



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) Review Report: *PCAOB Scholars 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 key policies, guidance, processes, and controls related to the oversight and administration of the Scholars Program (“Scholars Program” or “Program”), including as to the third-party Administrator (“Administrator”) retained to support the Program. The scope of IOPA’s Review focused on the 2024-2025 academic year and included the policies, guidance, and operating procedures in place as of the time of the Review.

As the attached summary report sets forth, IOPA’s Review found that the PCAOB’s Office of Communications and Engagement (OCE) has implemented key policies, guidance, processes, and controls that effectively support the SOX-mandated Program. IOPA further identified three enhancement opportunities that can help enrich OCE’s execution of the Scholars Program.

First, IOPA identified certain errors in the compilation and use of the Scholars Program’s Eligible Institutions Report, which OCE uses to determine the academic institutions that meet the Program Document eligibility criteria. Additionally, the Eligible Institutions Report compilation process is not supported by documentation that sufficiently details Program procedures, data sources, or review steps. To help ensure that all nominations are correctly allocated, IOPA recommends that OCE: (1) update the design and compilation process for the Eligible Institutions Report, including incorporating remediation for the root cause of IOPA-identified mathematical errors, to ensure the report’s completeness and accuracy; (2) assess potential controls to be configured within the Administrator’s online portal system

to prevent nominating institutions from submitting more nominations than allotted, with documentation of OCE's assessment and resulting conclusions; and (3) formalize the Program's compilation process documentation for the Eligible Institutions Report, with a prospective goal of updating the documentation as needed going forward.

Second, IOPA identified inconsistencies between established documentation and actual practice, and related opportunities for greater effectiveness and efficiency, including as to: (1) the Administrator's performance of services; and (2) OCE's oversight of the Administrator. IOPA recommends that OCE implement review processes or other controls to enhance and document the Administrator's performance of services and OCE's oversight of the Administrator. IOPA also recommends that OCE request that the Administrator maintain Program funds so as to allow for the provision of PCAOB-specific bank statements upon request.

Finally, IOPA found select areas that would benefit from OCE's internal analysis and potential clarification, including but not limited as to the Program's: (1) restricted cash balance; and (2) eligibility criteria. IOPA recommends that, with ultimate consideration by the Board, OCE conduct an analysis of current practices to ensure that the Program aligns with desired criteria, perspectives, and planning, including as to: (1) future Scholars Program spending from PCAOB's designated cash balance; and (2) eligibility criteria.

The Board has reviewed IOPA's recommendations and OCE's 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 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) Logothetis
Chairman

Enclosure: IOPA's Summary Report: *PCAOB Scholars Program Review (April 2026)*



PCAEOB

PUBLIC COMPANY ACCOUNTING
OVERSIGHT BOARD

Office of Internal Oversight and Performance Assurance

PCAEOB Scholars Program Review: Summary Report

April 2026

CONTENTS

- 1. Executive Summary2**
- 1.1 Program and Review Background2
- 1.2 Review Objective and Scope4
- 1.3 Review Opinion5
 - 1.3.1 Summary of Observations and Recommendations5
 - 1.3.2 Risk Category Distribution7
 - 1.3.3 Leading Practices7
 - 1.3.4 Management Response Summary.....7

1. Executive Summary

As detailed herein, from July through November 2025, the Public Company Accounting Oversight Board's (PCAOB or "Board") Office of Internal Oversight and Performance Assurance (IOPA or "Office") conducted a review ("Review") that assessed key policies, guidance, processes, and controls related to the PCAOB's Scholars Program ("Scholars Program" or "Program").

Section 109(c)(2) of the Sarbanes-Oxley Act of 2002 (as amended, "SOX") provides that monetary penalties collected by the Board must be used to fund a merit scholarship program for undergraduate and graduate students enrolled in accredited accounting degree programs.¹ In 2011, with support from the currently named² Office of Economic and Risk Analysis (OERA), the Board established the PCAOB Scholars Program, which began issuing scholarships for the 2011-2012 academic year.³ Since the Program's inception in 2011, the PCAOB has retained a third-party administrator ("Administrator") to support the Scholars Program, including through the provision of cash management, nomination processing, and other administrative and program management-related services. In 2012, the Office of Communications and Engagement (OCE) assumed Scholars Program responsibilities from OERA and remains the PCAOB office responsible for Program administration.

