



May 7, 2026

By Electronic Mail

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

Dear Chairman Atkins and Commissioners Peirce 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 or “Office”) Review Report: *Internal Control over Financial Reporting (ICFR) Program Review (April 2026)*. 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*.

Consistent with IOPA’s Charter and Internal Audit Plan, IOPA’s Review objective focused on evaluating the effectiveness and efficiency of the PCAOB’s Internal Control over Financial Reporting (ICFR) Program, which is designed to provide reasonable assurance regarding the design and operating effectiveness of control activities and the accuracy, reliability, and integrity of the PCAOB’s financial reporting. The scope of IOPA’s Review covered the 2024 ICFR cycle.

As the attached summary report sets forth, IOPA’s Review found the ICFR Program to be well organized and effectively managed, with thorough control documentation, thoughtful assessment procedures, and transparent exception reporting. IOPA also noted effective control execution, with minimal control deficiencies and no significant deficiencies or material weaknesses identified in recent years. Further, IOPA recognized that the ICFR Team appropriately employs a risk-based approach to control testing that aligns with the PCAOB’s relatively straightforward accounting processes and elevated reputational risk.

IOPA found select areas within ICFR Program documentation and guidelines that should be enhanced and/or more clearly documented to ensure the continuing performance of key procedures is captured in sufficient detail and aligns with recognized frameworks and best practices. IOPA recommends that the ICFR Team conduct a formal analysis to ensure that all procedures performed pursuant to Program documentation are documented, updated, and/or aligned with the Committee of Sponsoring Organizations of the Treadway Commission’s (COSO) 2013 *Internal Control – Integrated*

Framework, for ultimate consideration by the Board. IOPA also recommends that the ICFR Team document their sample selection method within the ICFR Testing Guidelines to establish the expectation that control testing samples are selected randomly and free from bias.

The Board has reviewed IOPA's recommendation and management's response 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 May 14, 2026. 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,



Demetrios (Jim) Logotheitis
Chairman

Enclosure: IOPA's Summary Report: *Internal Control over Financial Reporting (ICFR) Program Review* (April 2026)



PCAEOB

PUBLIC COMPANY ACCOUNTING
OVERSIGHT BOARD

Office of Internal Oversight and Performance Assurance

Internal Control over Financial Reporting (ICFR) Program Review

Summary Report

April 2026

CONTENTS

- 1. Executive Summary2**
 - 1.1 Program and Review Background.....2
 - 1.2 Review Objective and Scope.....4
 - 1.3 Review Opinion.....4
- Appendix A – The IIA’s Three Lines Model8**

1. Executive Summary

As detailed herein, from September 2025 through January 2026, the Public Company Accounting Oversight Board’s (PCAOB or “Board”) Office of Internal Oversight and Performance Assurance (IOPA or “Office”) conducted a review (“Review”) of the organization’s Internal Control over Financial Reporting (ICFR) Program (“ICFR Program” or “Program”). The Program incorporates the PCAOB’s annual ICFR assessment, which is designed to provide reasonable assurance regarding the design and operating effectiveness of control activities and the accuracy, reliability, and integrity of the PCAOB’s financial reporting. The PCAOB’s financial reporting management, including the Chief Operating Officer (COO) and the Chief Financial Officer, under the direction of the PCAOB Chairman (collectively, “Financial Reporting Management”), is responsible for establishing and maintaining adequate internal control over financial reporting.¹

Facilitated by three full-time staff members (the PCAOB’s “ICFR Team”), Program work occurs throughout each year and includes a materiality calculation, a financial risk assessment, process narrative updates, internal control testing, and reporting of results to Financial Reporting Management and the Board. These procedures are: (1) intended to align with the Committee of Sponsoring Organizations of the Treadway Commission’s (COSO) 2013 *Internal Control – Integrated Framework* (“2013 COSO Framework”), to which the ICFR Team annually conducts a mapping (“COSO Mapping”); and (2) documented for Board review on an annual basis in a *Scope of and Approach to Management’s Assessment of Internal Control over Financial Reporting Board Advice Memorandum* (“Scope and Approach Memo”). The ICFR Team also outlines their general approach to internal control testing in the Program’s *ICFR Internal Control Testing Guidelines* (“ICFR Testing Guidelines”), which includes testing techniques and periods, sampling, result interpretations, workpaper preparation best practices, and document retention practices.

