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# 2024 Inspection

# Forvis Mazars, LLP

(Headquartered in Springfield, Missouri)

June 25, 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. 104-2025-103



# EXECUTIVE SUMMARY

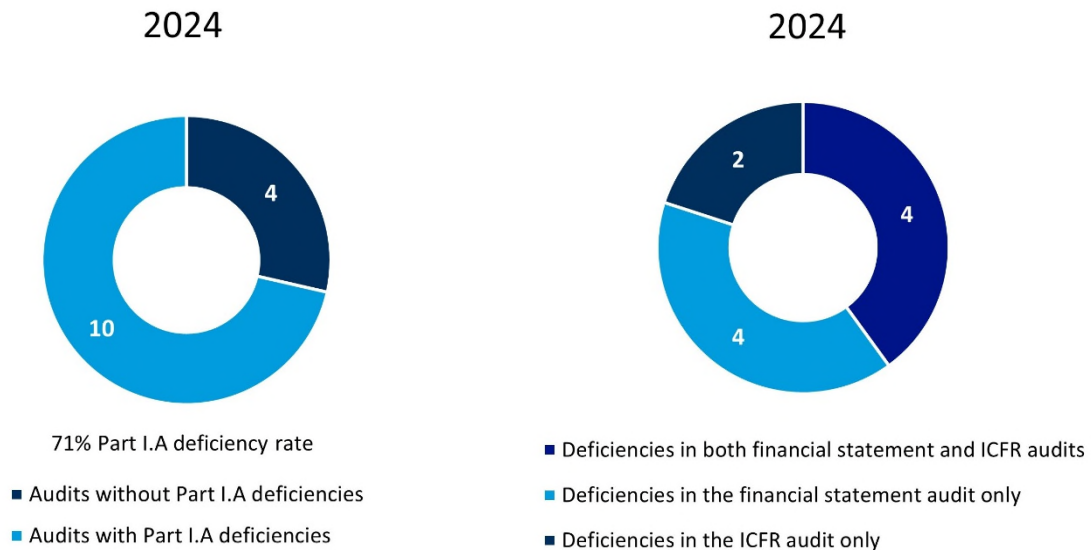
Our 2024 inspection report on Forvis Mazars, LLP provides information on our inspection to assess the firm's compliance with Public Company Accounting Oversight Board (PCAOB) standards and rules and other applicable regulatory and professional requirements. This executive summary offers a high-level 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

Ten of the 14 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 the allowance for credit losses, business combinations, and revenue and related accounts.



The most common Part I.A deficiencies in 2024 related to testing the design or operating effectiveness of controls selected for testing, testing an estimate, testing data or reports used in substantive testing, and identifying controls related to a significant account or relevant assertion.

The Part I.B deficiencies in 2024 related to audit committee communications, the firm's audit report, and consideration of fraud.

The Part I.C deficiency in 2024 related to audit committee pre-approval.

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# 2024 INSPECTION

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

We selected for review 14 audits of issuers with fiscal years generally 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.

Our target team performs inspection procedures in areas of current audit risk and emerging topics and focuses its reviews primarily on evaluating the firm's procedures related to that risk or topic. In 2024, our target team focused primarily on the firm's procedures to identify and assess risks of material misstatement and on the firm's procedures to test the statement of cash flows.

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

# OVERVIEW OF THE 2024 INSPECTION AND HISTORICAL DATA BY INSPECTION YEAR

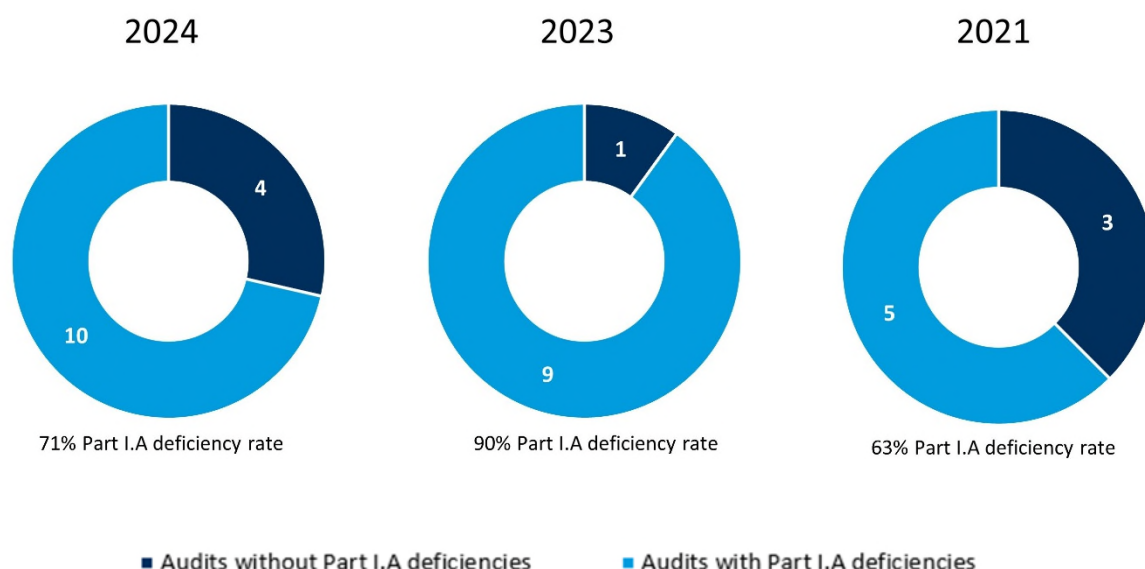
The following information provides an overview of our 2024 inspection as well as data from the previous two inspections. We use a combination of risk-based and random methods to select audits for review and to identify areas on which we focus our review. Because our inspection process evolves over time, 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	2021
<b>Total audits reviewed</b>			
<b>Total audits reviewed</b>	14	10	8
<b>Selection method</b>			
<b>Risk-based selections</b>	10	10	8
<b>Random selections</b>	2	0	0
<b>Target team selections</b>	2	0	0
<b>Total audits reviewed</b>	14	10	8
<b>Principal auditor</b>			
<b>Audits in which the firm was the principal auditor</b>	14	10	8
<b>Audits in which the firm was not the principal auditor</b>	0	0	0
<b>Total audits reviewed</b>	14	10	8
<b>Audit type</b>			
<b>Integrated audits of financial statements and ICFR</b>	6	6	4
<b>Financial statement audits only</b>	8	4	4
<b>Total audits reviewed</b>	14	10	8

