
2022 Inspection RSM US LLP

(Headquartered in Chicago, Illinois)

November 7, 2023

THIS IS A PUBLIC VERSION OF A PCAOB INSPECTION REPORT

PORTIONS OF THE COMPLETE REPORT ARE OMITTED FROM
THIS DOCUMENT IN ORDER TO COMPLY WITH SECTIONS 104(g)
(2) AND 105(b)(5)(A) OF THE SARBANES-OXLEY ACT OF 2002

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EXECUTIVE SUMMARY

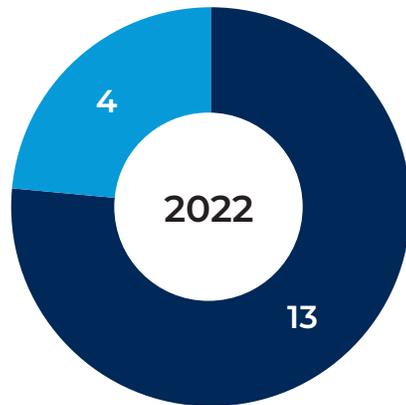
Our 2022 inspection report on RSM US LLP provides information on our inspection to assess the firm's compliance with Public Company Accounting Oversight Board (PCAOB) standards and rules and other applicable regulatory and professional requirements. This executive summary offers a high-level overview of what is included in this report:

- Part I.A of the report discusses deficiencies (“Part I.A deficiencies”) in certain issuer audits that were of such significance that we believe the firm, at the time it issued its audit report(s), had not obtained sufficient appropriate audit evidence to support its opinion(s) on the issuer’s financial statements and/or internal control over financial reporting (ICFR); and
- Part I.B of the report discusses certain deficiencies (“Part I.B deficiencies”) that relate to 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). This section does not discuss instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules related to maintaining independence.
- Part I.C of the report, which is new commencing with our 2022 inspection reports, discusses instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules related to maintaining independence (“Part I.C deficiencies”).

If we include a Part I.A or Part I.B deficiency in this report — other than those deficiencies for audits with incorrect opinions on the financial statements and/or ICFR — it does not necessarily mean that the issuer’s financial statements are materially misstated or that undisclosed material weaknesses in ICFR exist. If we include a Part I.C deficiency in this report, it does not necessarily mean that the Board had concluded the firm was not objective and impartial throughout the audit and professional engagement period. If we include a deficiency in Part I.A, Part I.B, or Part I.C of this report, it does not necessarily mean that the firm has not addressed the deficiency.

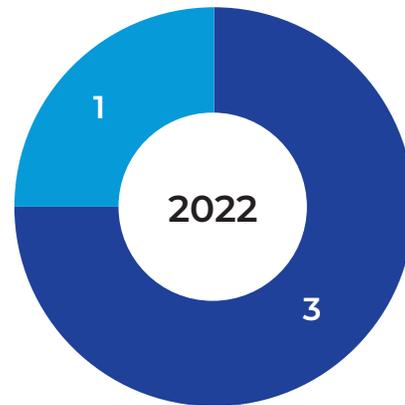
Overview of the 2022 Deficiencies Included in Part I

Four of the 17 audits we reviewed in 2022 are included in Part I.A of this report due to the significance of the deficiencies identified. The identified deficiencies related to the firm's testing of controls over and substantive testing of business combinations and revenue and related accounts.



24% Part I.A deficiency rate

- Audits without Part I.A deficiencies
- Audits with Part I.A deficiencies



- Deficiencies in both financial statement and ICFR audits
- Deficiencies in the financial statement audit only
- Deficiencies in the ICFR audit only

The most common Part I.A deficiencies in 2022 related to testing the design or operating effectiveness of controls selected for testing, testing an estimate, and testing data or reports used in substantive testing.

The Part I.B deficiencies in 2022 related to critical audit matters.

The Part I.C deficiencies in 2022 related to audit committee pre-approval and contingent fees.

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2022 INSPECTION

In the 2022 inspection of RSM US LLP, the PCAOB assessed the firm's compliance with laws, rules, and professional standards applicable to the audits of public companies.

We selected for review 17 audits of issuers with fiscal years ending in 2021. For each issuer audit selected, we reviewed a portion of the audit. We also evaluated elements of the firm's system of quality control.

What's Included in this Inspection Report

This report includes the following sections:

- **Overview of the 2022 Inspection and Historical Data by Inspection Year:** Information on our inspection, historical data, and common deficiencies.
- **Part I – Inspection Observations:**
 - o **Part I.A:** Deficiencies that were of such significance that we believe the firm, at the time it issued its audit report(s), had not obtained sufficient appropriate audit evidence to support its opinion(s) on the issuer's financial statements and/or ICFR.
 - o **Part I.B:** Certain deficiencies that relate to 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). This section does not discuss instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules related to maintaining independence.
 - o **Part I.C:** Instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules related to maintaining independence.

Consistent with the Sarbanes-Oxley Act ("Act"), it is the Board's assessment that nothing in Part I of this report deals with a criticism of, or potential defect in, the firm's quality control system. We discuss any such criticisms or potential defects in Part II. Further, you should not infer from any Part I deficiency, or combination of deficiencies, that we identified a quality control finding in Part II.

- **Part II – Observations Related to Quality Control:** Criticisms of, or potential defects in, the firm's system of quality control. Section 104(g)(2) of the Act restricts us from publicly disclosing Part II deficiencies unless the firm does not address the criticisms or potential defects to the Board's satisfaction no later than 12 months after the issuance of this report.
- **Appendix A – Firm's Response to the Draft Inspection Report:** The firm's response to a draft of this report, excluding any portion granted confidential treatment.

2022 Inspection Approach

In selecting issuer audits for review, we use both risk-based and random methods of selection. We make the majority of our selections based on (1) our internal evaluation of audits we believe have a heightened risk of material misstatement, including those with challenging audit areas, and (2) other risk-based characteristics, including issuer and firm considerations. We also select audits randomly to provide an element of unpredictability.

When we review an audit, we do not review every aspect of the audit. Rather, we generally focus our attention on audit areas we believe to be of greater complexity, areas of greater significance or with a heightened risk of material misstatement to the issuer's financial statements, and areas of recurring deficiencies. We may also select some audit areas for review in a manner designed to incorporate unpredictability.

Our selection of audits for review does not constitute a representative sample of the firm's total population of issuer audits. Additionally, our inspection findings are specific to the particular portions of the issuer audits reviewed. They are not an assessment of all of the firm's audit work nor of all of the audit procedures performed for the audits reviewed.

View the details on the [scope of our inspections and our inspections procedures](#).

OVERVIEW OF THE 2022 INSPECTION AND HISTORICAL DATA BY INSPECTION YEAR

The following information provides an overview of our 2022 inspection as well as data from the previous two inspections. We use a combination of risk-based and random methods to select audits for review and to identify areas on which we focus our review. Because our inspection process evolves over time, it can, and often does, focus on a different mix of audits and audit areas from year to year and firm to firm. As a result of this variation, we caution that our inspection results are not necessarily comparable over time or among firms.