Ultimately, the results of the ICFR Program’s assessment and testing inform Financial Reporting Management regarding the adequacy and operation of the PCAOB’s internal control over financial reporting.

1.1 Program and Review Background

Program Background

Each staff member of the ICFR Team is highly experienced and credentialed in relevant areas (i.e., Certified Public Accountant, Certified Fraud Examiner, and Certified Information Systems Auditor). Additionally, each year, four to five independent PCAOB Division of Registration and Inspections (DRI) inspectors with expertise in either financial controls or Information Technology General Controls (ITGCs) serve as temporary resources to perform control testing.² The ICFR Team primarily facilitates the control testing performed by DRI inspectors by performing the financial risk assessment, obtaining process narratives, preparing control test plans, and obtaining supporting documentation.³ DRI inspectors independently review the narratives and supporting documentation to complete the test plans and conclude on control test results. The ICFR Team then compiles and reports on those results to the Board, detailing any deficiencies identified by DRI inspectors. Further, because the organization’s external auditor typically represents that it intends to rely on the PCAOB’s internal testing of controls in their

¹ See Financial Reporting Management’s Report on Internal Control Over Financial Reporting in the [2024 PCAOB Annual Report](#).

² These DRI inspectors maintain reporting lines that separate them from Financial Reporting Management’s decision making and transaction processing over the business processes being tested.

³ Outside the period DRI inspectors are scheduled to perform test work, the ICFR Team tests and documents select controls, including certain annual controls and issuer/broker-dealer funding controls.

integrated financial statement audit, the ICFR Team provides the external audit team with all DRI inspector test work upon completion.

For the 2024 Program cycle,⁴ process owners within PCAOB Divisions and Offices (D/Os) identified 166 key controls over 18 process narratives across the organization and attested to their design effectiveness, including financial controls, ITGCs, End-User Computing (EUC) spreadsheet controls, and Entity-Level Controls (ELCs) as illustrated in Figure 1 below.

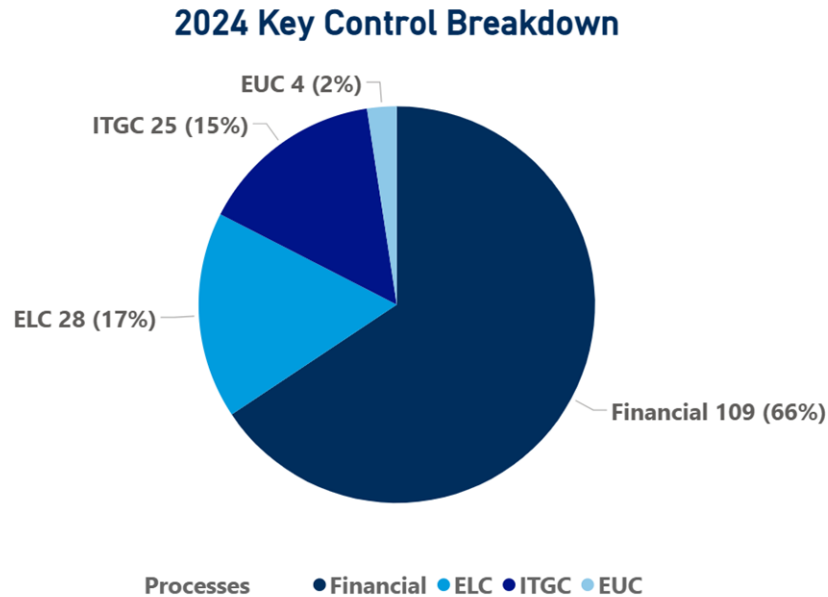


Figure 1

In accordance with their standard practices, the ICFR Team tracked each process area and its underlying identified financial reporting risks and controls in a Risk-Control Matrix that documents an organizational overview of controls and assists in facilitation of the ICFR Program. Additionally, the ICFR Team followed their standard practice in utilizing a risk-based approach⁵ to control testing.