## Part I.A Deficiencies in Audits Reviewed

In 2024, nine of the 10 audits appearing in Part I.A were selected for review using risk-based criteria. In 2023 and 2021, all audits appearing in Part I.A were selected for review using risk-based criteria.

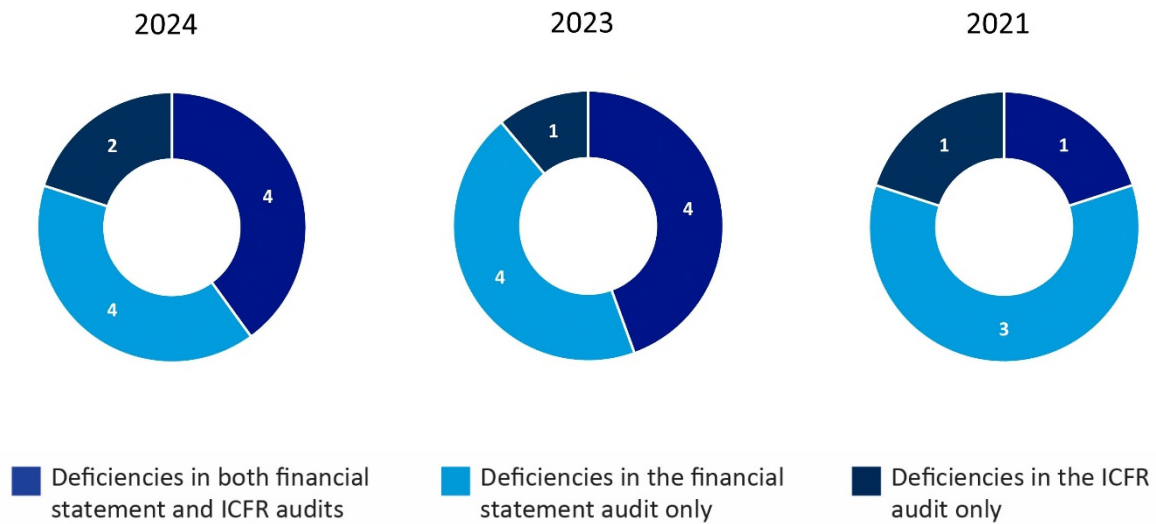


If we include a deficiency in Part I.A of our report, it does not necessarily mean that the firm has not addressed the deficiency. In certain cases, the firm may have performed remedial actions after the deficiency was identified. Depending on the circumstances, remedial actions may include performing 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 2023 inspection procedures involved one audit for which the issuer, unrelated to our review, revised its report on ICFR, and the firm revised its opinion on the effectiveness of the issuer's ICFR to express an adverse opinion 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	2021
Did not sufficiently test an estimate	4	5	2
Did not perform sufficient testing of data or reports used in the firm's substantive testing	4	3	2
Did not perform sufficient testing related to a significant account or disclosure or to address an identified risk	2	3	0

Deficiencies in ICFR audits	Audits with Part I.A deficiencies		
	2024	2023	2021
Did not perform sufficient testing of the design and/or operating effectiveness of controls selected for testing	5	3	1
Did not identify and test any controls that addressed the risks related to a significant account or relevant assertion	4	4	1
Did not perform sufficient roll-forward procedures	2	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			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
Allowance for credit losses	6	4	Investment securities	6	2	Allowance for loan losses	5	2
Investment securities	5	1	Allowance for credit losses/Allowance for loan losses	5	5	Investment securities	2	0
Revenue and related accounts	4	3	Revenue and related accounts	2	1	Participant distributions	2	1
Business combinations	3	3	Inventory	1	1	Revenue and related accounts	1	1
Inventory	2	2	Long-lived assets	1	1	Deposit liabilities	1	1

## 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		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
Allowance for credit losses/ Allowance for loan losses	4	6	5	5	2	5
Business combinations	3	3	0	1	0	0
Revenue and related accounts	3	4	1	2	1	1
Investment securities	1	5	2	6	0	2

**Allowance for credit losses/Allowance for loan losses:** The deficiencies in 2024, 2023, and 2021 related to substantive testing of, and testing controls over, the allowance for credit losses/allowance for loan losses.

