August 17, 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 ("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 the "Office") Report on the PCAOB's System Implementation Review: Project Management Tools and Processes (August 2026). The Board formed IOPA in 2004 to promote the confidence of Congress, the 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, this Review assessed the effectiveness of the organization's *project management tools and processes*, as utilized within "Project C."[1] IOPA's Review sought to evaluate whether Project C leadership and staff had sufficiently and appropriately incorporated the key project management tools and processes needed for project success. Because no enterprise-specific standards existed, IOPA's Review focused on the sufficiency and adequacy of project management tools and processes as imperative elements of an effective project. The scope of IOPA's Review included both: (a) standards, tools, and processes relevant to system implementations; and (b) the PCAOB's specific application of those standards, tools, and processes to Project C.

As the attached summary report sets forth, based on the January through August 2025 fieldwork period, IOPA's Review identified weaknesses in the PCAOB's project management approach and framework that adversely affected the governance, visibility, and oversight of Project C.

Collectively, the report observations show that organizational leadership did not have a sufficiently complete, timely, or decision-useful view of project assumptions, cost performance, and vendor execution to effectively monitor this high-risk initiative. The Review also identified significant opportunities to incorporate lessons learned into future PCAOB project governance, cost management,

[1] IOPA conducted Review fieldwork from January through August 2025.

and vendor oversight practices. As of the date of the report, IOPA understands that some enhancements in these areas have been made.

In sum, IOPA's report recommends the PCAOB:

(1) implement an enterprise-wide, scalable approach to project management;
(2) require scalable project-level cost estimating and monitoring practices for significant projects; and
(3) develop enhanced vendor management tools and contract oversight processes, including those sufficient to address large-scale, multi-year projects.

The Board has reviewed IOPA's recommendations and management's responses thereto and has approved the transmittal of this report to you.

The PCAOB intends to publish the attached summary on its website on or about August 20, 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 Logothetis

Demetrios (Jim) Logothetis
Chairman

Enclosure: IOPA's Summary Report on the PCAOB's System Implementation Review: Project Management Tools and Processes (August 2026) (Public)

PCAOB
PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD

Office of Internal Oversight and Performance Assurance

System Implementation Review: *Project Management Tools and Processes*

Summary Report (Public)

August 2026

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1. Executive Summary

"Project C" has been the most significant system implementation initiated to date for the Public Company Accounting Oversight Board (PCAOB or "Board"). Pursuant to a January 14, 2025, Board-approved Internal Audit Plan, from January 2025 through August 2025,[1] the PCAOB's Office of Internal Oversight and Performance Assurance (IOPA or "Office") conducted a review of the effectiveness of the organization's *project management tools and processes*, as utilized within Project C ("Review").

In evaluating project management tools and processes in place during the fieldwork period, IOPA identified and herein discloses weaknesses in enterprise project management, cost monitoring, and vendor oversight that adversely affected project monitoring and stakeholder visibility. As detailed herein, this report focuses on forward-looking improvements that will strengthen the PCAOB's execution of complex projects in the future.

Pursuant to the Sarbanes-Oxley Act of 2002, as amended (SOX or the "Act"), the PCAOB is responsible for "register[ing] public accounting firms that prepare audit reports for issuers, in accordance with section 102" and "conduct[ing] inspections of registered public accounting firms, in accordance with section 104 and the rules of the Board."[2] These statutory duties have been and are fulfilled by the PCAOB's Division of Registration and Inspections (DRI), with significant reliance on technology. The PCAOB's Office of the Chief Operating Officer (OCOO)'s Office of Technology[3] (OT) is tasked with providing data, security, and technology-related services and support to the PCAOB's Divisions and Offices (D/Os), including DRI.[4]

Because technology is central to the PCAOB's statutory mission, weaknesses in the management of complex system implementations create enterprise-level operational and stewardship risk. Accordingly, although this Review examined project management tools and processes as utilized within Project C, IOPA's recommendations are prospective and should inform the PCAOB's approach to future significant initiatives, including large system implementations.

1.1 Background Summary

1.1.a IOPA's Most Recent System Implementation Review Findings

Prior to Project C, the PCAOB's most recent large, multi-year system implementation project evaluated by IOPA involved the initial implementation of a new Human Resource Information System (HRIS).[5] Pursuant to IOPA's Board-approved audit plan, IOPA began the review in 2021 ("HRIS Review").

