

2016

Big Four PCAOB Inspection Findings



Big Four PCAOB Inspection Findings Summary for Reports Issued in 2016

	All Big 4
Issuer Inspections	211
FSA Restatements	3
ICFR Restatements	7
Total # Deficient Audits*	61
Individual Deficiencies	272

*An audit is "deficient" if it has one or more Part 1 findings.

Big Four PCAOB Inspection Findings Summary for 2016

	All Big 4
Issuer Inspections	211
Number of Deficient Audits:	
ICFR and FSA	39
ICFR only	15
FSA only	7
Total Deficient Audits	61

ICFR
accounts for
43% of all
deficiencies

Big Four Deficiencies by Auditing Standard

	All Big 4
AS 5 – ICFR	117
AU 328 – Auditing FV Meas.	34
AS 13 – Response to Risks*	28
AU 342 – Auditing Estimates	21
All Others	72
Total Individual Deficiencies	272

* See PCAOB Release No. 2015-007 (Inspection Observations re Risk Assessment Stds.)

PCAOB Summary of Most Frequent Deficiencies (Frequency of Top 5 Deficiencies for All Big Four)

Auditing Deficiencies	All Big 4
Control Design/Op Effect.	41
Assumptions in Estimates	19
Report Controls/Accuracy	14
Controls Not Addressing Risks	11
Control Reliance Unwarranted	7
All Others (combined)	180
Total	272

Digging Deeper into the Nature of ICFR Findings

	All Big 4
Issuer Inspections	211
Number of Deficient Audits	61
Audits w/ ICFR Deficiencies	54
Audits w/ Management Review Control Deficiencies	40

THE BIGGEST PROBLEM :
MANAGEMENT REVIEW CONTROLS