2023 Inspection

Moss Adams LLP

(Headquartered in Seattle, Washington)

June 12, 2024

PCAOB RELEASE NO. 104-2024-103

PCAOB
PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD

EXECUTIVE SUMMARY

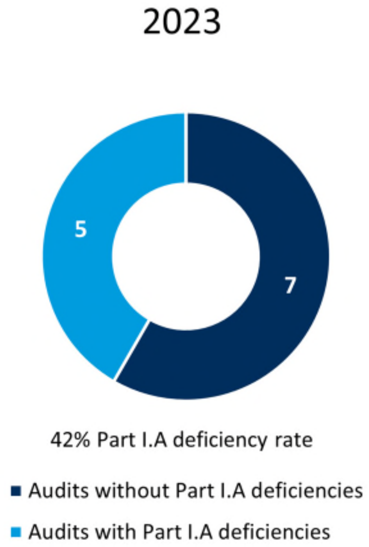
Our 2023 inspection report on Moss Adams LLP provides information on our inspection to assess the firm's compliance with Public Company Accounting Oversight Board (PCAOB) standards and rules and other applicable regulatory and professional requirements. This executive summary offers a high-level overview of what is included in this report:

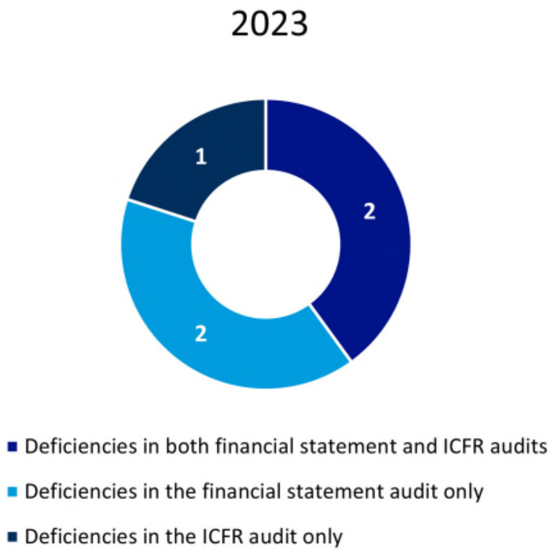
- Part I.A of the report discusses deficiencies ("Part I.A deficiencies") in certain issuer audits that were of such significance that we believe the firm, at the time it issued its audit report(s), had not obtained sufficient appropriate audit evidence to support its opinion(s) on the issuer's financial statements and/or internal control over financial reporting (ICFR).
- 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 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 has 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 2023 Deficiencies Included in Part I

Five of the 12 audits we reviewed in 2023 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/or substantive testing of revenue, inventory, and the allowance for loan losses.





The most common Part I.A deficiencies in 2023 related to testing data or reports used in substantive testing, performing substantive testing to address a risk of material misstatement, and testing the design or operating effectiveness of controls selected for testing.

The Part I.B deficiencies in 2023 related to audit committee communications, audit planning, risk assessment, and critical audit matters.

The Part I.C deficiencies in 2023 related to audit committee pre-approval, financial relationships, and non-audit services.

Table of Contents

2023 INSPECTION

In the 2023 inspection of Moss Adams 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 12 audits of issuers with fiscal years generally ending in 2022. 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 2023 Inspection and Historical Data by Inspection Year:** Information on our inspection, historical data, and common deficiencies.
- **Part I – Inspection Observations:**
  - **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.
  - **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.
  - **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.

2023 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 2023 INSPECTION AND HISTORICAL DATA BY INSPECTION YEAR

The following information provides an overview of our 2023 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.

