
Supplementary Information Related to Audits of Brokers and Dealers

Firms and Engagements Selected,
and Inspection Results

PCAOB Release No. 2023-006
August 10, 2023

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INTRODUCTION

This document supplements the information about our 2022 inspections included in the *Annual Report on the Interim Inspection Program Related to Audits of Brokers and Dealers* (“Annual Report”), issued August 10, 2023.¹ This document provides information about firms selected for inspection, as well as audit and attestation engagements for broker-dealers selected for review under the interim inspection program.² This document also provides supplementary information about the inspection results stratified by firm, inspection, and broker-dealer characteristics.

Information about selected firms and engagements is provided for the period since the inception of the interim inspection program in 2011, as well as for the period that broker-dealer audits have been required to be performed in accordance with PCAOB standards. PCAOB standards became applicable for audits of broker-dealer annual reports for fiscal years ended on or after June 1, 2014. The related requirement that broker-dealers file compliance or exemption reports, as applicable, also became applicable for those broker-dealers at the same time. We began conducting inspections that covered those audits in 2014. 2015 was the first inspection year in which all broker-dealer audits and related attestation engagements were required to be performed in accordance with PCAOB standards.

Information about the inspection results stratified by firm, inspection, or broker-dealer characteristics is provided either for the period that broker-dealer audits were required to be performed in accordance with PCAOB standards, or for the three most recent inspection years. Information about the inspections results under the interim inspections program prior to this period (covering engagements required to be performed in accordance with generally accepted auditing standards) is not repeated here but is available in [previous annual reports](#).

¹ For information about the establishment of the interim inspection program, refer to the [adopting release for Rule 4020T, Interim Inspection Program Related to Audits of Brokers and Dealers](#).

² The use of the term “broker-dealer” in this document refers to entities that are registered with the Securities and Exchange Commission (SEC) as both a broker and dealer and to entities that are registered as only one or the other.

FIRMS AND ENGAGEMENTS SELECTED

Since Inception of the Interim Inspection Program

Since the inception of the interim inspection program in 2011, the PCAOB has performed 707 inspections of 411 of the firms that conducted audits of broker-dealers. The 707 inspections covered portions of 1,130 audits, of which 851 were required to be performed in accordance with PCAOB standards (audits of broker-dealers with fiscal years ended on or after June 1, 2014) and 279 were required to be performed in accordance with generally accepted auditing standards (audits of broker-dealers with fiscal years ended before June 1, 2014). The audits selected since the inception of the interim inspection program covered financial statement periods that ended December 31, 2010, through March 31, 2022.

The two tables below present information about our selection of firms for inspection and engagements for review since the inception of the interim inspection program, stratified by the characteristic of either the number of broker-dealer audits per firm or whether the firm also audited issuers. Firms that have been inspected more than once during that period are categorized based on their characteristics as of their most recent inspection, even though their category may have changed over time. Engagements are categorized based on the characteristics of the firm performing the engagement at the time of each inspection and, accordingly, engagements performed by the same firm may appear in more than one stratum to the extent the firm characteristics have changed over time.

The following table presents the number of firms inspected since inception of the interim inspection program, the number of audits reviewed during the inspections, and the number of attestation engagements covered by inspections, stratified by the number of broker-dealer audits per firm.

Number of broker-dealer audits per firm	Number of firms	Number of audits	Number of examinations engagements	Number of review engagements
1	83	91	7	55
2 to 20	266	420	49	261
21 to 50	41	174	24	89
51 to 100	14	102	15	68
More than 100	7	343	123	143
Total	411	1,130	218	616

Of the seven firms that audited more than 100 broker-dealers, four also audited more than 100 issuers. Inspections of those four firms since inception of the interim inspection program included review of 321 audits, 121 examination engagements, and 137 review engagements.

The following table presents the number of firms inspected since inception of the interim inspection program, the number of audits reviewed during the inspections, and the number of attestation engagements covered by the inspections, stratified by whether the firms also audited issuers.

Firms	Number of firms	Number of audits	Number of examination engagements	Number of review engagements
Also audited issuers	173	749	194	383
Did not audit issuers	238	381	24	233
Total	411	1,130	218	616

Since PCAOB Standards Became Applicable

Since PCAOB standards became applicable for broker-dealer audits, the PCAOB has performed 528 inspections of 325 of the firms that conducted audits of broker-dealers. These inspections covered portions of 851 audits and 834 attestation engagements that were also required to be performed in accordance with PCAOB standards. These audits and related attestation engagements covered financial statement periods that ended June 30, 2014, through March 31, 2022.