[1] These dates correspond to the period during which IOPA conducted its audit field work. *See* herein at Section 1.2.b, Scope.

[2] SOX Section 101(c)(1) and (3). Additionally, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 added the PCAOB's authority to carry out oversight responsibilities for audits of broker-dealers registered with the U.S. Securities and Exchange Commission (SEC).

[3] Until July 21, 2024, OT was most recently referred to as the Office of Data, Security and Technology (ODST).

[4] OT's responsibilities include managing the lifecycle of technology products and services, maintaining technology security and supporting information security, and partnering with other D/Os to help address business challenges with technology.

[5] The project was initiated in June 2019 by the PCAOB's then-titled Office of Administration (OA, now OCOO), with support from ODST, with a temporary pause from April to October 2020 due to impacts from COVID-19.

1.2 Review Objectives and Scope

1.2.a Objectives

Consistent with IOPA's 2025 Internal Audit Plan, this Review sought to evaluate whether Project C leadership and staff had sufficiently and appropriately incorporated the key project management tools and processes needed for project success. Because no enterprise-specific standards existed, IOPA's Review focused on the sufficiency and adequacy of OT's project management tools and processes as imperative elements of an effective project, including the:

- Application of relevant policies, procedures, manuals, and guidance related to large, multi-year Information Technology system implementations;
- Sufficiency of user requirements gathering and project planning, project budgeting, and change management tools and processes;
- Sufficiency of budgeting (i.e., cost management) tools and processes; and
- Adequacy of project performance metrics and stakeholder reporting.

1.2.b Scope

The scope of IOPA's Review, for which IOPA conducted fieldwork from January through August 2025, included both:

(a) standards, tools, and processes relevant to system implementations; and
(b) the PCAOB's specific application of those standards, tools, and processes to Project C.

IOPA's fieldwork included:

1. Reviewing relevant policies, procedures, guidance, and resources related to system implementation;
2. Obtaining and evaluating past SEC directives related to the PCAOB's project management and stakeholder reporting;
3. Performing process walkthroughs and interviews with OT and DRI leadership and staff to understand processes, progress, and challenges related to Project C;
4. Reviewing survey results of the OCOO's Enterprise Strategy and Project Management Office's (ESPMO)[6] Project C Phase One Retrospective Report;
5. Analyzing project plans, project budgets, project reports, and supporting project artifact documents;
6. Performing independent analyses using data from the project plan and project budget earmarks for 2024 and 2025; and
7. Interviewing staff from the Board, DRI, OT, ESPMO, and other D/Os to understand roles, processes, and progress on in-scope processes related to this system implementation.

As is standard audit practice, IOPA's Review fieldwork and analysis thereof were conducted as of a historical point in time. While changes may have been made following that point in time, this does not diminish the value and import, or accuracy, of IOPA's observations and related recommendations. Additionally, IOPA's retrospective analysis and prospective recommendations are consistent with the Board's mandate for IOPA to "recommend constructive actions that, when implemented, reduce or eliminate identified risks, and promote compliance …," including the imprimatur of tracking remedial activity to ensure compliance with IOPA's recommendations.

[6] Formed in October 2024, one of ESPMO's three focus areas is project management, within which the focus is to provide PCAOB staff with knowledge sharing, training and development, consultancy and support, and performance monitoring.

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

1.3 Review Opinion

Based on the January through August 2025 fieldwork period, IOPA's Review identified weaknesses in the PCAOB's project management approach and framework that adversely affected the governance, visibility, and oversight of Project C.

Collectively, the observations herein show that organizational leadership did not have a sufficiently complete, timely, or decision-useful view of project assumptions, cost performance, and vendor execution to effectively monitor this high-risk initiative.

The Review also identified significant opportunities to incorporate lessons learned into future PCAOB project governance, cost management, and vendor oversight practices. As of the date of this report, IOPA understands that some enhancements in these areas have been made.

Accordingly, as summarized in Section 1.3.a, IOPA recommends the PCAOB:

(1) implement an enterprise-wide, scalable approach to project management;
(2) require scalable project-level cost estimating and monitoring practices for significant projects; and
(3) develop enhanced vendor management tools and contract oversight processes, including those sufficient to address large-scale, multi-year projects.

