational risk to the organization that may result in critical impact(s) or exposure(s) to the PCAOB, and/or its ability to achieve its strategic or operational objectives.</p> <p>As such, complete remediation is generally required on a highest priority basis.</p> |
| Moderate | <p>The degree of risk is undesirable and poses a moderate financial, compliance, or operational risk to the organization that may result in notable impact(s) or exposure(s) to the PCAOB, and/or its ability to achieve its strategic or operational objectives.</p> <p>As such, complete remediation is generally required on a medium priority basis.</p> |
| Low | <p>The degree of risk appears reasonable and/or may result in minimal impact(s) or exposure(s) to the PCAOB, and/or its ability to achieve its strategic or operational objectives, but there are opportunities to further reduce risk through improvements to existing policies, procedures, and/or operations.</p> <p>As such, on a lower priority basis, management should take actions to reduce the risks to the organization.</p> |