2024 Inspection WSRP, LLC

(Headquartered in Salt Lake City, Utah)

November 21, 2024

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PCAOB
PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD

TABLE OF CONTENTS

2024 Inspection.......... 2
Overview of the 2024 Inspection and Historical Data by Inspection Year 3
Part I: Inspection Observations.......... 5
Part I.A: Audits with Unsupported Opinions 6
Part I.B: Other Instances of Non-Compliance with PCAOB Standards or Rules 9
Part I.C: Independence.......... 10
Part II: Observations Related to Quality Control 11
Appendix A: Firm’s Response to the Draft Inspection Report..........A-1

2024 INSPECTION

In the 2024 inspection of WSRP, LLC, the Public Company Accounting Oversight Board (PCAOB) assessed the firm's compliance with laws, rules, and professional standards applicable to the audits of public companies.

We selected for review one audit of an issuer with a fiscal year ending in 2022. For the issuer audit selected, we reviewed a portion of the audit. We also evaluated elements of the firm's system of quality control.

2024 Inspection Approach

In selecting issuer audits for review, we use a risk-based method of selection. We make 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. In certain situations, we may select all of the firm's issuer audits for review.

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 necessarily 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 or 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 2024 INSPECTION AND HISTORICAL DATA BY INSPECTION YEAR

The following information provides an overview of our 2024 inspection as well as data from the previous inspection. We use a risk-based method 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 inspection to inspection and firm to firm. Further, a firm's business, the applicable auditing standards, or other factors can change from the time of one inspection to the next. As a result of these variations, we caution that our inspection results are not necessarily comparable over time or among firms.

Firm Data and Audits Selected for Review

	2024	2021
Firm data		
Total issuer audit clients in which the firm was the principal auditor	4	6
Total engagement partners on issuer audit work[1]	3	3
Audits reviewed		
Total audits reviewed	1	2
Audits in which the firm was the principal auditor	1	2
Integrated audits of financial statements and internal control over financial reporting (ICFR)	1	1
Audits with Part I.A deficiencies	1	1
Percentage of audits with Part I.A deficiencies	100%	50%

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.

[1] The number of engagement partners on issuer audit work represents the total number of firm personnel (not necessarily limited to personnel with an ownership interest) who had primary responsibility for an issuer audit (as defined in AS 1201, *Supervision of the Audit Engagement*) during the twelve-month period preceding the outset of the inspection.

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 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.

Audit Areas Most Frequently Reviewed

This table reflects the audit areas we have selected most frequently for review in the 2024 inspection and the previous inspection. 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.

2024		2021	
Audit area	**Audits reviewed**	**Audit area**	**Audits reviewed**
Revenue and related accounts	1	**Revenue and related accounts**	1
Investment securities	1	**Investment securities**	1
Financial reporting and close	1	**Cash and cash equivalents**	1
		Inventory	1
		Significant transactions	1

PART I: INSPECTION OBSERVATIONS

Part I.A of our report discusses deficiencies, if any, 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, if any, 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, if any, 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. 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.

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.

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 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 – Financials

Type of audit and related areas affected

In our review, we identified deficiencies in the financial statement and ICFR audits related to **Change Management**, **Fee and Commission Income and Related Receivables**, **Realized and Unrealized Gains and Losses** and **Interest Income**, a **Planned Divestiture of Certain Subsidiaries**, and **Journal Entries**.

Description of the deficiencies identified

With respect to **Change Management**:

The issuer used certain information technology (IT) systems to initiate, process, and record transactions related to (1) fee and commission income and related receivables and (2) realized and unrealized gain and losses and interest income. The firm selected for testing certain IT change management controls over these IT systems that consisted of the review, testing, and approval of changes prior to their migration into production. The following deficiencies were identified:

- The firm did not perform procedures to test the design and operating effectiveness of a control related to user access, beyond observation of one individual's attempt to log in to the production and development environments. (AS 2201.42 and .44)

- The firm did not test, or in the alternative, identify and test any controls over, the completeness of information that it used to make its selections for testing a control over change management. (AS 1105.10)

- The firm selected for testing a control over change management for one of these systems but did not perform any procedures to determine whether the population of changes from which it made its selections for testing represented the complete population of changes made to this system. (AS 1105.10)

- The firm did not identify and test a control to address the review and approval of changes, other than configuration, for certain of these systems. (AS 2201.39)

With respect to **Fee and Commission Income and Related Receivables**, for which the firm identified a fraud risk:

For fee and commission income and related receivables, which were affected by the audit deficiencies discussed above, the following additional deficiencies related to the firm's testing of controls and substantive testing were identified:

- The firm selected for testing controls over the reconciliation and/or review of information related to fee and commission income and related receivables. The firm did not evaluate the review procedures that the control owners performed, including the procedures to identify items for follow up and whether those items were appropriately resolved. (AS 2201.42 and .44)

- As a result of the firm's ITGC testing deficiencies discussed above, for fee and commission income and related receivables, the firm did not perform procedures to test, or sufficiently test controls over, the accuracy and completeness of certain system-generated data the firm used in its substantive procedures. (AS 1105.10)

- The firm did not perform procedures to test fee and commission income from non-related parties beyond comparing the amounts to issuer-produced information. (AS 2301.08 and .13)