The Scholars Program seeks to "benefit outstanding students who are likely to become auditors" and to "make a difference to eligible students who might otherwise pursue a different career path."⁴

1.1 Program and Review Background

Program Background

Upon the collection of monetary penalties, the PCAOB deposits the funds into interest-bearing, restricted cash or cash equivalent accounts designated to fund the Scholars Program.⁵ Under SOX Section 109(c)(2), the funds are subject to Congressional appropriations prior to distribution as PCAOB scholarships.

Annually, OCE submits for Board review and approval a foundational Program Document that outlines Program criteria and details, including the number of scholarships and amount being awarded. This Program Document provides a general overview and is updated annually (or on an as needed basis).

¹ SOX Section 109(c)(2) specifies that, "[s]ubject to the availability in advance in an appropriations Act ... all funds collected by the Board as a result of the assessment of monetary penalties shall be used to fund a merit scholarship program for undergraduate and graduate students enrolled in accredited accounting degree programs, which program is to be administered by the Board or by an entity or agent identified by the Board."

² Although numerous PCAOB Divisions and Offices (D/Os) have changed names throughout the years, IOPA's references to D/Os herein incorporate the current D/O names.

³ See [2025 PCAOB Scholars Program Document](#) ("Program Document"): Section 5, *Method of Selecting Nominating Institutions* ("The PCAOB has awarded scholarships for each academic year, beginning with the 2011-2012 academic year").

The Program Document outlines the Program overview, purpose and objectives, source of funds and determination of aggregate merit award, identification of Eligible Institutions, method of selecting nominating institutions, invitation procedures, nomination procedure, notification to nominating institutions, requirements and certification of nominees, flow of funds, tracking of expenditures, clawback contingencies, and periodic reporting from the Administrator to the PCAOB. A 2024 Program Document was the presiding document during IOPA's Review, but because no substantive changes exist between the 2025 and 2024 Program Documents, IOPA's references herein are to the publicly available 2025 version.

⁴ Program Document: Section 1, *Purpose and Objectives*.

⁵ 2025 Program Document: Section 3, *Overview of the Program* ("Funds authorized by Congress for disbursement have been placed in an interest-bearing account. Interest accrued on the balance will be used to pay some or all of the cost of the third-party administrator").

The Program Document is divided into sections; for ease of reference, IOPA incorporates relevant Section references and steps below.

- Section 2, Source of Funds and Determination of Aggregate Merit Award: To determine the total amount of available Program funds for each academic year, OCE calculates the appropriated prior year balance (as of December 31) and adjusts for funds returned to the PCAOB (e.g., any existing credits from prior years). The Aggregate Merit Award is a function of the maximum number of scholarships that can be awarded in an academic year and the individual scholarship award amount, which cannot exceed the total amount of funds available.
- Section 5, Method of Selecting Nominating Institutions: Utilizing data provided by OERA to prepare a report, OCE determines which academic institutions meet the eligibility criteria defined in the Program Document (“Eligible Institutions”). Eligible Institutions are stratified into groups based on academic accreditations and the number of reported undergraduate accounting degrees to determine the number of student nominations that the invited institution (“Nominating Institution”) may submit, subject to the total of appropriated, available funds.
- Section 6, Invitation Procedures: Once OCE has identified the Eligible Institutions and the corresponding number of allowed student nominations, OCE coordinates with the Administrator to invite designated contacts at each Eligible Institution (“Representatives”) to submit student nominations within the Administrator’s online portal. Eligible Institutions that confirm their participation in the Program receive a link to the online portal for nomination submissions.
- Section 9, Requirements and Certification of Nominees: Within the Administrator’s online portal, Representatives of Nominating Institutions select students to receive scholarship awards (“Nominated Student”) and each completes a portion of the online nomination form, including certification of compliance with the eligibility criteria. Within the portal, Nominated Students also certify compliance with eligibility criteria and upload transcripts and resumes for review.
- Section 10, Flow of Funds: OCE reviews the submissions for each Nominated Student for compliance with Program requirements. Once OCE has confirmed compliance, according to IOPA’s fieldwork, the Administrator invoices the PCAOB for the total amount of scholarship funds to be distributed for the academic year, less any existing credits from prior year activity. The Administrator then disburses Program funds.⁶
- Section 11, Tracking of Expenditures and Clawback Contingencies: The Administrator tracks deposits and expenditures with accounting software, from which it reports to the PCAOB a quarterly balance that helps ensure the proper distribution of award funds and proper accounting for returned funds.⁷
- Section 12, Periodic Reporting to the PCAOB: The Administrator also provides periodic compliance reports to the PCAOB.