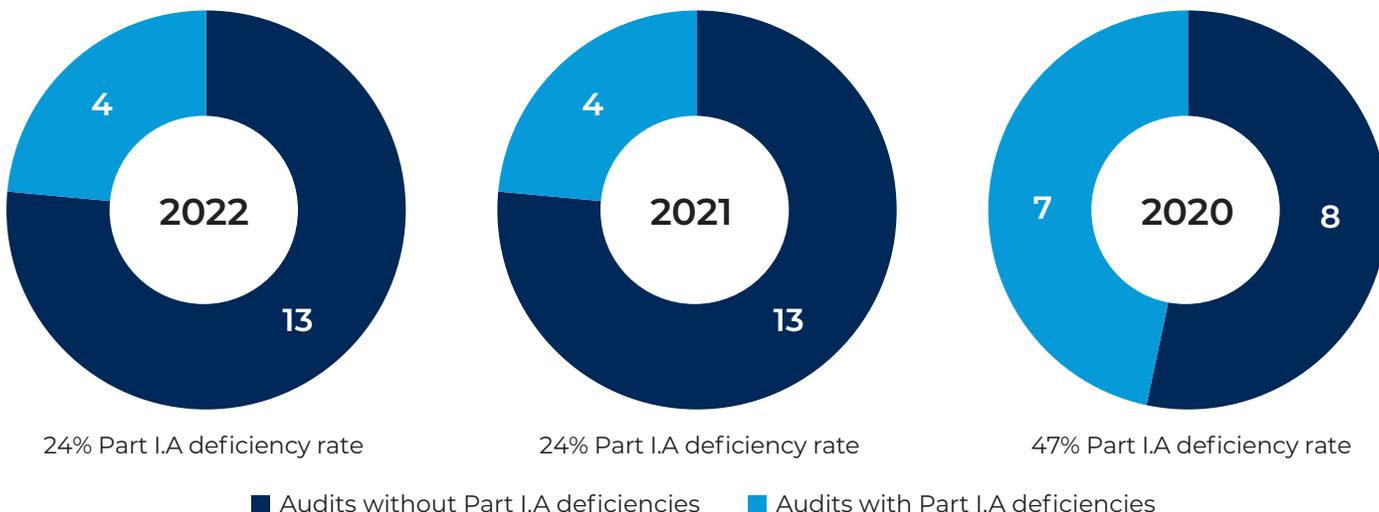
Audits Selected for Review

	2022	2021	2020
Total audits reviewed			
Total audits reviewed	17	17	15
Selection method			
Risk-based selections	15	11	13
Random selections	2	4	2
Target team selections ¹	0	2	0
Total audits reviewed	17	17	15
Principal auditor			
Audits in which the firm was the principal auditor	17	17	15
Audits in which the firm was not the principal auditor	0	0	0
Total audits reviewed	17	17	15
Audit type			
Integrated audits of financial statements and ICFR	9	7	8
Financial statement audits only	8	10	7
Total audits reviewed	17	17	15

¹ For further information on the target team's activities in 2021, refer to that inspection report.

Part I.A Deficiencies in Audits Reviewed

In 2022, all audits appearing in Part I.A were selected for review using risk-based criteria. In 2021, two of the four audits appearing in Part I.A were selected for review using risk-based criteria. In 2020, five of the seven audits appearing in Part I.A were selected for review using risk-based criteria.

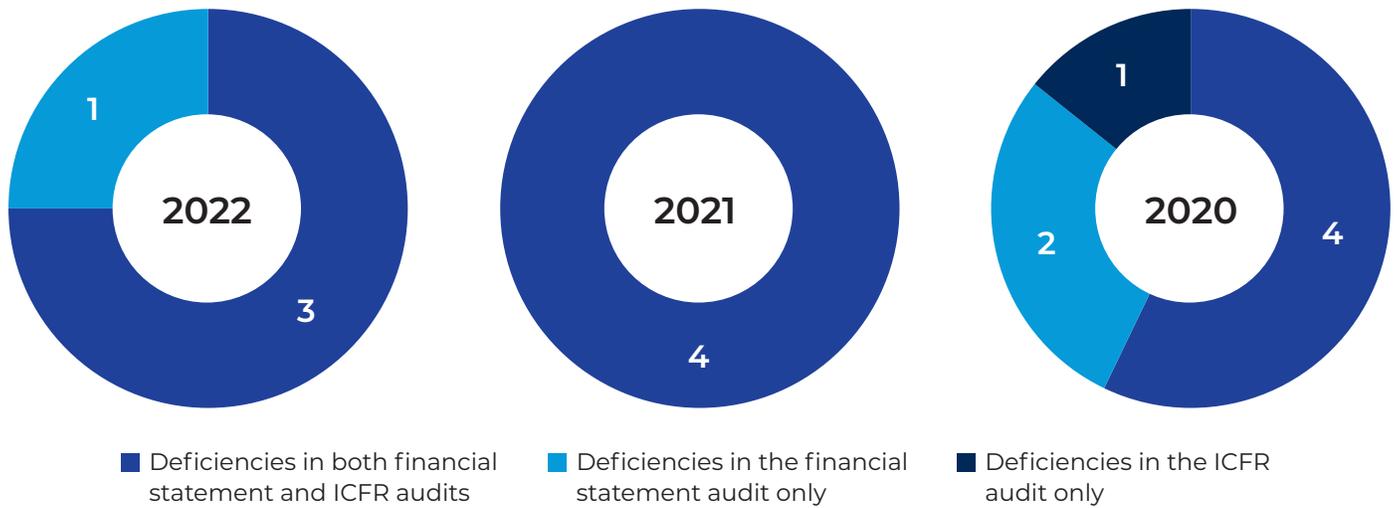


If we include a deficiency in Part I.A of our report, it does not necessarily mean that the firm has not addressed the deficiency. In many cases, the firm has performed remedial actions after the deficiency was identified. Depending on the circumstances, remedial actions may include performing additional audit procedures, informing management of the issuer of the need for changes to the financial statements or reporting on ICFR, or taking steps to prevent reliance on prior audit reports.

Our inspection may include a review, on a sample basis, of the adequacy of a firm's remedial actions, either with respect to previously identified deficiencies or deficiencies identified during the current inspection. If a firm does not take appropriate actions to address deficiencies, we may criticize its system of quality control or pursue a disciplinary action.

If we include a Part I.A or Part I.B deficiency in our report — other than those deficiencies for audits with incorrect opinions on the financial statements and/or ICFR — it does not necessarily mean that the issuer's financial statements are materially misstated or that undisclosed material weaknesses in ICFR exist. It is often not possible for us to reach a conclusion on those points based on our inspection procedures and related findings because, for example, we have only the information that the auditor retained and the issuer's public disclosures. We do not have direct access to the issuer's management, underlying books and records, and other information.

Audits Affected by the Deficiencies Identified in Part I.A



Our 2022 inspection procedures involved one audit for which the issuer, unrelated to our review, restated its financial statements to correct a misstatement and the firm revised and reissued its report on the financial statements.

The following tables and graphs summarize inspection-related information, by inspection year, for 2022 and the previous two inspections. We caution against making any comparison of the data provided without reading the descriptions of the underlying deficiencies in each respective inspection report.

