

Update: Interim Inspection Program Related to Audits of Brokers and Dealers

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October 2021

DISCLAIMER

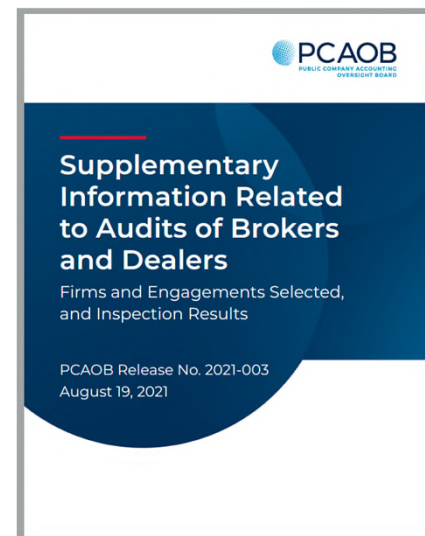
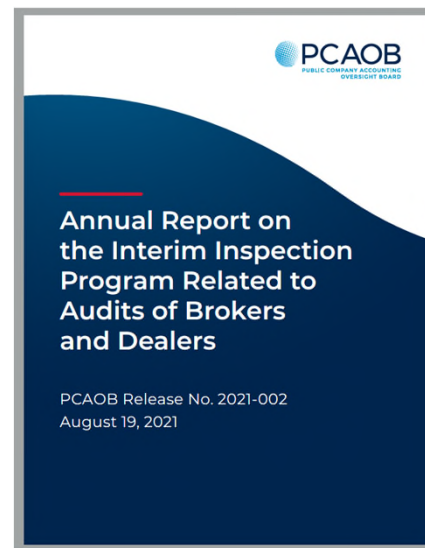
Any views expressed are my own and do not necessarily reflect the views of the Board as a whole, any individual Board Members, or other staff.

AGENDA

- Overview of 2021 4020T Report
- 2020 Inspections Results
- 2021 Inspections Status

OVERVIEW OF 2021 4020T REPORT

- Changes in Presentation
 - Information about selection of firms and engagements
 - Supplementary information document
- Good Practices
 - May be effective to address various scenarios
 - Do not modify or establish auditing or attestation standards
 - Dependent upon facts and circumstances



INSPECTIONS BY THE NUMBERS

	2020	2019	2018
Total Firms Inspected	65	66	67
Firms Whose Audits and/or Attestation Engagements Showed Deficiencies	51	59	64
Firms Whose Audits and Attestation Engagements Did Not Show Deficiencies	14	7	3
Total Audits			
Total Audits	105	106	105
Audits with Deficiencies	64	75	80
- Audits with Audit Deficiencies and Attestation Deficiencies	27	53	55
- Audits with Audit Deficiencies but without Attestation Deficiencies	37	22	25
Audits without Deficiencies	41	31	25
Total Examination Engagements			
Total Examination Engagements	21	29	24
Examination Engagements with Deficiencies	14	20	18
Examination Engagements without Deficiencies	7	9	6
Total Review Engagements			
Total Review Engagements	83	74	79
Review Engagements with Deficiencies	19	38	43
Review Engagements without Deficiencies	64	36	36

INSPECTION RESULTS BY CATEGORY

		Audits	Examination Engagements	Review Engagements	Auditor Independence
2020	Applicable Engagements Reviewed	105	21	83	23
	Percentage of Engagements with Deficiencies	61%	67%	23%	9%
		Audits	Examination Engagements	Review Engagements	Auditor Independence
2019	Percentage of Engagements with Deficiencies	71%	69%	51%	17%
2018		76%	75%	54%	5%

REVENUE

- Testing Revenue
 - Commissions
 - Trading gains and losses
 - Investment banking fees
 - Investment and other advisory fees
 - Success fees

Applicable Engagements Reviewed	95
Engagements with Deficiencies	45
Percentage	47%

EXAMINATION ENGAGEMENTS

- Testing Internal Control over Compliance (ICOC)
 - Reserve requirements rule
 - Possession or control requirements
 - Account statement rule
 - Quarterly security counts rule

Applicable Engagements Reviewed	21
Engagements with Deficiencies	14
Percentage	67%

2021 INSPECTIONS STATUS

- Selection of Firms and Broker-Dealer Audits
- Remote Inspections
- Inspection Focus
 - Systems of quality control
 - Audits of the financial statements
 - Examination and review engagements

QUESTIONS

Please submit any questions or feedback you might have on this presentation to forum@pcaobus.org.

