2024 Most Common PCAOB Inspection Themes and Findings

Background: The PCAOB's 2024 inspection cycle revealed consistent patterns in audit deficiencies across triennially inspected firms. This document synthesizes those findings into actionable themes to support firms as they prepare for the upcoming busy season. With most engagements focusing on December 31, 2025 year ends, audit teams can use this analysis to: (1) identify high-risk areas requiring additional attention and enhanced procedures, (2) strengthen quality control processes, and (3) proactively address deficiencies before they become inspection findings. Your firm may consider performing, or have an outside party perform, **pre-issuance reviews** for a selection of audits, also focusing on areas subject to frequent PCAOB findings as reflected in the analyses below.

Part 1.A

Definition: Part I.A findings are deficiencies where the PCAOB concluded the firm had not obtained sufficient appropriate audit evidence to support its opinion(s) on the issuer's financial statements and/or ICFR.

Top 5 most frequent **2024** PCAOB Part 1.A themes, for triennially inspected firms, were as follows:

Rank	Theme	Summary of Findings
1	**Revenue** *(AS 2301, AS 2310, AS 1105, AS 2401, AS 2305, AS 2810)*	**Revenue Recognition (ASC 606):** Not evaluating whether issuer met performance obligations before revenue recognition, not testing transaction price determination/allocation, not evaluating ASC 606 conformity, not identifying required disclosure omissions **Data:** Not testing accuracy/completeness of system-generated reports and controls over data used in revenue testing **Other:** Inadequate substantive analytical procedures, sample sizes too small, not evaluating principal vs. agent
2	**ICFR** *(AS 2201, AS 1105, AS 2315)*	**Data:** Not identifying and testing controls over accuracy/completeness of data/reports used in control operation and testing **Review Procedures:** Not evaluating specific review procedures performed by control owners and resolution of identified items **Other:** Not testing ITGCs over change management, substantive procedures instead of control tests, sample sizes too small, not testing service org controls, not testing controls throughout period
3	**Use of Specialists** *(AS 1105, AS 2501, AS 1201)*	**Data:** Not testing accuracy/completeness of issuer-produced data used by specialists, not evaluating reliability of external data sources **Specialist's Work:** Not performing procedures to evaluate work/methods of company's and auditor-employed specialists, not evaluating whether methods were appropriate under GAAP **Other:** Not evaluating reasonableness of assumptions, not evaluating whether findings supported issuer assertions
4	**Significant Accounts & Estimates** *(AS 2301, AS 2501, AS 2810, AS 2315, AS 1105)*	**Assumptions:** Not performing procedures to evaluate reasonableness of significant assumptions, not evaluating whether issuer had reasonable basis for assumptions **Limited Procedures:** Not performing procedures beyond obtaining issuer schedules, not testing valuation, not evaluating whether estimate methods conformed with GAAP **Other:** Not testing controls over data accuracy, sample sizes too small, not evaluating impairment when indicators present

5	**GAAP Departures & Disclosures** *(AS 2810, AS 2301)*	**Disclosures:** Not identifying and evaluating omissions of required disclosures (GAAP, ASC 606), not evaluating whether disclosures were accurate/complete, not evaluating presentation appropriateness **GAAP Departures:** Not identifying and evaluating departures from GAAP in accounting treatment and valuation methods, not evaluating conformity with GAAP, not evaluating classification appropriateness

Observation: Although the 2025 Part 1.A findings are preliminary, the top themes remain consistent with 2024, with revenue continuing as the #1 theme. However, emerging themes in the allowance for loan losses and inventory areas appear to be displacing Use of Specialists and GAAP Departures & Disclosures from the top 5.

Part 1.B

Definition: Part I.B findings are deficiencies where the PCAOB concluded there were instances of non-compliance with PCAOB standards or rules other than those where the firm had not obtained sufficient appropriate audit evidence to support its opinion(s).

Most frequent **2024** PCAOB Part 1.B themes, for triennially inspected firms, were as follows:

Rank	Theme	Summary of Findings
1	**Communications with Audit Committees** *(AS 1301)*	Not communicating the following: significant risks, critical accounting policies/practices and estimates, other accounting firms, uncorrected misstatements, overview of audit strategy, related party evaluation, results of audit prior to report issuance, going concern evaluation, quality of financial reporting.
2	**Critical Audit Matters (CAM) Determination & Audit Report Issues** *(AS 3101, AS 3105)*	Not including material matters in CAM determination procedures, CAM communication language inconsistent with audit documentation, not performing any CAM procedures, incorrect year firm began serving as auditor, audit report not addressed to board of directors, missing required information about predecessor auditor, incorrect reporting on dual-dated audit reports, missing engagement partner name disclosure, going concern explanatory paragraph in wrong location.
3	**Form AP Filing & Accuracy** *(PCAOB Rule 3211)*	Not filing Form AP by deadline, inaccurate issuer CIK number, inaccurate audit report date, omitted other accounting firm participation, inaccurate engagement partner name/Partner ID, inaccurate office issuing audit report, missing dual-date information, inaccurate audit hours calculations, and omitted previously used Partner ID.

Observation: Historically, PCAOB fines for Part 1.B findings have been substantial. However, many of these deficiencies can be readily addressed through the implementation of standardized checklists and templates.

Note: Analysis prepared in December 2025 using 2024 inspection data published by the PCAOB