

PCAOB Release 2003-010

Announcement of Registration Application Fees

JULY 17, 2003

Pursuant to Section 102(f) of the Sarbanes-Oxley Act of 2002 (the "Act"), the Public Company Accounting Oversight Board ("PCAOB") has set the following registration application fee schedule for accounting firms that file registration applications:

Issuer Clients	Fee
0	\$250
1-49	\$500
50-100	\$3,000
101-1000	\$29,000
1001 and up	\$390,000

Explanation of Fee Schedule

The Act directs the PCAOB to "assess and collect a registration fee ... from each public accounting firm, in amounts that are sufficient to cover the costs of processing and reviewing applications...." Based on the anticipated volume of applications that the Board expects to receive before October 22, 2003, the Board has set the fees to be assessed and collected from firms that file registration applications.

The fee schedule is tiered according to the number of issuer clients for which an accounting firm performed audits in the preceding fiscal year, as represented in the firm's application. The Board determined to have the fee vary with the scope of a firm's audit practice because the burden associated with reviewing and processing an application of a firm with a larger audit practice, which will file a larger application, will be greater than that for a firm with a smaller audit practice.

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In establishing the fee schedule, the Board has taken into account personnel costs and consulting expenses, the cost of equipment purchased specifically for the registration application process that will not be useful for other purposes, and a portion of the cost associated with the development and operation of the web-based system that will be used to process registration applications.

In considering personnel and technology development that may have a role in the processing and review of applications but will also be used for other functions, the Board was careful not to include costs attributable to such other functions.

For example, staff from outside of the Division of Registration and Inspections will also be involved in application review and processing, but because the scope of that involvement is difficult to predict, the Board has not included those costs in setting the current fee schedule.

Similarly, although numerous personal computers and related equipment will be used for the review process, the cost of these has not been included in the total, because that equipment can and will be used for other Board purposes. Some equipment purchased for the registration system will also be used to support the issuer billing system. Therefore, some portion of the cost of that equipment has not been included.

Because the Board does not have the benefit of prior experience in registering public accounting firms, the projection of expenses associated with reviewing and processing applications necessarily involves forward-looking estimates. While the Board believes that the assumptions used in this process were reasonable, it will use the experience of the initial round of registration to inform the setting of fees for processing and reviewing annual reports; to the extent that the Board determines that it has over- or under-estimated the fees for this year, it will attempt to adjust next year's annual fees accordingly.

The fee schedule in this announcement will remain in effect until further notice. The Board will periodically review the costs associated with the processing of registration applications and will from time to time revise these fees as necessary.