The two tables below present information about our selection of firms for inspection and engagements for review during the period that the engagements were required to be performed in accordance with PCAOB standards, stratified by a firm or broker-dealer characteristic. Firms that have been inspected more than once during that period are categorized based on their characteristics as of their most recent inspection, even though their category may have changed over time. Engagements are categorized based on the characteristics of the firm performing the engagement at the time of each inspection and, accordingly, may appear in more than one stratum to the extent the firm characteristics have changed over time.

The following table presents the number of firms inspected since PCAOB standards became applicable for the engagements reviewed during inspections, the number of audits reviewed, the number of examination engagements covered, and the number of review engagements covered, stratified by whether the firms audited broker-dealers that filed compliance reports or audited broker-dealers that filed only exemption reports.

In addition to the 323 firm inspections and 849 audits included in this table, we inspected two firms and reviewed one audit of each firm's only broker-dealer client where those broker-dealers did not file a compliance or exemption report.

Firms	Number of firms	Number of audits	Number of examination engagements	Number of review engagements
Audited broker-dealers that filed compliance reports	63	474	218	239
Audited broker-dealers that filed only exemption reports	260	375	N/A	377
Total	323	849	218	616

The following table presents the ranges of minimum net capital requirements and actual net capital reported for the broker-dealers that filed either a compliance report or an exemption report, whose attestation engagements were covered in the inspections performed since PCAOB standards became applicable, stratified by type of report filed.

Broker-dealers filed	Number of attestation engagements	Range of minimum net capital requirements (Thousands)	Range of actual net capital reported at fiscal year-end (Thousands)
Compliance report	218	\$250 - \$5,000,000	\$250 - \$23,000,000
Exemption report	616	\$5 - \$82,000	\$5 - \$1,900,000
Total/Combined	834	\$5 - \$5,000,000	\$5 - \$23,000,000

Compared to 2020 and earlier years, in 2022 and 2021 we selected for review a greater number of engagements for broker-dealers that filed compliance reports. Broker-dealers that file compliance reports may hold customer funds, maintain control over customer securities, and provide account statements to customers, and as such may present a greater risk of loss or misappropriation of customer assets. Many broker-dealer auditors audit only broker-dealers that file exemption reports. Also, a relatively small proportion of broker-dealers file compliance reports. As such, our focus on audit and attestation engagements for broker-dealers that file compliance reports in 2022 narrowed the overall populations of both firms and broker-dealer engagements from which we made a greater proportion of our selections. In 2022, we also selected a greater percentage of audit engagements on a risk basis, compared to engagements selected randomly. These changes are reflected in the 2022 inspection results presented in the Annual Report and this document.

INSPECTION RESULTS

Since PCAOB Standards Became Applicable

Summary of Independence Findings and Deficiencies

References to independence findings and deficiencies throughout this document refer to those identified through the PCAOB inspection process and may not represent all such instances that exist in the engagements reviewed.

The following table summarizes the independence findings and deficiencies by type of engagement, from reviews of audits and attestation engagements performed in accordance with PCAOB standards for each of the last three inspection years and combined for the period since PCAOB standards became applicable for the related engagements.

Inspection year	Percentage of audits with independence findings	Percentage of audits with deficiencies	Percentage of audit areas ³ with deficiencies	Percentage of examination engagements with deficiencies	Percentage of review engagements with deficiencies
2022	11%	58%	20%	50%	40%
2021	0%	49%	15%	64%	28%
2020	9%	61%	18%	67%	23%
Combined 2014–2022	8%	70%	26%	67%	42%

On an overall basis, the percentage of audits with deficiencies increased in 2022 when compared to 2021 but decreased compared to 2020. The percentage of audit areas with deficiencies increased in 2022 compared to 2021 and 2020. The percentage of examination engagements with deficiencies in 2022 decreased significantly compared to 2021 and 2020. The percentage of review engagements with deficiencies in 2022 increased significantly compared to 2021 and 2020. Of nine audits where auditor independence was reviewed in 2022, independence findings were identified on one.⁴

³ “Audit areas” include areas that do not relate to the sufficiency or appropriateness of evidence firms obtained to support their audit opinions but may involve other instances of noncompliance with PCAOB standards.