Review Background

This Review provided IOPA the ability to assess and gain comfort with the wide-ranging financial and system controls that are relied upon in addressing risks within the PCAOB’s financial operations and reporting. IOPA regards a review of this functional area as meriting an approximate five-year rotation, exclusive of the activity’s risk rating, which aligns with IOPA’s last review of the ICFR Program in 2019-2020. IOPA identified (and achieved) benefits in becoming familiar with any changes in the PCAOB’s control structure since the Office’s last Review.

⁴ IOPA’s Review, initiated in September 2025, covered the 2024 ICFR cycle because interim control testing for the 2025 cycle did not begin until October 2025 and year-end control testing was not finalized until March 2026.

⁵ The ICFR Team performs a financial risk assessment in which it assigns risk ratings at the financial statement line item (FSLI) level. The risk ratings flow down to the underlying business processes and controls to drive the sample sizes required for control testing.

1.2 Review Objective and Scope

Objective

Because the ICFR Program is designed to provide reasonable assurance regarding the design and operating effectiveness of control activities and the accuracy, reliability, and integrity of the PCAOB's financial reporting, IOPA's Review sought to evaluate the Program for operational effectiveness and efficiency in support of this assurance.

To accomplish IOPA's objective, the Office:

1. Assessed the ICFR Program's structure, governance, roles, and responsibilities, including applying the Institute of Internal Auditors' (IIA's) "Three Lines" Model (see Appendix A);
2. Reviewed and evaluated for effectiveness and compliance relevant policies, procedures, and guidelines;
3. Identified and interviewed key stakeholders from Office of the COO, relevant process owners, DRI inspectors, and the Board;
4. Evaluated certain ICFR processes surrounding risk assessments, key control determination, deficiency determination, monitoring, reporting, and lessons learned;
5. Reperformed certain ICFR processes surrounding the materiality calculation and control testing and reviewed process owner certifications;
6. Assessed the processes involved with ITGCs and their relationship to the overall ICFR Program; and
7. Evaluated the ICFR Team's analysis supporting their recommendation to the Board for the appointment of the PCAOB's external auditor.

Scope

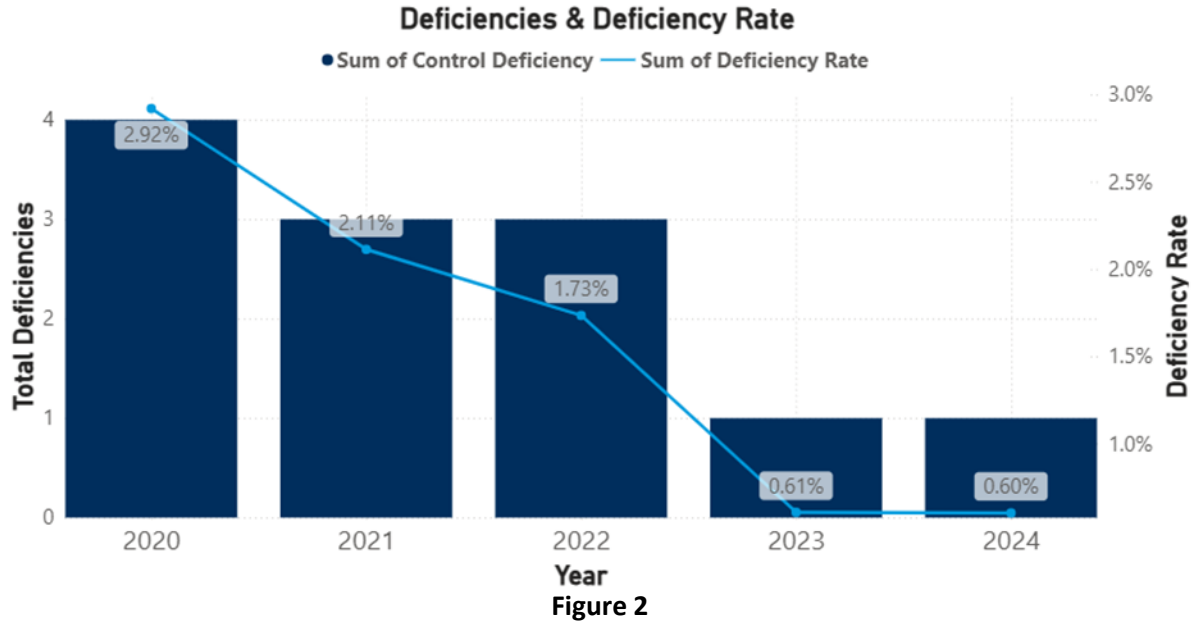
As noted above, the scope of IOPA's Review covered the 2024 ICFR cycle.

