



# PCAOB Scholars Program

The Public Company Accounting Oversight Board (PCAOB) Scholars Program will award funds to outstanding undergraduate and graduate students enrolled in accounting degree programs at certain accredited U.S. colleges and universities.



## 1. Purpose and Objectives

The Sarbanes-Oxley Act of 2002 provides that funds generated from the collection of PCAOB monetary penalties must be used to fund a merit scholarship program for students in accredited accounting degree programs. The PCAOB Scholars Program therefore has been created to identify students eligible to become a PCAOB Scholar and award funds through the students' educational institutions.

### Program Goals

- To benefit outstanding students who are likely to become auditors
- To make a difference to eligible students who might otherwise pursue a different career path

### Student Eligibility Criteria

Students eligible to become a PCAOB Scholar must:

- Be enrolled in an undergraduate or graduate accounting program at U.S. colleges or universities identified as Nominating Institutions in Section 5
- Start classes on or after August 1 with respect to the applicable academic year
- Demonstrate aptitude and interest in accounting and auditing as evidenced by an overall GPA of 3.3 or higher or being in the top 1/3 of their overall class
- Demonstrate high ethical standards
- At the time of nomination, not be a PCAOB employee<sup>1</sup> or a spouse or child of a PCAOB employee
- Demonstrate financial need<sup>2</sup>

The PCAOB Scholars Program is merit-based, but the PCAOB encourages educational institutions to give special consideration to students from populations that have been historically underrepresented in the accounting profession.

<sup>1</sup> Defined as all full-time and part-time employees of the PCAOB, including interns, and independent consultants who are natural persons.

<sup>2</sup> Defined as being eligible to receive a Pell Grant or requiring other Federal financial aid for a significant portion of the expected or actual billed cost of attendance, as determined by the institution.



## 2. Source of Funds and Determination of Aggregate Merit Award

The penalty account balance appropriated by Congress as of September 30, adjusted for funds previously returned to the PCAOB and rounded down to the nearest \$10,000, will be considered the amount of funds available for the next academic year. The Aggregate Merit Award for each academic year will be calculated based on the total number of awards to students in Nominating Institutions from Groups 1, 2, and 3, as well as the number of awards intended for community college transfer students, multiplied by \$10,000 (the amount of each individual scholarship award). The Aggregate Merit Award cannot exceed the amount of funds available.



## 3. Overview of the Program

To achieve the stated goals of the program in an effective and efficient manner, the Board will hire an Administrator to assist with program management and execution.<sup>3</sup> Eligible Institutions who are selected as Nominating Institutions pursuant to Section 5 will be invited to nominate one student using the Board's eligibility criteria described in Section 1. Each institution will be required to provide written representation that the selection of the Nominated Student adhered to the Board's eligibility criteria in order for the nomination to be accepted.

PCAOB scholarships are one-time awards and cover the following qualified educational expenses:

- Tuition and fees required for enrollment or attendance at the institution
- Fees, books, supplies, and equipment required for courses at the institution (note: these items must be required of **all** students in a given course)

The funds may NOT cover room and board, travel, research, or optional equipment and other expenses that are not required for enrollment or attendance.



## 4. Identification of Eligible Institutions

With the exception of certain Group 3 institutions discussed below, all U.S. colleges and universities that are regionally accredited and AACSB accredited with respect to accounting or business programs, and which report conferral of bachelor's or master's degrees in accounting, will be considered Eligible Institutions and stratified in three groups. Certain regionally accredited institutions without AACSB accreditation may be considered Eligible Institutions in Group 3 as defined in Section 5.

<sup>3</sup> Funds authorized by Congress for disbursement have been placed in an interest-bearing account. Interest accrued on the balance will be used to pay some or all of the cost for the third party administrator.



## 5. Method of Selecting Nominating Institutions

The PCAOB has awarded scholarships for each academic year, beginning with the 2011-2012 academic year. Subject to availability of funds, Eligible Institutions who meet the criteria for Groups 1, 2, or 3 will be considered Nominating Institutions and will be invited to submit a nomination.

- **Group 1** will include all regionally accredited institutions with AACSB accredited accounting programs which reported conferral of accounting degrees to the Integrated Postsecondary Education Data System (IPEDS).
- **Group 2** will include the top 50 regionally accredited institutions with AACSB accredited business (but not accounting) programs, as determined by the total number of undergraduate and graduate accounting degrees conferred in the most recent five years for which data is available (as reported in IPEDS).
- **Group 3** will include the largest regionally accredited and AACSB accredited accounting degree-granting institution for each state not represented in Groups 1 and 2, or the largest regionally accredited accounting degree granting institution if a state has no AACSB accredited institution, as determined by the total number of undergraduate and graduate accounting degrees conferred in the most recent five years for which data is available (as reported in IPEDS).