1.3.a Summary of Observations and Recommendations

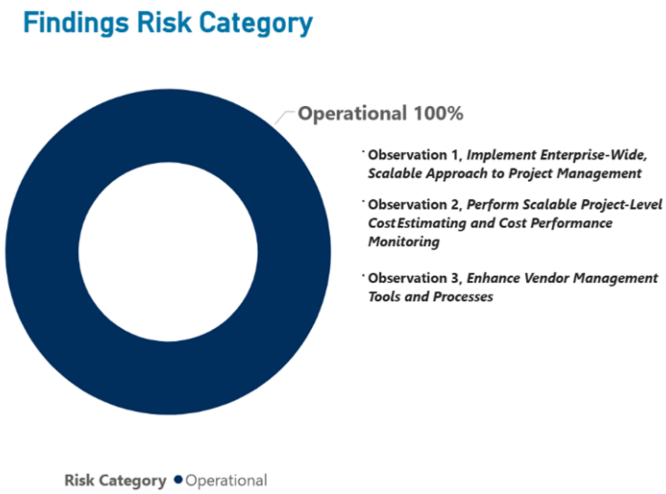
Title	Observation	Recommendation	Responsible Party/Target Date[7]
1. *Implement Enterprise-Wide, Scalable Approach to Project Management*	IOPA's Review identified the absence and significant impact on Project C of a PCAOB enterprise-wide project management (including change management) approach and framework, including insufficient policies, standards, and procedures. Because the complexity of the PCAOB's projects range from simple (e.g., single D/O objectives to be completed within one budget year) to multifaceted (e.g., system implementation projects that span multiple D/Os and budget years), the approach should be scalable, such that	For future PCAOB projects, IOPA recommends that the PCAOB identify, document, and implement a scalable enterprise-wide approach to and framework for project management (including change management) that sufficiently addresses relevant project management components. IOPA further recommends OCOO undertake a formal contemplation of the characteristics that can impact scalability for this approach, with	OCOO - ESPMO / Q1 2027

[7] 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[7]
	each necessary element can be aligned with the scope and complexity of the project.	subsequent incorporation of related requirements.	
2. *Perform Scalable Project-Level Cost Estimates and Monitor Cost Performance*	IOPA's Review found that the PCAOB's project management practices did not require project management to compile a cost estimate for the full cost, or "price tag," of Project C. Further, the budget set for the project only measured the contract price and a minor portion of internal labor costs, such that neither the true budget nor reported actual cost of the project were fairly represented to stakeholders. Additionally, Project Management did not compare cost incurred with the level of progress achieved. As such, Project Management was unable to adequately identify the significant financial pressure building within the contract. Until the PCAOB's project management approach incorporates a scalable set of comprehensive cost-estimating and monitoring practices, the organization will have difficulty knowing whether project cost overruns exist or whether any cost overruns stem from (1) overly optimistic cost estimating or (2) poor project execution, despite the two possibilities having very different causes and solutions.	For future significant projects, particularly significant projects extending beyond a single budget year, IOPA recommends that the PCAOB require project-level cost estimating and monitoring practices, which will provide designated stakeholders with greater visibility into project cost and performance against expectations. IOPA further recommends a formal contemplation of the characteristics that can impact scalability for cost estimating and cost monitoring.	OCOO - ESPMO / Q1 2027
3. *Enhance Vendor Management Tools and Processes*	IOPA's Review identified concerns surrounding the PCAOB's vendor management tools and processes.	IOPA recommends that the PCAOB develop enhanced vendor management processes to ensure that effective performance measures are established for project management to validate vendor work.	OCOO - Finance / Q1 2027

1.3.b Risk Category Distribution

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



1.3.c Leading Practices

1.3.c(i) Industry Standards and Guidelines

According to the Project Management Institute, Inc. (PMI), the leading global authority in the project management space,[8] project management is:

> the application of knowledge, skills, tools, and techniques to project activities to meet project requirements. It's the practice of planning, organizing, and executing the tasks needed to turn a brilliant idea into a tangible product, service, or deliverable. Key aspects of project management include:
>
> - Defining project scope
> - Identifying deliverables
> - Managing risks
> - Effective communication across teams.[9]

PMI's *The Standard for Project Management and A Guide to the Project Management Body of Knowledge (PMBOK Guide*) is known as the global standard for project management.[10] IOPA notes a

[8] PMI's stated mission is to advance the project management profession by fostering professionalism, providing a forum for knowledge exchange, and developing common terminology and techniques.

