
2024 Inspection

RSM US LLP

(Headquartered in Chicago, Illinois)

May 22, 2025

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

PCAOB RELEASE NO. 104-2025-100



EXECUTIVE SUMMARY

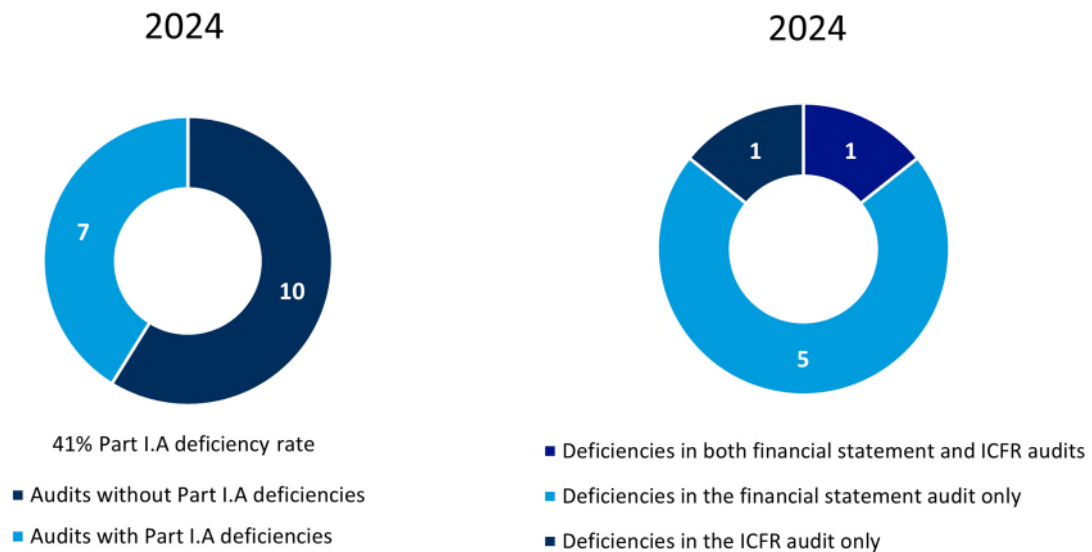
Our 2024 inspection report on RSM US LLP provides information on our inspection to assess the firm's compliance with Public Company Accounting Oversight Board (PCAOB) standards and rules and other applicable regulatory and professional requirements. This executive summary offers a high-level overview 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).
- 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 apparent non-compliance with rules related to maintaining independence.
- Part I.C of the report discusses instances of apparent non-compliance with 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 2024 Deficiencies Included in Part I

Seven of the 17 audits we reviewed in 2024 are included in Part I.A of this report due to the significance of the deficiencies identified. The identified deficiencies primarily related to the firm's testing of controls over and/or substantive testing of revenue and related accounts, inventory, and long-lived assets.



The most common Part I.A deficiencies in 2024 related to testing an estimate and testing data or reports used in substantive testing.

The Part I.B deficiencies in 2024 related to audit committee communications, consideration of fraud, management communications, management's annual report on ICFR, and critical audit matters.

The Part I.C deficiency in 2024 related to non-audit services.

Table of Contents

2024 Inspection.....	4
Overview of the 2024 Inspection and Historical Data by Inspection Year	6
Part I: Inspection Observations.....	18
Part I.A: Audits with Unsupported Opinions	18
Part I.B: Other Instances of Non-Compliance with PCAOB Standards or Rules	23
Part I.C: Independence.....	24
Part II: Observations Related to Quality Control	25
Appendix A: Firm’s Response to the Draft Inspection Report.....	A-1

2024 INSPECTION

In the 2024 inspection of RSM US LLP, the PCAOB assessed the firm's compliance with laws, rules, and professional standards applicable to the audits of issuers.

We selected for review 17 audits of issuers with fiscal years ending in 2023. 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 2024 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 apparent non-compliance with rules related to maintaining independence.
 - **Part I.C:** Instances of apparent non-compliance with 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.

