

Statement

PCAOB Budget Statement



Commissioner Hester M. Peirce

Dec. 15, 2021

Thank you, Chair Gensler. Welcome Acting Chairperson DesParte. I do not have any questions about the budget, but do have one admonition for you and the rest of the board installed last month by the Securities and Exchange Commission (“SEC”). Earlier this year, the Commission precipitously fired the Public Company Accounting Oversight Board (“PCAOB”) chairman and told the three remaining board members that, if they wanted to finish out their terms (one of which had only just begun), they had to go through the application process all over again.

[1] Those actions incapacitated the PCAOB by leaving it with just one board member for a time. I voted to reinstate Mr. DesParte and install four new board members so the board could function.[2] I intend to work with the new board to ensure that the PCAOB fulfills its statutory mandate of promoting informative, accurate, and independent audit reports for public companies and SEC-registered broker-dealers.

The troubling decision earlier this year to remove the board impaired the PCAOB’s effectiveness as an independent audit regulator. The new board now faces a credibility deficit for which no amount of money in the budget we are considering today can compensate. The one thing that can offset that deficit, however, is an unwavering and demonstrated determination by the Board to stick to the PCAOB’s mandate and avoid extraneous political or social issues. The Board, for example, should not attempt to recast itself as an environmental, social, and governance regulator despite the allure of such issues in Washington these days.[3] Each of the new Board members instead should leave politics at the door and focus solely on bringing his or her considerable talent and expertise to bear in a united effort to improve the quality of financial audits.

[1] See Commissioners Hester M. Peirce & Elad L. Roisman, SEC, “Statement on the Commission’s Actions Regarding the PCAOB” (June 4, 2021), <https://www.sec.gov/news/public-statement/peirce-roisman-pcaob-2021-06-04>.

[2] See Commissioners Hester M. Peirce & Elad L. Roisman, SEC, “Statement on Appointments to the PCAOB” (Nov. 8, 2021), <https://www.sec.gov/news/statement/peirce-roisman-pcaob-20211108>.

[3] See, e.g., Acting Chairperson Duane M. DesParte, PCAOB, “Statement on the PCAOB 2022 Budget” (Nov. 23, 2021) (highlighting additional staffing in the budget to “support our continuing assessment of environmental, social, and governance assurance matters”), <https://pcaobus.org/news-events/speeches/speech-detail/statement-on-the-pcaob-2022-budget-desparte>; Board Member Kara M. Stein, PCAOB, “PCAOB Open Board Meeting on FY2022 Budget” (Nov. 23, 2021) (expressing support for resources dedicated to “evaluating developments in the ESG

metrics and assurance space”), <https://pcaobus.org/news-events/speeches/speech-detail/pcaob-open-board-meeting-on-fy-2022-budget>.