



## STAFF INSPECTION BRIEF

The staff of the Public Company Accounting Oversight Board (“PCAOB” or “Board”) prepares Inspection Briefs to assist auditors, audit committees, investors, and preparers in understanding the PCAOB inspection process and its results. The statements contained in Staff Inspection Briefs do not establish rules of the Board or constitute determinations of the Board and have not been approved by the Board.

### Preview of Observations from 2016 Inspections of Auditors of Brokers and Dealers

The PCAOB Division of Registration and Inspections has developed this Inspection Brief to provide a preview of observations from its 2016 inspections, conducted under the interim inspection program,<sup>1</sup> of auditors of brokers and dealers registered with the Securities and Exchange Commission (“SEC”). This brief also highlights certain requirements related to the audit and attestation engagements of brokers and dealers based on observations from these inspections.

#### 2016 Inspections

During 2016, Inspections staff evaluated compliance by firms with the Sarbanes-Oxley Act of 2002, the rules of the Board, the rules of the SEC, and PCAOB standards in connection with audit and attestation engagements.

All firms that audited SEC-registered brokers or dealers that filed financial statements through May 15, 2016, for fiscal years ended during 2015, were considered for selection for inspection during 2016. There were 541 firms that issued audit reports on the financial statements and related attestation

statements of 3,958 brokers and dealers that were considered for selection.<sup>2</sup> The number of broker and dealer audits for the 541 firms is as follows:

Number of Broker or Dealer Audits per Firm	Number of Firms
More than 100	5
21 - 100	30
1 - 20	506
TOTAL	541

The firms inspected and the audit and attestation engagements covered during the inspections were generally selected based on characteristics of

<sup>1</sup> See PCAOB Rule 4020T, *Interim Inspection Program Related to Audits of Brokers and Dealers*.

<sup>2</sup> This information is based on the number of SEC-registered brokers and dealers who filed financial statements through May 15, 2016, for fiscal years ended during 2015, that included audit reports issued by firms registered with the PCAOB.

the firms and the brokers and dealers taking into consideration the related risks. In addition, some of the firms and audits inspected were selected randomly.<sup>3</sup>

Inspections staff inspected 75 firms during 2016 covering portions of 115 audits and the related attestation engagements. The selected audit and attestation engagements were for fiscal years ended during the period from June 30, 2015 through June 30, 2016.<sup>4</sup>

The number of broker and dealer audits for the firms selected for inspection and the related number of audits covered in the inspections are as follows:

Number of Broker or Dealer Audits per Firm	Number of Firms	Number of Audits
More than 100	5	38
21 - 100	12	19
1 - 20	58	58
TOTAL	75	115

Of the 75 firms, 38 also audited issuers and performed 76 of the 115 audits.

Of the 115 attestation engagements covered by the inspections, 20 were examinations of the broker's or dealer's compliance report and 95 were reviews of the broker's or dealer's exemption report. The 20 brokers or dealers that filed a compliance report were audited by 11 of the 75 firms.

The inspection plan was consistent with 2015, except that, in 2016, Inspections staff focused on the firms' procedures pursuant to the new auditing standard for related party transactions, Auditing Standard ("AS") 2410, *Related Parties*, which became effective for audits of financial statements for fiscal years beginning on or after December 15, 2014. The 2016 inspections focused on the following areas:<sup>5</sup>

- Auditor independence;
- Financial statement audit areas where audit deficiencies were identified in past inspections, including revenue, financial statement presentation and disclosures, fair value measurements, and the assessment and response to risks of material misstatement due to fraud;
- Audit procedures for identifying and evaluating related party transactions;
- Audit procedures on the supporting schedules that accompanied the financial statements;
- Procedures for the attestation engagements: the examinations of compliance reports and the reviews of exemption reports; and
- Engagement quality reviews.

Other areas were also selected specific to each engagement based on consideration of risk to customers of the broker or dealer as well as risk of material misstatement of the financial statements or required supporting schedules.

3 See Staff Inspection Brief, *Information about 2016 Inspections of Auditors of Brokers and Dealers*, Vol. 2016/4, issued in July of 2016.

4 The selected audit and attestation engagements usually are for the most recently filed annual reports available at the time of inspection.

5 See Staff Inspection Brief, *Information about 2016 Inspections of Auditors of Brokers and Dealers*, Vol. 2016/4, issued in July of 2016.

# Preview of Inspection Observations

The 2016 inspection fieldwork is complete. The observations that follow represent a preview of observations from the 2016 inspections.