Most Frequently Identified Part I.A Deficiencies

Deficiencies in audits of financial statements	Audits with Part I.A deficiencies		
	2022	2021	2020
Did not sufficiently test an estimate	2	2	2
Did not perform sufficient testing of data or reports used in the firm's substantive testing	2	0	2
Did not sufficiently evaluate the appropriateness of the issuer's accounting method or disclosure for one or more transactions or accounts	1	0	2

Deficiencies in ICFR audits	Audits with Part I.A deficiencies		
	2022	2021	2020
Did not perform sufficient testing of the design and/or operating effectiveness of controls selected for testing	3	4	3
Did not identify and test any controls that addressed the risks related to a significant account or relevant assertion	1	2	2

Audit Areas Most Frequently Reviewed

This table reflects the five audit areas we have selected most frequently for review in each inspection year (and the related Part I.A deficiencies). For the issuer audits selected for review, we selected these areas because they were generally significant to the issuer’s financial statements, may have included complex issues for auditors, and/or involved complex judgments in (1) estimating and auditing the reported value of related accounts and disclosures and (2) implementing and auditing the related controls.

2022			2021			2020		
Audit area	Audits reviewed	Audits with Part I.A deficiencies	Audit area	Audits reviewed	Audits with Part I.A deficiencies	Audit area	Audits reviewed	Audits with Part I.A deficiencies
Revenue and related accounts	13	1	Revenue and related accounts	9	2	Revenue and related accounts	11	4
Business combinations	7	3	Investment securities	4	0	Investment securities	4	0
Inventory	3	0	Allowance for credit losses/ Allowance for loan losses	3	2	Allowance for loan losses	3	2
Long-lived assets	2	0	Goodwill and intangible assets	3	0	Goodwill and intangible assets	2	1
Allowance for credit losses/ Allowance for loan losses	2	0	Cash and cash equivalents	3	0	Business combinations	2	0

Audit Areas with Frequent Part I.A Deficiencies

This table reflects the audit areas with the most frequently identified Part I.A deficiencies in each inspection year with the corresponding results for the other two years presented.

Audit area	2022		2021		2020	
	Audits with Part I.A deficiencies	Audits reviewed	Audits with Part I.A deficiencies	Audits reviewed	Audits with Part I.A deficiencies	Audits reviewed
Business combinations	3	7	0	2	0	2
Revenue and related accounts	1	13	2	9	4	11
Allowance for credit losses/ Allowance for loan losses	0	2	2	3	2	3

Business combinations: The deficiencies in 2022 related to substantive testing of, and testing controls over, significant assumptions used to value the acquired assets and evaluating the appropriateness of the issuer’s accounting for a business combination.

Revenue and related accounts: The deficiencies in 2022 and 2020 related to substantive testing of, and testing controls over, revenue. The deficiencies in 2021 related to testing controls over revenue and related accounts and the resulting overreliance on controls when performing substantive testing.

Allowance for credit losses/Allowance for loan losses: The deficiencies in 2021 and 2020 primarily related to substantive testing of, and testing controls over, the valuation of the allowance for credit losses/ allowance for loan losses.

Auditing Standards Associated with Identified Part I.A Deficiencies

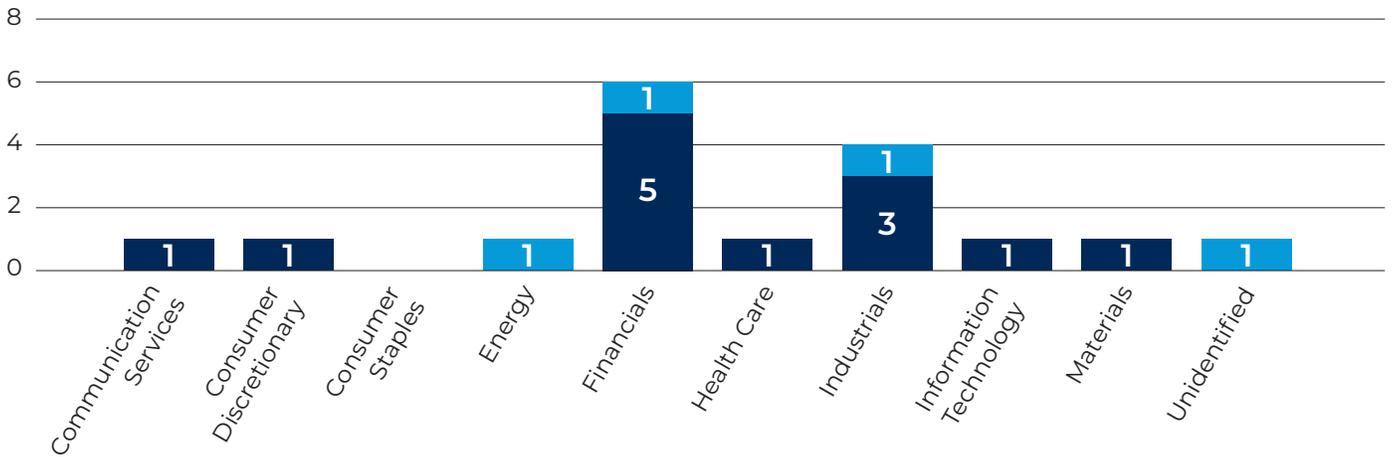
The following lists the auditing standards referenced in Part I.A of the 2022 and the previous two inspection reports, and the number of times that the standard is cited in Part I.A.

PCAOB Auditing Standards	2022	2021	2020
<i>AS 1105, Audit Evidence</i>	3	4	2
<i>AS 1201, Supervision of the Audit Engagement</i>	1	1	0
<i>AS 2201, An Audit of Internal Control Over Financial Reporting That Is Integrated with An Audit of Financial Statements</i>	4	21	12
<i>AS 2301, The Auditor’s Responses to the Risks of Material Misstatement</i>	0	4	3
<i>AS 2305, Substantive Analytical Procedures</i>	0	0	1
<i>AS 2310, The Confirmation Process</i>	0	0	1
<i>AS 2315, Audit Sampling</i>	0	4	1
<i>AS 2501, Auditing Accounting Estimates (effective for fiscal years ending before December 15, 2020)</i>	-	0	2
<i>AS 2501, Auditing Accounting Estimates, Including Fair Value Measurements (effective for fiscal years ending on or after December 15, 2020)</i>	2	1	0
<i>AS 2503, Auditing Derivative Instruments, Hedging Activities, and Investments in Securities (effective for fiscal years ending before December 15, 2020)</i>	-	1	0
<i>AS 2605, Consideration of the Internal Audit Function</i>	0	2	0
<i>AS 2810, Evaluating Audit Results</i>	1	0	3