2024 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 2024 INSPECTION AND HISTORICAL DATA BY INSPECTION YEAR

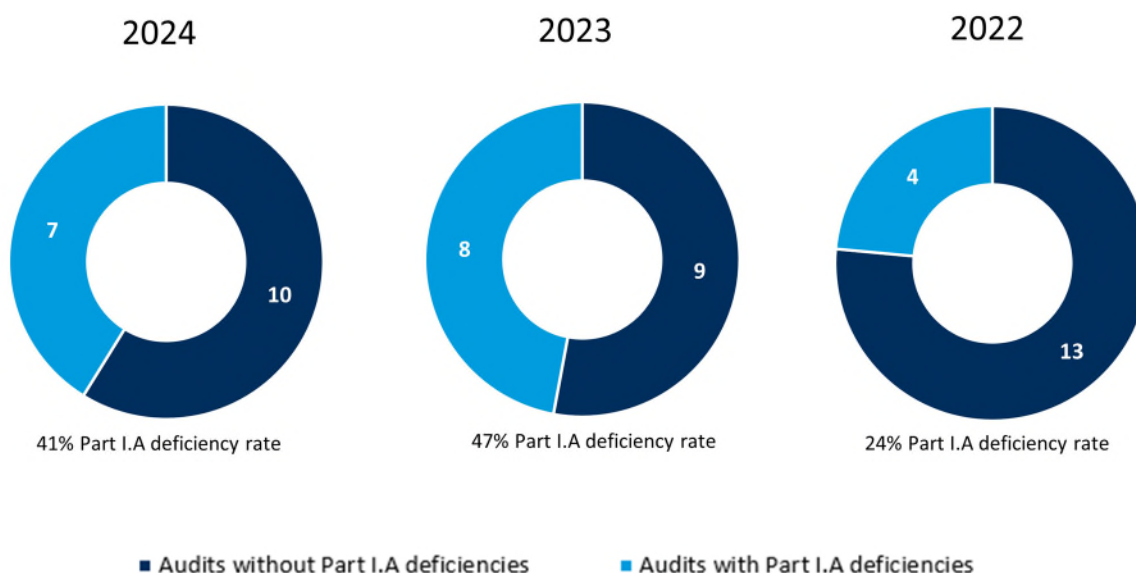
The following information provides an overview of our 2024 inspection as well as data from the previous two inspections. We use a combination of risk-based and random methods to select audits for review and to identify areas on which we focus our review. Because our inspection process evolves over time, 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

	2024	2023	2022
Total audits reviewed			
Total audits reviewed	17	17	17
Selection method			
Risk-based selections	15	15	15
Random selections	2	2	2
Total audits reviewed	17	17	17
Principal auditor			
Audits in which the firm was the principal auditor	17	17	17
Audits in which the firm was not the principal auditor	0	0	0
Total audits reviewed	17	17	17
Audit type			
Integrated audits of financial statements and ICFR	8	8	9
Financial statement audits only	9	9	8
Total audits reviewed	17	17	17

Part I.A Deficiencies in Audits Reviewed

In 2024, six of the seven audits appearing in Part I.A were selected for review using risk-based criteria. In 2023, seven of the eight audits appearing in Part I.A were selected for review using risk-based criteria. In 2022, all audits appearing in Part I.A were selected for review using risk-based criteria.

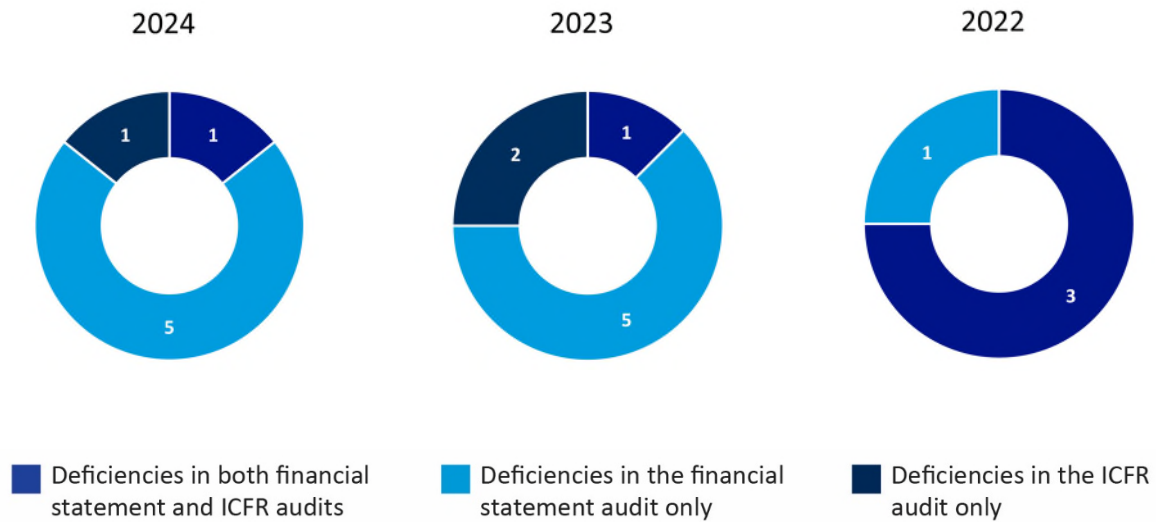


If we include a deficiency in Part I.A of our report, it does not necessarily mean that the firm has not addressed the deficiency. In certain cases, the firm may have performed remedial actions after the deficiency was identified. Depending on the circumstances, remedial actions may include performing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

The following tables and graphs summarize inspection-related information, by inspection year, for 2024 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		
	2024	2023	2022
Did not sufficiently test an estimate	4	4	2
Did not perform sufficient testing of data or reports used in the firm's substantive testing	4	2	2
Did not perform sufficient testing related to a significant account or disclosure or to address an identified risk	2	2	0

Deficiencies in ICFR audits	Audits with Part I.A deficiencies		
	2024	2023	2022
Did not perform sufficient testing of the design and/or operating effectiveness of controls selected for testing	1	2	3
Did not appropriately evaluate control deficiencies	1	0	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.