- The firm did not perform procedures to test the occurrence of fee and commission income from related parties beyond comparing the amounts to issuer-produced information and obtaining customer commission agreements. (AS 2301.08 and .13; AS 2410.12) In addition, the firm did not perform procedures to evaluate the relevance and reliability of securities pricing obtained from external sources that it used to test the accuracy of fee and commission income from related parties. (AS 1105.04 and .06)

- The firm did not identify and evaluate the issuer's omission of certain disclosures related to fee and commission income required by FASB ASC Topic 606, *Revenue from Contracts with Customers.* (AS 2810.30 and .31)

- The firm did not perform procedures to test receivables due from a related party beyond confirming the amount with an individual who was an executive officer of the issuer and an employee of the related party. (AS 2410.12)

With respect to **Realized and Unrealized Gains and Losses** and **Interest Income**, for which the firm identified a fraud risk:

For realized and unrealized gains and losses and interest income, which were affected by the audit deficiencies discussed above, the following additional deficiencies related to the firm's testing of controls and substantive testing were identified:

- The firm selected for testing controls over the reconciliation and/or review of information related to realized and unrealized gains and losses and interest income. The firm did not evaluate the review procedures that the control owners performed, including the procedures to identify items for follow up and the procedures to determine whether those items were appropriately resolved. (AS 2201.42 and .44)

- The firm did not perform sufficient procedures to test realized gains and losses because it limited its procedures to recalculating the gains or losses for a sample of transactions based on issuer-produced information or information obtained from external sources. (AS 2301.08 and .13)

- The firm did not perform any procedures to test the unrealized gains and losses at year end. (AS 2301.08 and .13)

- The firm did not perform sufficient procedures to test interest income because it limited its procedures to recalculating interest income for a sample of transactions and tracing data used in the recalculation to information obtained from external sources. (AS 2301.08 and .13)

- The firm did not perform procedures to evaluate the relevance and reliability of information it obtained from external sources that it used in its testing. (AS 1105.04 and .06)

- The firm did not perform procedures to test, or identify and test any controls over, the accuracy and completeness of certain system-generated data used in the firm's testing. (AS 1105.10)

With respect to a **Planned Divestiture of Certain Subsidiaries**:

The issuer planned to divest of its interest in certain subsidiaries. The firm did not identify and test a control that addressed whether the assets and liabilities of these subsidiaries met the held for sale criteria and should have been presented as discontinued operations in the financial statements in accordance with FASB ASC Topic 205, *Presentation of Financial Statements*. (AS 2201.39) In addition, the firm did not perform substantive procedures to evaluate whether the assets and liabilities of these subsidiaries met the held for sale criteria and should have been presented as discontinued operations in the financial statements in accordance with FASB ASC Topic 205. (AS 2301.08)

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

The firm identified fraud criteria for journal entries and obtained a listing of all journal entries that met the criteria. The firm did not perform sufficient substantive procedures to test those journal entries, because it limited its procedures to certain journal entries without having an appropriate rationale. (AS 2401.61)

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. 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 the audit reviewed, the firm, when testing journal entries for evidence of possible material misstatement due to fraud, did not perform sufficient procedures to determine whether the journal entry population from which it made its selections was complete. In this instance, the firm was non-compliant with AS 1105, *Audit Evidence*.

- In the audit reviewed, the firm did not make a required communication to the audit committee related to the name, location, and planned responsibilities of other persons not employed by the firm that performed audit procedures in the audit. In this instance, the firm was non-compliant with AS 1301, *Communications with Audit Committees*.

- In the audit reviewed, the firm's report on Form AP included inaccurate information related to the participation in the audit by other accounting firms. In addition, the firm's subsequent report on Form AP for a dual-dated audit report included inaccurate information related to the engagement partner and omitted information related to the participation in the audit by other accounting firms. In these instances, the firm was non-compliant with PCAOB Rule 3211, *Auditor Reporting of Certain Audit Participants*.

PART I.C: INDEPENDENCE

In the 2024 inspection, we did not identify, and the firm did not bring to our attention, any instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules related to maintaining independence. Although this section does not include any instances of potential non-compliance that we identified or the firm brought to our attention, there may be 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.

While the firm did not bring to our attention any 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 associated firms; 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 those issuers. Therefore, we caution against making any comparison of firm-identified instances of potential non-compliance across firms.

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.

WSRP, LLC

wsrp
CERTIFIED PUBLIC ACCOUNTANTS

October 31, 2024

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

Re: Response to Part I of the Draft Report on the 2024 Inspection of WSRP, LLC

Dear Ms. Gunia:

We are pleased to provide our response to Part I of the Public Company Accounting Oversight Board's ("PCAOB") Draft Report on the 2024 inspection of WSRP, LLC.

We have evaluated each of the matters described in Par I.A and I.B of the Draft Report and have taken appropriate actions under both PCAOB standards and our policies, including all necessary steps to comply with 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 remain committed to making audit quality our top priority. The PCAOB's inspection process assists us in improving our audit performance and our underlying quality control systems. We look forward to continuing to work with the PCAOB on the most effective means of achieving this objective.

Sincerely,

WSRP, LLC

WSRP, LLC

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