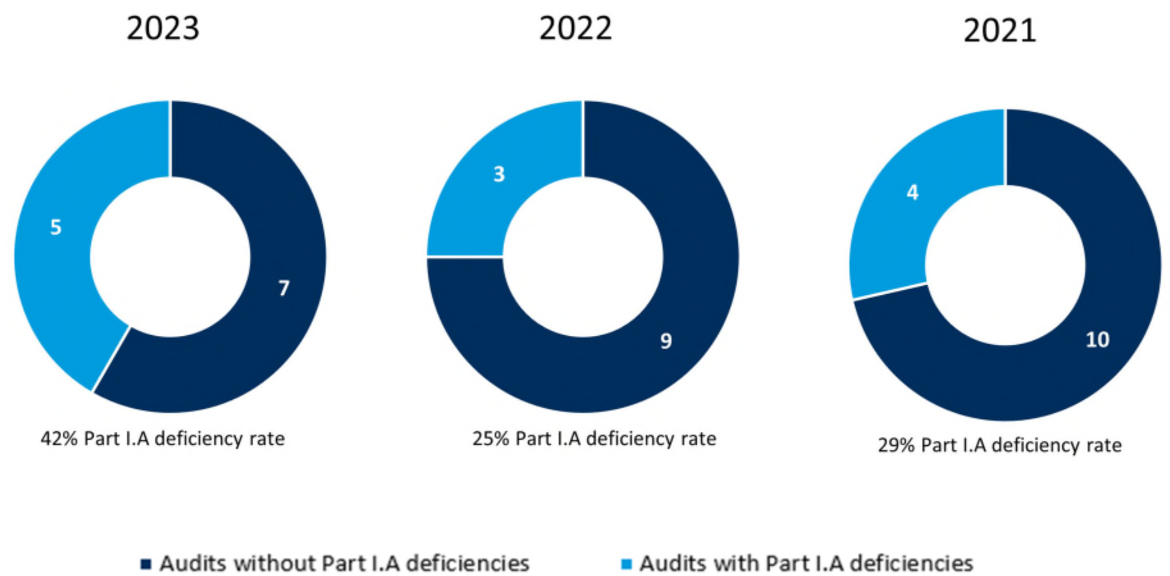
Audits Selected for Review

	2023	2022	2021
Total audits reviewed			
Total audits reviewed	12	12	14
Selection method			
Risk-based selections	10	10	8
Random selections	2	2	4
Target team selections[1]	0	0	2
Total audits reviewed	**12**	**12**	**14**
Principal auditor			
Audits in which the firm was the principal auditor	12	12	14
Audits in which the firm was not the principal auditor	0	0	0
Total audits reviewed	**12**	**12**	**14**
Audit type			
Integrated audits of financial statements and ICFR	7	3	5
Financial statement audits only	5	9	9
Total audits reviewed	**12**	**12**	**14**

[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 2023, four of the five audits appearing in Part I.A were selected for review using risk-based criteria. In 2022, all of the audits appearing in Part I.A were selected for review using risk-based criteria. In 2021, all audits appearing in Part I.A were selected for review using risk-based criteria.

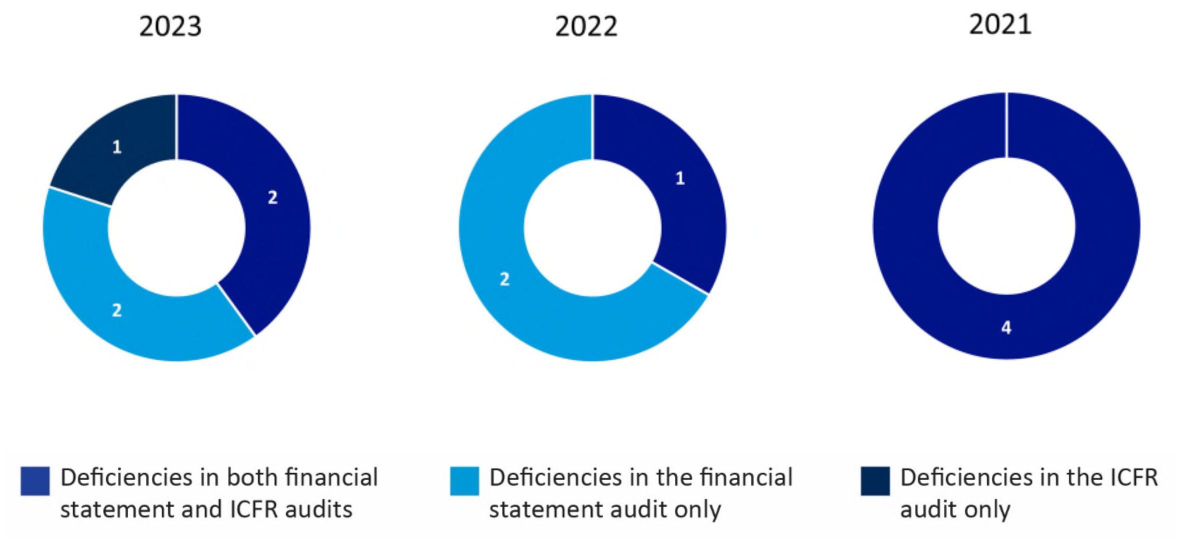


If we include a deficiency in Part I.A of our report, it does not necessarily mean that the firm has not addressed the deficiency. In many cases, the firm has performed remedial actions after the deficiency was identified. Depending on the circumstances, remedial actions may include performing additional 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



The following tables and graphs summarize inspection-related information, by inspection year, for 2023 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		
	2023	2022	2021
Did not perform sufficient testing of data or reports used in the firm's substantive testing	3	2	1
Did not perform sufficient testing related to a significant account or disclosure or to address an identified risk	2	2	0
Did not sufficiently test an estimate	2	1	3

Deficiencies in ICFR audits	Audits with Part I.A deficiencies		
	2023	2022	2021
Did not perform sufficient testing of the design and/or operating effectiveness of controls selected for testing	2	1	4
Did not identify and/or sufficiently test controls over the accuracy and completeness of data or reports that the issuer used in the operation of controls	1	1	1
Did not perform sufficient procedures related to the scoping of the audit, including multi-location audits	1	1	0

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.