2024			2023			2022		
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	12	5	Revenue and related accounts	12	6	Revenue and related accounts	13	1
Inventory	8	2	Inventory	5	2	Business combinations	7	3
Investment securities	3	0	Investment securities	4	1	Inventory	3	0
Long-lived assets	2	2	Going concern	4	0	Long-lived assets	2	0
Allowance for credit losses	2	0	Long-lived assets	3	2	Allowance for credit losses/ Allowance for loan losses	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	2024		2023		2022	
	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	5	12	6	12	1	13
Inventory	2	8	2	5	0	3
Long-lived assets	2	2	2	3	0	2
Business combinations	0	2	0	3	3	7

Revenue and related accounts: The deficiencies in 2024 and 2023 primarily related to substantive testing of, and/or testing controls over, revenue, including deficiencies in testing significant assumptions underlying the estimated costs to complete contracts used in revenue recognition. The deficiencies in 2022 related to substantive testing of, and testing controls over, revenue.

Inventory: The deficiencies in 2024 related to substantive testing of the valuation of inventory. The deficiencies in 2023 related to substantive testing of the existence and valuation of inventory and evaluating the reliability of information used in substantive testing.

Long-lived assets: The deficiencies in 2024 related to evaluating long-lived assets for impairment, including testing the accuracy and completeness of information used in substantive testing. The deficiencies in 2023 related to evaluating long-lived assets for impairment and testing controls over long-lived assets.

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.

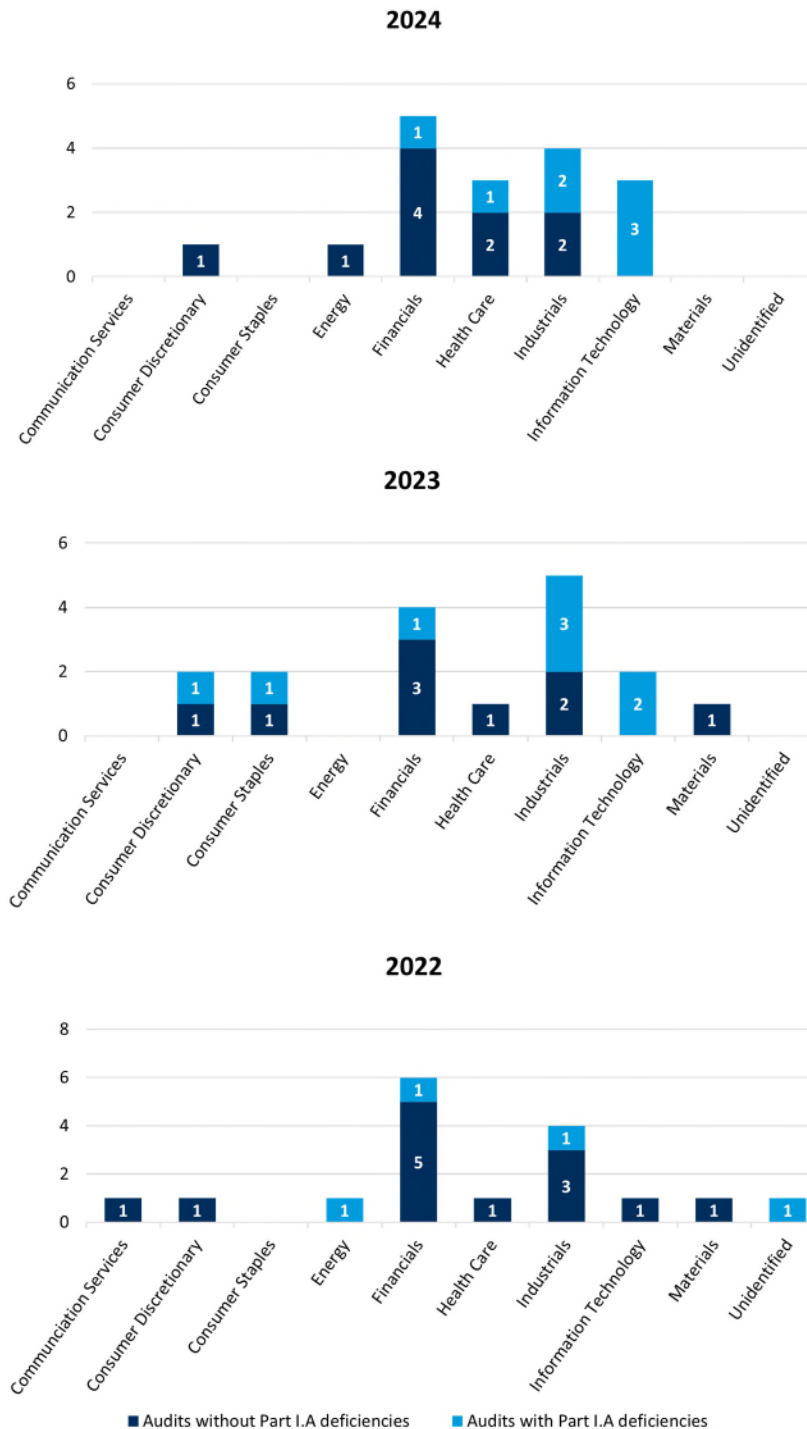
Auditing Standards Associated with Identified Part I.A Deficiencies

