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# 2024 Inspection

# Moss Adams LLP

(Headquartered in Seattle, Washington)

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. 104-2025-105



## EXECUTIVE SUMMARY

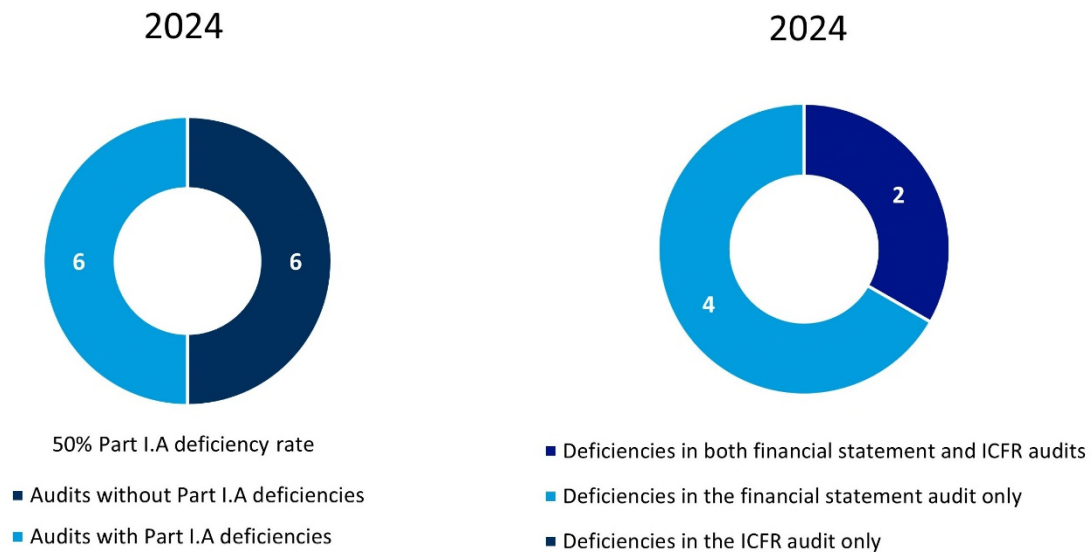
Our 2024 inspection report on Moss Adams LLP provides information on our inspection to assess the firm's compliance with Public Company Accounting Oversight Board (PCAOB) standards and rules and other applicable regulatory and professional requirements. This executive summary offers a high-level overview of what is included in this report:

- Part I.A of the report discusses deficiencies ("Part I.A deficiencies") in certain issuer audits that were of such significance that we believe the firm, at the time it issued its audit report(s), had not obtained sufficient appropriate audit evidence to support its opinion(s) on the issuer's financial statements and/or internal control over financial reporting (ICFR).
- Part I.B of the report discusses certain deficiencies ("Part I.B deficiencies") that relate to instances of non-compliance with PCAOB standards or rules other than those where the firm had not obtained sufficient appropriate audit evidence to support its opinion(s). This section does not discuss instances of 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

Six of the 12 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 inventory.



The most common Part I.A deficiencies in 2024 related to performing substantive testing to address a risk of material misstatement and testing an estimate.

The Part I.B deficiencies in 2024 related to consideration of fraud, Form AP, and audit committee communications.

The Part I.C deficiencies in 2024 related to audit committee pre-approval, use of a non-independent firm on an engagement, and financial relationships.

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# 2024 INSPECTION

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

We selected for review 12 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.

