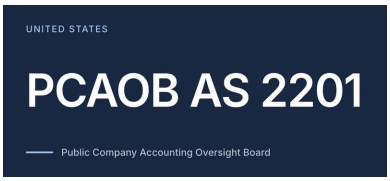
SmartSuite

Framework / Financial Services Regulation / Other

PCAOB AS 2201 – An Audit of Internal Control Over Financial Reporting That Is Integrated with An Audit of Financial Statements

PCAOB AS 2201 is the auditing standard for an audit of internal control over financial reporting that is integrated with the financial statement audit, using a top-down, risk-based approach.



What it is

PCAOB AS 2201, An Audit of Internal Control Over Financial Reporting That Is Integrated with An Audit of Financial Statements, is the standard that governs how an auditor examines and reports on a public company's internal control over financial reporting (ICFR). It establishes the requirements for planning the audit, using a top-down approach to select controls, testing their design and operating effectiveness, evaluating deficiencies, and forming an opinion on whether ICFR was effective as of the company's year end.

At a glance

PUBLISHER
Public Company Accounting Oversight Board (PCAOB)

TYPE
Standard

VERSION
AS 2201 (adopted 2007 as Auditing Standard No. 5; amendments effective December 15, 2026)

EFFECTIVE
November 15, 2007 (fiscal years ending on or after); conforming amendments effective December 15, 2026

DOMAIN
Financial Services Regulation

FAMILY
Other

REGION
United States

ADOPTION MODEL
Regulatory Compliance

IMPLEMENTATION COMPLEXITY
High

Source: pcaobus.org/oversight/standards/auditing-standards/details/AS2201

Why it matters

- **One audit, two opinions** The integrated audit achieves the objectives of the financial statement audit and the ICFR audit together, so evidence gathered for one supports the other.
- **Top-down, risk-based scoping** The auditor begins at the financial statement level with the overall risks to ICFR and works down to entity-level controls and the significant accounts, disclosures, and assertions that matter, rather than testing every control.
- **A shared definition of material weakness** The standard defines material weakness and significant deficiency, giving management, auditors, and audit committees the same terms for evaluating control failures.
- **Clear expectations for entity-level controls** Controls over management override, the control environment, and the period-end financial reporting process are singled out as the ones that shape the rest of the audit.

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How SmartSuite supports PCAOB AS 2201

ICFR Control Library

Hold entity-level, process, and IT general controls with their linked accounts, assertions, and risks in one risk and control matrix.

Ownership, Cadence, and Accountability

Assign control owners and testing cycles, and route sign-offs and management representations through approval workflows.

Evidence Collection and Audit Trail

Attach walkthroughs, samples, screenshots, and reperformance results to each test with timestamps and reviewers for the external auditor.

Control Testing and Operating Effectiveness

Plan design and operating tests, record exceptions, and roll results forward across interim and year-end periods.

Risk and Third-Party Alignment

Link controls to fraud risks, SOC 1 reports from service organizations, and complementary user entity controls.

Deficiency and Audit Committee Reporting

Evaluate deficiencies individually and in aggregate, track remediation, and report status to management and the audit committee.

Common framework mappings

SOX | COSO IC 2013 | COSO ERM 2017 | SOC 1 | ISAE 3402 | ISAE 3000 | COBIT 2019

Official resources

PCAOB AS 2201 standard text

The current standard with its paragraphs, appendices, amendment history, and effective date.

pcaobus.org/oversight/standards/auditing-standards/details/AS2201

PCAOB Auditing Standards index

The full list of PCAOB auditing standards, including the related standards AS 2201 refers to.

pcaobus.org/oversight/standards/auditing-standards

PCAOB staff guidance

Staff guidance and publications that support application of the auditing standards.

pcaobus.org/oversight/standards/staff-guidance

PCAOB Release No. 2007-005A

The 2007 adopting release for Auditing Standard No. 5, the standard now designated AS 2201.

assets.pcaobus.org/pcaob-dev/docs/default-source/rulemaking/documents/021/2007-06-12_release_no_2007-005a.pdf?sfvrsn=2180610a_0

Frequently asked questions

Who must comply with PCAOB AS 2201 and what does it govern?

AS 2201 binds PCAOB-registered public accounting firms that audit issuers whose internal control over financial reporting (ICFR) must be attested under Section 404(b) of the Sarbanes-Oxley Act. It governs the auditor's work in an audit of ICFR that is integrated with the audit of the financial statements: planning (from paragraph .09), the top-down approach (.21), testing controls (.42), evaluating deficiencies (.62), wrapping up (.71) and reporting (.85). Companies are not directly bound, but their control documentation, testing and evidence are what the auditor examines.

What is the top-down approach in AS 2201?

Under the top-down approach, which begins at paragraph .21, the auditor starts at the financial statement level with the overall risks to ICFR, evaluates entity-level controls, identifies significant accounts and disclosures and their relevant assertions, works out the likely sources of misstatement, and then selects for testing the controls that sufficiently address the assessed risk of misstatement for each assertion. Controls over the control environment, management override and the period-end financial reporting process shape the extent of testing elsewhere.

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How does AS 2201 define a material weakness?

Appendix A, paragraph .A7, defines a material weakness as a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. Each deficiency identified is evaluated for severity, individually and in combination (from paragraph .62), and the auditor's report describes any material weakness that exists as of the year end (from paragraph .85).

When was AS 2201 adopted and what changes on December 15, 2026?

The PCAOB adopted the standard in 2007 as Auditing Standard No. 5 through PCAOB Release No. 2007-005A, approved by the SEC, and later renumbered it AS 2201. Amendments to paragraph .09 and a new paragraph .99, adopted in PCAOB Release No. 2024-005 and approved by the SEC in Release No. 34-100968 (File No. PCAOB-2025-01, August 28, 2025), are effective on December 15, 2026; the PCAOB publishes the version effective December 15, 2025 and the version effective December 15, 2026 side by side.

Does AS 2201 apply to management's own ICFR assessment, and what framework serves as the criteria?

No. AS 2201 governs the auditor's work; management's assessment under Section 404(a) is addressed by SEC rules, although companies use the standard's definitions and top-down approach to organize their own testing. The assessment and the audit rely on a suitable, recognized control framework as criteria, which in the United States is almost always the COSO Internal Control Integrated Framework (2013). Smaller reporting companies and emerging growth companies exempt from Section 404(b) are outside AS 2201 unless they obtain an ICFR audit voluntarily.

License included / downloadable: Yes AS 2201 is published free of charge on the PCAOB website.

Full framework page and mappings: smartsuite.com/frameworks/pcaob-as-2201-audit-of-internal-control-over-financial-reporting

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