
Supplementary Information Related to Audits of Brokers and Dealers

Firms and Engagements Selected,
and Inspection Results

PCAOB Release No. 2021-003
August 19, 2021

CONTENTS

Introduction	3
Firms Selected for Inspection and Audit and Attestation Engagements Selected for Review	4
Since Inception of the Interim Inspection Program	4
Since PCAOB Standards Became Applicable	6
Inspection Results	8
Since PCAOB Standards Became Applicable	8
Summary of Independence Findings and Deficiencies	8
Audit, Attestation, and Other Deficiencies by Area	9
Audit, Attestation, and Other Deficiencies by Firm Characteristics	10
Audit, Attestation, and Other Deficiencies by Inspection Frequency	15
Audit, Attestation, and Other Deficiencies by Broker-Dealer Characteristics	17

INTRODUCTION

This document supplements the information about our 2020 inspections included in the [Annual Report on the Interim Inspection Program Related to Audits of Brokers and Dealers](#) (“Annual Report”), issued August 19, 2021.¹ We provide 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 We also provide supplementary information about the results of our inspections stratified by various 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 were required to be performed in accordance with PCAOB standards. Audits in accordance with PCAOB standards, and the related requirement that broker-dealers file compliance or exemption reports, as applicable, became effective for broker-dealer annual reports with fiscal years ended on or after June 1, 2014. We initially began conducting inspections that covered those audits in 2014, and 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.

Information about the results of our inspections 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, depending upon the firm, inspection, or broker-dealer characteristic. Information about the results of inspections under the interim inspections program prior to this period (covering engagements required to be performed in accordance with generally accepted auditing standards) are not repeated here but are available in [previous annual reports](#).

The information in this document was included in previous annual reports as an appendix.

¹ For information about the establishment of the interim inspection program, refer to the [adopting release for Rule 4020T](#).

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

FIRMS SELECTED FOR INSPECTION AND AUDIT AND ATTESTATION ENGAGEMENTS SELECTED FOR REVIEW

Since Inception of the Interim Inspection Program

Since the inception of the interim inspection program in 2011, the PCAOB has performed 607 inspections of 396 of the firms that conducted audits of broker-dealers. The 607 inspections covered portions of 946 audits, of which 667 were required to be performed in accordance with PCAOB standards (audits of broker-dealers with fiscal years ended June 1, 2014 or later) 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). These audits covered financial statement periods that ended December 31, 2010, through June 30, 2020.

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 Inspected	Number of Audits Reviewed	Number of Examinations Covered	Number of Reviews Covered
1	85	87 ³	6	52
2 to 20	271	363	37	219
21 to 50	47	142	12	70
51 to 100	17	83	8	56
More than 100	7	271	88	109
Total	427	946	151	506
Effect of Firms Reported in Multiple Stratifications	(31)	-	-	-
Inspections of Unique Firms Since Inception	396⁴	-	-	-

³ One firm that audited one broker-dealer was inspected three times.

⁴ The total number of firms inspected since the inception of the interim inspection program equals 396, not 427, because 30 firms were inspected more than once and appear in multiple stratifications due to changes in the number of broker-dealer audits they performed, including one firm that appears in three stratifications.

The following table presents the number of firms inspected since inception of the interim inspection program in 2011, the number of audits reviewed during the inspections, and the number of attestation engagements covered by inspections, stratified by whether the firms also audited issuers.

Firms	Number of Firms Inspected	Number of Audits Reviewed	Number of Examinations Covered	Number of Reviews Covered
Also Audited Issuers	170	615	135	314
Did Not Audit Issuers	232	331	16	192
Total Firm Inspections	402	946	151	506
Firms Reported in Both Stratifications	(6)	-	-	-
Inspections of Unique Firms Since Inception	396 ⁵	-	-	-

The following table presents the ranges of minimum net capital requirements and actual net capital reported for the broker-dealers whose engagements were covered in the inspections performed since inception of the interim inspection program, stratified by whether the broker-dealer did or did not claim exemption from the Customer Protection Rule.⁶

Broker-Dealers	Number of Audits Reviewed	Range of Minimum Net Capital Requirements (Thousands)	Range of Actual Net Capital Reported at Fiscal Year End (Thousands)
Did Not Claim Exemption	229	\$5 - \$3,000,000	\$250 - \$17,000,000
Claimed Exemption	717	\$5 - \$82,000	\$5 - \$2,250,000
Total Since Inception	946	\$5 - \$3,000,000	\$5 - \$17,000,000

⁵ The number of firms inspected since inception of the interim inspection program equals 396, not 402, because six firms were inspected more than once and are reported in both stratifications due to a change over time in whether the firms also audited issuers.