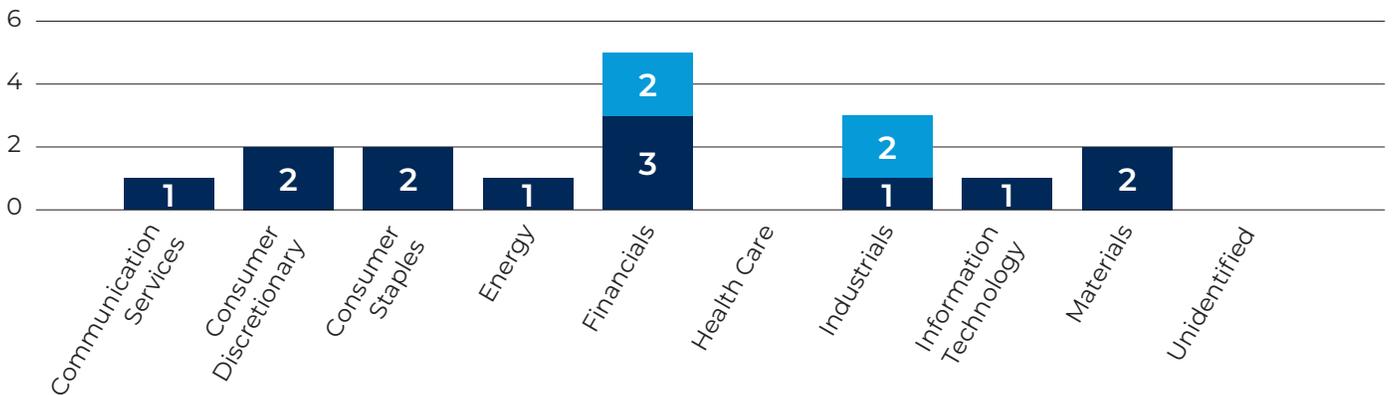
Inspection Results by Issuer Industry Sector

The majority of industry sector data is based on Global Industry Classification Standard (GICS) data obtained from Standard & Poor's (S&P). In instances where GICS data for an issuer is not available from S&P, classifications are assigned based upon North American Industry Classification System data. In instances where classifying an issuer using its industry sector could make an issuer identifiable, we have instead classified such issuer(s) as "unidentified."

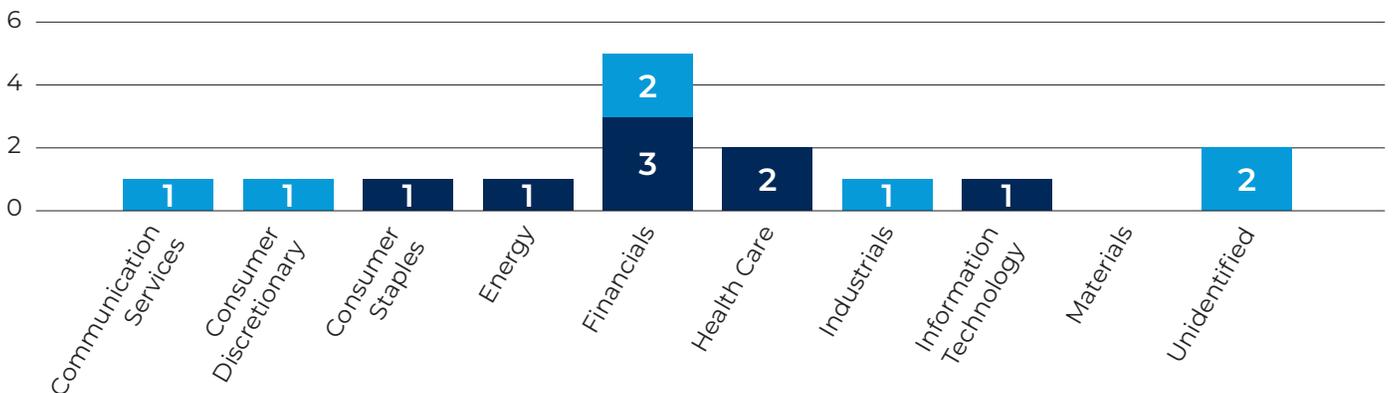
2022



2021



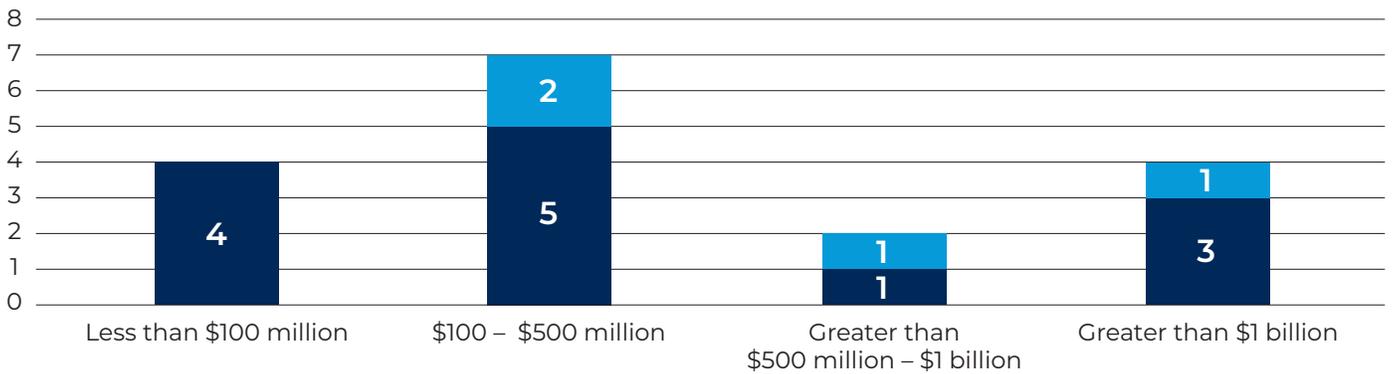
2020



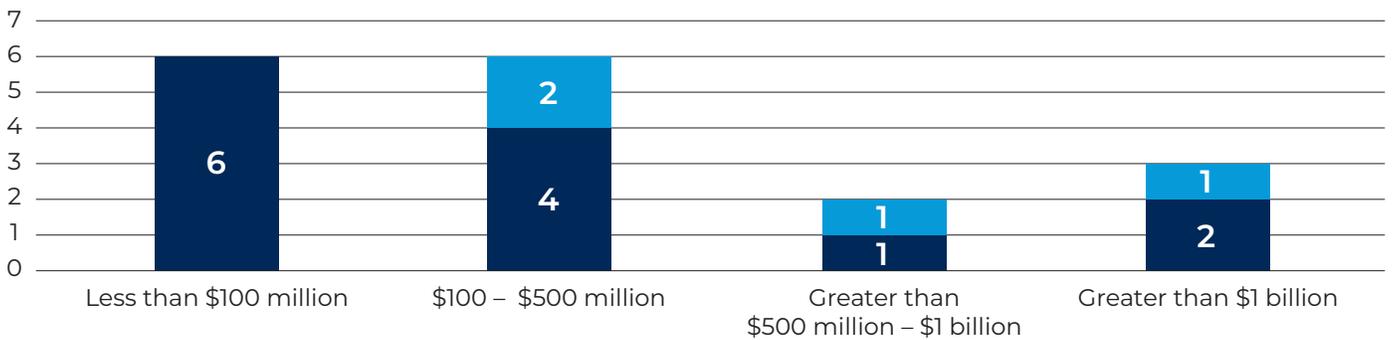
■ Audits without Part I.A deficiencies ■ Audits with Part I.A deficiencies