Inspections staff continued to find a number of deficiencies in the audits and attestation engagements covered by the inspections. Many of these deficiencies were similar in nature to those described in previous annual reports<sup>6</sup> and related to the fundamentals of auditing performed under PCAOB standards.

Auditors should take note of the matters discussed in this Inspection Brief in planning and performing their audit and attestation engagements. The engagement partner and senior engagement team members should focus on these areas and the engagement quality reviewers should keep these matters in mind when performing their engagement quality reviews. In addition, audit committees (or the equivalent)<sup>7</sup> of brokers and dealers may find that inquiring of their auditor about how the areas described in

this Inspection Brief are being addressed in their audits and related attestation engagements could encourage their auditor to avoid the types of matters observed by the PCAOB.

## Auditor Independence

Inspections staff continued to observe instances in which independence appeared to be impaired because the auditors were involved in the preparation of the financial statements or performed bookkeeping or other prohibited services related to the accounting records of their broker and dealer clients.

Auditors must be independent of their audit clients throughout the audit and professional engagement period.<sup>8</sup> Auditors of brokers and dealers are required to comply with the independence criteria set out in the rules and standards of the PCAOB and the SEC.<sup>9</sup> An auditor is not independent of its client, including its broker or dealer client, if the auditor maintains or prepares the client's accounting records, prepares the client's financial statements that are filed with the SEC, or prepares or originates

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6 Descriptions of deficiencies identified in past inspections may be found in the annual reports on the interim inspection program related to the audits of brokers and dealers that are available on the PCAOB website.

7 The term "audit committee" is defined in Appendix A of AS 1301, *Communications with Audit Committees*, as a "committee (or equivalent body) established by and among the board of directors of a company for the purpose of overseeing the accounting and financial reporting processes of the company and audits of the financial statements of the company; if no such committee exists with respect to the company, the entire board of directors of the company." If no such committee or board of directors (or equivalent body) exists with respect to the company, then the term applies to the person(s) who oversee the accounting and financial reporting processes of the company and audits of the financial statements of the company.

8 PCAOB Rule 3520, *Auditor Independence*, requires registered firms and associated persons to be independent of the audit client, including satisfying the SEC's independence criteria and any other applicable independence criteria.

9 Exchange Act Rule 17a-5 ("Rule 17a-5") (f)(1) provides that the auditor must be independent in accordance with Rule 2-01 of SEC Regulation S-X (other than the provisions relating to partner rotation, compensation, audit committee pre-approval, and employment-related cooling-off periods, as Exchange Act Release No. 34-70073 states that these requirements apply only to issuer audits). This requirement has been articulated in Rule 17a-5(f) since 1972.

source data underlying the client's financial statements.<sup>10</sup>

The PCAOB and SEC have issued settled orders imposing disciplinary sanctions against audit firms for independence violations when auditing brokers and dealers.<sup>11</sup>

## Financial Statement Audit Areas

During 2016, Inspections staff continued to observe deficiencies in financial statement audits similar in nature to the deficiencies observed in the past. Audit deficiencies have been observed in areas including, but not limited to, revenue, financial statement presentation and disclosures, and the assessment and response to risks of material misstatement due to fraud.

### Revenue

Inspections staff continued to observe a high number of deficiencies related to the testing of revenue. For example, in addition to the deficiencies related to assessing and responding to risks of material misstatement due to fraud discussed on page 5, auditors did not:

- Perform, or sufficiently perform, risk assessment procedures for revenue, including obtaining a sufficient understanding of the

aspects of internal control over financial reporting relevant to revenue and evaluating the design of the controls intended to address fraud risks, which contributed to deficiencies in testing revenue;<sup>12</sup>

- Perform sufficient procedures for material classes of revenue transactions, including instances in which auditors did not design and perform sufficient sampling procedures. For example, sample sizes were insufficient to provide sufficient evidence based on the assessed level of risk of material misstatement, or sample items were not selected in a way that the sample was representative of the population;<sup>13</sup>
- Design and perform substantive analytical procedures to provide the necessary level of assurance;<sup>14</sup> or
- Perform procedures to obtain sufficient appropriate evidence about the accuracy and completeness of information that the auditor used that was produced by the broker or dealer or a service organization used by the broker or dealer.<sup>15</sup>

### Financial Statement Presentation and Disclosures

The auditor must evaluate whether the financial statements are presented fairly, in all material respects, in conformity with generally accepted

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10 [See](#) Rule 2-01(c)(4)(i) of Regulation S-X, 17 C.F.R. 210.2-01(c)(4)(i).

