

Audit Focus

Form AP



PCAOB staff continues to identify a large number of deficiencies related to auditors' Form AP filings. This edition of Audit Focus highlights key reminders for auditors from the PCAOB rules, standards, and staff guidance related to Form AP; provides the staff's perspectives on common deficiencies in auditors' work; and shares good practices that the staff has observed.

APPLICABLE PCAOB RULES, STANDARDS, AND STAFF GUIDANCE

PCAOB Rule 3211, *Auditor Reporting of Certain Audit Participants*, requires a PCAOB-registered public accounting firm ("audit firm" or "firm") to file a report on Form AP for each audit report it issues for an issuer, in accordance with the instructions. The *Form AP instructions* require the report to include information specific to the audit, such as the engagement partner, details about the audit report, and participation of other accounting firms in the audit.

About the Audit Focus Series

Audit Focus is a series of PCAOB publications that aims to provide easy-to-digest information to auditors, especially those who audit smaller public companies. Each edition of Audit Focus reiterates the applicable auditing standards, rules, and/or staff guidance, as well as offers reminders and good practices tailored to PCAOB-registered auditors of smaller public companies – all with an eye toward protecting investors and improving audit quality.

The Board's adopting release and relevant staff guidance are available on the Form AP implementation page of the [PCAOB's website](#).

This document, which was published in March 2025, represents the views of PCAOB staff and not necessarily those of the Board. It is not a rule, policy, or statement of the Board.

Common Deficiencies

The most common audit deficiencies that the PCAOB has observed in its inspections of the audits of smaller public companies relate to the auditor including inaccurate information on Form AP or failing to include required information. Staff have observed the following deficiencies in completing Form AP:

Inaccurately reporting whether another accounting firm contributed

5% or more of total audit hours.



Omitting or incorrectly reporting

the percentage of total audit hours contributed by a firm.



Inaccurately reporting the number of other accounting firms

that individually contributed less than 5% of total hours.



Inaccurately indicating whether the audit client is an issuer

other than an employee benefit plan or investment company, an employee benefit plan, or an investment company.



Providing an inaccurate Central Index Key (CIK) number

for the issuer or not providing a CIK number for the issuer.



Inaccurately noting the state

of the office of the audit firm issuing the audit report or not providing the state.



Providing the incorrect date of the audit report.



Providing the incorrect name of the issuer

whose financial statements were audited.

REMINDERS

Other Accounting Firm Disclosure

Form AP requires the lead auditor to report information if one or more other accounting firms participate in the audit. Those “other accounting firms” are registered public accounting firms other than the audit firm that filed the Form AP, or any other person or entity that opines on the compliance of any entity’s financial statements with an applicable financial reporting framework.

Other accounting firms include affiliated firms, such as firms in a global network, or nonaffiliated firms. Another accounting firm participated in the firm’s audit if the other accounting firm or any of its principals or professional employees was subject to supervision under *AS 1201, Supervision of the Audit Engagement*.

Total Audit Hours Computation

The computation of total audit hours includes hours attributable to the (1) financial statement audit; (2) reviews pursuant to *AS 4105, Reviews of Interim Financial Information*, for the fiscal year covered by the audit; and (3) the audit of internal controls over financial reporting pursuant to *AS 2201, An Audit of Internal Control Over Financial Reporting That Is Integrated With An Audit of Financial Statements*. These hours will be comprised of the hours of the lead auditor, other accounting firms participating in the audit with whom the lead auditor does not divide responsibility for the audit, and nonaccounting firm participants that assist the lead auditor or other accounting firms.

It is important for auditors to remember that certain hours are excluded from the calculation of total audit hours. These exclusions are hours incurred by:

- The engagement quality reviewer.
- The person who performed the review pursuant to Securities and Exchange Commission Practice Section 1000.45 Appendix K.

- Specialists engaged, not employed, by the auditor.
- Accounting firms performing the audit of the entities in which the public company has an equity method investment;
- Internal auditors, other company personnel, or third parties working under the direction of the public company’s management or the audit committee who provided direct assistance in the audit of internal control over financial reporting; and
- Internal auditors who provided direct assistance in the audit of the financial statements.

When the audit firm is determining which audit participants to disclose on Form AP, the exclusions noted above would not be identified and their time is not included in the computation of total audit hours.

If other accounting firms participated in the audit, the audit firm filing Form AP is required to compute the extent of participation of each other accounting firm in the most recent period’s audit as a percentage of total audit hours.

For each other accounting firm that participated in the audit that individually contributed 5% or more of total audit hours, the audit firm filing Form AP is required to report the other accounting firm’s (1) legal name; (2) city and state (or, if outside the United States, city and country) of the headquarters’ office; (3) firm ID, when applicable; and (4) percentage of total audit hours (which is required to be presented consistently for all other accounting firms either as a specific percentage or within the range of percentages listed in the form instructions).

For other accounting firms that participated in the audit that individually contributed less than 5% of total audit hours, Form AP requires disclosure of (1) the total number of other accounting firms that individually contributed less than 5% of total audit hours and (2) the percentage of total audit hours that all such firms contributed, expressed as either a specific percentage or within the range of percentages listed in the form instructions.

Amendments to Previously Filed Form AP

Accounting firms are required to amend Form AP to either correct information that was incorrect at the time the form was filed or provide information that was omitted from the form and required to be provided at the time the form was filed. Amendments are not required for information that was accurate or based on a reasonable estimate at the time of filing such as:

- Differences between reasonably estimated and actual hours. An accounting firm should only use estimated hours if actual hours are unavailable, and the firm should document in its audit file the method used to estimate the hours.
- Engagement partner changes subsequent to the issuance of the audit report.
- Audit reports that are subsequently withdrawn.

Good Practices

We have observed the following good practices that audit firms who audit smaller public companies have implemented in the area of Form AP:



Structured Templates.

Some audit firms require the use of commercially available templates or in-house developed templates to facilitate the calculation of total audit hours and to ensure the accurate and complete information of other accounting firms that participated in the audit in accordance with Form AP.

Guidance and Training.

To enhance the effective use of these templates, some audit firms develop guidance on how to complete the templates. This includes examples of properly completed templates, training sessions on the use of the templates and the requirements of PCAOB Rule 3211, review of related PCAOB deficiencies, and best practice reminders. Additionally, tips are provided to avoid common pitfalls when using the templates.



Policy for Review.

Some audit firms implement a policy mandating a review, performed by a partner independent of the engagement team, over the accuracy and completeness of the information in Form AP before filing.

ADDITIONAL RESOURCES

For more guidance, please visit the [Staff Guidance](#) page.

STAY CONNECTED

Auditors and others can find more PCAOB resources and perspectives on our **Information for Smaller Firms** and **Staff Publications** pages. Sign up for **targeted email updates** through our **Communications to Auditors** and **Communications to Small Audit Firm Practitioners** mailing lists.