Inspection Results by Issuer Revenue Range

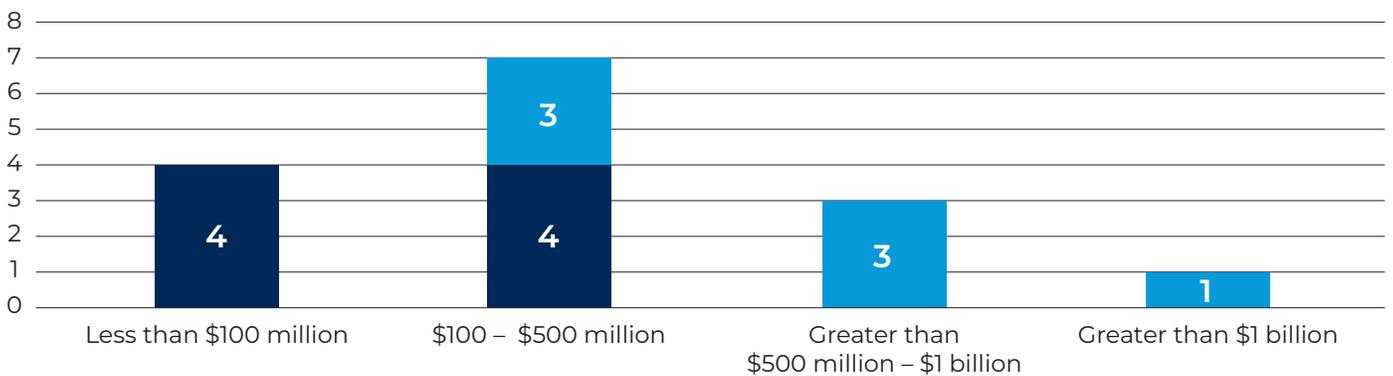
2022



2021



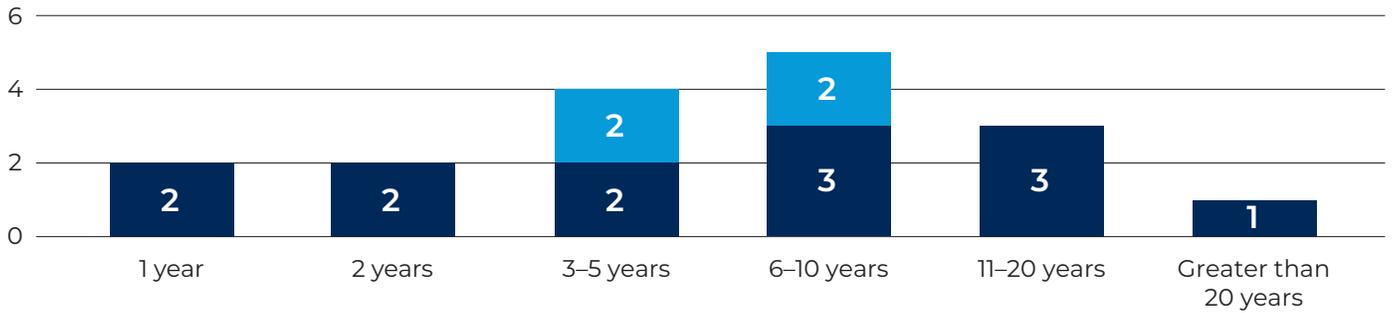
2020



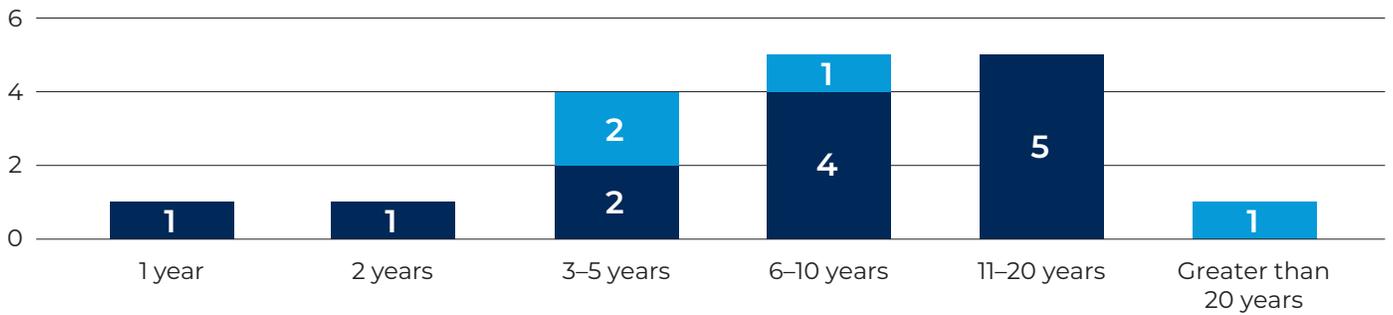
■ Audits without Part I.A deficiencies
 ■ Audits with Part I.A deficiencies

