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## PCAOB Report on 2017 Inspections of Brokers and Dealers

On August 20, 2018, the PCAOB issued its [Annual Report on the Interim Inspection Program Related to Audits of Brokers and Dealers](#) (Annual Report). Consistent with prior years, audit and attestation deficiencies were identified in the following areas: auditing revenue, assessing and responding to risks of material misstatement due to fraud, auditing supplemental information for the customer protection rule, engagement quality review, and examination procedures; however, there were fewer independence violations identified than in previous years.

New this year, the PCAOB also issued [Executive Highlights](#) of the Annual Report. The Executive Highlights provide a summary of actions for audit firms, the 2017 inspection results, and other key takeaways. It also provides considerations for broker-dealer owners and audit committees (or equivalent), which may help foster a dialogue between the auditor and audit committee (or equivalent) on the actions being taken to avoid these types of deficiencies.

We strongly encourage auditors of brokers and dealers to read the Annual Report and Executive Highlights, along with applicable rules, standards and guidance, to help address potential risks in the 2018 audit cycle. These resources, together with those available on the [CAQ Audits of Brokers and Dealers page](#), will help auditors better understand the areas where inspections found deficiencies, and evaluate their processes and procedures with the goal of improving audit quality.

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