

Public Company Accounting Oversight Board – 2021

Summary of the Supplemental Budget Request for the PCAOB General Counsel Program Area, Submitted by the PCAOB to the Securities and Exchange Commission on July 14, 2021

The Public Company Accounting Oversight Board (“PCAOB” or “Board”) is submitting a supplemental budget request to transfer funds between program areas within its approved 2021 Budget. Specifically, the PCAOB is requesting approval to transfer up to \$3.4 million in budgeted 2021 funds into the General Counsel (“GC”) program area.

Granting the request would not increase the PCAOB’s 2021 Budget or affect the issuer or broker-dealer accounting support fee in any way. It would, however, allocate to the GC program area the \$3.4 million by which the PCAOB currently estimates that its 2021 spending for the GC program area will exceed the budgeted amount.

The request sets forth the background and justification for the supplemental budget. Specifically, consistent with the SEC’s Budget Rule, the request includes: (1) a statement regarding how the supplemental budget facilitates the PCAOB’s strategic and policy goals; (2) information regarding the impact of the supplemental budget on each affected program area and the proposed source of funds; and (3) information indicating why the requested revised total for the GC program area was not included in the PCAOB’s 2021 Budget and why the request cannot be deferred to the 2022 Budget process. A summary of each of these points is set forth below.

Background

The SEC’s Budget Rule specifies, in part, that “[f]unds may be disbursed by the PCAOB only in accordance with the Commission approved budget, *provided however*, during the budget year the PCAOB may transfer amounts totaling not more than \$1,000,000 into or out of each program area without prior Commission approval.”¹ “Program area” is defined as “the array of the budgeted amounts and other budget-related data according to the major purpose served, such as registration, inspection, standard-setting, enforcement, and administration.”² The approved 2021 Budget for the GC program area is \$9,283,514.

¹ See 17 § CFR 202.190(e)(2); 71 Fed. Reg. 41998, 42003 (July 24, 2006) (emphasis in original).

² See 17 CFR § 202.190(b)(7); 71 Fed. Reg. 41998, 42002 (July 24, 2006).

Justification and Resource Effects

1. Supplemental Budget's Facilitation of the PCAOB's Strategic and Policy Goals

Approval of this supplemental budget request would facilitate the PCAOB's strategic and policy goals. By permitting the transfer of the funds requested, the PCAOB would be able to retain outside counsel where such counsel is needed.

2. Impact of the Supplemental Budget on Each Affected Program Area and Proposed Source of Funds

The PCAOB does not expect the supplemental budget request to have a material effect on any other program area.³ The reallocation of funds to the GC program area up to the \$1 million limit is being funded by an underspend in a different program area ("Other Area"). The additional \$2.4 million in reallocated funds above the limit also would come from the total estimated underspend in the Other Area.

3. Information Related to the Timing of the Request

A higher budget request for the GC program area was not included in the PCAOB's 2021 Budget because the extent of these expenses was not foreseen as of the date of the submission of the final budget in November 2020. This request cannot be postponed and incorporated into the Board's 2022 Budget as these additional resources are needed through the end of 2021.

Appendix Reallocation of Funds to the General Counsel Program Area

³ See Appendix for a chart outlining the reallocation of funds to the GC program area.

Appendix

Reallocation of Funds to the General Counsel Program Area

General Counsel		Funds Available for Transfer from Other Program Areas	
2021 Budget	9,283,514		
Transfer to(+)/From(-)			Other program area
Allowed Under Budget Rule	1,000,000	(1,000,000)	
Amount Allowed to be Spent Under Budget Rule	10,283,514		
Transfer to(+)/From(-) Assumed in			Other program area
Supplemental Budget Request	2,400,000	(2,400,000)	
2021 Spending Level Assumed in Supplemental Budget Request	12,683,514		