Inspection Results by the Firm's Tenure on the Issuer

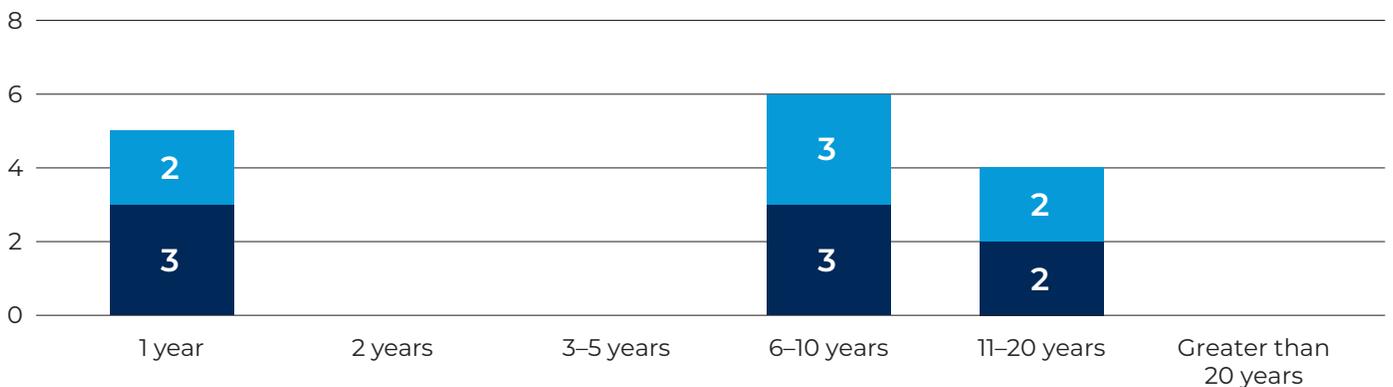
2022



2021



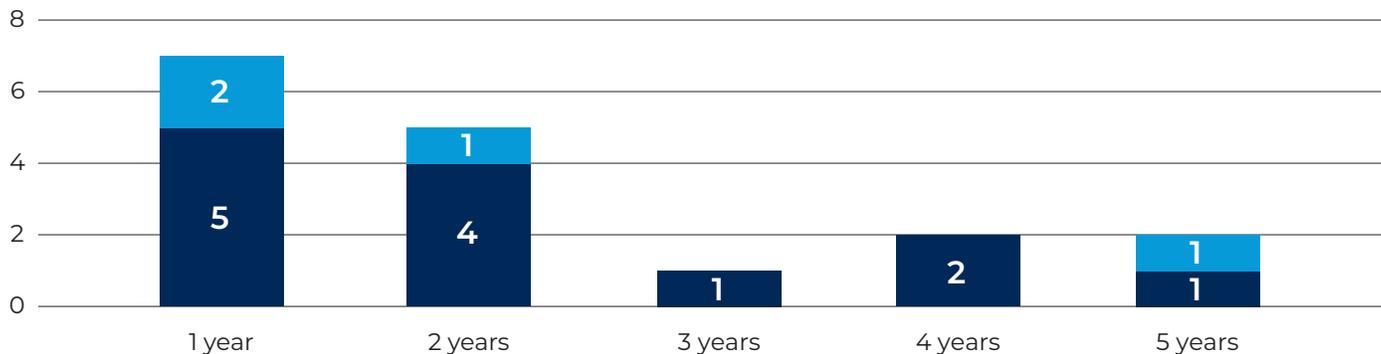
2020



■ Audits without Part I.A deficiencies ■ Audits with Part I.A deficiencies

Inspection Results by the Engagement Partner's Tenure on the Issuer

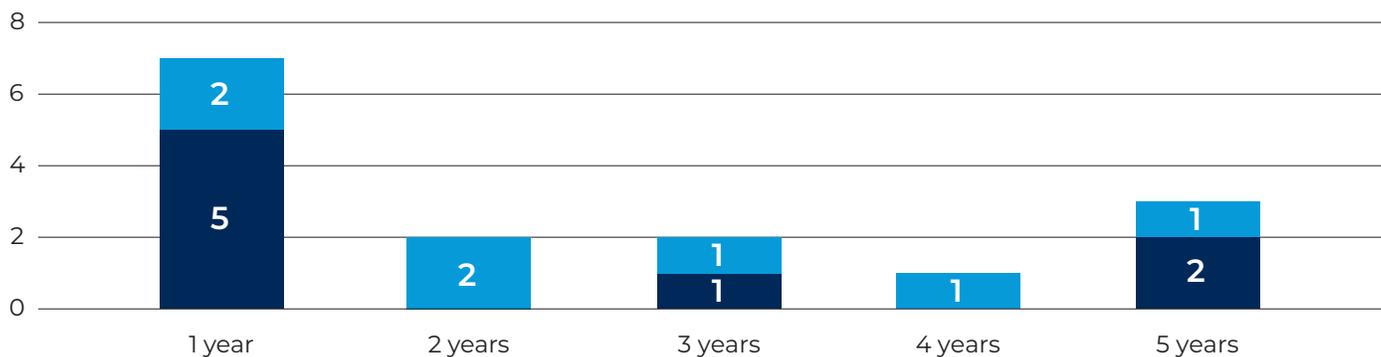
2022



2021



2020



■ Audits without Part I.A deficiencies
 ■ Audits with Part I.A deficiencies

Classification of Audits with Part I.A Deficiencies

Within Part I.A of this report, we classify each issuer audit in one of the categories discussed below based on the Part I.A deficiency or deficiencies identified in our review.

The purpose of this classification system is to group and present issuer audits by the number of Part I.A deficiencies we identified within the audit as well as to highlight audits with an incorrect opinion on the financial statements and/or ICFR.

Audits with an Incorrect Opinion on the Financial Statements and/or ICFR

This classification includes instances where a deficiency was identified in connection with our inspection and, as a result, an issuer's financial statements were determined to be materially misstated, and the issuer restated its financial statements. It also includes instances where a deficiency was identified in connection with our inspection and, as a result, an issuer's ICFR was determined to be ineffective, or there were additional material weaknesses that the firm did not identify, and the firm withdrew its opinion, or revised its report, on ICFR. This classification does not include instances where, unrelated to our review, an issuer restated its financial statements and/or an issuer's ICFR was determined to be ineffective. We include any deficiencies identified in connection with our reviews of these audits in the audits with multiple deficiencies or audits with a single deficiency classification below.

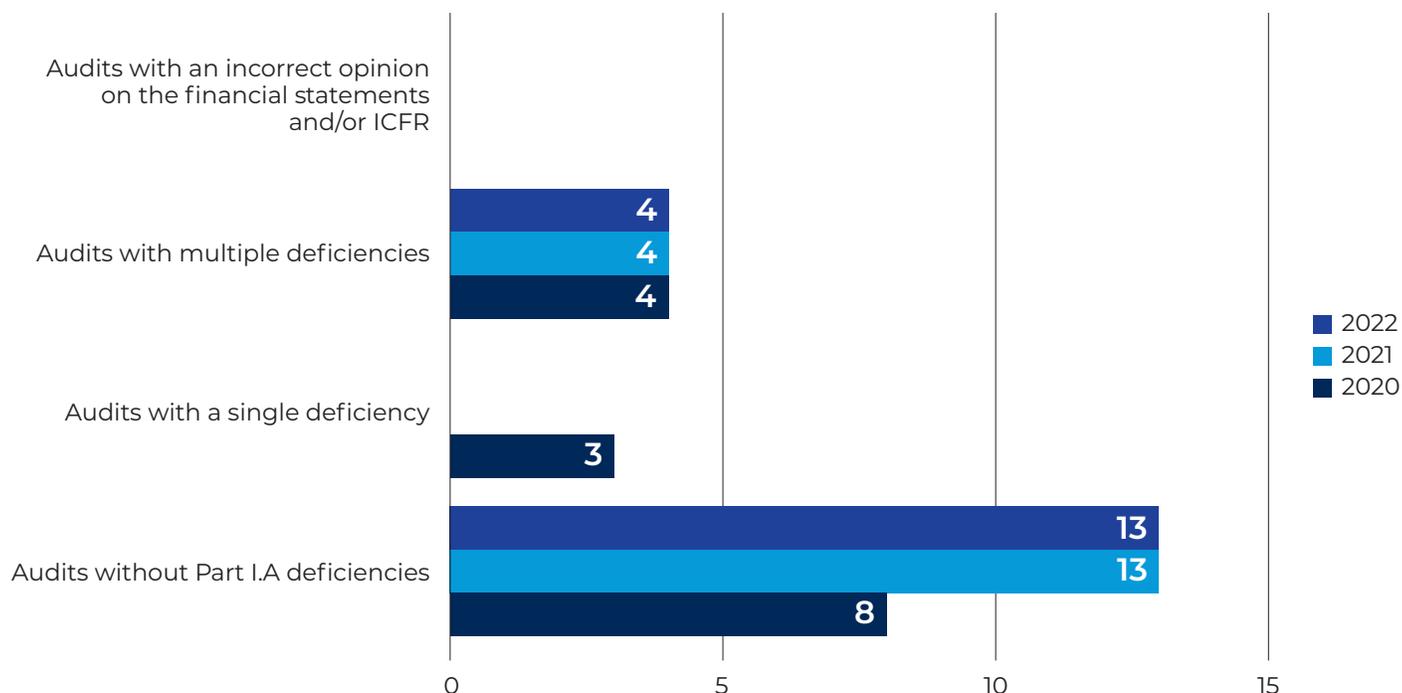
Audits with Multiple Deficiencies

This classification includes instances where multiple deficiencies were identified that related to a combination of one or more financial statement accounts, disclosures, and/or important controls in an ICFR audit.