⁶ The term "Customer Protection Rule" refers to Securities Exchange Act of 1934 ("Exchange Act") Rule 15c3-3, *Customer Protection – Reserves and Custody of Securities*.

Since PCAOB Standards Became Applicable

Since PCAOB standards became applicable for broker-dealer audits, the PCAOB has performed 428 inspections of 306 of the firms that conducted audits of broker-dealers. These inspections covered portions of 667 audits and 657 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 June 30, 2020.

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 only audited broker-dealers that filed exemption reports.

Engagements Performed During the Period Covered by This Table Were Required to Be Performed in Accordance with PCAOB Standards ⁷				
Firms	Number of Firms Inspected	Number of Audits Reviewed ⁸	Number of Examinations Covered	Number of Reviews Covered
Audited Broker-Dealers That Filed Compliance Reports	68	343	151	187
Only Audited Broker-Dealers That Filed Exemption Reports	255	322	N/A	319
Total	323	665⁹	151	506
Firms Reported in Both Stratifications	(19)	-	-	-
Total Since PCAOB Standards Became Applicable	304¹⁰	-	-	-

⁷ PCAOB standards became effective for audits of broker-dealers with fiscal years ending on or after June 1, 2014, and the related attestation engagements.

⁸ The number of audits reviewed does not equal the sum of the examination and review engagements covered because certain audits had a related attestation engagement that was not covered during the inspection, had more than one attestation engagement covered during the inspection, or did not have a related attestation engagement.

⁹ Two of the firms inspected only audited one broker-dealer each. These two broker-dealers did not file either a compliance or an exemption report and thus are not included in this table.

¹⁰ The number of firms inspected equals 304, not 323, because 19 firms that were inspected more than once are included in both stratifications due to a change over time in whether the firms also audited broker-dealers that filed compliance reports.

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 engagements were covered in the inspections performed since PCAOB standards became applicable, stratified by the type of report filed.

Engagements Performed During the Period Covered by This Table Were Required to Be Performed in Accordance with PCAOB Standards¹¹			
Broker-Dealers Filed	Number of Audits Reviewed	Range of Minimum Net Capital Requirements (Thousands)	Range of Actual Net Capital Reported at Fiscal Year End (Thousands)
Compliance Report	151	\$100 - \$3,000,000	\$250 - \$17,000,000
Exemption Report	506	\$5 - \$82,000	\$5 - \$1,225,000
Total Since PCAOB Standards Became Applicable	657	\$5 - \$3,000,000	\$5 - \$17,000,000

¹¹ See supra note 7.

INSPECTION RESULTS

Since PCAOB Standards Became Applicable

Summary of Independence Findings and Deficiencies

The following table summarizes the independence findings and deficiencies by type of engagement identified 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. Other deficiencies (in this and subsequent tables) include deficiencies that do not directly relate to the sufficiency or appropriateness of evidence firms obtained to support their audit opinions or attestation reports, as well as deficiencies related to engagement quality reviews.

Inspection Year	Engagements Performed During the Periods Covered by This Table Were Required to Be Performed in Accordance with PCAOB Standards ¹²				
	Percentage of Audits Reviewed with Independence Findings	Percentage of Audits Reviewed with Audit and Other Deficiencies	Percentage of Areas Reviewed with Audit and Other Deficiencies	Percentage of Examinations Covered with Attestation and Other Deficiencies	Percentage of Reviews Covered with Attestation and Other Deficiencies
2020	9%	61%	18%	67%	23%
2019	17%	71%	27%	69%	51%
2018	5%	76%	29%	75%	54%
Total for Engagements Required to be Performed in Accordance with PCAOB Standards (2014-2020)	9%	74%	28%	72%	43%

On an overall basis, the percentages of audits and examination engagements with deficiencies remained high in 2020, though these percentages decreased when compared to 2019 and 2018. The percentages of audit areas and review engagements with deficiencies also decreased when compared to 2019 and 2018. The percentage of audits with independence findings decreased compared to 2019 but increased when compared to 2018.