⁶ Funds are distributed electronically directly to the Nominating Institutions or via a check sent to the Nominated Student. Checks are made payable to the Nominated Student’s institution, which IOPA identified as a powerful control for ensuring Program funds are used only for the intended purpose.

⁷ The Administrator is responsible for receiving and processing returned funds in instances when the student: is not enrolled, is not in good academic standing (as defined by the Institution), does not have any qualifying unpaid expenses, or declines the award.

Review Background

In IOPA's 2024 Risk Assessment, the Office noted recent Scholars Program expansion following significant increases in monetary penalty collections, with the greatest growth occurring during the 2024-2025 academic year. For example, the total balance of the accounts designated to fund the Scholars Program increased by 75% from 2023 to 2024, reaching an all-time high of \$66.3 million as of December 31, 2024. Relatedly, the number of scholarships awarded rose from 369 in the 2023-2024 academic year to 676 in 2024-2025 and the value of each scholarship increased from \$10,000 to \$15,000.

Given these substantial areas of growth, IOPA considered the present to be an opportune time to evaluate Program efficiency and effectiveness.

1.2 Review Objective and Scope

Objective

The purpose of IOPA's Review was to evaluate key policies, guidance, processes, and controls related to the oversight and administration of the Scholars Program, including as to the Administrator.

Scope

Focusing on the 2024-2025 academic year, IOPA's Review scope included key policies, guidance, processes, and controls in place at the time of the Review. IOPA's fieldwork included:

- Conducting walkthroughs with OCE, Office of the Chief Operating Officer (OCOO): Office of Finance,⁸ and OCOO: Office of Human Resources (OHR) leadership, to gain an understanding of Scholars Program processes, including the OHR-run PCAOB Scholars Mentorship Program;
- Reviewing relevant policies, procedures, and guidance, including SOX, the 2024 and 2025 Program Documents and related Action Memoranda seeking Board approvals, Statements of Work ("SOWs") with the Administrator, and the PCAOB's Procurement Policy;
- Reviewing the report referenced in Section 5 above ("Eligible Institutions Report") and allocation of nominations; and
- Performing sample testing on: (1) collections from PCAOB enforcement actions from Fiscal Year 2024; (2) eligibility and award disbursement testing on 2024-2025 awardees; and (3) compliance testing on voided checks to ensure the Administrator's proper handling.

IOPA attempted to perform procedures to assess the completeness and accuracy of refunds issued by the Administrator to the PCAOB; however, due to privacy concerns, the Administrator was unable to provide original bank statements. This resulted in a scope limitation and relates to IOPA's Observation No. 2, *Enhance Oversight of Administrator*.

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

⁸ The Office of Finance performs typical accounting functions related to the Scholars Program (e.g., journal entries, monthly close process, and purchase order issuance).

1.3 Review Opinion

IOPA's Review found that OCE has implemented key policies, guidance, processes, and controls that effectively support the SOX-mandated Scholars Program, particularly given the expansion of the Program in recent years.

During the Review, the Office identified certain enhancement opportunities that IOPA believes will help OCE enrich its execution of the Scholars Program. Section 1.3.1 (below) summarizes the Review observations.