Audits with a Single Deficiency

This classification includes instances where a single deficiency was identified that related to a financial statement account or disclosure or to an important control in an ICFR audit.

Number of Audits in Each Category



PART I: INSPECTION OBSERVATIONS

Part I.A of our report discusses deficiencies that were of such significance that we believe the firm, at the time it issued its audit report(s), had not obtained sufficient appropriate audit evidence to support its opinion(s) on the issuer's financial statements and/or ICFR.

Part I.B discusses certain deficiencies that relate to 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). This section does not discuss instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules related to maintaining independence.

Part I.C discusses instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules related to maintaining independence.

Consistent with the Act, it is the Board's assessment that nothing in Part I of this report deals with a criticism of, or potential defect in, the firm's quality control system. We discuss any such criticisms or potential defects in Part II. Further, you should not infer from any Part I deficiency, or combination of deficiencies, that we identified a quality control finding in Part II.

PART I.A: AUDITS WITH UNSUPPORTED OPINIONS

This section of our report discusses the deficiencies identified, by specific issuer audit reviewed, in the audit work supporting the firm's opinion(s) on the issuer's financial statements and/or ICFR.

We identify each issuer by a letter (e.g., Issuer A). Each deficiency could relate to several auditing standards, but we reference the PCAOB standard(s) that most directly relates to the requirement with which the firm did not comply.

We present issuer audits below within their respective deficiency classifications (as discussed previously). Within the classifications, we generally present the audits based on our assessment as to the relative significance of the identified deficiencies, taking into account the significance of the financial statement accounts and/or disclosures affected, and/or the nature or extent of the deficiencies.

Audits with an Incorrect Opinion on the Financial Statements and/or ICFR

None

Audits with Multiple Deficiencies

Issuer A

Type of audit and related area affected

In our review, we identified deficiencies in the financial statement and ICFR audits related to a **Business Combination**, for which the firm identified a significant risk.

Description of the deficiencies identified

During the year, the issuer acquired a business and determined the fair value of an acquired intangible asset using forecasted cash flows that assumed significant revenue growth and improved gross margins. The following deficiencies were identified:

- The firm selected for testing a control that consisted of the issuer's review of the significant assumptions it used to determine the fair value of this asset. The firm did not evaluate the specific review procedures that the control owner performed to evaluate the reasonableness of the revenue growth rate and gross margin assumptions. (AS 2201.42 and .44)
- With respect to both the revenue growth rate and gross margin assumptions, the firm did not sufficiently evaluate whether these assumptions were consistent with certain information, including certain industry factors or the issuer's historical and recent experience, because it did not evaluate the significant differences between these assumptions and that information. Further, the firm did not take into account the issuer's ability to achieve the forecasted revenue growth and gross margins. (AS 2501.16 and .17)
- With respect to the revenue growth rate assumptions, the firm used information produced by the issuer and information from external sources, including industry data and growth rates for comparable companies, to evaluate the reasonableness of these assumptions. The firm did not perform any procedures to test, or in the alternative, test any controls over, the accuracy and completeness of certain information produced by the issuer. (AS 1105.10) In addition, the firm did not evaluate the relevance and reliability of certain industry data and the relevance of the growth rates for the comparable companies. (AS 1105.04 and .06)

Issuer B – Energy

Type of audit and related area affected

In our review, we identified deficiencies in the financial statement and ICFR audits related to **Revenue**, for which the firm identified a fraud risk.

Description of the deficiencies identified

The issuer recognized certain revenue based on the daily market price of a commodity that the issuer obtained from a service organization. The following deficiencies were identified:

- The firm selected for testing a control that included the issuer's investigation of daily price variances that exceeded a certain threshold. The firm did not evaluate whether the threshold the control owner used to investigate variances was sufficiently precise to detect misstatements that could be material. (AS 2201.42) In addition, the firm did not perform any procedures to obtain evidence regarding the service organization's controls for the year under audit. (AS 2201.39 and .B19)
- The firm obtained the service organization's pricing information from the issuer and used it in its substantive testing of this revenue but did not perform any procedures to evaluate the reliability of this information. (AS 1105.04 and .06)

Issuer C – Industrials

Type of audit and related area affected

In our review, we identified deficiencies in the financial statement and ICFR audits related to **Business Combinations**, for which the firm identified a significant risk.

Description of the deficiencies identified

During the year, the issuer acquired multiple businesses and engaged a specialist to assist in the determination of the fair values of certain assets acquired using forecasted cash flows and other assumptions. The following deficiencies were identified:

- The firm selected for testing a control over the valuation of the assets acquired and liabilities assumed that included the reviews of the assumptions the issuer and the company's specialist used in these forecasted cash flows and other assumptions used to determine these fair values. In its testing of the operating effectiveness of this control, the firm did not evaluate the specific review procedures that the control owners performed to evaluate the reasonableness of a significant assumption for one of the business combinations selected for testing. (AS 2201.44)
- The firm's approach for substantively testing the fair values of certain acquired assets was to test the issuer's process. The firm used an auditor-employed specialist to evaluate the significant assumptions the company's specialist used. For certain of these assets, the firm did not sufficiently evaluate the reasonableness of these significant assumptions because it did not identify that the auditor-employed specialist did not perform any procedures, beyond reading the valuation report that was prepared by the company's specialist, to evaluate certain significant assumptions developed by the issuer. (AS 1201.C6 and .C7; AS 2501.16)

Issuer D – Financials

Type of audit and related area affected

In our review, we identified deficiencies in the financial statement audit related to a **Business Combination**.

Description of the deficiencies identified

During the year, the issuer acquired a business. The firm did not identify and evaluate that the issuer's accounting for a provision for contingent payments to the sellers as equity and the omission of required disclosures related to this provision were not in conformity with FASB ASC Topic 480, *Distinguishing Liabilities from Equity*. (AS 2810.30 and .31)

Unrelated to our review, the issuer reevaluated its accounting and disclosures for this business combination and concluded that material misstatements existed that had not been previously identified. The issuer subsequently corrected these misstatements in a restatement of its financial statements, and the firm revised and reissued its report on the financial statements.

Audits with a Single Deficiency

None

PART I.B: OTHER INSTANCES OF NON-COMPLIANCE WITH PCAOB STANDARDS OR RULES

This section of our report discusses certain deficiencies that relate to 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). This section does not discuss instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules related to maintaining independence.

When we review an audit, we do not review every aspect of the audit. As a result, the area below was not necessarily reviewed on every audit. In some cases, we assess the firm's compliance with specific PCAOB standards or rules on other audits that were not reviewed and include any instances of non-compliance below.