¹² See supra note 7.

Audit, Attestation, and Other Deficiencies by Area

The following table summarizes deficiencies in attestation procedures, audit procedures (by area of the financial statement audit and supporting schedule), engagement quality reviews, and other instances of non-compliance with PCAOB standards¹³ from reviews of audits and attestation engagements 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.

Area	Engagements Performed During the Periods Covered by This Table Were Required to Be Performed in Accordance with PCAOB Standards		
	Percentage of Applicable Engagements Reviewed with Deficiencies		
	2020	2019	2018
Deficiencies in Attestation Procedures¹⁴			
Examination Engagements	67%	69%	75%
Review Engagements	22%	49%	51%
Deficiencies in Auditing Financial Statements			
Revenue	47%	53%	60%
Evaluating Audit Results ¹⁵	26%	37%	27%
Identifying and Assessing Risks of Material Misstatement	6%	15%	23%
Related Party Relationships and Transactions	25%	27%	55%
Receivables and Payables	22%	27%	21%
Consideration of an Entity's Ability to Continue as a Going Concern	30%	67%	40%
Consideration of Materiality in Planning and Performing an Audit	2%	4%	3%
Leases	40%	N/A	N/A
Fair Value Measurements	4%	0%	14%
Risks of Material Misstatement Due to Fraud	0%	38%	12%
Post-Audit Matters	0%	43%	0%
Deficiencies in Auditing Supporting Schedules			
Net Capital Rule ¹⁶	31%	31%	29%
Customer Protection Rule ¹⁷	39%	42%	36%
Other Instances of Non-Compliance with PCAOB Standards			
Auditor's Report on the Financial Statements and Supporting Schedules	7%	14%	18%
Auditor Communications	2%	5%	12%
Audit Documentation	2%	25%	25%
Review Documentation	1%	11%	16%
Examination Documentation	0%	0%	0%
Deficiencies in Engagement Quality Reviews ("EQR")			
EQR of Audit Engagements	68%	68%	65%
EQR of Review Engagements	74%	71%	43%
EQR of Examination Engagements	14%	10%	26%

¹³ See supra note 7.

¹⁴ Deficiencies related to documentation and engagement quality review of attestation engagements are presented separately in this table.

¹⁵ Deficiencies related to this area primarily involve the auditor's responsibilities for evaluation of financial statement presentation, including disclosures, under AS 2810, *Evaluating Audit Results*. We changed the name of this area from Financial Statement Presentation and Disclosure used in prior annual reports.

¹⁶ The term "Net Capital Rule" refers to Exchange Act Rule 15c3-1, *Net Capital Requirements for Brokers or Dealers*.

¹⁷ See supra note 6.

Audit, Attestation, and Other Deficiencies by Firm Characteristics

This section provides inspection results stratified by certain firm characteristics.

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

	Engagements Performed During the Periods Covered by This Table Were Required to Be Performed in Accordance with PCAOB Standards ¹⁸					
	Percentage of Audits Reviewed with Audit and Other Deficiencies			Percentage of Areas Reviewed with Audit and Other Deficiencies		
	2020	2019	2018	2020	2019	2018
Firms That Audited Broker-Dealers That Filed Compliance Reports	49%	57%	64%	11%	16%	21%
Firms That Audited Broker-Dealers That Filed Only Exemption Reports	72%	88%	91%	26%	40%	40%

	Engagements Performed During the Periods Covered by This Table Were Required to Be Performed in Accordance with PCAOB Standards ¹⁹					
	Percentage of Examinations Covered with Attestation and Other Deficiencies			Percentage of Reviews Covered with Attestation and Other Deficiencies		
	2020	2019	2018	2020	2019	2018
Firms That Audited Broker-Dealers That Filed Compliance Reports	67%	69%	75%	14%	30%	41%
Firms That Audited Broker-Dealers That Filed Only Exemption Reports	N/A	N/A	N/A	28%	64%	64%

We noted for audit and review engagements that firms that audited broker-dealers that filed compliance reports had significantly lower percentages of deficiencies when compared to firms that audited broker-dealers that filed only exemption reports. Firms that audited broker-dealers that filed compliance reports also had lower percentages of audits, areas, and examination engagements and review engagements with deficiencies in 2020, compared to 2019 and 2018.