**Business combinations:** The deficiencies in 2024 primarily related to substantive testing of, and testing controls over, the fair value of assets acquired in a business combination and the accuracy and completeness of data used.

**Revenue and related accounts:** The deficiencies in 2024 related to substantive testing of, and testing controls over, revenue and related accounts. The deficiency in 2023 related to the accuracy and completeness of reports used in its substantive testing of revenue. The deficiencies in 2021 related to substantive testing of significant assumptions and information used by the issuer to estimate revenue.

**Investment securities:** The deficiencies in 2024 primarily related to substantive testing of, and testing controls over, the valuation of investment securities. The deficiencies in 2023 primarily related to substantive testing of the presentation and disclosure of investment securities.

## Auditing Standards Associated with Identified Part I.A Deficiencies

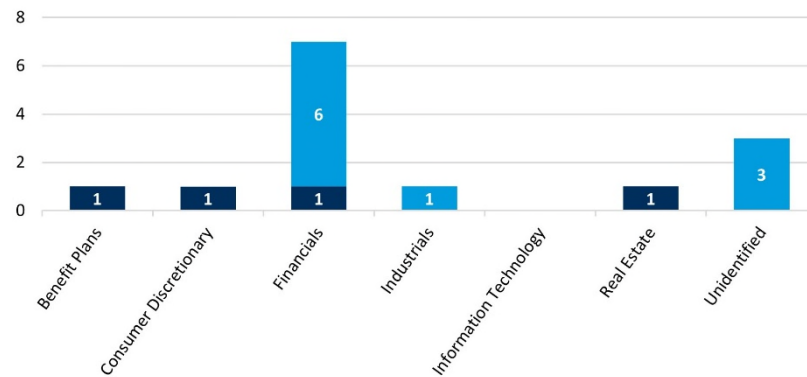
The following lists the auditing standards referenced in Part I.A of the 2024 and the previous two inspection reports, and the number of times that the standard is cited in Part I.A.

PCAOB Auditing Standards	2024	2023	2021
<i>AS 1105, Audit Evidence</i>	7	5	2
<i>AS 1201, Supervision of the Audit Engagement</i>	1	0	0
<i>AS 1210, Using the Work of an Auditor-Engaged Specialist</i>	0	2	0
<i>AS 2201, An Audit of Internal Control Over Financial Reporting That Is Integrated with An Audit of Financial Statements</i>	18	16	4
<i>AS 2301, The Auditor's Responses to the Risks of Material Misstatement</i>	6	4	0
<i>AS 2305, Substantive Analytical Procedures</i>	2	0	0
<i>AS 2310, The Confirmation Process</i>	1	0	1
<i>AS 2315, Audit Sampling</i>	1	2	0
<i>AS 2401, Consideration of Fraud in a Financial Statement Audit</i>	0	2	1
<i>AS 2501, Auditing Accounting Estimates, Including Fair Value Measurements</i>	3	8	2
<i>AS 2510, Auditing Inventories</i>	1	1	0
<i>AS 2601, Consideration of an Entity's Use of a Service Organization</i>	0	0	1
<i>AS 2810, Evaluating Audit Results</i>	0	1	0

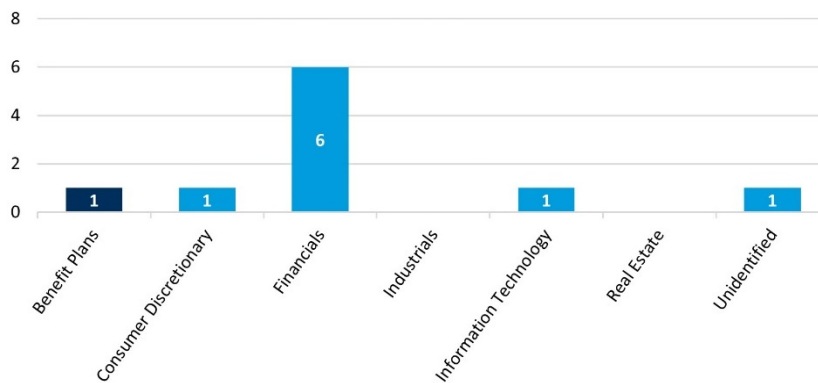
## Inspection Results by Issuer Industry Sector

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."