2023			2022			2021		
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	6	4	**Revenue and related accounts**	6	3	**Revenue and related accounts**	6	2
Business combinations	4	0	**Business combinations**	4	0	**Long-lived assets**	6	1
Investment securities	4	0	**Debt**	3	0	**Allowance for credit losses/ Allowance for loan losses**	3	2
Allowance for credit losses/ Allowance for loan losses	3	1	**Inventory**	3	1	**Investment securities**	3	1
Inventory	3	2	**Cash and cash equivalents**	2	1	**Cash and cash equivalents**	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	2023		2022		2021	
	Audits with Part I.A deficiencies	Audits reviewed	Audits with Part I.A deficiencies	Audits reviewed	Audits with Part I.A deficiencies	Audits reviewed
Revenue and related accounts	4	6	3	6	2	6
Inventory	2	3	1	3	0	1
Allowance for credit losses/ Allowance for loan losses	1	3	0	2	2	3
Accruals and other liabilities	0	0	1	1	0	0
Cash and cash equivalents	0	0	1	2	0	2

Revenue and related accounts: The deficiencies in 2023, 2022, and 2021 related to substantive testing of, and/or testing controls over, revenue.

Inventory: The deficiencies in 2023 and 2022 related to substantive testing of, and/or testing controls over, inventory.

Allowance for credit losses/Allowance for loan losses: The deficiencies in 2023 and 2021 related to substantive testing of, and/or testing controls over, significant assumptions underlying the estimate of the allowance for credit or loan losses.

Accruals and other liabilities: The deficiencies in 2022 related to testing the valuation of a liability, including the information used in substantive testing.

Cash and cash equivalents: The deficiency in 2022 related to excluding cash related to certain business units from controls and substantive testing.

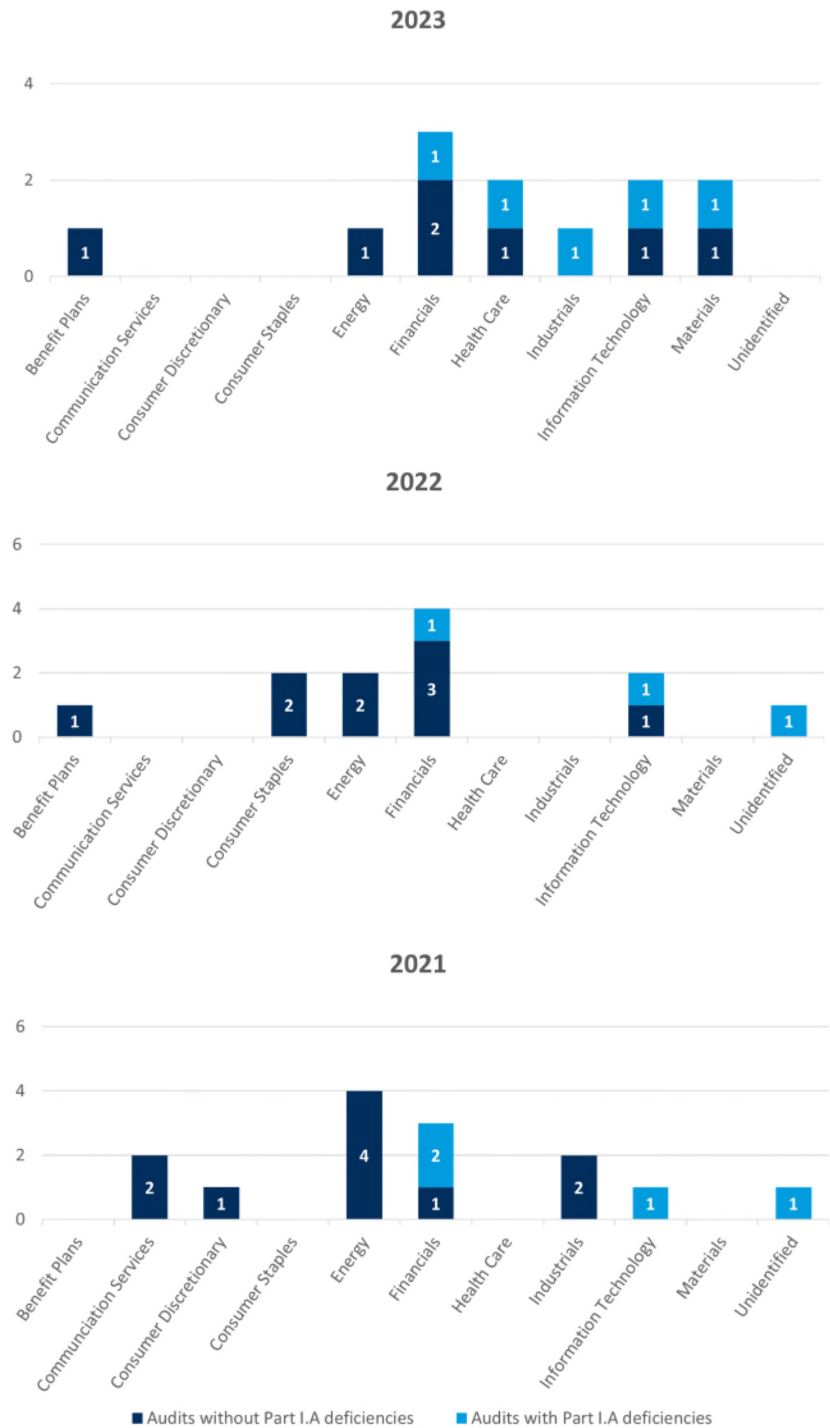
Auditing Standards Associated with Identified Part I.A Deficiencies