¹⁸ See supra note 7.

¹⁹ See supra note 7.

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

	Engagements Performed During the Periods Covered by This Table Were Required to Be Performed in Accordance with PCAOB Standards ²⁰							
	Percentage of Audits Reviewed with Audit and Other Deficiencies				Percentage of Areas Reviewed with Audit and Other Deficiencies			
	2020	2019	2018	Total (2014 – 2020)	2020	2019	2018	Total (2014 – 2020)
Firms That Also Audited Issuers:	51%	59%	70%	65%	12%	18%	24%	20%
Broker-Dealers That Filed a Compliance Report	60%	59%	63%	70%	12%	14%	20%	20%
Broker-Dealers That Filed an Exemption Report	47%	59%	74%	63%	12%	20%	26%	20%
Firms That Did Not Audit Issuers:	81%	97%	91%	93%	30%	47%	42%	44%
Broker-Dealers That Filed a Compliance Report	100%	100%	100%	100%	27%	47%	20%	49%
Broker-Dealers That Filed an Exemption Report	80%	97%	90%	93%	30%	47%	43%	44%

	Engagements Performed During the Periods Covered by This Table Were Required to Be Performed in Accordance with PCAOB Standards ²¹			
	Percentage of Attestations Reviewed with Attestation and Other Deficiencies			
	2020	2019	2018	Total (2014-2020)
Firms That Also Audited Issuers:	32%	49%	52%	43%
Broker-Dealers That Filed a Compliance Report	65%	65%	73%	69%
Broker-Dealers That Filed an Exemption Report	19%	40%	43%	32%
Firms That Did Not Audit Issuers:	31%	72%	75%	64%
Broker-Dealers That Filed a Compliance Report	100%	100%	100%	94%
Broker-Dealers That Filed an Exemption Report	29%	69%	73%	61%

²⁰ See supra note 7.

²¹ See supra note 7.

We noted that the corresponding deficiencies were generally lower at firms that also audited issuers for all stratifications.

Number of Broker-Dealer 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. The engagements performed during the periods covered by these tables were required to be performed in accordance with PCAOB standards.

Engagements Performed During the Period Covered by This Table Were Required to Be Performed in Accordance with PCAOB Standards ²²								
2020 Inspections								
Number of Broker-Dealer Audits Per Firm	Number of Firms Inspected	Number of Audits Reviewed	Percentage of Audits Reviewed with Audit and Other Deficiencies	Percentage of Areas Reviewed with Audit and Other Deficiencies	Examination Engagements Covered	Percentage of Examinations Covered with Attestation and Other Deficiencies	Review Engagements Covered	Percentage of Reviews Covered with Attestation and Other 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%	N/A	N/A	13	8%
More than 100	4	32	38%	5%	16	56%	15	20%
Total	65	105	61%	18%	21	67%	83	23%

²² See supra note 7.

Engagements Performed During the Period Covered by This Table Were Required to Be Performed in Accordance with PCAOB Standards ²³								
2019 Inspections								
Number of Broker-Dealer Audits Per Firm	Number of Firms Inspected	Number of Audits Reviewed	Percentage of Audits Reviewed with Audit and Other Deficiencies	Percentage of Areas Reviewed with Audit and Other Deficiencies	Examination Engagements Covered	Percentage of Examinations Covered with Attestation and Other Deficiencies	Review Engagements Covered	Percentage of Reviews Covered with Attestation and Other Deficiencies
1	10	10	90%	48%	N/A	N/A	9	67%
2 to 20	32	33	82%	35%	5	60%	27	70%
21 to 50	14	19	84%	31%	6	83%	13	69%
51 to 100	6	12	83%	32%	2	100%	9	22%
More than 100	4	32	41%	8%	16	63%	16	13%
Total	66	106	71%	27%	29	69%	74	51%

