

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

**Securities Act of 1933  
Release No. 9099 / December 22, 2009**

**Securities Exchange Act of 1934  
Release No. 61212 / December 22, 2009**

**ORDER APPROVING PUBLIC COMPANY ACCOUNTING OVERSIGHT  
BOARD BUDGET AND ANNUAL ACCOUNTING SUPPORT FEE FOR  
CALENDAR YEAR 2010**

The Sarbanes-Oxley Act of 2002 (the “Act”) established the Public Company Accounting Oversight Board (“PCAOB”) to oversee the audits of public companies and related matters, to protect investors, and to further the public interest in the preparation of informative, accurate and independent audit reports. The PCAOB is to accomplish these goals through registration of public accounting firms and standard setting, inspection, and disciplinary programs. Section 109 of the Act provides that the PCAOB shall establish a reasonable annual accounting support fee, as may be necessary or appropriate to establish and maintain the PCAOB. Section 109(h) amends Section 13(b)(2) of the Securities Exchange Act of 1934 to require issuers to pay the allocable share of a reasonable annual accounting support fee or fees, determined in accordance with Section 109 of the Act. Under Section 109(f), the aggregate annual accounting support fee shall not exceed the PCAOB’s aggregate “recoverable budget expenses,” which may include operating, capital and accrued items. Section 109(b) of the 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 Securities and Exchange Commission (the “Commission”).

On July 18, 2006, the Commission amended its Rules of Practice related to its Informal and Other Procedures to add a rule to facilitate the Commission's review and approval of PCAOB budgets and accounting support fees.<sup>1</sup> This 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 furnish 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 2009 the PCAOB provided the Commission with a narrative description of its program issues and outlook for the 2010 budget year. In response, the Commission staff provided to the PCAOB staff economic assumptions and budgetary guidance for the 2010 budget year. The PCAOB subsequently delivered a preliminary budget and budget justification to the Commission. Staff from the Commission's Offices of the Chief Accountant and Executive Director dedicated a substantial amount of time to the review and analysis of the PCAOB's programs, projects and budget estimates; reviewed the PCAOB's estimates of 2009 actual spending; and attended several meetings with management and staff of the PCAOB to develop an understanding of the PCAOB's budget and operations. During the course of the Commission's review, the Commission staff relied upon representations and supporting documentation from the PCAOB. Based on this comprehensive review, the

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<sup>1</sup> 17 CFR 202.11 See Release No. 33-8724 (July 18, 2006) [71 FR 41998 (July 24, 2006)].

Commission issued a “pass back” letter to the PCAOB. The PCAOB approved its 2010 budget on November 30, 2009 and submitted that budget for Commission approval.

After considering the above, the Commission did not identify any proposed disbursements in the 2010 budget adopted by the PCAOB that are not properly recoverable through the annual accounting support fee, and the Commission believes that the aggregate proposed 2010 annual accounting support fee does not exceed the PCAOB’s aggregate recoverable budget expenses for 2010. The Commission looks forward to the PCAOB’s annual updating of its strategic plan and the opportunity for the Commission to review and provide views to the PCAOB on a draft of the updated plan.

As part of its review of the 2010 PCAOB budget, the Commission notes that there are certain budget-related matters that should be addressed or more closely monitored during 2010. These matters relate to: (1) the PCAOB’s inspections program; (2) its information technology programs; and (3) potential legislative actions that could impact the PCAOB. Because of the importance of each of these matters, the Commission deems it necessary to set forth the following specific measures.

Accordingly, with respect to the PCAOB’s 2011 budget cycle, the PCAOB will:

- (1) Continue to include in its quarterly reports to the Commission information about the PCAOB’s inspections program. Such information will include (a) statistics relative to the numbers and types of firms budgeted and expected to be inspected in 2010, including by location and by year the inspections are required to be conducted in accordance with the Act and PCAOB rules, (b) information about the timing of the issuance of inspections reports for domestic and non-U.S. inspections, and (c) updates on the PCAOB’s efforts to

establish cooperative arrangements with respective non-U.S. authorities for inspections required in those countries.

- (2) Continue to include detailed information about the state of the PCAOB's information technology in its quarterly reports to the Commission, including planned, estimated, and actual costs for information technology projects, including the annual and special reporting system and the inspections information system.
- (3) Consult with the Commission about the PCAOB's plans for implementing any changes in response to legislative actions.

The Commission has determined that the PCAOB's 2010 budget and annual accounting support fee are consistent with Section 109 of the Act. Accordingly,

IT IS ORDERED, pursuant to Section 109 of the Act, that the PCAOB budget and annual accounting support fee for calendar year 2010 are approved.

By the Commission.

Elizabeth M. Murphy  
Secretary