The following lists the auditing standards referenced in Part I.A of the 2023 and the previous two inspection reports, and the number of times that the standard is cited in Part I.A.

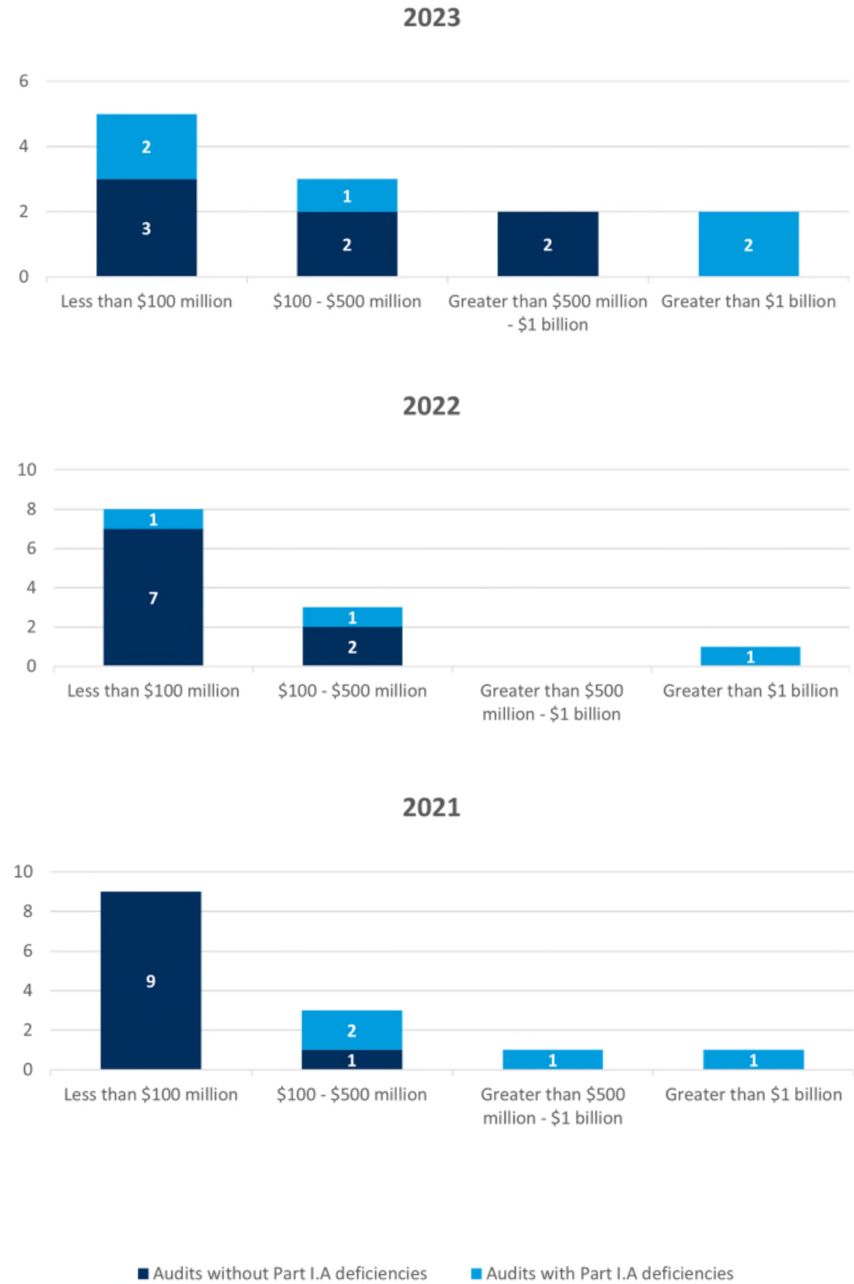
PCAOB Auditing Standards	2023	2022	2021
AS 1105, *Audit Evidence*	3	4	2
AS 2101, *Audit Planning*	1	1	0
AS 2201, *An Audit of Internal Control Over Financial Reporting That Is Integrated with An Audit of Financial Statements*	4	6	8
AS 2301, *The Auditor's Responses to the Risks of Material Misstatement*	5	2	1
AS 2305, *Substantive Analytical Procedures*	0	0	1
AS 2310, *The Confirmation Process*	0	1	1
AS 2315, *Audit Sampling*	1	0	0
AS 2501, *Auditing Accounting Estimates, Including Fair Value Measurements* (effective for fiscal years ending on or after December 15, 2020)	2	1	3