Engagements Performed During the Period Covered by This Table Were Required to Be Performed in Accordance with PCAOB Standards ²⁴								
2018 Inspections								
Number of Broker-Dealer Audits Per Firm	Number of Firms Inspected	Number of Audits Reviewed	Percentage of Audits Reviewed with Audit and Other Deficiencies	Percentage of Areas Reviewed with Audit and Other Deficiencies	Examination Engagements Covered	Percentage of Examinations Covered with Attestation and Other Deficiencies	Review Engagements Covered	Percentage of Reviews Covered with Attestation and Other Deficiencies
1	8	8	88%	43%	2	100%	6	67%
2 to 20	43	46	93%	36%	7	100%	40	70%
21 to 50	5	6	83%	35%	N/A	N/A	6	83%
51 to 100	7	13	69%	29%	2	100%	11	45%
More than 100	4	32	50%	14%	13	54%	16	6%
Total	67	105	76%	29%	24	75%	79	54%

²³ See supra note 7.²⁴ See supra note 7.

We noted that firms that audited more than 100 broker-dealers generally had lower percentages of deficiencies, sometimes significantly so, than firms that audited 100 or fewer broker-dealers in 2020, 2019, and 2018.

The following table summarizes deficiencies in audits, audit areas, and attestation engagements, stratified by the number of broker-dealer audits performed by the firm, combined for the period since PCAOB standards became applicable for the related engagements. The engagements performed during the period covered by this table were required to be performed in accordance with PCAOB standards.

Engagements Performed During the Period Covered by This Table Were Required to Be Performed in Accordance with PCAOB Standards ²⁵				
Combined Inspections 2014–2020				
Number of Broker-Dealer Audits Per Firm	Percentage of Audits Reviewed with Audit and Other Deficiencies	Percentage of Areas Reviewed with Audit and Other Deficiencies	Percentage of Examinations Covered with Attestation and Other Deficiencies	Percentage of Reviews Covered with Attestation and Other Deficiencies
1	89%	46%	100%	69%
2 to 20	89%	37%	89%	56%
21 to 50	76%	28%	92%	37%
51 to 100	76%	28%	100%	27%
More than 100	49%	11%	57%	18%

We noted that firms that audited more than 100 broker-dealers had lower percentages of deficiencies than firms that audited 100 or fewer broker-dealers on a combined basis.

²⁵ See supra note 7.

Audit, Attestation, and Other Deficiencies by Inspection Frequency

This section provides inspection results stratified by the frequency with which the firm has been inspected since PCAOB standards became effective for audits of broker-dealers. The year 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 of five firms whose engagements were required to be performed in accordance with PCAOB standards in 2014.²⁶

Firms Inspected Each Year

Five firms were inspected each year during the 2015 – 2020 period. The following table presents a summary of deficiencies for these firms by year.

Engagements Performed During the Periods Covered by This Table Were Required to Be Performed in Accordance with PCAOB Standards ²⁷				
Inspection Year	Percentage of Audits Reviewed with Audit and Other Deficiencies	Percentage of Areas Reviewed with Audit and Other Deficiencies	Percentage of Examinations Covered with Attestation and Other Deficiencies	Percentage of Reviews Covered with Attestation and Other Deficiencies
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 ²⁸	51%	9%	46%	25%

For firms inspected in all six years, we noted the percentage of audits and areas with deficiencies decreased in 2020 compared to the earlier years. The percentage of examination engagements with deficiencies decreased in 2020 when compared to years 2017 through 2019, and increased when compared to years 2015 and 2016. The percentage of review engagements with deficiencies increased in 2020 when compared to years 2018 and 2019, and decreased when compared to years 2015 through 2017. Individual firm results varied.

Other Firms Inspected More Than Once

An additional 71 firms were inspected more than once, but not in all years, during the 2014–2020 period. Of these firms, 54 were inspected twice during that period, and 19 were inspected for the second time in 2020. The following table presents the deficiencies from the initial inspection and each subsequent inspection for the 71 firms.