11 For more information on the PCAOB's settled disciplinary orders, refer to the PCAOB website.

12 [See](#) AS 2110, *Identifying and Assessing Risks of Material Misstatement*.

13 [See](#) AS 2315, *Audit Sampling*.

14 [See](#) AS 2305, *Substantive Analytical Procedures*.

15 [See](#) AS 2601, *Consideration of an Entity's Use of a Service Organization*, and AS 1105, *Audit Evidence*.

accounting principles (“GAAP”).<sup>16</sup> Evaluation of the information disclosed in the financial statements includes consideration of the form, arrangement, and content of the financial statements (including the accompanying notes), encompassing matters such as the terminology used, the amount of detail given, the classification of items in the financial statements, and the basis of amounts set forth.<sup>17</sup> This evaluation should take into account conformity with the relevant accounting standards and SEC rules.<sup>18</sup>

Inspections staff continued to observe instances in which the auditor did not identify that required disclosures were missing from the broker’s or dealer’s financial statements or notes thereto. In addition, Inspections staff identified instances in which auditors did not perform sufficient procedures to evaluate whether the broker’s or dealer’s financial statements were presented fairly in conformity with GAAP. For example, auditors did not sufficiently evaluate whether identified related party transactions were properly accounted for and disclosed in the financial statements. Inspections staff also observed that auditors did not identify and appropriately address instances in which the broker’s or dealer’s financial statements were inconsistent with the requirements of SEC Form X-17A-5, including instances in which the broker or dealer presented multiple categories of revenue as a single line item on the statement of operations rather than individual line items for each significant category.

## Risks of Material Misstatement Due to Fraud

Assessing and responding to risks of material misstatement due to fraud is a critical component of an audit or attestation engagement. During 2016, Inspections staff continued to observe deficiencies related to the consideration of risks of material misstatement due to fraud.

For example, auditors did not:

- Identify improper revenue recognition as a potential fraud risk or perform substantive procedures, including tests of details, specifically responsive to this risk; or
- Identify and test, or sufficiently test, journal entries.

When identifying and assessing the risks of material misstatement due to fraud, the auditor should presume that there is a fraud risk involving improper revenue recognition and evaluate which types of revenue, revenue transactions, or assertions may give rise to such risks.<sup>19</sup> If the auditor has not identified improper revenue recognition as a fraud risk, the auditor should document the reasons supporting that conclusion.<sup>20</sup>

Further, auditors need to have an appropriate response to their assessed risks of material misstatement due to fraud related to management override of controls, including examining journal

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<sup>16</sup> See paragraph .30 of AS 2810, *Evaluating Audit Results*.

<sup>17</sup> See AS 2810.31.

<sup>18</sup> See generally, AS 2815, *The Meaning of “Present Fairly in Conformity with Generally Accepted Accounting Principles”*, and Rule 17a-5(d)(2)(i).

<sup>19</sup> See AS 2110.68.

<sup>20</sup> See paragraph .83 of AS 2401, *Consideration of Fraud in a Financial Statement Audit*.

entries recorded in the general ledger and other adjustments (for example, entries posted directly to financial statement drafts) for evidence of possible material misstatement due to fraud.<sup>21</sup>

## Related Party Transactions

Auditors are required to obtain sufficient appropriate evidence to determine whether related parties and relationships and transactions with related parties have been properly identified, accounted for, and disclosed in the financial statements. Auditors should perform procedures to understand relationships and transactions with related parties that might affect the risks of material misstatement of the financial statements, identify and assess these risks, and design and implement audit responses that address these risks.<sup>22</sup>

In 2016, Inspections staff observed that auditors did not perform sufficient risk assessment procedures to obtain an understanding of relationships and transactions with related parties. For example, in one instance, the auditor did not obtain an understanding of the business purpose for the broker's or dealer's transactions on behalf of an entity, including performing inquiries of the broker or dealer to understand the broker's or dealer's relationship with the entity. Inspections staff also observed one instance where the auditor did not perform sufficient

procedures to determine whether the relationships and transactions with related parties identified by the broker or dealer were complete and accurate, because the auditor's procedures did not extend beyond inquiry of management.

In addition, consistent with 2015 findings, Inspections staff observed that auditors identified related parties or material related party transactions, yet the auditors did not perform sufficient procedures to test the transactions. For example, auditors did not test revenue or expense amounts allocated from a parent or affiliate to the broker or dealer, or test the basis for the allocation. In one instance, the auditor did not test the expenses that were the subject of the allocation, beyond agreeing amounts recorded to journal entry details.

