
SEC Approves PCAOB 2013 Budget and Fees

FEBRUARY 25, 2013

The Securities and Exchange Commission [approved the Public Company Accounting Oversight Board's 2013 budget](#) at an open meeting on February 13, 2013. The PCAOB's approved budget is approximately \$245.6 million, an 8% increase over 2012. The PCAOB's expenses are principally funded by accounting support fees imposed on issuers and broker-dealers. The SEC expressed support for the PCAOB's new strategic plan and its six near-term objectives. ([The strategic plan can be found here](#). Board Member Jeannette Franzel discussed these objectives in a recent speech discussed in a previous blog item.) The SEC also directed the PCAOB to report quarterly on its inspection programs, including providing statistics about inspections performed in 2013, information about the timing of inspection reports, and updates on the PCAOB's efforts to establish cooperative arrangements with foreign regulators. The SEC order noted that the PCAOB budget may be subject to reduction if the so-called budget "sequestration" goes into effect.

In response to questions from the SEC Commissioners, PCAOB Chairman James Doty indicated that the PCAOB would continue to expand its use of economic analysis in standard setting activities. As to mandatory rotation, he stated that he did not know if the PCAOB would put out a proposal and noted that the Board's consideration of mandatory rotation had given it an idea of other measures that could be taken short of mandatory rotation. Mr. Doty also indicated that the PCAOB was watching the EU's consideration of rotation proposals. Commissioner Daniel Gallagher observed that the PCAOB should not allow the issue to drag on indefinitely. Mr. Doty also said that if the pending dispute between US and Chinese regulators is not resolved, enforcement actions against Chinese accounting firms for non-cooperation with document requests would become "an increasing priority."