The following lists the auditing standards referenced in Part I.A of the 2024 and the previous two inspection reports, and the number of times that the standard is cited in Part I.A.

PCAOB Auditing Standards	2024	2023	2022
<i>AS 1105, Audit Evidence</i>	6	3	3
<i>AS 1201, Supervision of the Audit Engagement</i>	0	0	1
<i>AS 2101, Audit Planning</i>	0	1	0
<i>AS 2201, An Audit of Internal Control Over Financial Reporting That Is Integrated with An Audit of Financial Statements</i>	2	5	4
<i>AS 2301, The Auditor's Responses to the Risks of Material Misstatement</i>	2	2	0
<i>AS 2305, Substantive Analytical Procedures</i>	2	0	0
<i>AS 2315, Audit Sampling</i>	0	2	0
<i>AS 2415, Consideration of an Entity's Ability to Continue as a Going Concern</i>	1	0	0
<i>AS 2501, Auditing Accounting Estimates, Including Fair Value Measurements</i>	5	6	2
<i>AS 2510, Auditing Inventories</i>	0	1	0
<i>AS 2810, Evaluating Audit Results</i>	1	2	1

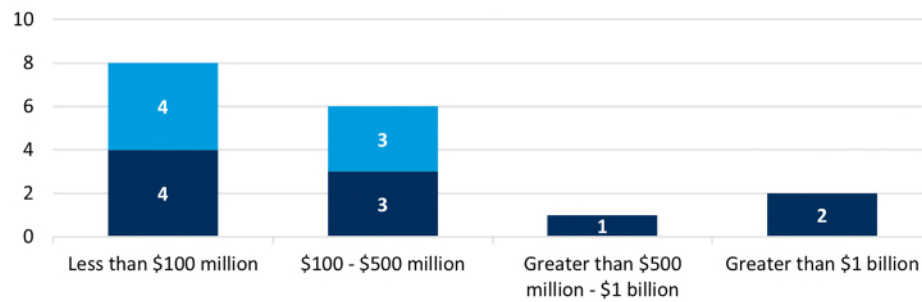
Inspection Results by Issuer Industry Sector

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."