The number of undergraduate and graduate degrees in accounting awarded by individual U.S. institutions, during the most recent five academic years for which data is available, will be obtained from the IPEDS, a data repository maintained by the National Center for Educational Statistics of the U.S. Department of Education's (DoE) Institute of Education Sciences (<https://nces.ed.gov/ipeds/>). Data for IPEDS are provided, on a mandatory basis, by every postsecondary institution in the U.S. that receives federal funding (including student financial aid) from the DoE, so nearly every college and university in the U.S. is included in the database. Data are updated annually by college staff and are maintained and disseminated by IPEDS staff. General Business, Finance, Tax or related degrees will not be included if such degrees are offered separate from any accounting degrees. Groups will be updated annually to account for changes in accreditation and the number of degrees awarded.



## 6. Invitation Procedures

The Administrator will make direct contact with the Dean of the College of Business, Chair/Director of the accounting program, prior year nominator (if applicable) and any other appropriate authority at each Nominating Institution (as identified in Section 5) to describe the PCAOB Scholars Program and determine if the institution is willing to participate. If an institution fails to respond, declines to participate, or fails to submit a nomination, no alternate will be contacted. Each institution will be required to designate a Nominating Institution Representative (Representative), who will be responsible for completing and submitting the online nomination form, and providing contact information to the Administrator.

After participation by a Nominating Institution has been confirmed, the Administrator will load the Representatives' contact information into the online system, and will send a link to the Representative via email. Representatives will also be provided with the program Bulletin of Information, which will define the eligibility criteria for student nomination along with relevant deadlines, and will require each Nominating Institution to accept responsibility for satisfying the criteria. Representatives will be asked to follow the steps listed in Section 7, Nomination Procedure, upon receipt of the link.



## 7. Nomination Procedure

Upon receipt of the link as described in Section 6, the Representative will access the online nomination platform, and, using a procedure designed by the institution, identify one student to be considered for the PCAOB Scholars Program. By the stated deadline, the Representative will provide the requested information, and complete the required certification as described in Section 9.

After the deadline has passed, the Administrator will send a link to the identified student. The student will access the online platform, provide the required information and documentation as identified in Section 9, and submit the nomination.



## 8. Notification to Nominating Institutions

The following notifications will be sent to each Nominating Institution at appropriate times during the scholarship nomination process:

- Confirmation of participation and Representative information email
- Representative registration information email, containing links to the online nomination form and the Bulletin of Information
- Deadline reminder emails
- Nomination submission confirmation email
- Disbursement communications (to Nominated Students and Nominating Institutions).



## 9. Requirements and Certification of Nominees

The Representative will complete a portion of the online nomination form, which will include the following information:

- Identifying information for the Representative needed for disbursement of award funds
- A certification section that will reiterate the PCAOB's eligibility criteria for nominating a student

The certification section will require an electronic signature of the Representative, confirming compliance with the eligibility criteria. The Nominating Institution will also be required to certify that the Nominated Student will not be required to perform any teaching, research, or other services in exchange for receiving a scholarship from the PCAOB. Nominations cannot be submitted without the Representative's signature.

Nominees will also complete a portion of the online nomination form which will include the following information:

- Full name and contact information, including mailing address where funds can be sent
- Upload of student resume and transcript (either official or unofficial)
- A certification section that will reiterate the PCAOB's eligibility criteria and grant approval for the PCAOB to use the student's name and likeness in publicizing the PCAOB Scholars Program and to periodically receive future communications from the PCAOB



## 10. Community College Transfer Student Pilot Program

In 2019, a program was established to provide scholarship funds for students who transfer from community colleges and enroll in the accounting program at a four-year Nominating Institution. The program will continue on a pilot basis for 2020 and will award up to 25 scholarships to students transferring from a community college into the accounting program at a four year institution. Institutions selected for the pilot program will have up to two scholarships for the upcoming academic year, one reserved exclusively for a transfer student. In addition to meeting all other program criteria, nominees will also be required to confirm enrollment at the Nominating Institution.

The PCAOB will work directly with each Nominating Institution to identify eligible students and complete nominations in accordance with program deadlines. Subject to availability of funds, a successful pilot would result in an expansion of the program in a manner to be developed in consultation with the Board.