Inspection Results by Issuer Industry Sector

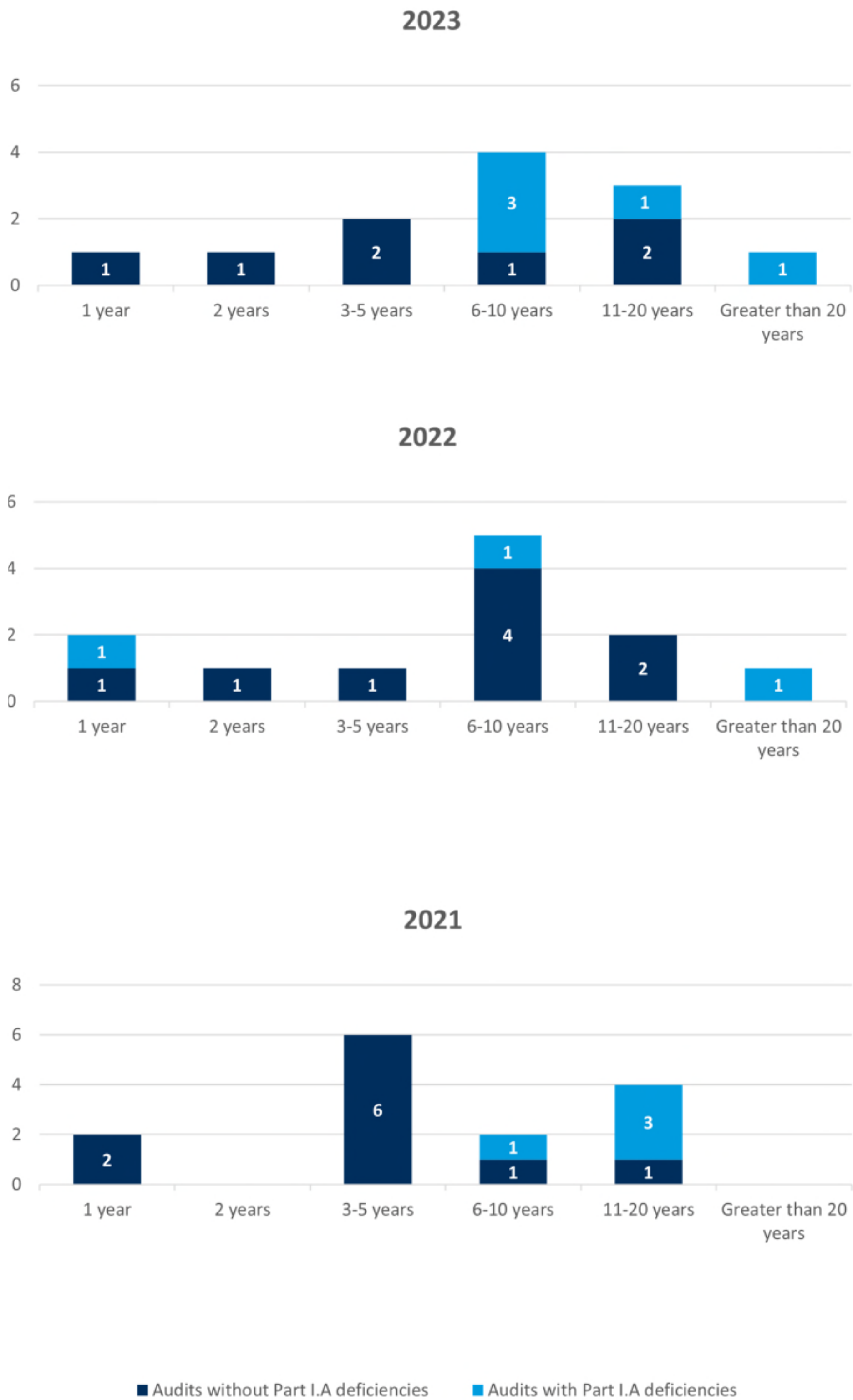
The majority of industry sector data is based on Global Industry Classification Standard (GICS) data obtained from Standard & Poor's (S&P). In instances where GICS data for an issuer is not available from S&P, classifications are assigned based upon North American Industry Classification System data.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