²⁶ The results of these inspections were included in the *Observations From PCAOB Inspections Covering Five Audits Of Brokers And Dealers Required To Be Conducted In Accordance With PCAOB Standards* issued January 28, 2015. See PCAOB Release No. 2015-001.

²⁷ See supra note 7.

²⁸ The 2015 results include the results from the 2014 inspection of one firm that was also inspected in each year during the 2015-2020 period.

Inspection	Engagements Performed During the Period Covered by This Table Were Required to Be Performed in Accordance with PCAOB Standards ²⁹			
	Percentage of Audits Reviewed with Audit and Other Deficiencies	Percentage of Areas Reviewed with Audit and Other Deficiencies	Percentage of Examinations Covered with Attestation and Other Deficiencies	Percentage of Reviews Covered with Attestation and Other Deficiencies
Fifth Inspection	33%	4%	N/A	0%
Fourth Inspection	71%	22%	N/A	43%
Third Inspection	63%	19%	100%	15%
Second Inspection	81%	30%	92%	37%
Initial Inspection	90%	35%	100%	49%

For firms inspected more than once, but not in all six years, we noted that the percentage of audits and areas with deficiencies was generally lower as the frequency with which the firm was inspected increased. Individual firm results varied.

Firms Inspected Once

An additional 230 firms were inspected only once during the 2015 – 2020 period, including 28 firms inspected in 2020. The following table presents a summary of deficiencies for these firms by year.

Inspection Year	Engagements Performed During the Period Covered by This Table Were Required to Be Performed in Accordance with PCAOB Standards ³⁰			
	Percentage of Audits Reviewed with Audit and Other Deficiencies	Percentage of Areas Reviewed with Audit and Other Deficiencies	Percentage of Examinations Covered with Attestation and Other Deficiencies	Percentage of Reviews Covered with Attestation and Other Deficiencies
2020	79%	31%	N/A	41%
2019	88%	44%	100%	70%
2018	92%	39%	100%	66%
2017	88%	40%	100%	62%
2016	96%	49%	100%	61%
2015 ³¹	95%	46%	100%	64%

²⁹ See supra note 7.

³⁰ See supra note 7.

³¹ The 2015 results include the results from the 2014 inspection of one firm.

For firms inspected once, we noted the percentage of audits with deficiencies, areas with deficiencies, and review engagements with deficiencies have decreased modestly, but remain high. We noted all examination engagements reviewed resulted in deficiencies. Individual firm results varied.

Audit, Attestation, and Other Deficiencies by Broker-Dealer Characteristics

Percentage of Audits with Audit, Attestation, and Other Deficiencies Stratified by Whether or Not the Broker-Dealer Claimed Exemption from the Customer Protection Rule

The following table summarizes deficiencies in audits, audit areas, examination engagements, and review engagements, stratified by whether the broker-dealers either claimed or did not claim exemption from the Customer Protection Rule, combined for the period since PCAOB standards became applicable for the related engagements. The engagements performed during the period covered by this table were required to be performed in accordance with PCAOB standards.

Broker-Dealers	Engagements Performed During the Period Covered by This Table Were Required to Be Performed in Accordance with PCAOB Standards ³² - Combined 2014–2020			
	Percentage of Audits Reviewed with Audit and Other Deficiencies	Percentage of Areas Reviewed with Audit and Other Deficiencies	Percentage of Examinations Covered with Attestation and Other Deficiencies	Percentage of Reviews Covered with Attestation and Other Deficiencies
Did Not Claim Exemption	72%	22%	71%	50%
Claimed Exemption	75%	30%	(•)	43%

- One broker-dealer claimed an exemption from the Customer Protection Rule and filed both a compliance report and exemption report. We identified deficiencies in the examination engagement.

³² See supra note 7.

Audit and Other Deficiencies Related to the Audit – Broker-Dealers That Did Not Claim Exemption from the Customer Protection Rule

The following table summarizes deficiencies in audit procedures (by area of the financial statement audit and supporting schedule), engagement quality reviews, and other instances of non-compliance with PCAOB standards from reviews of audit engagements for each of the last three inspection years, for broker-dealers that did not claim exemption from the Customer Protection Rule. The audits performed during the periods covered by this table were required to be performed in accordance with PCAOB standards.