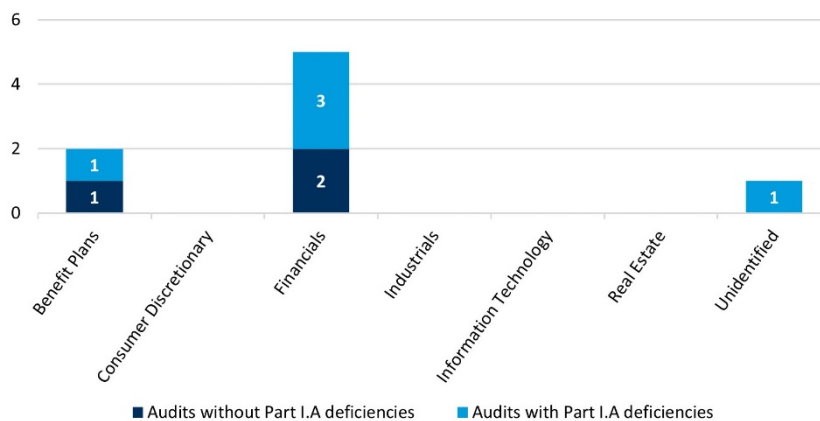
### 2024



### 2023



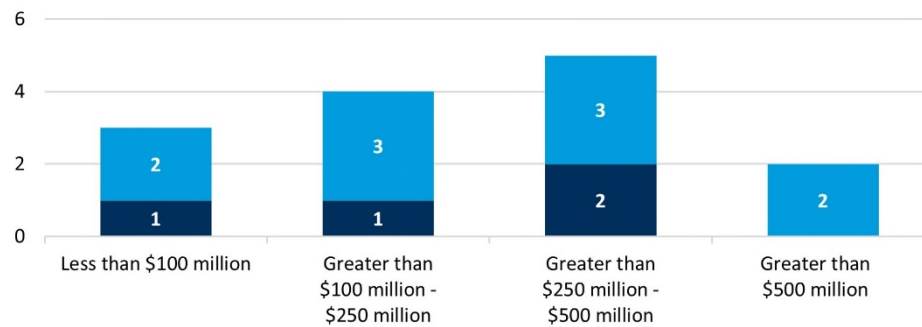
### 2021



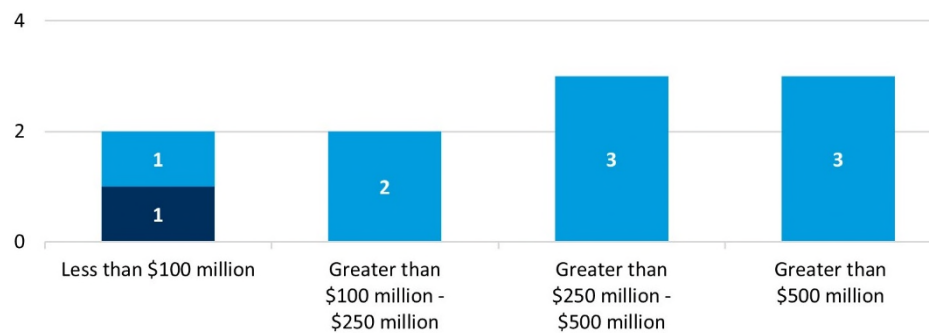
■ Audits without Part I.A deficiencies ■ Audits with Part I.A deficiencies

