

PCAOB Final Budget and Accounting Support Fee for 2022



On Nov. 23, 2021, the Public Company Accounting Oversight Board (PCAOB) adopted its final 2022 budget, including :

- A total budget of \$310.3 million, an 8 percent increase from the PCAOB's 2021 budget primarily driven by an increase in personnel costs due to increased headcount and travel costs.
- An accounting support fee (ASF) of \$297.9 million allocated as follows:
 - \$267.2 million to be assessed on issuers; and
 - \$30.7 million to be assessed on registered broker-dealers.
- The difference between the budget and ASF is primarily due to adjustments to the PCAOB's 5-month working capital reserve¹ and underspend from the prior year.

The Commission is required per Rule 190 of Regulation P (the Budget Rule) to approve the PCAOB's budget and ASF by December 23.

Why This Matters

The PCAOB has a critical role to play to protect investors and further the public interest in the preparation of informative, accurate, and independent audit reports.

The PCAOB's budget and ASF request will enable it to fund its operations and carry out its vital mission.

Consideration and approval of the PCAOB budget and ASF is one of the many ways that the Commission exercises its oversight responsibilities over the PCAOB.

Background

Under Section 109 of the Sarbanes-Oxley Act of 2002, the PCAOB is required to establish, with the approval of the Commission, a reasonable ASF to fund its operations.

¹ 17 CFR § 202.190(d)(3) "amounts needed to fund expected disbursements during a period not to exceed the first five months of the fiscal year immediately following the budget year."

The SEC's Regulation P, which includes the Budget Rule, governs the nearly year-round Commission PCAOB budget oversight process.

There are certain key steps in the Budget Rule that are required to be completed prior to the PCAOB's approval of its final budget:

- The PCAOB must submit a preliminary budget to the SEC by July 31; and
- The SEC performs a review of the preliminary budget and provides its feedback to be incorporated into the final budget in an annual "passback" letter by Oct. 31.

Both of those required steps previously took place this year prior to the PCAOB adopting its final 2022 budget for consideration by the Commission.

What's Next

The PCAOB will issue invoices to issuers and registered broker-dealers based on the allocation of the ASF in accordance with the PCAOB's funding rules.