

**UNITED STATES OF AMERICA  
BEFORE THE  
SECURITIES AND EXCHANGE COMMISSION**

**Securities Act of 1933  
Release No. 11142 / December 23, 2022**

**Securities Exchange Act of 1934  
Release No. 96577 / December 23, 2022**

**ORDER APPROVING PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD  
BUDGET AND ANNUAL ACCOUNTING SUPPORT FEE FOR CALENDAR YEAR  
2023**

The Sarbanes-Oxley Act of 2002, as amended (the “Sarbanes-Oxley Act”),<sup>1</sup> established the Public Company Accounting Oversight Board (“PCAOB”) to oversee the audits of companies that are subject to the securities laws, and related matters, in order to protect the interests of investors and further the public interest in the preparation of informative, accurate, and independent audit reports. Section 982 of the Dodd-Frank Wall Street Reform and Consumer Protection Act<sup>2</sup> amended the Sarbanes-Oxley Act to provide the PCAOB with explicit authority to oversee auditors of broker-dealers registered with the Securities and Exchange Commission (the “Commission”). The PCAOB is to accomplish these investor protection and public interest goals through the registration of public accounting firms, standard setting, inspections, and investigation and disciplinary programs. The PCAOB is subject to the comprehensive oversight of the Commission.

Section 109 of the Sarbanes-Oxley Act provides that the PCAOB shall establish a reasonable annual accounting support fee, as may be necessary or appropriate to establish and

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<sup>1</sup> 15 U.S.C. 7201 *et seq.*

<sup>2</sup> Pub. L. No. 111-203, 124 Stat. 1376 (2010).

maintain the PCAOB. Under Section 109(f) of the Sarbanes-Oxley Act, the aggregate annual accounting support fee shall not exceed the PCAOB's aggregate "recoverable budget expenses," which may include operating, capital, and accrued items. The PCAOB's annual budget and accounting support fee are subject to approval by the Commission. In addition, the PCAOB must allocate the annual accounting support fee among issuers and among registered brokers and dealers.

Section 109(b) of the Sarbanes-Oxley Act directs the PCAOB to establish a budget for each fiscal year in accordance with the PCAOB's internal procedures, subject to approval by the Commission. Rule 190 of Regulation P (the "Budget Rule") governs the Commission's review and approval of PCAOB budgets and annual accounting support fees.<sup>3</sup> The Budget Rule provides, among other things, a timetable for the preparation and submission of the PCAOB budget and for Commission actions related to each budget, a description of the information that should be included in each budget submission, limits on the PCAOB's ability to incur expenses and obligations except as provided in the approved budget, procedures relating to supplemental budget requests, requirements for the PCAOB to provide on a quarterly basis certain budget-related information, and a list of definitions that apply to the rule and to general discussions of PCAOB budget matters.

In accordance with the Budget Rule, in March 2022 the PCAOB provided the Commission with a narrative description of its program issues and outlook for the 2023 budget year. In response, the Commission provided the PCAOB with economic assumptions and general budgetary guidance for the 2023 budget year. The PCAOB subsequently delivered a preliminary budget and budget justification to the Commission. Staff from the Commission's Office of the

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<sup>3</sup> 17 CFR 202.190.

Chief Accountant and Office of Financial Management dedicated a substantial amount of time to the review and analysis of the PCAOB's programs, projects, and budget estimates and participated in several meetings with staff of the PCAOB to further develop the understanding of the PCAOB's budget and operations. During the course of this review, Commission staff relied upon representations and supporting documentation from the PCAOB. Based on this review, the Commission issued a "passback" letter to the PCAOB on October 27, 2022. On November 18, 2022, the PCAOB adopted its 2023 budget and accounting support fee during an open meeting, and subsequently submitted that budget to the Commission for approval.

After considering the above, the Commission did not identify any proposed disbursements in the 2023 budget adopted by the PCAOB that are not properly recoverable through the annual accounting support fee, and the Commission believes that the aggregate proposed 2023 annual accounting support fee does not exceed the PCAOB's aggregate recoverable budget expenses for 2023.

The Commission continues to emphasize the importance of the PCAOB's identification of efficiencies and process improvements. Accordingly, the Commission requests that the PCAOB evaluate its operational efficiency, improvements, and budgetary needs and submit such assessments to the Commission in connection with the 2024 budget cycle.

Coordination between the SEC and PCAOB continues to be important. The Commission directs the PCAOB during 2023 to continue to hold monthly meetings, as necessary, with the Commission's staff to discuss important policy initiatives, changes related to program areas, and significant impacts to the PCAOB's 2023 budget, including significant differences between actual and budgeted amounts and anticipated cost-savings. Separately, the Commission directs the PCAOB to continue its written quarterly updates on recent activities, including strategic

initiatives, for the PCAOB's Office of Economic and Risk Analysis; Office of Data, Security, and Technology; and Division of Registration and Inspections. The Commission expects the PCAOB to make itself available to meet with individual Commissioners on these and other topics. Further, the Commission requests that the PCAOB submit its 2022 annual report to the Commission by March 31, 2023.

The Commission understands that the Office of Management and Budget ("OMB") has determined that the 2023 budget of the PCAOB is subject to sequestration under the Budget Control Act of 2011.<sup>4</sup> For 2022, the PCAOB sequestered \$17.7 million. That amount will become available in 2023. For 2023, the sequestration amount will be 5.7% or \$19.9 million. Consequently, we expect the PCAOB will have approximately \$2.2 million less funds available from the 2022 sequestration for spending in 2023. Accordingly, the PCAOB should submit a revised spending plan for 2023 reflecting a \$2.2 million reduction to budgeted expenditures as a result of the increase in sequestration amount from 2022 to 2023.

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<sup>4</sup> *OMB Report to the Congress on the BBEDCA 251A Sequestration for Fiscal Year 2023* (Mar. 28, 2022), available at [https://www.whitehouse.gov/wp-content/uploads/2022/03/BBEDCA\\_251A\\_Sequestration\\_Report\\_FY2023.pdf](https://www.whitehouse.gov/wp-content/uploads/2022/03/BBEDCA_251A_Sequestration_Report_FY2023.pdf).

The Commission has determined that the PCAOB's 2023 budget and annual accounting support fee are consistent with Section 109 of the Sarbanes-Oxley Act. Accordingly,

IT IS ORDERED, pursuant to Section 109 of the Sarbanes-Oxley Act, that the PCAOB budget and annual accounting support fee for calendar year 2023 are approved.

By the Commission.

**Vanessa A. Countryman,**

*Secretary.*