⁴ Violations of SEC independence rules that firms have reported to the PCAOB, including vis-à-vis their broker-dealer clients, are addressed through a separate PCAOB inspection program, and, consequently, are not included in the Annual Report (or this supplementary information), consistent with prior years.

The following table summarizes the same inspection results for the firms that audited more than 100 broker-dealers and more than 100 issuers as of their most recent inspection.

Inspection year	Percentage of audits with independence findings	Percentage of audits with deficiencies	Percentage of audit areas with deficiencies	Percentage of examination engagements with deficiencies	Percentage of review engagements with deficiencies
2022	0%	33%	7%	32%	20%
2021	0%	30%	4%	47%	16%
2020	0%	38%	5%	56%	20%
Combined 2014–2022	0%	45%	9%	51%	18%

Deficiencies by Audit Area and Attestation Engagement

The following table summarizes deficiencies by audit area and attestation engagement for each of the last three inspection years. The engagements performed during the periods covered by this table were required to be performed in accordance with PCAOB standards. The term “Net Capital Rule” refers to Securities Exchange Act of 1934 (“Exchange Act”) Rule 15c3-1, *Net Capital Requirements for Brokers or Dealers*, and the term “Customer Protection Rule” refers to Exchange Act Rule 15c3-3, *Customer Protection – Reserves and Custody of Securities*.

Engagement or audit area	Percentage of engagements with deficiencies		
	2022	2021	2020
Deficiencies in audits of financial statements related to the sufficiency or appropriateness of evidence			
Revenue	34%	33%	47%
Evaluating audit results	21%	17%	26%
Related party relationships and transactions	33%	22%	25%
Expense and related accruals	29%	25%	N/A
Securities owned and securities sold, not yet purchased ⁵	50%	23%	4%
Receivables and payables	13%	14%	22%
Post-audit matters	100%	0%	0%
Consideration of an entity's ability to continue as a going concern	0%	27%	30%
Consideration of materiality in planning and performing an audit	0%	0%	2%
Leases	N/A	N/A	40%
Deficiencies in audits of supplemental information			
Net Capital Rule	27%	18%	31%
Customer Protection Rule	24%	46%	39%
Other instances of noncompliance with PCAOB standards			
Auditors' reports on financial statements and supplemental information	17%	1%	7%
Audit documentation	15%	3%	2%
Identifying and assessing risks of material misstatement	10%	5%	6%
Consideration of fraud in a financial statement audit ⁶	22%	0%	0%
Auditor communications	2%	3%	2%
Deficiencies in attestation engagements			
Examination engagements	50%	64%	67%
Review engagements	40%	28%	23%

⁵ We changed the name of this area from Fair Value Measurements used in prior annual reports and supplementary information.

⁶ We changed the name of this area from Risk of Material Misstatement Due to Fraud used in prior annual reports and supplementary information.

The most notable increases in the percentage of engagements with deficiencies in 2022, compared to 2021 and 2020, occurred in the areas of audit documentation and auditors' reports on financial statements and supplemental information. The increases in the percentage of engagements with deficiencies in 2022 in the areas of consideration of fraud in a financial statement audit and post-audit matters relate to two engagements and one engagement, respectively.

Audit and Attestation Deficiencies by Firm Characteristics

This section provides inspection results stratified by firm characteristics, as determined at the time of inspection. The engagements performed during the periods covered by the tables in this section were required to be performed in accordance with PCAOB standards.

Firms That Audited Broker-Dealers That Filed Compliance Reports and Firms That Audited Broker-Dealers That Filed Only Exemption Reports

The following tables summarize deficiencies in audits, audit areas, examination engagements, and review engagements, stratified by whether the firm performing the engagements audited broker-dealers that filed compliance reports or audited broker-dealers that filed only exemption reports, for each of the last three inspection years. These firms may or may not also audit issuers, as described in the next section of this document. Firms that audited broker-dealers that filed compliance reports generally also audited broker-dealers that filed exemption reports.