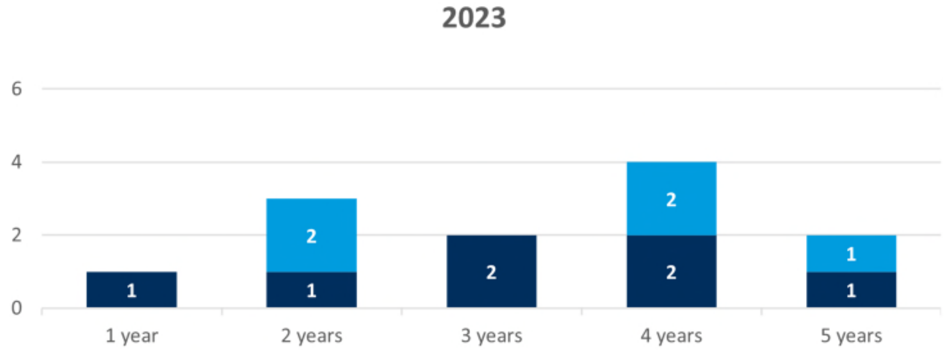
Inspection Results by Issuer Revenue Range

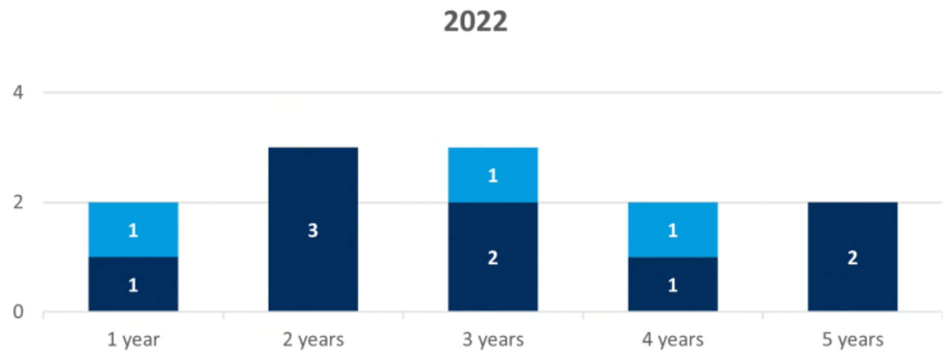


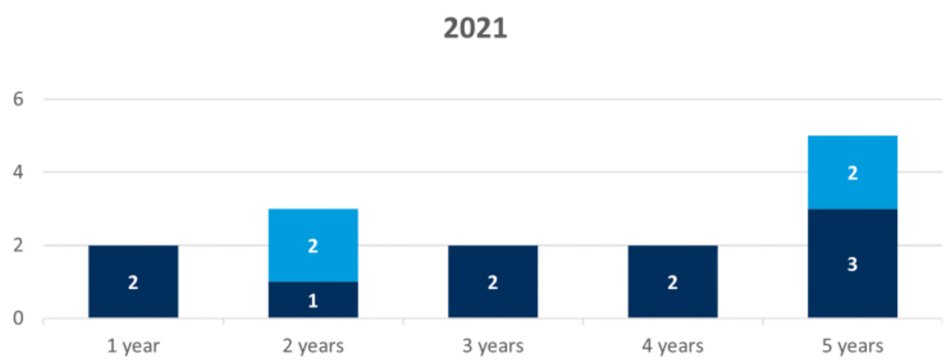
Inspection Results by the Firm’s Tenure on the Issuer



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







■ 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.