We identified the following deficiencies:

In two of 13 audits reviewed, the engagement team performed procedures to determine whether or not matters were critical audit matters but, in performing those procedures, did not include one or more matters that were communicated to the issuer's audit committee and that related to accounts or disclosures that were material to the financial statements. In one additional audit reviewed, the engagement team did not take into account certain required factors in determining whether or not a matter was a critical audit matter. In these instances, the firm was non-compliant with AS 3101, *The Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion*. These instances of non-compliance do not necessarily mean that other critical audit matters should have been communicated in the auditor's report.

PART I.C: INDEPENDENCE

This section of our report discusses instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules related to maintaining independence. An instance of potential non-compliance with SEC rules or an instance of non-compliance with PCAOB rules does not necessarily mean that the Board has concluded the firm was not objective and impartial throughout the audit and professional engagement period. Although this section includes instances of potential non-compliance that the firm brought to our attention, there may be other instances of non-compliance with SEC or PCAOB rules related to independence that were not identified through our procedures or the firm's monitoring activities.

PCAOB-Identified

We did not identify any instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules related to maintaining independence.

Firm-Identified

During the inspection, the firm brought to our attention that it had identified, through its independence monitoring activities, three instances for three issuers,² representing approximately 2% of the firm's total issuer audits, in which the firm appeared to have impaired its independence because it may not have complied with SEC Rule 2-01(c) of Regulation S-X or PCAOB Rule 3521 related to maintaining independence. One of these instances of potential non-compliance involved a non-U.S. associated firm.

While we have not evaluated the underlying reasons for the instances of potential non-compliance, the number, large or small, of firm-identified instances of potential non-compliance may be reflective of the size of the firm, including the number of non-U.S. associated firms in the global network; the design and effectiveness of the firm's independence monitoring activities; and the size and/or complexity of the issuers it audits, including the number of affiliates of the issuer. Therefore, we caution against making any comparison of these firm-identified instances of potential non-compliance across firms.

The instances of potential non-compliance related to audit committee pre-approval and contingent fees:

- The firm reported two instances of potential non-compliance with Rule 2-01(c)(7) of Regulation S-X regarding audit committee pre-approval. Both instances related to tax services provided, one for services provided by the firm to an issuer audit client and one for services provided by a non-U.S. associated firm to an affiliate of an issuer audit client, without the firm obtaining audit committee pre-approval.
- The firm reported one instance of potential non-compliance with Rule 2-01(c)(5) of Regulation S-X and PCAOB Rule 3521 regarding contingent fees. The firm provided certain services to an affiliate of an issuer audit client and received commissions for these services that the firm concluded were immaterial. The firm subsequently returned the commissions to the affiliate and terminated the commission arrangement.

The firm has reported to us that it has evaluated these instances of potential non-compliance and determined in all instances that its objectivity and impartiality were not impaired.

² The firm-identified instances of potential non-compliance do not necessarily relate to the issuer audits that we selected for review.

PART II: OBSERVATIONS RELATED TO QUALITY CONTROL

Part II of our report discusses criticisms of, and potential defects in, the firm's system of quality control.

We include deficiencies in Part II if an analysis of the inspection results, including the results of the reviews of individual audits, indicates that the firm's system of quality control does not provide reasonable assurance that firm personnel will comply with applicable professional standards and requirements. Generally, the report's description of quality control criticisms is based on observations from our inspection procedures.

This report does not reflect changes or improvements to the firm's system of quality control that the firm may have made subsequent to the period covered by our inspection. The Board does consider such changes or improvements in assessing whether the firm has satisfactorily addressed the quality control criticisms or defects no later than 12 months after the issuance of this report.

When we issue our reports, we do not make public criticisms of, and potential defects in, the firm's system of quality control, to the extent any are identified. If a firm does not address to the Board's satisfaction any criticism of, or potential defect in, the firm's system of quality control within 12 months after the issuance of our report, we will make public any such deficiency.

APPENDIX A: FIRM'S RESPONSE TO THE DRAFT INSPECTION REPORT

Pursuant to Section 104(f) of the Act, 15 U.S.C. § 7214(f), and PCAOB Rule 4007(a), the firm provided a written response to a draft of this report. Pursuant to Section 104(f) of the Act and PCAOB Rule 4007(b), the firm's response, excluding any portion granted confidential treatment, is attached hereto and made part of this final inspection report.

The Board does not make public any of a firm's comments that address a nonpublic portion of the report unless a firm specifically requests otherwise. In some cases, the result may be that none of a firm's response is made publicly available.

In addition, pursuant to Section 104(f) of the Act, 15 U.S.C. § 7214(f), and PCAOB Rule 4007(b), if a firm requests, and the Board grants, confidential treatment for any of the firm's comments on a draft report, the Board does not include those comments in the final report. The Board routinely grants confidential treatment, if requested, for any portion of a firm's response that addresses any point in the draft that the Board omits from, or any inaccurate statement in the draft that the Board corrects in, the final report.



RSM US LLP

30 South Wacker Drive
Suite 3000
Chicago, IL 60606

October 30, 2023

Ms. Christine Gunia
Acting Director, Division of Registration and Inspections
Public Company Accounting Oversight Board
1666 K Street NW
Washington, DC 20006

Re: Response to Part I of the Public Company Accounting Oversight Board (PCAOB) Draft Report on
2022 Inspection of RSM US LLP

Dear Ms. Gunia:

On behalf of RSM US LLP, we are pleased to provide our response to Part I of the PCAOB's Draft Report on the 2022 Inspection of RSM US LLP dated September 28, 2023 ("Draft Report"). We believe that the PCAOB's inspection process serves a significant role in our shared objective of improving audit quality, promoting trust in the capital markets and inspiring investor confidence.

We have thoroughly evaluated the matters described in Part I of the Draft Report and have taken appropriate actions to address the findings in accordance with PCAOB standards to comply with our professional responsibilities under AS 2901, *Consideration of Omitted Procedures After the Report Date*, and AS 2905, *Subsequent Discovery of Facts Existing at the Date of the Auditor's Report*.

We support the PCAOB's inspection process and believe that it improves the quality of our audit engagements. As a result of the 2022 inspection process, we have continued to implement new actions and to design meaningful enhancements to existing actions that respond to the root causes of matters identified. We are committed to using the inspection comments and observations to create an environment that allows for continuous adaptation and improvement in our system of quality control. In addition, our system of quality control was strengthened by the adoption of International Standard on Quality Management 1. We have also continued to make significant investments in our people, our technological resources, and in audit innovation. We have a long history of audit quality founded on our commitment to integrity, objectivity and excellence. Our firm, our partners and our employees are committed to these principles, and we align our firm's values and infrastructure accordingly. We constantly examine what we do and how we do it to determine ways to enhance the quality and effectiveness of our work.

We appreciate the opportunity to provide our response to the Draft Report and remain committed to working with the PCAOB to improve audit quality. We look forward to continuing our dialogue with the PCAOB and its staff.

Sincerely,

Brian Becker
Managing Partner and Chief Executive Officer

Joel Shamon
National Audit Leader

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