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

1.3 Review Opinion

IOPA's Review found the ICFR Program to be well organized and effectively managed, with thorough control documentation, thoughtful assessment procedures, and transparent exception reporting. The Office also recognized effective control execution, with minimal control deficiencies, low deficiency rates,⁶ and no significant deficiencies or material weakness in the past five years (see Figure 2). In fact, the Program has not encountered deficiencies classified as significant or greater since 2016. IOPA's Review examined areas related to control documentation and testing but did not identify any instances where the established test plan was underperformed or insufficiently planned.

⁶ IOPA calculated the annual deficiency rates shown in Figure 2 as the total number of control deficiencies identified in a given year divided by the total number of key controls present in that year, using data from 2020 through 2024 sourced from the ICFR Conclusion Memos.



In IOPA’s judgment, the PCAOB’s financial statements and underlying accounting processes are relatively straightforward. Therefore, the Office considered whether the rigor of the ICFR Program’s control documentation and testing approach aligns with the PCAOB’s relatively straightforward accounting processes. In finding that the ICFR Team effectively utilizes process owner resources to maintain control documentation and appropriately employs a risk-based approach to control testing, IOPA concluded that the rigor of the ICFR Program effectively aligns with the elevated reputational risk inherent in the PCAOB’s financial reporting,⁷ the relatively straightforward accounting processes, and the history of minimal control deficiencies in recent years.

Moreover, IOPA noted that the ICFR Team actively evaluates whether the Program’s effectiveness and efficiency are appropriately balanced. Should annual test cycles demonstrate different trends in control deficiencies, IOPA believes that the ICFR Team would adjust their Program efforts accordingly.

IOPA identified an enhancement opportunity that the Office believes will help the ICFR function enrich its support of the organization. Section 1.3.1 (below) summarizes the Review observation.

⁷ IOPA believes that the PCAOB, as a financial reporting audit regulator subject to public scrutiny, bears reputational risk that exceeds that of a commercial organization.

1.3.1 Summary of Observations

Title	Observation	Recommendation	Responsible Party / Target Date ⁸
1. Enhance Program Documentation and Guidelines	Although IOPA’s Review noted the ICFR Team’s generally effective achievement of Program objectives, IOPA found select areas within Program documentation and guidelines that should be enhanced and/or more clearly documented to ensure the continuing performance of key procedures is captured in sufficient detail and aligns with recognized frameworks and best practices.	IOPA recommends that the ICFR Team conduct a formal analysis to ensure that all procedures performed pursuant to the Scope and Approach Memo and/or COSO Mapping are documented, updated, and/or aligned with the 2013 COSO Framework, for ultimate consideration by the Board. IOPA also recommends that the ICFR Team document their sample selection method within the ICFR Testing Guidelines in order to establish the expectation that control testing samples are selected randomly and free from bias.	Acting Deputy Director, Financial Operations / Q2 2026

1.3.2 Risk Category Distribution

IOPA found that the enhancement opportunity identified during the Review was related to Program operations.