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

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

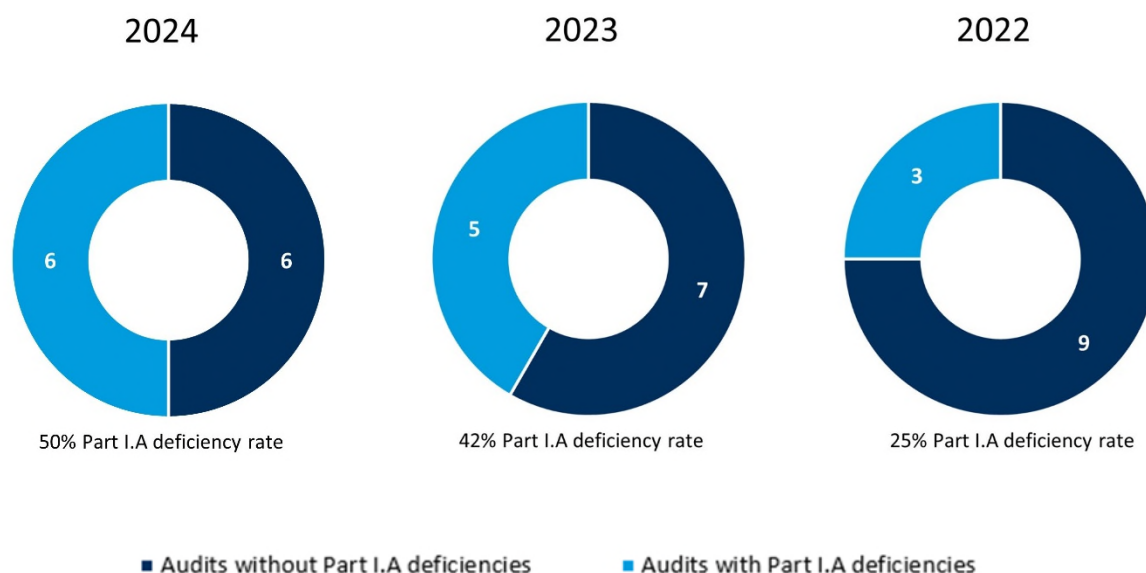
The following information provides an overview of our 2024 inspection as well as data from the previous two inspections. We use a combination of risk-based and random methods to select audits for review and to identify areas on which we focus our review. Because our inspection process evolves over time, 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
<b>Total audits reviewed</b>			
<b>Total audits reviewed</b>	12	12	12
<b>Selection method</b>			
<b>Risk-based selections</b>	10	10	10
<b>Random selections</b>	2	2	2
<b>Total audits reviewed</b>	12	12	12
<b>Principal auditor</b>			
<b>Audits in which the firm was the principal auditor</b>	12	12	12
<b>Audits in which the firm was not the principal auditor</b>	0	0	0
<b>Total audits reviewed</b>	12	12	12
<b>Audit type</b>			
<b>Integrated audits of financial statements and ICFR</b>	5	7	3
<b>Financial statement audits only</b>	7	5	9
<b>Total audits reviewed</b>	12	12	12

## Part I.A Deficiencies in Audits Reviewed

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



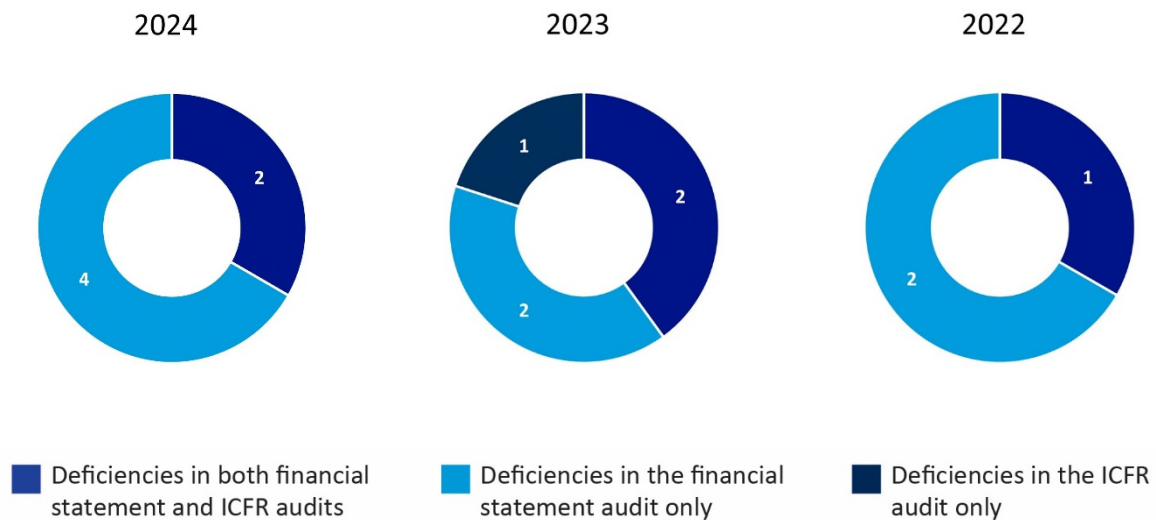
If we include a deficiency in Part I.A of our report, it does not necessarily mean that the firm has not addressed the deficiency. In certain cases, the firm may have performed remedial actions after the deficiency was identified. Depending on the circumstances, remedial actions may include performing 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 2024 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. In addition, in connection with our 2024 inspection procedures for another audit, the issuer corrected omissions of required disclosures in a subsequent filing.