[9] PMI's [What is Project Management?](), pmi.org (as of 7/16/26).

[10] IOPA's citations to the *PMBOK Guide* herein reference both the Seventh (7th) Edition of the *PMBOK Guide*, which was the operative version of guidance in effect during execution of Project C and IOPA's fieldwork (i.e., the standards to which PCAOB's project management was expected to conform during the relevant period), and the Eighth (8th) Edition, which PMI issued in November 2025 and which applies to future projects, as contemplated by this Review report.

According to PMI, "This eighth edition takes the best parts of previous editions of the PMBOK Guide to offer project managers a more practical and complete framework. The detailed, process-oriented approach of the sixth edition (using inputs, tools and techniques, and outputs [ITTOs]) is combined with the seventh edition's valuable concept of performance domains, which emphasizes how different project elements are interconnected."

highly relevant section of the *PMBOK Guide*, both for Project C and future large, multi-year projects at the PCAOB:

> Project governance is the adaptable framework that guides project management activities to create value through a unique product, service, or result aligned with organizational, strategic, and operational goals. Governance provides structure, systems and processes, roles, responsibilities, and decision-making models, such as RACI (responsible, accountable, consulted, informed) matrices or governance boards, to manage projects effectively. Governance frameworks can also ensure alignment with stakeholder expectations by defining accountability and communication protocols.
>
> Additionally, project governance helps prioritize initiatives and allocate resources to support strategic objectives. For instance, a steering committee in a product launch project may oversee milestones, enforce quality standards, and resolve escalated issues.
> …
>
> In summary, while organizational governance provides the overall direction and control for the entire organization, project governance focuses on the specific processes and frameworks that should be implemented to manage individual projects effectively. Both are essential for ensuring that projects contribute to the organization's strategic objectives and are executed successfully.[11]

IOPA's focus herein on leading industry practices aligns with an approach articulated in the initial stages of the Project C system implementation.

1.3.c(ii) PCAOB's General and Project C-Specific Utilization of Leading Project Management Practices

Subsequent to IOPA's HRIS Review, the PCAOB took certain actions to strengthen its overall project management tools and processes, including:

- In 2023, the PCAOB restructured the former OA to form OCOO, inclusive of incorporating the OT and hiring the PCAOB's first Chief Operating Officer (COO) (previously called the Chief Administrative Officer).
- In 2024, OCOO began implementing a broader approach to project planning and management and started various initiatives, including:
    - In October 2024, establishing an ESPMO to promote consistency in service and delivery and create process standards;
    - Furthering the development of a Project Management Toolkit, hosted on the PCAOB's internal SharePoint site (which was originally intended for "small or mid-size business projects that are not technical in nature"[12] and thus is inapplicable for large, multi-year projects like Project C); and
    - The Office of Human Resources Learning & Development team and ESPMO developing a project management training course.

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[11] PMBOK 8th Ed., Sec. 1.3.2, *Connecting Organizational Governance and Project Governance*.

[12] The ESPMO intranet site provides "Project Management Toolkit" resources for project managers, but the site notes that these resources are "for staff to leverage at any time for *small to mid-size projects that are not technical in nature*."

Specific to Project C, during the Review IOPA found that the PCAOB had taken recent steps to enhance the organization's project management practices, including OT:

- staffing the project with senior staff;
- hiring a part-time consultant to provide significant executive advisory services and round out its project management team; and
- establishing an Executive Steering Committee (ESC), which, pursuant to a January 19, 2024 operative ESC charter, was intended "to provide guidance and oversight." for Project C

1.3.d Management Response Summary

Relevant PCAOB D/O leadership provided responses indicating a commitment to actions that are responsive to IOPA's recommendations. Consistent with IOPA's standard protocol, IOPA will assess the responsiveness of actions undertaken in conjunction with target dates provided by management and agreed to by IOPA.

We thank all personnel who supported our Review, both at the senior management and staff operating level, for their participation and cooperation throughout this assessment.