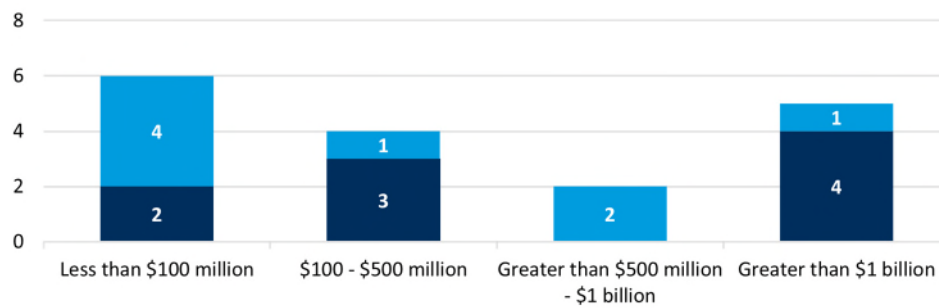


Inspection Results by Issuer Revenue Range

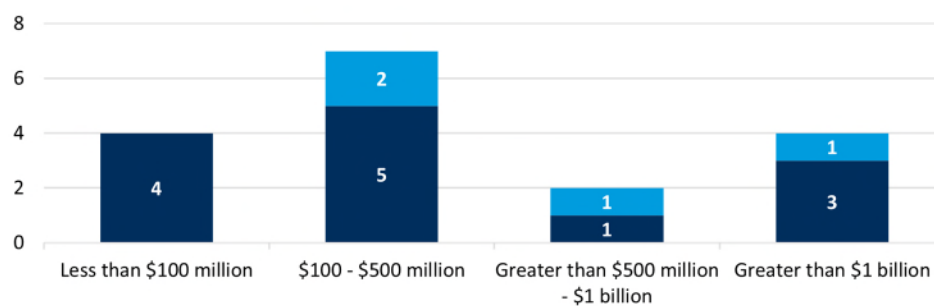
2024



2023

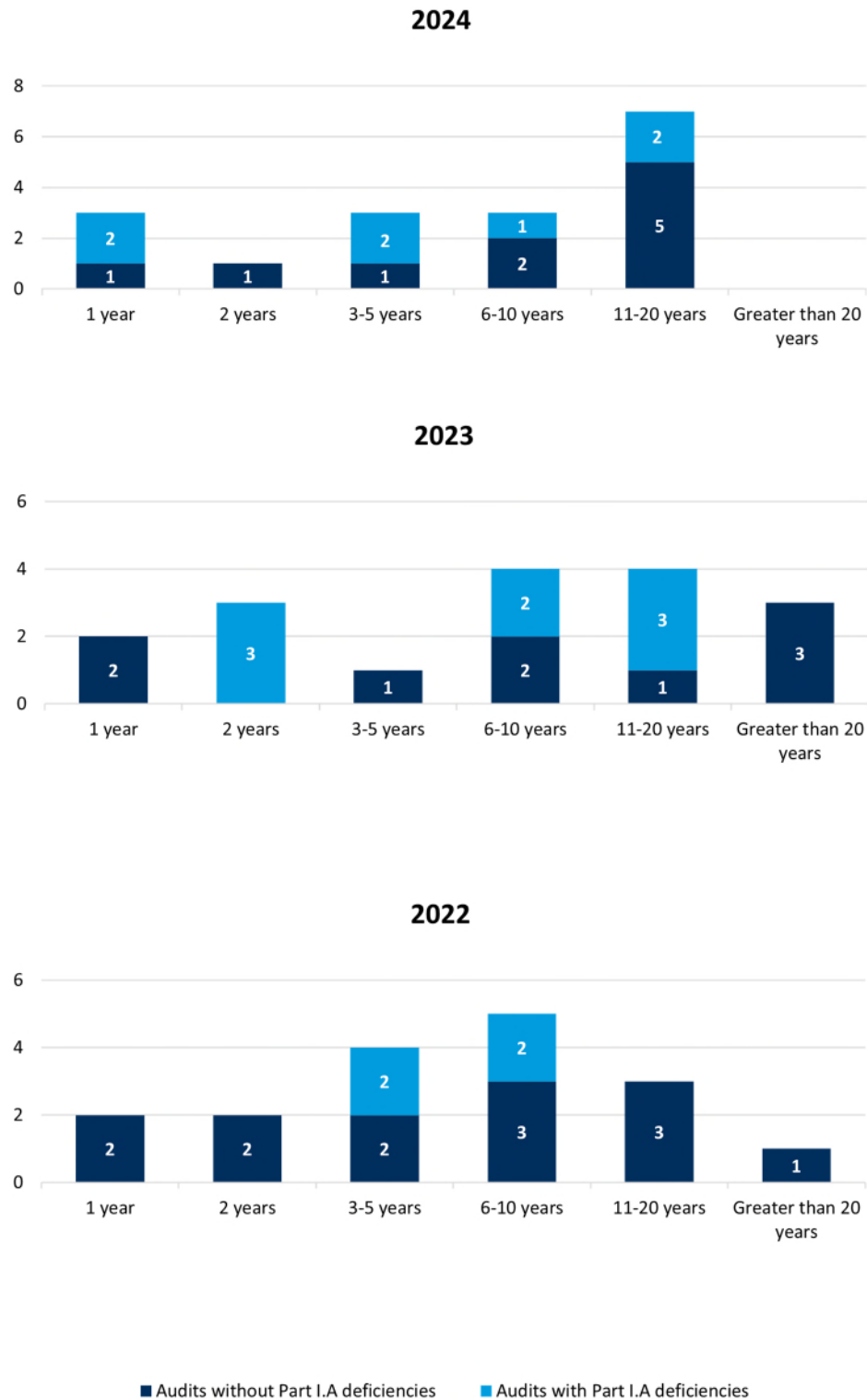


2022



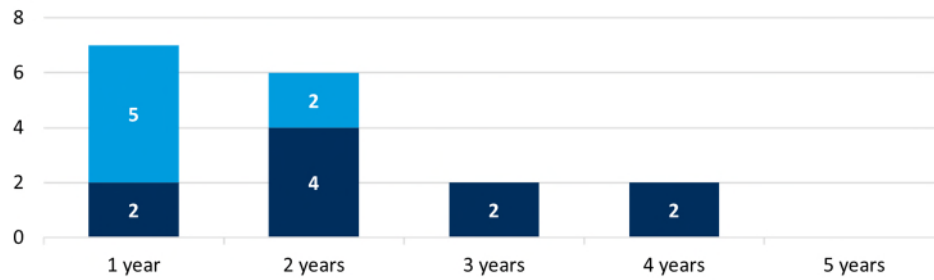
■ Audits without Part I.A deficiencies ■ Audits with Part I.A deficiencies