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 perform sufficient testing related to a significant account or disclosure or to address an identified risk	5	2	2
Did not perform sufficient testing of data or reports used in the firm's substantive testing	2	3	2
Did not sufficiently test an estimate	2	2	1

Deficiencies in ICFR audits	Audits with Part I.A deficiencies		
	2024	2023	2022
Did not identify and/or sufficiently test controls over the accuracy and completeness of data or reports that the issuer used in the operation of controls	2	1	1
Did not identify and test any controls that addressed the risks related to a significant account or relevant assertion	2	0	1
Did not perform sufficient testing of the design and/or operating effectiveness of controls selected for testing	1	2	1

## 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	7	3	Revenue and related accounts	6	4	Revenue and related accounts	6	3
Inventory	3	2	Business combinations	4	0	Business combinations	4	0
Investment securities	3	0	Investment securities	4	0	Debt	3	0
Allowance for credit losses	3	0	Allowance for credit losses/ Allowance for loan losses	3	1	Inventory	3	1
Cash and cash equivalents	2	0	Inventory	3	2	Cash and cash equivalents	2	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		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	3	7	4	6	3	6
Inventory	2	3	2	3	1	3
Allowance for credit losses/Allowance for loan losses	0	3	1	3	0	2
Accruals and other liabilities	1	1	0	0	1	1
Cash and cash equivalents	0	2	0	0	1	2

**Revenue and related accounts:** The deficiencies in 2024 related to substantive testing of revenue. The deficiencies in 2023 and 2022 related to substantive testing of, and/or testing controls over, revenue.

**Inventory:** The deficiencies in 2024, 2023, and 2022 related to substantive testing of, and/or testing controls over, inventory.

**Allowance for credit losses/Allowance for loan losses:** The deficiencies in 2023 related to substantive testing of a significant assumption and information underlying the estimate of the allowance for loan losses.

**Accruals and other liabilities:** The deficiencies in 2024 related to the substantive testing of, and testing a control over, other liabilities. The deficiencies in 2022 related to testing the valuation of a liability, including the information used in substantive testing.

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

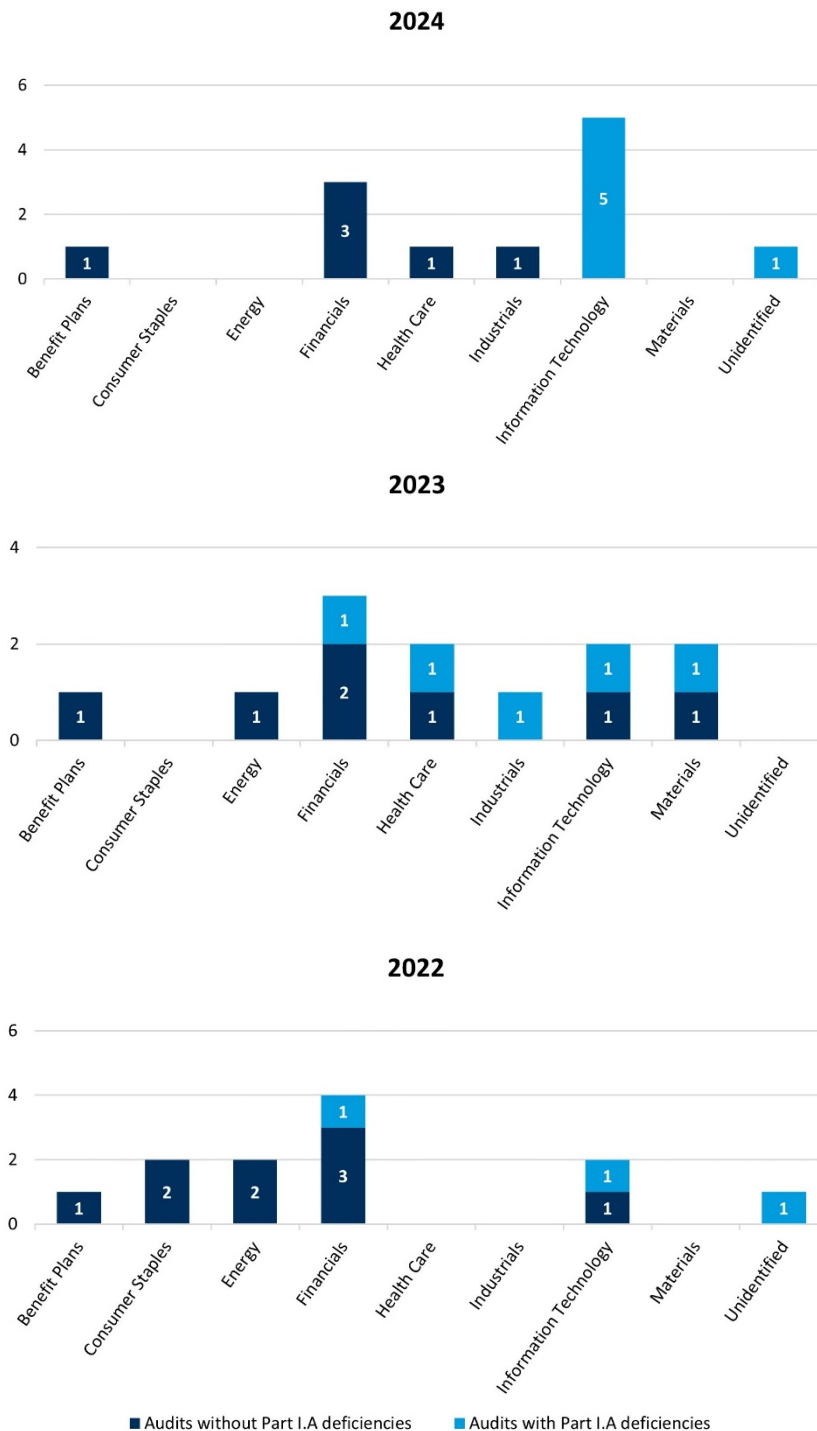
## Auditing Standards Associated with Identified Part I.A Deficiencies