## Inspection Results by Issuer Revenue Range

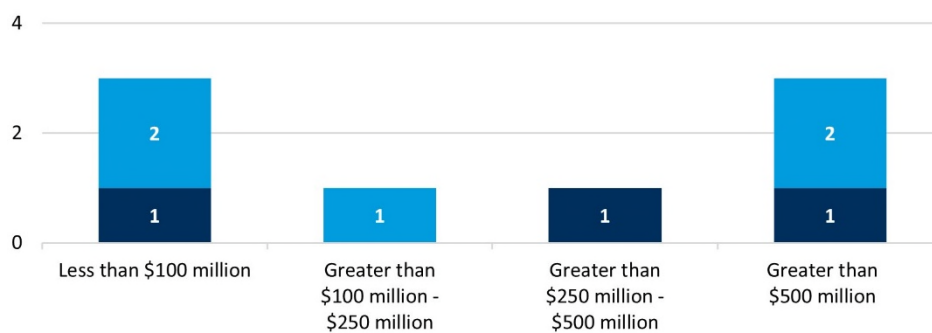
**2024**



**2023**

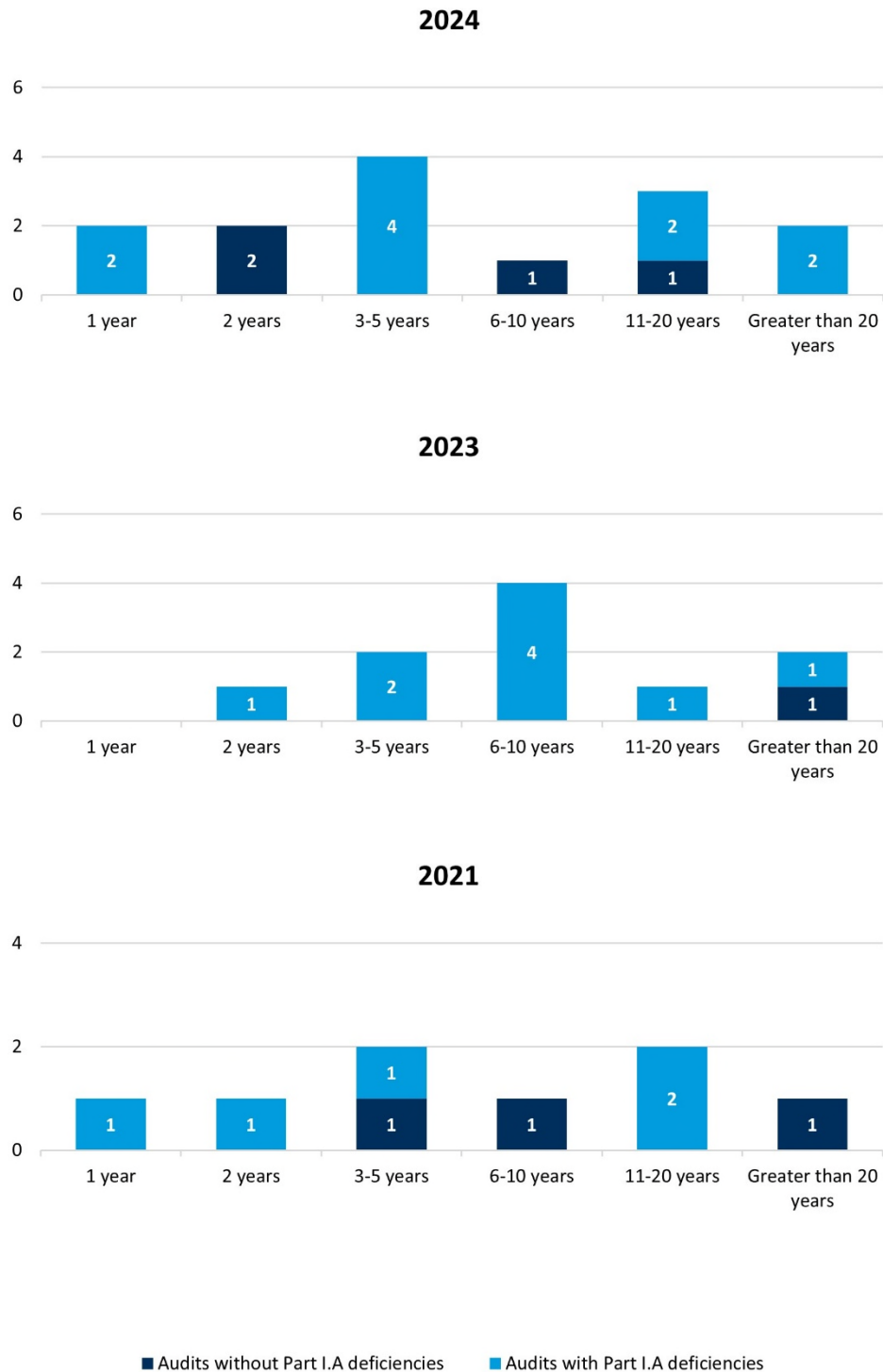


**2021**



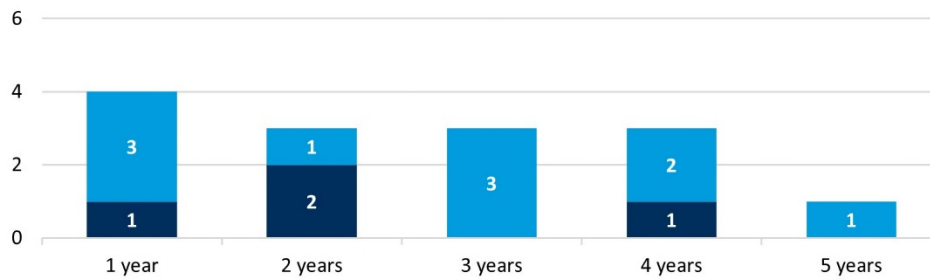
■ Audits without Part I.A deficiencies ■ Audits with Part I.A deficiencies