Firms	Percentage of audits with deficiencies			Percentage of audit areas with deficiencies		
	2022	2021	2020	2022	2021	2020
Audited broker-dealers that filed compliance reports	48%	45%	49%	14%	12%	11%
Audited broker-dealers that filed only exemption reports	75%	57%	72%	31%	21%	26%

Firms	Percentage of examination engagements with deficiencies			Percentage of review engagements with deficiencies		
	2022	2021	2020	2022	2021	2020
Audited broker-dealers that filed compliance reports	50%	64%	67%	32%	17%	14%
Audited broker-dealers that filed only exemption reports	N/A	N/A	N/A	47%	39%	28%

Firms that audited broker-dealers that filed compliance reports had lower percentages of audits, audit areas, and review engagements with deficiencies, when compared to firms that audited broker-dealers that filed only exemption reports.

Firms that audited broker-dealers that filed compliance reports had a similar percentage of audits and audit areas with deficiencies in 2022 compared to 2021 and 2020. These firms had a lower percentage of examination engagements with deficiencies in 2022 compared to 2021 and 2020, and a higher percentage of review engagements with deficiencies in 2022 compared to 2021 and 2020.

Firms that audited broker-dealers that filed only exemption reports had higher percentages of audits, audit areas, and review engagements with deficiencies in 2022 compared to 2021 and 2020.

Firms That Also Audited Issuers and Firms That Did Not Audit Issuers

The following tables summarize deficiencies in audits, audit areas, and attestation engagements, stratified by whether the firm performing the engagements also audited issuers and whether the broker-dealer filed a compliance or exemption report, for each of the last three inspection years, and combined for the period since PCAOB standards became applicable for the related engagements.

Firms	Percentage of audits reviewed with deficiencies				Percentage of audit areas reviewed with deficiencies			
	2022	2021	2020	Total (2014–2022)	2022	2021	2020	Total (2014–2022)
Also audited issuers:	49%	41%	51%	61%	16%	9%	12%	19%
Broker-dealers that filed a compliance report	47%	55%	60%	64%	12%	10%	12%	18%
Broker-dealers that filed an exemption report	51%	29%	47%	59%	20%	8%	12%	19%
Did not audit issuers:	86%	66%	81%	90%	33%	26%	30%	41%
Broker-dealers that filed a compliance report	100%	80%	100%	96%	37%	33%	27%	45%
Broker-dealers that filed an exemption report	83%	63%	80%	89%	32%	24%	30%	41%

Firms	Percentage of attestation engagements with deficiencies			
	2022	2021	2020	Total (2014–2022)
Firms that also audited issuers:	45%	42%	32%	43%
Broker-dealers that filed a compliance report	52%	57%	65%	64%
Broker-dealers that filed an exemption report	40%	29%	19%	33%
Firms that did not audit issuers:	40%	38%	31%	59%
Broker-dealers that filed a compliance report	33%	100%	100%	88%
Broker-dealers that filed an exemption report	41%	25%	29%	56%

The percentages of audits and audit areas with deficiencies were lower at firms that also audited issuers compared to firms that did not audit issuers for both types of reports filed by broker-dealers and for all periods. The percentage of attestation engagements with deficiencies for broker-dealers that filed a compliance report was higher at firms that also audited issuers in 2022, but lower for all other periods.

Number of Audits Per Firm

The following tables summarize deficiencies in audits, audit areas, and attestation engagements, stratified by the number of broker-dealer audits performed by the firm, for each of the last three inspection years, and for the combined period since PCAOB standards became applicable for the related engagements.

2022 inspections								
Number of broker-dealer audits per firm	Number of firms	Number of audits	Percentage of audits with deficiencies	Percentage of audit areas with deficiencies	Number of examination engagements	Percentage of examination engagements with deficiencies	Number of review engagements	Percentage of review engagements with deficiencies
1	2	2	100%	56%	0	N/A	2	100%
2 to 20	25	29	86%	35%	6	67%	22	55%
21 to 50	13	15	80%	25%	6	83%	8	38%
51 to 100	5	11	27%	7%	3	67%	8	13%
More than 100	5	35	31%	7%	19	32%	12	25%
Total	50	92	58%	20%	34	50%	52	40%

2021 inspections								
Number of broker-dealer audits per firm	Number of firms	Number of audits	Percentage of audits with deficiencies	Percentage of audit areas with deficiencies	Number of examination engagements	Percentage of examination engagements with deficiencies	Number of review engagements	Percentage of review engagements with deficiencies
1	2	2	50%	6%	1	100%	1	0%
2 to 20	26	28	61%	22%	6	67%	20	50%
21 to 50	12	17	53%	15%	6	67%	11	27%
51 to 100	4	8	75%	24%	4	100%	4	0%
More than 100	6	37	32%	7%	16	50%	22	14%
Total	50	92	49%	15%	33	64%	58	28%

