

Annual Review Self-Audit Checklist

BASED ON THE SEC RISK ALERT OF SEPTEMBER 14, 2026

Based on the SEC Division of Examinations Risk Alert (September 14, 2026) on annual compliance reviews required under Rule 206(4)-7 of the Investment Advisers Act of 1940. Use this checklist to walk through your own firm's annual review process and flag gaps before an examiner does.

1 Timeliness

- ☐ A completed annual review exists for every calendar year, with no gaps.
- ☐ The review period is documented and does not exceed 12 months.
- ☐ Compliance training or employee attestations have not been substituted for the actual annual review.
- ☐ Any issue flagged in a prior exam or deficiency letter has been fully corrected in a timely manner.

2 Completeness of Review Procedures

- ☐ Written procedures describe how to conduct reviews, not just that one must occur.
- ☐ Procedures specify the testing methodology to be used for each policy area.
- ☐ Procedures identify what factors/risks should be evaluated.
- ☐ Procedures specify what documentation and work papers must be produced.

3 Consistency With Your Own Written Procedures

- ☐ The most recent review followed the defined scope in the firm's own procedures.
- ☐ The work papers specified in the procedures were actually used and retained.
- ☐ All required review tasks/steps were completed, not partially performed.
- ☐ The review tested the current, in-force version of the firm's policies (not a superseded draft).

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Policies vs. Actual Practice

- ☐ Fee and expense billing practices were tested against client disclosures and advisory agreements.
- ☐ Proxy voting practices were tested against the firm's stated proxy policy.
- ☐ Custody procedures include steps to identify accounts subject to surprise examination.
- ☐ Marketing policies have been updated for the Advisers Act marketing rule and were tested against actual marketing materials.
- ☐ Regulatory filing procedures reflect current requirements.
- ☐ Any services delegated to third parties have documented, tested oversight procedures.

5

Documentation

- ☐ Testing records, findings, and corrective action recommendations from the review are retained.
- ☐ Records are retained in the firm's books and records per Rule 204-2(a)(17)(ii).
- ☐ A written annual review report was actually prepared as required.
- ☐ Prior years' review documentation can be produced quickly when requested in an exam.

6

Corrective Actions

- ☐ Every issue identified in the last two annual reviews has a documented remediation date.
- ☐ Corrective actions described as "completed" in a review report were verified as actually completed.
- ☐ There is a process to track open corrective actions to closure, not just to note them.
- ☐ Follow-up testing confirms the underlying issue no longer recurs.

This checklist is for general informational purposes and does not constitute legal advice. If your self-audit surfaces gaps, consult qualified securities counsel to determine appropriate remediation.