⁸ The identified target date is intended to represent the anticipated conclusion of all remedial components, although it may include earlier target dates for certain remedial components.

1.3.3 Leading Practices

IOPA found that the ICFR Team has implemented leading practices, including:

- Overall effective management of the ICFR Program, including updated procedures that allow for evolving maturity of the Program and organization; and
- Effective collaboration with stakeholders, including process owners, DRI, D/O management, and the Board.

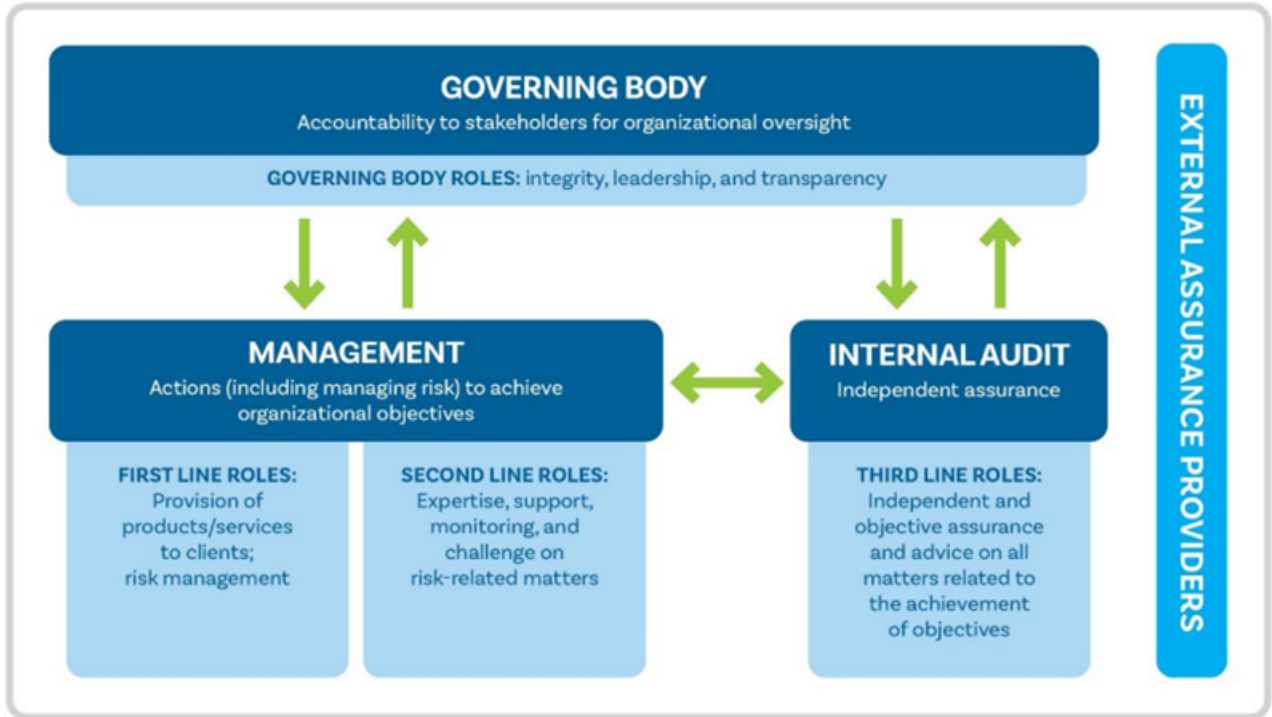
1.3.4 Management Response Summary

The ICFR Team provided responses indicating a commitment to actions responsive to IOPA's recommendations.

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

Appendix A – The IIA’s Three Lines Model

The IIA’s Three Lines Model



KEY: ↑ Accountability, reporting ↓ Delegation, direction, resources, oversight ↔ Alignment, communication, coordination, collaboration

Copyright © 2020 by The Institute of Internal Auditors, Inc. All rights reserved.