2020 inspections								
Number of broker-dealer audits per firm	Number of firms	Number of audits	Percentage of audits with deficiencies	Percentage of audit areas with deficiencies	Number of examination engagements	Percentage of examination engagements with deficiencies	Number of review engagements	Percentage of review engagements with deficiencies
1	9	9	78%	40%	1	100%	8	75%
2 to 20	32	34	71%	23%	3	100%	31	16%
21 to 50	14	17	76%	23%	1	100%	16	25%
51 to 100	6	13	62%	17%	0	N/A	13	8%
More than 100	4	32	38%	5%	16	56%	15	20%
Total	65	105	61%	18%	21	67%	83	23%

Combined inspections 2014–2022				
Number of broker-dealer audits per firm	Percentage of audits with deficiencies	Percentage of audit areas with deficiencies	Percentage of examination engagements with deficiencies	Percentage of review engagements with deficiencies
1	88%	45%	100%	69%
2 to 20	87%	36%	84%	55%
21 to 50	73%	26%	83%	36%
51 to 100	69%	25%	93%	24%
More than 100	45%	10%	52%	18%
Total	70%	26%	67%	42%

Firms that audited more than 100 broker-dealers had significantly lower percentages of deficiencies than firms that audited 100 or fewer broker-dealers in each of 2022, 2021, 2020, and on a combined basis.

The following tables summarize deficiencies in audits, audit areas, and attestation engagements, for firms that audited more than 100 broker-dealers and more than 100 issuers as of their most recent inspection and for all other firms, stratified by the number of broker-dealer audits performed by the firm, for each of the last three inspection years, and for the combined period since PCAOB standards became applicable for the related engagements.

2022 inspections								
Number of audits per firm	Number of firms	Number of audits	Percentage of audits with deficiencies	Percentage of audit areas with deficiencies	Number of examination engagements	Percentage of examination engagements with deficiencies	Number of review engagements	Percentage of review engagements with deficiencies
More than 100 broker-dealers and more than 100 issuers	4	33	33%	7%	19	32%	10	20%
All other firms	46	59	71%	27%	15	73%	42	45%
Total	50	92	58%	20%	34	50%	52	40%

2021 inspections								
Number of audits per firm	Number of firms	Number of audits	Percentage of audits with deficiencies	Percentage of audit areas with deficiencies	Number of examination engagements	Percentage of examination engagements with deficiencies	Number of review engagements	Percentage of review engagements with deficiencies
More than 100 broker-dealers and more than 100 issuers	4	33	30%	7%	15	47%	19	16%
All other firms	46	59	59%	27%	18	78%	39	33%
Total	50	92	49%	15%	33	64%	58	28%

2020 inspections								
Number of audits per firm	Number of firms	Number of audits	Percentage of audits with deficiencies	Percentage of audit areas with deficiencies	Number of examination engagements	Percentage of examination engagements with deficiencies	Number of review engagements	Percentage of review engagements with deficiencies
More than 100 broker-dealers and more than 100 issuers	4	32	38%	5%	16	56%	15	20%
All other firms	61	73	71%	24%	5	100%	68	24%
Total	65	105	61%	18%	21	67%	83	23%

Combined inspections 2014–2022				
Number of audits per firm	Percentage of audits with deficiencies	Percentage of audit areas with deficiencies	Percentage of examination engagements with deficiencies	Percentage of review engagements with deficiencies
More than 100 broker-dealers and more than 100 issuers	45%	9%	51%	18%
All other firms	81%	33%	87%	48%
Total	70%	26%	67%	42%

Firms that audited more than 100 broker-dealers and more than 100 issuers had significantly lower percentages of deficiencies than other firms in each of 2022, 2021, 2020, and on a combined basis.

Audit and Attestation Deficiencies by Inspection Frequency

This section provides inspection results stratified by the frequency with which the firm has been inspected since PCAOB standards became applicable for audits of broker-dealers. 2015 was the first inspection year in which all broker-dealer audits and related attestation engagements reviewed were required to be performed in accordance with PCAOB standards. We also performed inspections in 2014 of five firms whose engagements were required to be performed in accordance with PCAOB standards.