1.3.1 Summary of Observations and Recommendations

Title	Observation	Recommendation	Responsible Party/ Target Date ⁹
<p>1. Evaluate Eligible Institutions Report and Supplement Supporting Documentation</p>	<p>IOPA identified certain errors in the compilation and use of the Eligible Institutions Report, which OCE uses to determine the academic institutions that meet the Program Document eligibility criteria. Additionally, despite the importance of the Eligible Institutions Report and its compilation as a key Program process, the compilation process is not supported by documentation that sufficiently details Program procedures, data sources, or review steps.</p>	<p>To help ensure that all nominations are correctly allocated, IOPA recommends that OCE:</p> <ol style="list-style-type: none"> 1. Update the design and compilation process for the Eligible Institutions Report, including incorporating remediation for the root cause of IOPA-identified mathematical errors, to ensure the completeness and accuracy of the report; 2. Assess potential controls to be configured within the Administrator's online portal system to prevent Nominating Institutions from submitting more nominations than allotted, with documentation of OCE's assessment and resulting conclusions; and 3. Formalize the Program's compilation process documentation for the Eligible Institutions Report, with a prospective goal of updating the documentation as needed going forward. 	<p>OCE Assistant Engagement Director/ Q1 2027</p>
<p>2. Enhance Oversight of Administrator</p>	<p>IOPA's Review identified inconsistencies between established documentation (including the SOW) and actual practice, and related opportunities for greater effectiveness and efficiency, including as to:</p> <ol style="list-style-type: none"> 1. the Administrator's performance of services; and 	<p>IOPA recommends that OCE implement review processes or other controls to enhance and document the Administrator's performance of services and OCE's oversight of the Administrator.</p> <p>For example, OCE should:</p> <ol style="list-style-type: none"> a. Confirm performance of duties stated in the SOW and Program Document; b. Ensure compliance with terms stated in the SOW and other PCAOB policies; c. Verify accuracy of the Administrator's invoice at beginning of academic year; 	<p>OCE Assistant Engagement Director/ Q4 2026</p>

⁹ 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.

Title	Observation	Recommendation	Responsible Party/ Target Date ⁹
	<p>2. OCE's oversight of the Administrator.</p>	<p>d. Verify completeness and accuracy of refunds issued at academic year-end vs. amount held in reserve; and</p> <p>e. Review and approve forms distributed by the Administrator to institutions and candidates prior to dissemination, including within the Administrator's online portal.</p> <p>IOPA also recommends that OCE request that the Administrator maintain Program funds so as to allow for the provision of PCAOB-specific bank statements upon request.</p>	
<p>3. Analyze Current Practices for Alignment with Desired Program Criteria and Perspectives</p>	<p>Although IOPA's Review identified OCE's generally effective administration of the Scholars Program, IOPA found select areas that would benefit from OCE's internal analysis and potential clarification, including but not limited as to the Program's:</p> <ol style="list-style-type: none"> 1. restricted cash balance; and 2. eligibility criteria. 	<p>IOPA recommends that, with ultimate consideration by the Board beginning with the 2027-2028 academic year Program, OCE conduct an analysis of current practices to ensure that the Program aligns with desired criteria, perspectives, and planning, including as to:</p> <ol style="list-style-type: none"> 1. Future Scholars Program spending from PCAOB's designated cash balance, including: <ol style="list-style-type: none"> a. all-time high balance of \$66.3 million as of December 31, 2024; b. strategies related to the remaining 2017 unappropriated balance (including accrued interest) of \$8.1 million as of December 31, 2024; and 2. Eligibility criteria, including but not limited to: <ol style="list-style-type: none"> a. Student eligibility requirements, including the eligibility of students pursuing non-accounting specific degrees; and b. Potential expansion of eligibility for institutions offering additional accounting-related degrees. 	<p>OCE Assistant Engagement Director/ Q1 2027</p>

1.3.2 Risk Category Distribution

IOPA found that most risks identified during the Review related to operational issues (see Observation Nos. 1 and 3) but also identified potential compliance risks related to Administrator oversight (see Observation No. 2).



1.3.3 Leading Practices

During the Review, IOPA found that OCE has implemented numerous leading practices, including:

- Overall effective administration of the Program, including through the recent period of significant expansion; and
- Effective collaboration with numerous stakeholders, including the Administrator, other PCAOB D/Os, and Eligible Institutions.

Additionally, Nominated Students have the option to submit a voluntary note of thanks when accepting the scholarship. Nearly 80% of Nominated Students elected to submit a note, with many expressing the significant impact the Program has had on alleviating financial stresses associated with the pursuit of their accounting degrees.

1.3.4 Management Response Summary

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

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