Audit and Other Deficiencies	Engagements Performed During the Periods Covered by This Table Were Required to Be Performed in Accordance with PCAOB Standards ³³				
	2020			2019	2018
	Number of Applicable Audits Reviewed	Number of Audits Reviewed with Deficiencies	Percentage of Audits Reviewed with Deficiencies	Percentage of Audits Reviewed with Deficiencies	Percentage of Audits Reviewed with Deficiencies
Deficiencies in Auditing Financial Statements					
Revenue	21	8	38%	41%	36%
Evaluating Audit Results	22	3	14%	6%	14%
Identifying and Assessing Risks of Material Misstatement	22	0	0%	12%	14%
Related Party Relationships and Transactions	5	0	0%	20%	58%
Receivables and Payables	9	2	22%	36%	21%
Consideration of an Entity's Ability to Continue as a Going Concern	1	0	0%	100%	0%
Consideration of Materiality in Planning and Performing an Audit	22	0	0%	3%	4%
Leases	1	0	0%	N/A	N/A
Fair Value Measurements	7	0	0%	0%	14%
Risks of Material Misstatement Due to Fraud	3	0	0%	0%	25%
Post-Audit Matters	4	0	0%	0%	0%
Deficiencies in Auditing Supporting Schedules					
Net Capital Rule	9	1	11%	28%	30%
Customer Protection Rule	21	9	43%	41%	33%
Other Instances of Non-Compliance with PCAOB Standards					
Auditor's Report on the Financial Statements and Supporting Schedules	22	0	0%	3%	7%
Auditor Communications	22	0	0%	3%	14%
Audit Documentation	22	0	0%	9%	0%
Deficiencies in EQR					
EQR of Audit Engagements	13	4	31%	33%	44%

³³ See supra note 7.

Audit and Other Deficiencies Related to the Audit – Broker-Dealers That Claimed Exemption from the Customer Protection Rule

The following table summarizes deficiencies in audit procedures (by area of the financial statement audit and supporting schedule), engagement quality reviews, and other instances of non-compliance with PCAOB standards from reviews of audit engagements for each of the last three inspection years, for broker-dealers that claimed exemption from the Customer Protection Rule. The audits performed during the periods covered by this table were required to be performed in accordance with PCAOB standards.

Audit and Other Deficiencies	Engagements Performed During the Periods Covered by This Table Were Required to Be Performed in Accordance with PCAOB Standards ³⁴				
	2020			2019	2018
	Number of Applicable Audits Reviewed	Number of Audits Reviewed with Deficiencies	Percentage of Audits Reviewed with Deficiencies	Percentage of Audits Reviewed with Deficiencies	Percentage of Audits Reviewed with Deficiencies
Deficiencies in Auditing Financial Statements					
Revenue	74	37	50%	57%	69%
Evaluating Audit Results	83	24	29%	51%	31%
Identifying and Assessing Risks of Material Misstatement	83	6	7%	16%	26%
Related Party Relationships and Transactions	15	5	33%	30%	54%
Receivables and Payables	9	2	22%	20%	21%
Consideration of an Entity's Ability to Continue as a Going Concern	9	3	33%	57%	43%
Consideration of Materiality in Planning and Performing an Audit	83	2	2%	4%	3%
Leases	4	2	50%	N/A	N/A
Fair Value Measurements	16	1	6%	0%	14%
Risks of Material Misstatement Due to Fraud	13	0	0%	75%	0%
Post-Audit Matters	2	0	0%	75%	0%
Deficiencies in Auditing Supporting Schedules					
Net Capital Rule	40	14	35%	32%	29%
Customer Protection Rule	2	0	0%	50%	100%
Other Instances of Non-Compliance with PCAOB Standards					
Auditor's Report on the Financial Statements and Supporting Schedules	83	7	8%	19%	22%
Auditor Communications	83	2	2%	5%	12%
Audit Documentation	83	2	2%	32%	34%
Deficiencies in EQR					
EQR of Audit Engagements	53	41	77%	82%	71%

³⁴ See supra note 7.