## Supplemental Information

Annual reports of brokers and dealers are required by paragraph (d)(2)(ii) of Rule 17a-5 to contain supporting schedules, including the computation of net capital,<sup>23</sup> the computation for the determination of the required reserve, and information relating to the possession or control of customer securities.<sup>24</sup> Auditors are required to perform procedures and report on these schedules in accordance with AS 2701, *Auditing Supplemental Information Accompanying Audited Financial Statements*.

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21 [See](#) AS 2401.57-.58.

22 [See](#) AS 2410.02-.03 and .10-.11.

23 [See](#) Exchange Act Rule 15c3-1 ("Net Capital Rule" or "Rule 15c3-1").

24 [See](#) Exchange Act Rule 15c3-3 ("Customer Protection Rule" or "Rule 15c3-3").

## Net Capital Rule

Inspections staff observed deficiencies related to procedures performed on the components of the net capital computation supporting schedule.

For example, auditors did not perform sufficient procedures to:

- Test the broker's or dealer's classification of allowable and non-allowable assets;
- Evaluate the completeness of the reported amounts of operational charges and other deductions to arrive at the broker's or dealer's net capital, because they did not evaluate whether a deduction from net worth was necessary; or
- Evaluate whether haircuts on securities' values were determined in accordance with the Net Capital Rule.

## Customer Protection Rule

Inspections staff observed deficiencies related to procedures performed on the supporting schedules required by the Customer Protection Rule. For example, auditors did not:

- Obtain an understanding of the methods used by the broker or dealer to prepare the supporting schedule that included information relating to possession or control requirements, evaluate the appropriateness of those methods, and determine whether those methods had changed from the methods used in the prior period;

- Perform sufficient procedures to determine whether the amounts in the supplemental schedules agreed to the broker's or dealer's books and records; or
- Perform sufficient procedures to test the information presented in the customer reserve supporting schedule, including obtaining sufficient evidence about the accuracy and completeness of information that the auditor relied upon, that was produced by a broker's or dealer's service organization, to support adjustments to the customer reserve computation.

## Auditor's Reporting on the Financial Statements and Supporting Schedules

Generally, brokers and dealers are required under paragraph (d)(1)(i) of Rule 17a-5 to file annually with the SEC a financial report containing financial statements and supporting schedules along with an auditor's report on the financial statements<sup>25</sup> and supporting schedules.<sup>26</sup> Observations related to the auditor's report included:

- Instances in which auditors omitted one or more of the required elements. For example, the auditor's report did not:
  - Identify a supporting schedule that was audited by the firm and included in the broker's or dealer's annual reports filed with the SEC;

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25 The auditor's report on the financial statements should comply with AS 3101, *Reports on Audited Financial Statements*, and AS 3110, *Dating of the Independent Auditor's Report*.

26 The auditor's report on supplemental information accompanying audited financial statements should comply with AS 2701.

- Include a statement that the audit procedures performed included testing of the completeness and accuracy of the information presented in the supplemental information; or
  - Include a statement that in forming the auditor’s opinion, the auditor evaluated whether the supplemental information, including its form and content, complied, in all material respects, with the appropriate regulatory requirements, as the audit report referred to Rule 15c3-1 rather than Rule 17a-5.
- The date of the auditor’s report was prior to the date on which the auditor concluded that it had obtained sufficient, appropriate audit evidence to support the opinion expressed in the report,<sup>27</sup> including an instance in which the auditor completed procedures related to the broker’s or dealer’s reported revenue after the date of the report.

## Attestation Engagements

Attestation engagements performed in accordance with PCAOB standards are required for annual reports of brokers and dealers under paragraphs (d) (1)(i) and (g) of Rule 17a-5. A broker or dealer that did not claim that it was exempt from Rule 15c3-3 throughout the most recent fiscal year must file a compliance report, with certain of the statements in the report examined by the auditor. A broker or dealer that claimed that it was exempt from Rule

15c3-3 throughout the most recent fiscal year must file an exemption report, with the statements in the report reviewed by the auditor.

## Examination Engagements

PCAOB Attestation Standard No. 1, *Examination Engagements Regarding Compliance Reports of Brokers and Dealers* (“AT No. 1”), establishes the requirements for auditors for examining certain statements made by brokers and dealers in their compliance reports.