Inspection Results by the Firm's Tenure on the Issuer

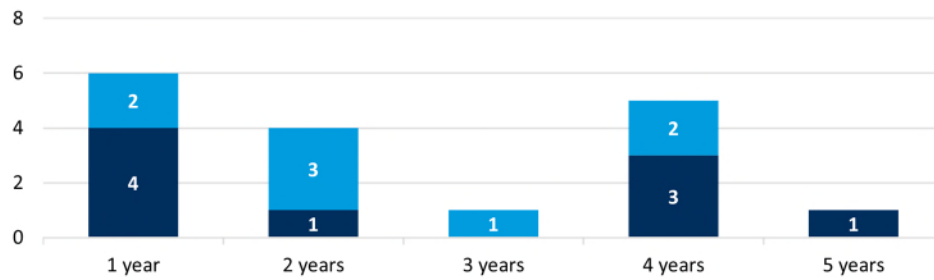


Inspection Results by the Engagement Partner's Tenure on the Issuer

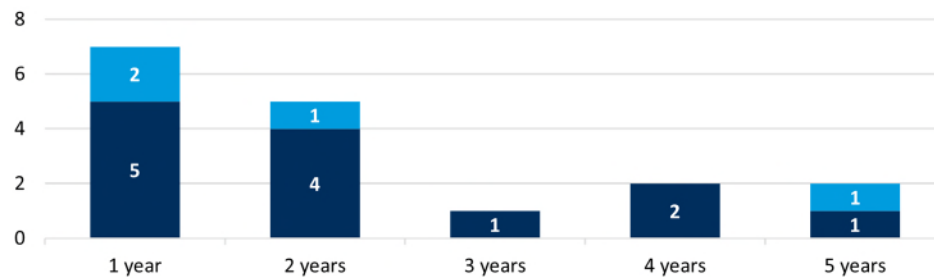
2024



2023



2022



■ 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.

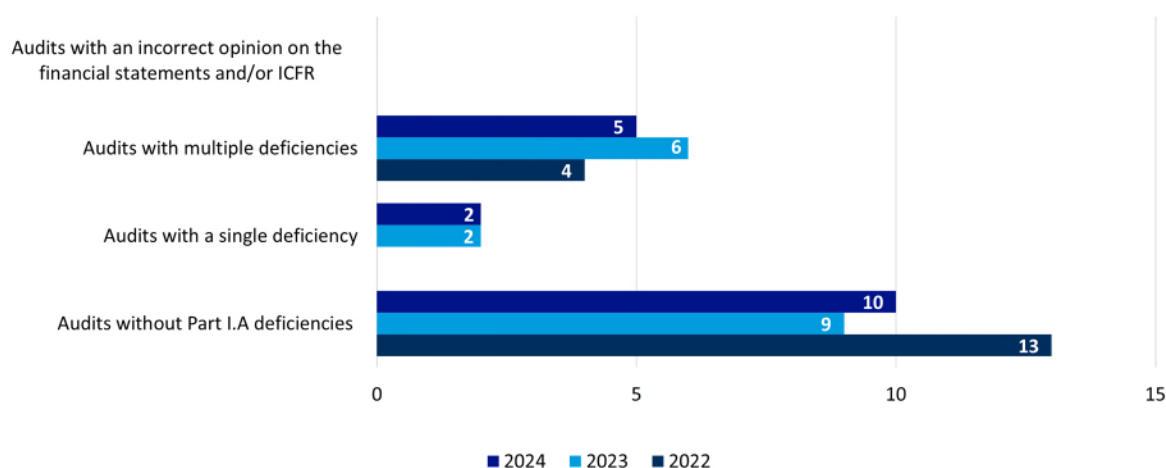
Audits with Multiple Deficiencies

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 apparent non-compliance with rules related to maintaining independence.

Part I.C discusses instances of apparent non-compliance with 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 – Industrials

Type of audit and related areas affected

In our review, we identified deficiencies in the financial statement audit related to **Revenue**, **Going Concern**, and **Long-Lived Assets**. This was the firm's initial audit of this issuer.

Description of the deficiencies identified

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

The issuer recognized revenue based on the rates in the contracts with its customers and the amount of time incurred to provide its services that was maintained in one of the issuer's information-technology (IT) systems. The firm did not perform sufficient procedures to test the accuracy and completeness of the time data because its procedures were limited to comparing the issuer's data to data from an external source and inspecting the issuer's reconciliation of the data to data the issuer obtained from its customers, without evaluating the reliability of the data from these external sources. (AS 1105.04, .06, and .10)

With respect to **Going Concern** and **Long-Lived Assets**, for each of which the firm identified a significant risk:

The issuer used forecasted cash flows in its evaluation of its ability to continue as a going concern and concluded that the substantial doubt was alleviated by its plans. The issuer also used forecasted cash flows in its evaluation of certain long-lived assets for possible impairment. The issuer developed both of these forecasted cash flows using various assumptions, including certain employee data. The firm used certain labor hour information in its substantive testing of the employee data for each of these forecasted cash flows but did not perform any procedures to test the accuracy and completeness of this information. (AS 1105.10; AS 2415.03)

Issuer B – Financials

Type of audit and related areas affected

In our review, we identified deficiencies in the financial statement and ICFR audits related to a **Significant Estimate** and **Loans**.