## Inspection Results by the Firm's Tenure on the Issuer

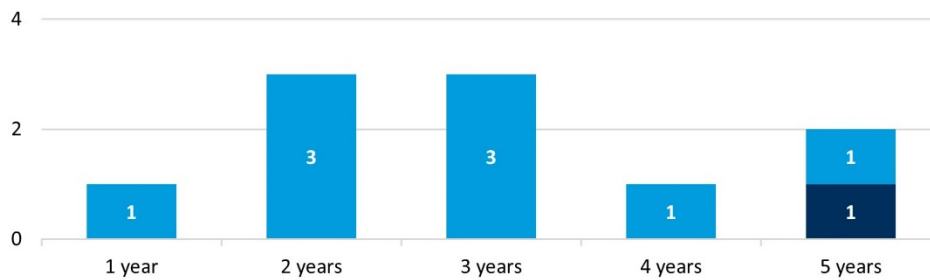


## Inspection Results by the Engagement Partner's Tenure on the Issuer

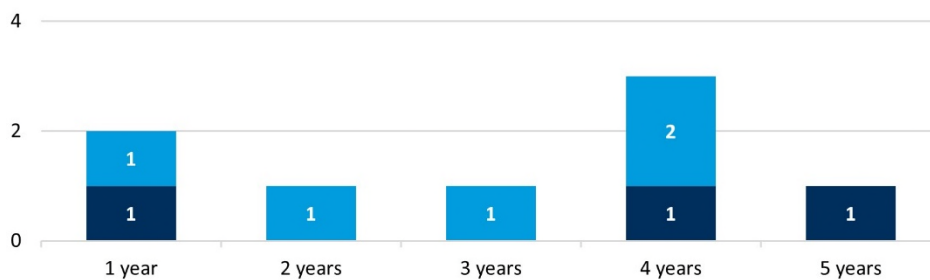
**2024**



**2023**



**2021**



■ 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.

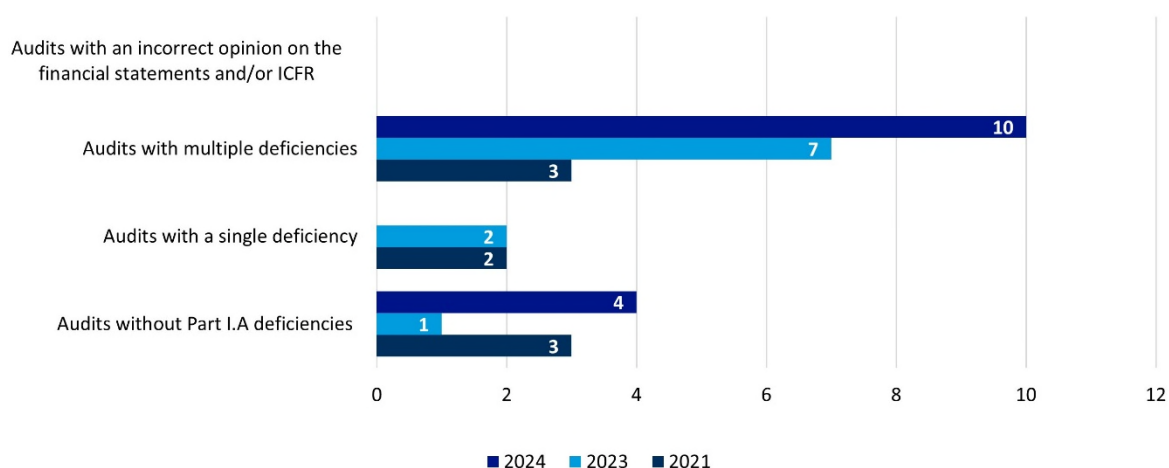
### Audits with Multiple Deficiencies

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). 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 – Financials

##### Type of audit and related areas affected

In our review, we identified deficiencies in the financial statement and ICFR audits related to the **Allowance for Credit Losses (ACL)** and **Investment Securities**.

## Description of the deficiencies identified

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

The firm selected for testing two controls over the issuer's determination of the ACL. The issuer used certain system-generated reports that it obtained from an application that was hosted by a service organization in the performance of these controls. The firm obtained the service auditor's report for this service organization and identified certain complementary user controls related to user access that the service auditor's report described as necessary. The firm identified control deficiencies in its testing of these complementary user controls and selected for testing a compensating control that consisted of the issuer's review of user access. The firm did not identify and test any controls over the accuracy and completeness of the user population used in the operation of this compensating control. (AS 2201.68)

For loans that were collectively evaluated for impairment, the issuer determined the qualitative reserve component of the ACL using certain qualitative factors. The firm's approach for substantively testing the qualitative component of the ACL was to test the issuer's process. The following deficiencies were identified:

- The firm tested one of the issuer's controls over the determination of the ACL during an interim period. The firm did not evaluate the specific review procedures that the control owners performed to evaluate the reasonableness of certain significant assumptions related to the qualitative factors. (AS 2201.42 and .44) In addition, the firm did not perform procedures to update the results of its testing from the interim date to year end. (AS 2201.55)
- The firm did not evaluate whether the issuer had a reasonable basis for certain significant assumptions related to the qualitative factors. (AS 2501.16)

With respect to **Investment Securities**:

The firm did not identify and test any controls over the issuer's determination of the categorization of its available-for-sale (AFS) securities within the fair value hierarchy as set forth in FASB ASC Topic 820, *Fair Value Measurement*. (AS 2201.39)

The firm selected for testing a control that consisted of the issuer's review of the fair values of a sample of AFS securities. The firm did not assess whether the extent and timing of the issuer's review was sufficient to address the risks of material misstatement. Further, the firm did not evaluate whether the items identified for follow up by the control owner were appropriately resolved. (AS 2201.42 and .44)

The sample size the firm used in its substantive procedures to test the fair values of these securities was too small to provide sufficient appropriate audit evidence because the 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 B – Financials

### Type of audit and related area affected

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

### Description of the deficiencies identified

The firm selected for testing a control that consisted of the issuer's reviews of the ACL. The firm did not evaluate the specific review procedures that the control owners performed to evaluate the reasonableness of the assumptions used to develop the ACL. (AS 2201.42 and .44)