Firms Inspected Each Year

Five firms were inspected in each of the eight years during the 2015–2022 period. The following table presents a summary of deficiencies for these firms by year. The inspection results from the 2014 inspection of one firm that was also inspected in each year during the 2015–2022 period is included with the 2015 results.

Inspection year(s)	Percentage of audits with deficiencies	Percentage of audit areas with deficiencies	Percentage of examination engagements with deficiencies	Percentage of review engagements with deficiencies
2022	31%	7%	35%	17%
2021	31%	5%	50%	15%
2020	36%	5%	56%	19%
2019	43%	8%	63%	11%
2018	49%	14%	57%	6%
2017	62%	16%	65%	20%
2016	51%	8%	54%	23%
2015 and 2014	51%	9%	46%	25%

For firms inspected in each of the eight years from 2015–2022, the respective percentage of audits, audit areas, and review engagements with deficiencies was similar in 2022 compared to 2021. The percentage of examination engagements with deficiencies decreased in 2022 compared to 2021. Individual firm results varied.

Firms Inspected More Than Once, but Not Each Year

One hundred and four firms were inspected more than once, but not in each year during the 2014–2022 period. Of these firms, 65 were inspected twice during that period, and 13 of the 65 were inspected for the second time in 2022. The following table presents the deficiencies from our initial review of audit and attestation engagements (by engagement type) and each subsequent review of audit and attestation engagements (by engagement type) for the 104 firms.

Inspection	Percentage of audits with deficiencies	Percentage of audit areas with deficiencies	Percentage of examination engagements with deficiencies ⁷	Percentage of review engagements with deficiencies ⁸
Seventh inspection	0%	0%	N/A	N/A
Sixth inspection	25%	5%	N/A	N/A
Fifth inspection	44%	10%	N/A	17%
Fourth inspection	57%	16%	100%	21%
Third inspection	69%	22%	67%	24%
Second inspection	79%	30%	91%	41%
Initial inspection	90%	36%	96%	50%

For firms inspected more than once, but not in each year during the 2014–2022 period, the respective percentage of audits, audit areas, and review engagements with deficiencies was generally lower as the frequency with which the firm was inspected increased. Individual firm results varied.

Firms Inspected Once

An additional 216 firms were inspected once during the 2014–2022 period, including nine firms inspected for the first time in 2022. The following table presents a summary of deficiencies for these firms by year. The inspection results from the 2014 inspection of one firm are included with the 2015 results.

Inspection year(s)	Percentage of audits with deficiencies	Percentage of audit areas with deficiencies	Percentage of examination engagements with deficiencies	Percentage of review engagements with deficiencies
2022	89%	38%	N/A	67%
2021	60%	24%	N/A	50%
2020	77%	30%	N/A	38%
2019	87%	43%	100%	70%
2018	93%	40%	100%	70%
2017	90%	41%	100%	62%
2016	96%	50%	100%	63%
2015 and 2014	95%	46%	100%	65%

⁷ For firms included in this table, there have been no instances where an examination engagement has been covered in more than four inspections of a firm.

⁸ For firms included in this table, there have been no instances where a review engagement has been covered in more than five inspections of a firm.

For firms inspected for the first time in 2022, the respective percentage of audits, audit areas, and review engagements with deficiencies was higher than the corresponding results for all firms inspected in 2022 on a combined basis. Individual firm results varied.

Audit and Attestation Deficiencies by Broker-Dealer Characteristics

The engagements performed during the periods covered by the tables in this section were required to be performed in accordance with PCAOB standards.

Whether the Broker-Dealer Filed a Compliance Report or an Exemption Report

The following table summarizes deficiencies in audits, audit areas, examination engagements, and review engagements, stratified by whether the broker-dealers whose audits were reviewed filed a compliance or exemption report, combined for the period since PCAOB standards became applicable for the related engagements.

Combined 2014–2022				
Broker-Dealer filed	Percentage of audits with deficiencies	Percentage of audit areas with deficiencies	Percentage of examination engagements with deficiencies	Percentage of review engagements with deficiencies
Compliance report	67%	21%	67%	N/A
Exemption report	70%	27%	N/A	42%

Broker-Dealers That Filed Compliance Reports⁹

The following table summarizes deficiencies by audit area from reviews of audit engagements for broker-dealers that filed compliance reports, for each of the last three inspection years.