Description of the deficiencies identified

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

For certain assets that were evaluated for impairment, the issuer determined adjustment factors that were important inputs used in developing this estimate. The following deficiencies were identified:

- The firm selected for testing controls that consisted of the issuer's review of this estimate, including an assessment of these inputs for reasonableness. The firm did not evaluate the specific review procedures that the control owner performed to assess the reasonableness of these inputs. (AS 2201.42 and .44)
- The firm's approach for substantively testing the reasonableness of this estimate was to test the issuer's process. The firm did not perform any procedures to evaluate the reasonableness of the significant assumptions the issuer used to develop this estimate. (AS 2501.16) In addition, the firm did not perform any procedures to evaluate the relevance of certain data that the issuer used to develop the adjustment factors. (AS 1105.04 and .06)

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

During the year, the issuer purchased certain collateralized loans at a discount and engaged specialists to estimate the fair value of these loans' underlying collateral that the issuer used to determine whether these discounts were accretable. The firm's approach for substantively testing the fair value of the underlying collateral was to test the issuer's process. The firm did not perform procedures to evaluate the reasonableness of the significant assumptions the company's specialists used to develop the collateral values, beyond inquiring of management and reading information prepared by the company's specialists. Further, the firm did not perform procedures with respect to its use of the work of the company's specialists as audit evidence, beyond gaining an understanding of the professional qualifications for one of the company's specialists. (AS 1105.A1-.A10; AS 2501.16)

Issuer C – Information Technology

Type of audit and related areas affected

In our review, we identified deficiencies in the financial statement audit related to **Revenue** and **Long-Lived Assets**.

Description of the deficiencies identified

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

The firm's substantive procedures to test certain revenue included two substantive analytical procedures. The following deficiencies were identified:

- For both substantive analytical procedures, the firm used certain information obtained from an external source to develop its expectations but did not evaluate the reliability of this information. (AS 2305.16)
- For one of these substantive analytical procedures, the firm developed its expectation based on certain information obtained from another external source but did not evaluate whether this information was sufficiently reliable for purposes of achieving its audit objectives. (AS 2305.16)

With respect to **Long-Lived Assets**, for which the firm identified a significant risk:

- For all but one of the issuer's asset groups, the firm did not perform any procedures to evaluate certain indicators of potential impairment that existed at year end. (AS 2301.08 and .11; AS 2810.03)
- For the remaining asset group, the issuer identified events during the year indicating that the carrying value of its long-lived assets for that asset group may not be recoverable and performed an impairment analysis. The firm used an issuer-prepared schedule in its evaluation of the issuer's assessment of those long-lived assets for possible impairment but did not perform any procedures to test the accuracy of certain information in this schedule. (AS 1105.10)

Issuer D – Industrials

Type of audit and related areas affected

In our review, we identified deficiencies in the financial statement audit related to **Revenue** and **Inventory**. This was the firm's initial audit of this issuer.

Description of the deficiencies identified

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

The issuer recognized revenue from certain contracts over time based on estimated costs incurred relative to total estimated costs to complete the contract. The firm did not evaluate the reasonableness of the significant standard cost assumption that the issuer used to develop the estimated costs incurred on and the estimated costs to complete the contracts the firm selected for testing. (AS 2501.16)

With respect to **Inventory**:

- At two of the issuer's locations, the issuer valued certain inventory at standard cost and capitalized certain labor and overhead costs to inventory based on the difference between the actual costs incurred and the costs recorded at standard. The firm did not perform sufficient substantive procedures to test the capitalized variance recorded by the issuer at year end because it did not evaluate whether the amount the issuer used to calculate the capitalized variance represented the actual difference between actual and standard costs. (AS 2301.08)
- At one of these locations, the issuer valued certain inventory using the last-in, first-out (LIFO) method. The firm used certain information provided by the issuer to test the LIFO reserve but did not perform any procedures to test, or test any controls over, the accuracy of this information. (AS 1105.10)

Issuer E – Information Technology

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

The firm identified a control deficiency related to the issuer's control over the occurrence and cut-off of certain revenue. The firm identified and tested various controls that it believed would mitigate this deficiency but did not identify that these compensating controls either did not address the risk of material misstatement related to whether revenue occurred and was recorded in the appropriate period or did not operate at a level of precision that would prevent or detect a misstatement that could be material. (AS 2201.68)