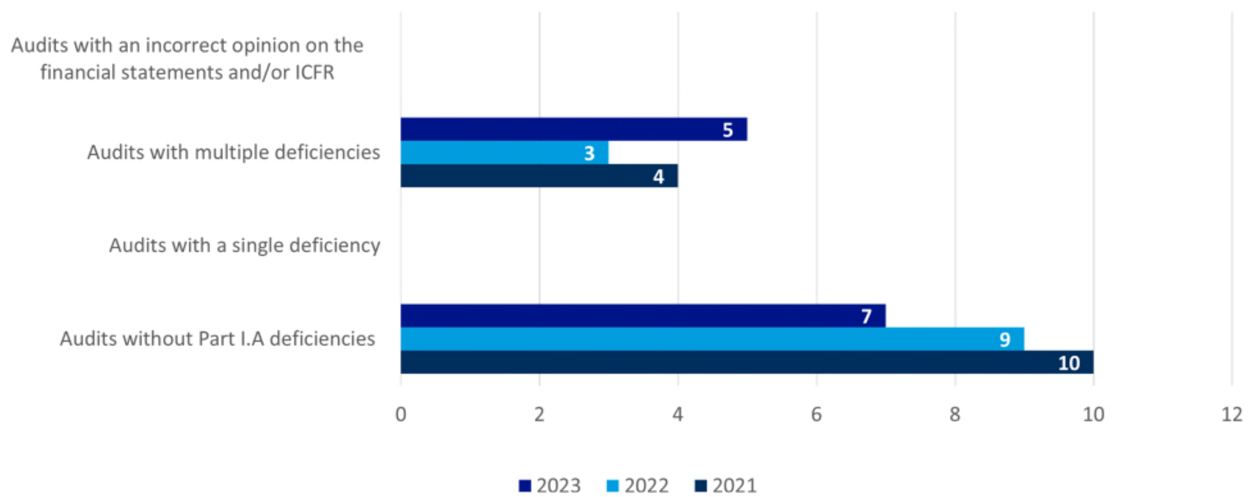
Audits with Multiple Deficiencies

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) and industry sector. 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 – Information Technology

Type of audit and related areas affected

In our review, we identified deficiencies in the financial statement and ICFR audits related to **Revenue** and **Inventory**.

Description of the deficiencies identified

With respect to **Revenue**, for which the firm identified a fraud risk:

For certain business units, the firm identified a fraud risk but did not perform any tests of details to address this fraud risk. (AS 2301.13) In addition, for certain of these business units and another business unit, the firm did not perform any substantive procedures to test the completeness of revenue. (AS 2301.08)

With respect to **Inventory**, for which the firm identified a significant risk:

The firm used data produced by the issuer in its substantive procedures to test the reserve for excess and obsolete inventory. The firm did not perform any procedures to test, or test any controls over, the accuracy and completeness of certain of these data. (AS 1105.10)

With respect to **Revenue** and **Inventory**:

For one business unit, the firm selected for testing a control that included the issuer's reviews of the accuracy and completeness of reports that were used in the operation of the issuer's controls over revenue and inventory. The firm did not test the aspects of this control that addressed the accuracy and/or completeness of certain of these reports. (AS 2201.42 and .44)

The firm subjected certain other of the issuer's business units to less extensive audit procedures. With respect to revenue and/or inventory for these business units, in determining the extent to which audit procedures should be performed, the firm did not evaluate (1) the materiality of these business units, (2) the nature of the recorded balances, and/or (3) whether the risks of material misstatement that the firm identified for the business units subject to more extensive audit procedures also applied to these business units. (AS 2101.11 and .12; AS 2201.B10)

Issuer B – Health Care

Type of audit and related areas affected

In our review, we identified deficiencies in the financial statement audit related to **Revenue** and **Inventory**.

Description of the deficiencies identified

With respect to **Revenue**, for which the firm identified a significant risk**:**

The issuer recorded certain revenue net of allowances for contractual adjustments. The firm's procedures to test the estimated portion of these contractual adjustments consisted of (1) developing an independent expectation, (2) testing the issuer's process, and (3) evaluating transactions occurring after the measurement date. The following deficiencies were identified:

- When developing its independent expectation, the firm did not perform procedures, beyond inquiry, to demonstrate it had a reasonable basis for a certain assumption it independently derived. (AS 2501.22)

- When testing the issuer's process and evaluating transactions occurring after the measurement date, the firm used certain issuer-produced reports but did not perform any procedures to test, or test any controls over, the accuracy and/or completeness of these reports. (AS 1105.10)

With respect to **Inventory**:

The firm's substantive procedures to test the unit cost of inventory included selecting a sample of inventory items for testing. For certain items in its sample, the firm did not perform procedures to test the cost of the raw materials included in the selected items. (AS 2301.08)

The firm used certain data in its substantive testing of the reserve for excess and obsolete inventory but did not perform any procedures to test, or test any controls over, the accuracy and completeness of these data. (AS 1105.10)

Issuer C – Financials

Type of audit and related area affected

In our review, we identified deficiencies in the financial statement audit related to the **Allowance for Loan Losses (ALL)**, for which the firm identified a fraud risk.

Description of the deficiencies identified

For loans that were collectively evaluated for impairment, the issuer estimated the qualitative reserve component of the ALL using qualitative factors. The firm's approach for substantively testing the ALL was to test the issuer's process. The firm did not evaluate whether the issuer had a reasonable basis for a significant assumption the issuer used to develop certain of these qualitative factors. (AS 2501.16) In addition, the issuer used information from a service organization to estimate this component of the ALL. The firm did not perform procedures to test the completeness of certain of this information. (AS 2301.08)

Issuer D – Materials

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 firm selected for testing a control that consisted of the issuer's review of new or amended customer contracts for appropriate revenue recognition. The firm did not evaluate the specific review procedures that the control owner performed to identify and evaluate all relevant terms and conditions. (AS 2201.42 and .44)

The sample sizes the firm used in certain of its substantive procedures to test revenue were too small to provide sufficient appropriate audit evidence because these procedures were designed based on a level of control reliance that was not supported due to the deficiencies in the firm's control testing discussed above. (AS 2301.16, .18, and .37; AS 2315.19, .23, and .23A)

Issuer E – Industrials

Type of audit and related area affected

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

Description of the deficiencies identified

For certain contracts, the issuer recognized revenue over time based on costs incurred to date relative to total estimated costs to complete. This revenue included an estimate of variable consideration in the transaction price. The firm selected for testing controls that consisted of the issuer's review of revenue recognition for these contracts. The firm did not evaluate the specific review procedures that the control owners performed to assess the reasonableness of the significant assumptions used to estimate the total costs to complete the contracts and the variable consideration included in the transaction prices. (AS 2201.42 and .44)

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 areas below were 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.