The issuer estimated the ACL using various significant assumptions. The firm did not evaluate whether the issuer had a reasonable basis for certain significant assumptions it used. (AS 2501.16)

## Issuer C – Financials

### Type of audit and related area affected

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

### Description of the deficiencies identified

The firm selected for testing a control that included the issuer's reviews of certain assumptions used to estimate the quantitative component of the ACL. In evaluating the design of this control, the firm did not evaluate whether a threshold that the control owner used to identify items for investigation was sufficiently precise to detect material misstatements. (AS 2201.42) In addition, the firm did not evaluate the specific review procedures that the control owner performed to evaluate the relevance of external information used in the operation of this control. (AS 2201.42 and .44)

The firm did not perform sufficient substantive procedures to evaluate the reasonableness of certain significant assumptions the issuer used to estimate the ACL because the firm did not evaluate (1) whether the assumptions were consistent with other external factors, including economic conditions, and (2) the relevance of certain market information the issuer used. (AS 1105.04 and .06; AS 2501.16)

## Issuer D – Financials

### Type of audit and related area affected

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

### Description of the deficiencies identified

During the year, the issuer acquired a business. The following deficiencies were identified:

- The firm did not identify and test any controls over certain assets acquired and liabilities assumed as of the acquisition date. (AS 2201.39)
- The issuer engaged a specialist to determine the fair values of certain acquired assets as of the acquisition date. The firm did not perform procedures to test, or test controls over, the accuracy of certain issuer-produced data used by the company's specialist to determine the fair values of these assets. (AS 1105.A8a)

## Issuer E – Financials

### Type of audit and related areas affected

In our review, we identified deficiencies in the ICFR audit related to the **ACL** and a **Business Combination**.

### Description of the deficiencies identified

With respect to the **ACL**:

The issuer assigned each loan a loan risk rating, which was an important input in estimating the quantitative component of the ACL. The firm selected for testing a control that included the issuer's reviews of loan risk ratings and tested the control at an interim date. The firm did not perform procedures to update the results of its testing from the interim date to year end. (AS 2201.55)

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

During the year, the issuer acquired a business. The firm selected for testing a control that included the issuer's review of the fair values of acquired assets and the related significant assumptions. The firm did not evaluate the specific review procedures that the control owner performed to assess the reasonableness of certain of these significant assumptions. (AS 2201.42 and .44) In addition, the firm did not identify and test any controls over the accuracy and completeness of the data used in the operation of this control. (AS 2201.39)

The firm also selected for testing a control that included the issuer's review of the loan risk ratings assigned to the acquired loans. The firm did not evaluate the specific review procedures that the control owners performed to assess the reasonableness of these loan risk ratings. (AS 2201.42 and .44) In addition, the firm did not identify and test any controls over the accuracy and completeness of the data used in the operation of this control. (AS 2201.39)

The firm did not identify and test any controls over the completeness and existence of the assets acquired and the liabilities assumed at the acquisition date. (AS 2201.39)

## Issuer F

### Type of audit and related area affected

In our review, we identified deficiencies in the financial statement audit related to **Notes Receivable**. The firm's internal inspection program had inspected this audit and reviewed this area but did not identify the deficiencies below. This was the firm's initial audit of this issuer.

### Description of the deficiencies identified

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

The issuer engaged specialists to assist the issuer in estimating the amount of certain notes receivable and collectability of these notes receivable at year-end using various significant assumptions. The firm's approach for testing these notes receivable was to review and test the issuer's process. The following deficiencies were identified:

- The firm did not perform procedures to evaluate the reasonableness of certain significant assumptions developed by the company's specialists, beyond comparing certain of these assumptions to assumptions used in a prior year. (AS 1105.A8b)
- The firm's approach for evaluating the reasonableness of another assumption was to develop an expectation of this assumption. The firm did not test, or test any controls over, the accuracy and completeness of the data produced by the issuer that the firm used to develop its expectation. (AS 1105.10)
- The firm used an auditor-employed specialist to evaluate another assumption the company's specialist used. The firm did not identify that the auditor-employed specialist did not evaluate the relevance and reliability of certain external information used by the company's specialist. (AS 1105.A8a; AS 1201.C6 and .C7)

## Issuer G

### Type of audit and related areas affected

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

### Description of the deficiencies identified

With respect to a **Business Combination and Debt**:

During the year, the issuer completed a business combination and issued a convertible note. The following deficiencies were identified:

- The firm capitalized transaction costs related to the business combination and the convertible note issuance. The firm did not (1) evaluate whether the issuer's capitalization of these costs was in conformity with FASB ASC Topic 805, *Business Combinations*, and (2) evaluate the reliability of certain external information it used to test these costs. (AS 1105.04 and .06; AS 2301.08)
- The convertible note included embedded features that required bifurcation in accordance with FASB ASC Topic 815, *Derivatives and Hedging*. The firm did not perform any procedures to determine the fair value of these embedded features, beyond asserting the value was not material as the probability of occurrence of the associated contingent events was remote. (AS 2301.08)