Audits with a Single Deficiency

Issuer F – Information Technology

Type of audit and related area affected

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

Description of the deficiency identified

The issuer recognized revenue from certain contracts over time based on costs incurred to date relative to total estimated costs to complete the contract. The firm did not sufficiently test the estimated total costs to complete a certain contract it selected for testing because it did not perform any substantive procedures to evaluate the reasonableness of the remaining number of units the issuer expected to deliver that the issuer used to develop the estimated total costs to complete. (AS 2501.16)

Issuer G – Health Care

Type of audit and related area affected

In our review, we identified a deficiency in the financial statement audit related to **Inventory**.

Description of the deficiency identified

The issuer recorded an excess and obsolete (E&O) inventory reserve for certain inventory based on the inventory on hand compared to the sales forecast for this inventory. The firm did not perform any procedures to evaluate the reasonableness of the sales forecast that the issuer used to develop this E&O inventory reserve. (AS 2501.16)

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 apparent non-compliance with 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 one of 17 audits reviewed, the firm did not communicate to the audit committee all of the significant risks identified through its risk assessment procedures. In this audit, the firm also did not include in its engagement letter a required matter related to the auditor's responsibilities. In these instances, the firm was non-compliant with AS 1301, *Communications with Audit Committees*.
- In three of 17 audits reviewed, the firm, when testing journal entries for evidence of possible material misstatement due to fraud, did not have an appropriate rationale for limiting its testing of entries it identified as having certain fraud risk characteristics to certain entries. In two other audits reviewed, the firm, when testing journal entries for evidence of possible material misstatement due to fraud, did not appropriately consider the characteristics of potentially fraudulent journal entries in determining the criteria it used to identify and select journal entries for testing. In these instances, the firm was non-compliant with AS 2401, *Consideration of Fraud in a Financial Statement Audit*.
- In one of 17 audits reviewed, the firm did not take appropriate action with respect to the issuer's omission of a material weakness from management's annual report on ICFR included in the issuer's Form 10-K. In this instance, the firm was non-compliant with AS 2710, *Other Information in Documents Containing Audited Financial Statements*.
- In one of 17 audits reviewed, the firm did not make a required communication to management related to an identified misstatement. In this instance, the firm was non-compliant with AS 2810, *Evaluating Audit Results*.
- In one of 15 audits reviewed, the firm's communication of a critical audit matter in the audit report included language that was inconsistent with information in the firm's audit documentation. 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*.

PART I.C: INDEPENDENCE

PCAOB Rule 3520, *Auditor Independence*, requires a firm and its personnel to be independent of the firm's audit clients. This requirement encompasses not only an obligation to satisfy the independence criteria set out in PCAOB rules and standards but also an obligation to satisfy all other independence criteria applicable to an engagement, including the independence criteria set out by the SEC in Regulation S-X, 17 C.F.R. § 210.2-01, *Qualifications of Accountants* ("Rule 2-01").

This section of our report discusses identified instances of apparent non-compliance with PCAOB Rule 3520. An instance of apparent non-compliance with PCAOB Rule 3520 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 apparent non-compliance with PCAOB Rule 3520 that the firm brought to our attention, there may be other instances of non-compliance with 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 apparent non-compliance with PCAOB Rule 3520.

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, one instance for one issuer,¹ representing less than 1% of the firm's total reported issuer audits, in which the firm appeared to have impaired its independence because it may not have complied with Rule 2-01(c) related to maintaining independence.

While we have not evaluated the underlying reasons for the instance of apparent non-compliance with PCAOB Rule 3520, the number, large or small, of firm-identified instances of apparent 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 apparent non-compliance across firms.

The firm reported one instance of apparent non-compliance with Rule 2-01(c)(4) regarding non-audit services. This instance related to tax services provided by the firm that the firm determined to be prohibited because it performed a management function for the issuer.

The firm has reported to us that it has evaluated this instance of apparent non-compliance and determined that its objectivity and impartiality were not impaired. The firm also reported to us that it communicated this instance to the issuer's audit committee as required by PCAOB Rule 3526.

¹ The firm-identified instances of apparent 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.



April 21, 2025

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

RSM US LLP

30 South Wacker Drive
Suite 3000
Chicago, IL 60606

Re: Response to Part I of the Public Company Accounting Oversight Board (PCAOB) Draft Report on
2024 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 2024 Inspection of RSM US LLP dated March 21, 2025 ("Draft Report"). We believe that the PCAOB's inspection process serves an important 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 2024 inspection process, we have endeavored to implement new actions and continue to design meaningful enhancements to existing actions that respond to the root causes of the 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 management. We have also made significant investments in our people and our technological resources, as well as 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 improve 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 F. Shamon
Enterprise Assurance Leader

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