The deficiencies below are presented in numerical order based on the PCAOB standard or rule with which the firm did not comply. We identified the following deficiencies:

- In three of eight audits reviewed, the firm did not make certain required communications to the audit committee related to (1) the name, location, and planned responsibilities of other accounting firms that performed audit procedures in the audit or (2) other material written communications with management. In these instances, the firm was non-compliant with AS 1301, *Communications with Audit Committees*.
- In three of six audits reviewed, the firm did not provide a copy of the management representation letter to the audit committee. In these instances, the firm was non-compliant with AS 1301, *Communications with Audit Committees*, and AS 2805, *Management Representations*.
- In two of eight audits reviewed, the firm communicated in writing to the audit committee that there were no significant deficiencies identified during the audit. In these instances, the firm was non-compliant with AS 1305, *Communications About Control Deficiencies in an Audit of Financial Statements*.
- In one of eight audits reviewed, the firm did not perform procedures to determine whether all individuals who participated in the audit were in compliance with independence requirements. In this instance, the firm was non-compliant with AS 2101, *Audit Planning*.
- In one of 12 audits reviewed, the firm did not evaluate certain factors when determining that there were no risks of material misstatement related to a relevant assertion for a significant account and disclosure. In this instance, the firm was non-compliant with AS 2110, *Identifying and Assessing Risks of Material Misstatement*.
- In one of 10 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 certain matters that were communicated to the audit committee and that related to accounts or disclosures that were material to the financial statements. In this instance, 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*. This instance of non-compliance does 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 we identified and 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 identified the following instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules related to maintaining independence:

Under Rule 2-01(c)(7) of Regulation S-X, an accountant is not independent if it does not obtain audit committee pre-approval for audit and non-audit services. In eight audits reviewed, we identified 19 instances across six issuers in which this circumstance appears to have occurred related to certain audit services.

Firm-Identified

During the inspection, the firm brought to our attention that it had identified, through its independence monitoring activities, for a 12-month period, two instances across two issuers,[2] representing approximately 2% of the firm's total reported issuer audits, in which the firm or its personnel appeared to have impaired the firm's independence because it may not have complied with Rule 2-01(c) of Regulation S-X related to maintaining independence. One of these instances of potential non-compliance involved non-U.S. associated firms.

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 financial relationships and non-audit services:

- The firm reported one instance of potential non-compliance with Rule 2-01(c)(1) of Regulation S-X regarding financial relationships, which involved the firm's personnel. This instance related to an investment in an audit client where a partner in the chain of command had a financial relationship with that audit client.
- The firm reported one instance of potential non-compliance with Rule 2-01(c)(4) of Regulation S-X regarding non-audit services. This instance related to services provided by non-U.S.

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

associated firms that the firm determined to be prohibited, consisting of payroll and accounting services for a company that was an affiliate of an issuer.

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. The firm also reported to us that it communicated these instances to the issuers' audit committee as required by PCAOB Rule 3526.

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.

MOSSADAMS

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May 3, 2024

Ms. Christine Gunia, Director
Division of Registration and Inspections
Public Company Accounting Oversight Board
1666 K Street, N.W.
Washington, D.C. 20006

Re: Response to Part I of Draft Report on the 2023 Inspection of Moss Adams LLP

Dear Ms. Gunia:

Moss Adams is pleased to provide its response to the Public Company Accounting Oversight Board's (the "PCAOB") Draft Report on the 2023 Inspection of Moss Adams LLP (the "Draft Report").

Our Firm is committed to the highest standards of audit quality. We continually monitor our methodologies, policies, procedures and practices, including consideration of inspection comments and observations, and seek every opportunity to make changes when we identify improvements that could enhance audit quality.

We have carefully evaluated the matters described in the Draft Report and, in each case, we have taken actions to fulfill our professional responsibilities in accordance with PCAOB standards AS 2901, *Consideration of Omitted Procedures After the Report Date*, and where applicable, AS 2905, *Subsequent Discovery of Facts Existing at the Date of the Auditor's Report.*

We support the PCAOB inspection process and believe the inspection comments, observations and dialogue with the PCAOB inspection staff assist in the achievement of our shared objective of continual improvement in audit quality.

Sincerely,

Moss Adams LLP