The auditor must plan and perform the examination to obtain appropriate evidence that is sufficient to obtain reasonable assurance to support the auditor’s opinion about whether the broker’s or dealer’s assertions are fairly stated, in all material respects.

Inspections staff observed instances in which the auditor did not sufficiently plan and perform the examination because the auditors did not: (a) identify and evaluate the design and implementation of relevant controls over compliance; (b) assess the risks associated with related parties that were relevant to compliance and controls over compliance; (c) obtain an understanding of the nature and frequency of customer complaints; or (d) assess the risk of fraud, including the risk of misappropriation of customer assets.<sup>28</sup>

In addition, the auditor is required, among other things, to perform sufficient tests of controls to have a reasonable basis to express an opinion related to whether the broker’s or dealer’s statements

<sup>27</sup> AS 3110.01 states that the auditor should date the audit report no earlier than the date on which the auditor has obtained sufficient appropriate evidence to support the auditor’s opinion. AS 2701.12(b) states that the date of the auditor’s report on the supplemental information in relation to the financial statements as a whole should not be earlier than the date on which the auditor obtained sufficient appropriate audit evidence to support the auditor’s opinion on the supplemental information in relation to the financial statements as a whole.

<sup>28</sup> See paragraphs .09-.10 of AT No. 1.

regarding internal control over compliance with the financial responsibility rules are fairly stated in all material respects.<sup>29</sup> In this regard, AT No. 1 requires the auditor to identify and test controls that are important to the auditor’s conclusion about whether the broker or dealer maintained effective internal control over compliance with the financial responsibility rules throughout the fiscal year and at fiscal year-end.

Inspections staff observed instances in which the auditor did not sufficiently test controls over compliance with the financial responsibility rules. For example, the auditor tested review controls, but did not obtain an understanding of the nature and extent of management’s review, including understanding and evaluating the expectation and criteria used by management to identify matters for investigation, and the nature and resolution of the investigation procedures performed.

AT No. 1 also requires the auditor to perform procedures that are sufficient to support the auditor’s conclusions regarding whether the broker or dealer was in compliance with the Net Capital Rule and the reserve requirements rule<sup>30</sup> as of the end of its most recent fiscal year. Inspections staff observed that in some engagements auditors did not perform the procedures required on the schedules the broker or dealer used to determine compliance in accordance with paragraph 21 of AT No. 1. For example, Inspections staff observed instances where auditors did not evaluate, or evaluate sufficiently, whether the amounts in the schedules were determined in accordance with Rule 15c3-1 or Rule 15c3-3(e), as

applicable, or test the accuracy and completeness of the information in the schedules.

## Review Engagements

PCAOB Attestation Standard No. 2, *Review Engagements Regarding Exemption Reports of Brokers and Dealers* (“AT No. 2”), establishes the requirements for auditors for reviewing the statements made by the brokers and dealers in their exemption reports.

AT No. 2 provides that the auditor’s procedures related to the broker’s or dealer’s statements in the exemption report should include inquiries of individuals responsible for the broker or dealer complying with applicable rules, and other procedures sufficient to obtain moderate assurance about whether the statements made by the brokers and dealers in their exemption reports are fairly stated, in all material respects. Inspections staff observed instances in which the auditors’ review procedures on such statements in the exemption reports were insufficient. For example, auditors:

- Did not make all required inquiries as described by paragraphs 10(c) and 10(d) of AT No. 2; and
- Did not consider the broker’s or dealer’s history of instances of non-compliance with the exemption provisions and perform other procedures as necessary in accordance with paragraph 10(h) of AT No. 2.

The auditor should also evaluate whether information has come to the auditor’s attention that causes the auditor to believe that one or more of the broker’s or

29 The SEC Release adopting amendments to Rule 17a-5 used the term “financial responsibility rules” to refer to Rule 15c3-1, Rule 15c3-3, and Exchange Act Rule 17a-13, and any rule of the designated examining authority of the broker or dealer that requires account statements to be sent to the customers of the broker or dealer.

30 See Rule 15c3-3(e).

dealer's assertions are not fairly stated, in all material respects.<sup>31</sup> Inspections staff observed an instance in which the auditor's evaluation of the results of its review procedures was insufficient. Although information came to the auditor's attention indicating that one or more exceptions to the exemption provisions occurred during the year or might have existed at year-end that were not disclosed in the exemption report and that might have caused one or more of the broker's or dealer's assertions not to be fairly stated in all material respects, the auditor failed to perform additional procedures to address the matter.