Audit areas	2022			2021	2020
	Number of audits	Number of audits with deficiencies	Percentage of audits with deficiencies	Percentage of audits with deficiencies	Percentage of audits with deficiencies
Deficiencies in audits of financial statements related to the sufficiency or appropriateness of evidence					
Revenue	33	8	24%	28%	40%
Evaluating audit results	35	4	11%	15%	14%
Related party relationships and transactions	7	2	29%	20%	0%
Expenses and related accruals	7	2	29%	40%	N/A
Securities owned and securities sold, not yet purchased	1	0	0%	0%	0%
Receivables and payables	10	2	20%	17%	22%
Post-audit matters	0	N/A	N/A	0%	0%
Consideration of an entity's ability to continue as a going concern	0	N/A	N/A	50%	0%
Consideration of materiality in planning and performing an audit	35	0	0%	0%	0%
Leases	0	N/A	N/A	N/A	0%
Deficiencies in audits of supplemental information					
Net Capital Rule	13	1	8%	17%	13%
Customer Protection Rule	25	6	24%	46%	45%
Other instances of noncompliance with PCAOB standards					
Auditors' reports on financial statements and supplemental information	35	2	6%	3%	0%
Audit documentation	35	5	14%	0%	0%
Identifying and assessing risks of material misstatement	35	2	6%	3%	0%
Consideration of fraud in a financial statement audit	1	0	0%	0%	0%
Auditor communications	35	0	0%	0%	0%

⁹ The results from our 2021 review of the audit of one broker-dealer that filed both a compliance report and an exemption report are included in this table.

For audits of broker-dealers that filed compliance reports, the percentage of audits with deficiencies in 2022 decreased from 2021 in the areas of revenue, evaluating audit results, expenses and related accruals, Customer Protection Rule, and Net Capital Rule. However, the percentage of audits with deficiencies increased in 2022 from 2021 in the areas of related party relationship and transactions, receivables and payables, auditors' reports on financial statements and supplemental information, audit documentation, and identifying and assessing risks of material misstatement.

Broker-Dealers That Filed Exemption Reports¹⁰

The following table summarizes deficiencies by audit area from reviews of audit engagements for broker-dealers that filed exemption reports, for each of the last three inspection years.

Audit areas	2022			2021	2020
	Number of audits	Number of audits with deficiencies	Percentage of audits with deficiencies	Percentage of audits with deficiencies	Percentage of audits with deficiencies
Deficiencies in audits of financial statements related to the sufficiency or appropriateness of evidence					
Revenue	55	22	40%	35%	49%
Evaluating audit results	57	15	26%	19%	29%
Related party relationships and transactions	11	4	36%	21%	33%
Expenses and related accruals	7	2	29%	14%	N/A
Securities owned and securities sold, not yet purchased	5	3	60%	50%	6%
Receivables and payables	5	0	0%	11%	22%
Post-audit matters	1	1	100%	0%	0%
Consideration of an entity's ability to continue as a going concern	1	0	0%	22%	33%
Consideration of materiality in planning and performing an audit	57	0	0%	0%	2%
Leases	0	N/A	N/A	N/A	50%
Deficiencies in audits of supplemental information					
Net Capital Rule	28	10	36%	18%	34%
Customer Protection Rule	0	N/A	N/A	N/A	0%
Other instances of noncompliance with PCAOB standards					
Auditors' reports on financial statements and supplemental information	57	14	25%	0%	8%
Audit documentation	57	9	16%	5%	2%
Identifying and assessing risks of material misstatement	57	7	12%	7%	7%
Consideration of fraud in a financial statement audit	8	2	25%	0%	0%
Auditor communications	57	2	4%	5%	2%

¹⁰ See supra note 9.

For audits of broker-dealers that filed exemption reports, the percentage of audits with deficiencies in 2022 increased from 2021 in most areas. However, the percentage of audits with deficiencies in 2022 decreased from 2021 in the areas of receivables and payables, consideration of an entity's ability to continue as a going concern, and auditor communications.

The percentages of audit areas with deficiencies for most audit areas were lower in 2022, 2021, and 2020 for audits of broker-dealers that filed compliance reports compared to audits of broker-dealers that filed exemption reports.