With respect to **Inventory**:

The issuer tracked certain of its inventory in a system that was hosted by a service organization. The firm used information from this system in its testing of this inventory but did not perform any procedures to evaluate the reliability of this information. (AS 2301.08)

The firm's substantive procedures to test certain inventory included performing substantive analytical procedures. The firm did not determine whether the expectations it used in these substantive analytical procedures were based on predictable relationships. (AS 2305.13 and .14)

## Issuer H

### Type of audit and related areas affected

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

### Description of the deficiencies identified

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

For certain accounts receivable, the firm sent positive confirmation requests to the issuer's customers and received no responses. The firm did not perform alternative procedures that provided sufficient appropriate audit evidence that these balances represented valid receivable balances as of the confirmation date. (AS 2310.31)

The firm's substantive procedures to test certain unbilled receivables included selecting a sample of customer balances for testing. The firm did not perform procedures to determine whether the performance obligation had been satisfied when revenue was recognized. (AS 2301.08 and .13)

With respect to **Inventory**:

The firm observed, for certain locations, physical inventory counts performed as of an interim date. The firm did not apply tests of intervening transactions between the date of the issuer's counts and year end. (AS 2510.12)

The firm did not perform procedures, beyond inquiry, to test the amounts relieved from inventory and recorded in cost of goods sold. (AS 2301.08)

## Issuer I – Financials

### Type of audit and related areas affected

In our review, we identified deficiencies in the ICFR audit related to **Revenue**, **Unearned Premiums**, and **Insurance Reserves**.

### Description of the deficiencies identified

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

The firm selected for testing a control that consisted of the issuer's review of the calculation of gross premiums earned and unearned premiums. The control owner utilized system queries in performing its review. The firm's testing of this control was not sufficient because its procedures were limited to inquiring of the control owner and reviewing query parameters for reasonableness. (AS 2201.42 and .44)

The firm did not identify and test any controls that addressed the risk that revenue was recognized from policies with premiums that were deemed uncollectible. (AS 2201.39)

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

The firm selected for testing a control that included the transfer of certain insurance reserve data from one system to another system. The firm did not test the accuracy and completeness of the transfer of these data. (AS 2201.42 and .44)

## Issuer J – Industrials

### Type of audit and related area affected

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

### Description of the deficiencies identified

The firm's substantive procedures to test revenue consisted of performing substantive analytical procedures and, for certain revenue, tests of details. The following deficiencies were identified:

- The firm used certain data in its substantive analytical procedures but did not test, or test any controls over, the accuracy and completeness of these data. (AS 2305.16)
- The firm's tests of details for certain revenue included recalculating revenue for a sample of revenue transactions. The firm did not perform procedures to test, or test controls over, the accuracy and completeness of certain issuer-produced information it used to recalculate this revenue. (AS 1105.10)

## 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 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 14 audits reviewed, the firm did not include in the engagement letter certain required matters related to its responsibilities. In this instance, the firm was non-compliant with AS 1301, *Communications with Audit Committees*.
- In three of 14 audits reviewed, the firm did not make a required communication to the audit committee related to certain critical accounting estimates. In addition, in one of these audits, the firm made an inaccurate communication to the audit committee related to a significant risk identified through its risk assessment procedures. In these instances, the firm was non-compliant with AS 1301, *Communications with Audit Committees*.
- In one of six audits reviewed, the firm's audit report on the audit of internal control over financial reporting did not include certain required elements. In this instance, the firm was non-compliant with AS 2201, *An Audit of Internal Control Over Financial Reporting That Is Integrated with An Audit of Financial Statements*.
- In six of 14 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 14 audits reviewed, the year the firm began serving consecutively as the company's auditor that was included in the firm's audit report was incorrect. 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,<sup>1</sup> representing approximately 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)(7) regarding audit committee pre-approval. This instance related to non-audit services provided without the firm obtaining audit committee pre-approval.

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.

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<sup>1</sup> The firm-identified instance of apparent non-compliance does 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.

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April 25, 2025

Ms. Christine Gunia, Director  
Division of Registration and Inspections  
Public Company Accounting Oversight Board  
1666 K Street, N.W. Suite 300  
Washington, DC 20006

Re: Response to Part I of the Draft Report on the 2024 Inspection of Forvis Mazars, LLP

Dear Ms. Gunia:

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

Our firm is committed to the highest standards of audit quality. We continually monitor our audit processes, and adjust our methodologies, policies, procedures, and guidance when we identify improvements that could enhance audit quality. We value the benefits of the PCAOB inspection process, as it serves to assist us in identifying areas where we can continue to improve our audit performance and strengthen our system of quality control.

We have evaluated the matters described in Part I of the Draft Report, and have taken actions, as appropriate, 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 continue to support the PCAOB and its mission and remain committed to improving our audit performance. We look forward to continuing to work with the PCAOB to achieve our shared objective of continual improvement in audit quality.

Respectfully submitted,

**Forvis Mazars, LLP**

Forvis Mazars, LLP

Forvis Mazars, LLP is an independent member of Forvis Mazars Global Limited.