## 11. Flow of Funds

After nominations have been processed, the Administrator will prepare a disbursement roster of all Nominated Students. The roster will be sent to the PCAOB for approval. Once the PCAOB has approved the Nominated Students, the Administrator will work closely with the PCAOB in following the prescribed disbursement policy as described below:

The PCAOB will provide either electronic transfer of the award funds or payment by check in accordance with the existing contract. Checks will be made payable to the Nominated Student's Nominating Institution and mailed to the nominated student with a financial aid cover letter describing permitted uses. When the check is mailed to the student, the Administrator will also send an email to the student to alert him or her that the check has been mailed.



## 12. Tracking of Expenditures and Clawback Contingencies

The Administrator will mail one disbursement check to each Nominated Student along with a cover letter, provided by the PCAOB, describing the scholarship and its permitted use(s).

### Award Fund Account Maintenance

The Administrator will utilize accounting software to track all PCAOB award deposits and expenditures. The Administrator will provide the PCAOB with an end-of-cycle accounting balance to ensure that all award funds are properly distributed.

After disbursing award checks to Nominated Students, the Administrator is prepared to receive and process returned checks. Awards must be returned by the institution if the student is not enrolled, is not in good academic standing as defined by the institution, does not have any unpaid expenses that qualify, or if the student declines the award.

If the check is returned to the Administrator, the award amount will be credited to the PCAOB.

### Reissues

If a Nominated Student does not enroll in the Nominating Institution in the fall, the Nominated Student will relinquish his or her award. If the timing allows, the Nominating Institution may be allowed to nominate an alternate student. The Administrator will escalate this issue to the PCAOB and discuss options.

## Credits

As noted above, the Administrator will credit unused or forfeited award funds to the PCAOB. Unused awards may be partial or full. A partial award credit will occur when the Nominated Student's eligible educational expenses amount to less than \$10,000, or when the Nominated Student has used a portion of the award and declines or becomes ineligible to receive the remainder (e.g., the Nominated Student attends for the fall semester but does not attend for the spring semester). A full refund will occur when the award is declined by the Nominated Student, or the Nominated student is no longer eligible to receive the award.

The Administrator will send a check to the PCAOB to cover any refunds received in accordance with the existing contract. A roster of the Nominated Students whose awards are being refunded will be included with the check. The roster will include the Nominated Student's name, the refund amount, and the reason for the refund.

## Outstanding Checks

In early May of the year following the original disbursement year, the Administrator will determine if any checks issued during the academic year remain outstanding (not cashed). By May 15, the Administrator will send a form letter via email to each Nominated Student, for each check, informing the student that the checks will be cancelled unless he or she responds by June 20.

All checks that have not cleared the Administrator's bank by June 20 will be cancelled. The funds retained to cover these items will be credited to the PCAOB with the final credit remittance on July 1. Refunds for outstanding checks will be clearly identified on the refund roster.

## Deferrals

Deferrals will be reviewed on an individual basis. Deferrals may be granted at the discretion of the PCAOB, if the scholar will not be enrolled for reasons such as:

- Health, family, or financial reasons
- Military or religious service
- Cooperative learning programs
- Study abroad

Award funds may be deferred if the scholar has no need for any funds for any portion of the academic year. No more than two semesters may be deferred throughout a scholar's academic career. Should a student request a partial-year deferral, the award disbursement amount will be adjusted accordingly.

In the event a student requests and receives a deferral for the remaining school year before the start of the second semester, students will be informed in their award letter that it is their responsibility to notify their financial aid office of their new status and request the return of funds.



## 13. Periodic Reporting to the PCAOB

The Administrator will provide reports to the PCAOB in accordance with the existing contract.



## 14. Definitions

**Administrator** – A consultant hired by the PCAOB on an annual basis to assist with program management and execution.

**Integrated Postsecondary Education Data System (IPEDS)** – A data repository maintained by the National Center for Educational Statistics of the U.S. Department of Education’s (DoE) Institute of Education Sciences (<https://nces.ed.gov/ipeds/>).

**Eligible Institution** – A U.S. colleague or university that meets the criteria under Section 4.

**Nominated Student** – Student selected by a Nominating Institution to become a PCAOB Scholar and receive the scholarship award.

**Nominating Institution** – An eligible institution included in Groups 1, 2, or 3 who is invited to submit a nomination.

**Representative** – A Nominating Institution’s designee, who will be responsible for completing and submitting the online nomination form.