In addition, Inspections staff had observations related to the auditors' review reports, such as the report:

- Did not identify or incorrectly identified the provision in paragraph (k) of Rule 15c3-3 that the broker or dealer claimed as the basis for its exemption from Rule 15c3-3; and
- Indicated that the broker or dealer met the identified exemption provisions throughout the period without exception, when the broker or dealer listed in its exemption report the exceptions it had during the period.

## Engagement Quality Review

Properly executed engagement quality reviews serve as important safeguards against erroneous or insufficiently supported audit opinions or inappropriate conclusions expressed in attestation reports because they can identify, and can result

in correcting, significant engagement deficiencies before the reports are issued.

PCAOB standards provide that an audit firm may grant permission to the client to use the engagement report only after the engagement quality reviewer provides concurring approval of issuance. After performing, with due professional care, the review as required by PCAOB standards, the engagement quality reviewer may provide concurring approval of issuance only if the engagement quality reviewer is not aware of a significant engagement deficiency.<sup>32</sup> Inspections staff observed instances in which an engagement quality review was not performed prior to the issuance of the related audit and review reports. In addition, the PCAOB has issued a settled order imposing disciplinary sanctions against an audit firm for reasons that included the failure to have an engagement quality review performed for the audit of a broker or dealer.<sup>33</sup>

Inspections staff also found that, for many of the engagements with inspection observations described in this Inspection Brief, the engagement quality reviewer did not sufficiently evaluate the significant judgments and conclusions reached by the engagement team.

Engagement quality reviewers should evaluate the significant judgments made by the engagement team and the related conclusions reached in forming the overall conclusions on the audit or attestation engagement and in preparing the engagement report.<sup>34</sup>

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31 See paragraph .11 of AT No. 2.

32 See paragraphs .12-.13 and .18B-.18C of AS 1220, *Engagement Quality Review*.

33 For more information on the PCAOB's settled disciplinary orders, refer to the PCAOB website.

34 See AS 1220.09-.11 and .18A.

## Audit Documentation

Inspection procedures included determining whether the audit documentation included an engagement completion document, which is required under PCAOB standards for audit and attestation engagements.<sup>35</sup> Inspections staff observed instances in which an engagement completion document was not prepared for the audit or the related attestation engagement. In several instances, engagement completion documents were prepared, but did not include a description of the actions taken by the auditors to address significant audit findings or issues, or the information necessary to support the final conclusions related to significant audit matters.

Auditors should document sufficient information related to significant audit findings and issues, as required by AS 1215. In this regard, the engagement completion document is required and, when prepared properly, assists the engagement quality reviewer in gaining a thorough understanding of significant audit matters in order to perform an effective engagement quality review.

## Independence Communications to the Audit Committee (or the Equivalent)

PCAOB Rule 3526, *Communications with Audit Committees Concerning Independence*, requires auditors to communicate to the audit committee (or equivalent body) of their broker or dealer audit clients certain matters in writing prior to accepting an initial engagement and at least on an annual basis. Inspections staff observed instances in which auditors failed to make the required written communications.

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<sup>35</sup> See paragraph .13 of AS 1215, *Audit Documentation*.

## Additional Information

Observations from the inspections performed during 2016 will be covered in detail in the next Annual Report on the Interim Inspection Program Related to the Audits of Brokers and Dealers that is expected to be issued in August of 2017. More information regarding the interim inspection program, auditing and attestation standards, webcasts, and forums for auditors of brokers and dealers can be found on the PCAOB website:

<b>Annual Reports:</b>
<a href="#">Annual Report on the Interim Inspection Program Related to Audits of Brokers and Dealers (August 18, 2016)</a>
<a href="#">Annual Report on the Interim Inspection Program Related to Audits of Brokers and Dealers (August 18, 2015)</a>
<a href="#">Third Report on the Progress of the Interim Inspection Program Related to Audits of Brokers and Dealers (August 18, 2014)</a>
<a href="#">Second Report on the Progress of the Interim Inspection Program Related to Audits of Brokers and Dealers (August 19, 2013)</a>
<a href="#">Report on the Progress of the Interim Inspection Program Related to Audits of Brokers and Dealers (August 20, 2012)</a>
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<a href="#">Staff Inspection Brief, Vol. 2016/4: Information About 2016 Inspections of Auditors of Brokers and Dealers (July 2016)</a>
<a href="#">Staff Inspection Brief, Vol. 2016/2: Preview of Observations from 2015 Inspections of Auditors of Brokers and Dealers (April 2016)</a>
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