The following lists the auditing standards referenced in Part I.A of the 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>	2	3	4
<i>AS 2101, Audit Planning</i>	0	1	1
<i>AS 2201, An Audit of Internal Control Over Financial Reporting That Is Integrated with An Audit of Financial Statements</i>	6	4	6
<i>AS 2301, The Auditor's Responses to the Risks of Material Misstatement</i>	5	5	2
<i>AS 2310, The Confirmation Process</i>	0	0	1
<i>AS 2315, Audit Sampling</i>	0	1	0
<i>AS 2401, Consideration of Fraud in a Financial Statement Audit</i>	1	0	0
<i>AS 2501, Auditing Accounting Estimates, Including Fair Value Measurements</i>	2	2	1
<i>AS 2810, Evaluating Audit Results</i>	3	0	0

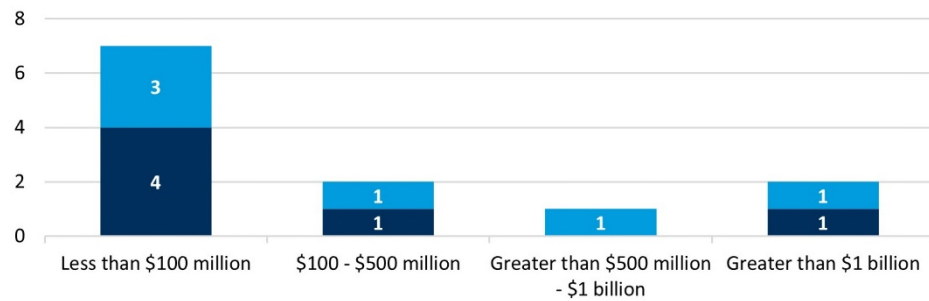
## Inspection Results by Issuer Industry Sector

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."

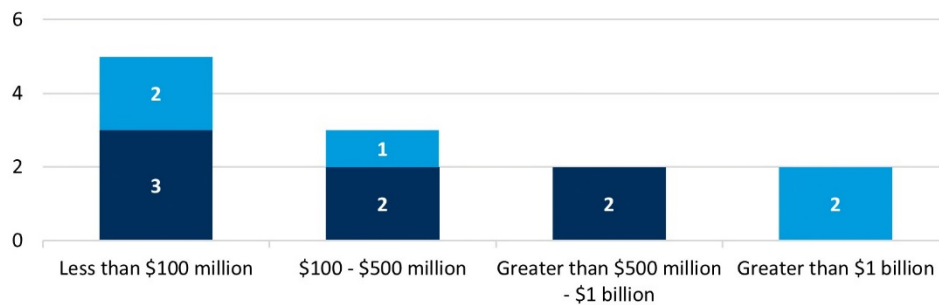


## Inspection Results by Issuer Revenue Range

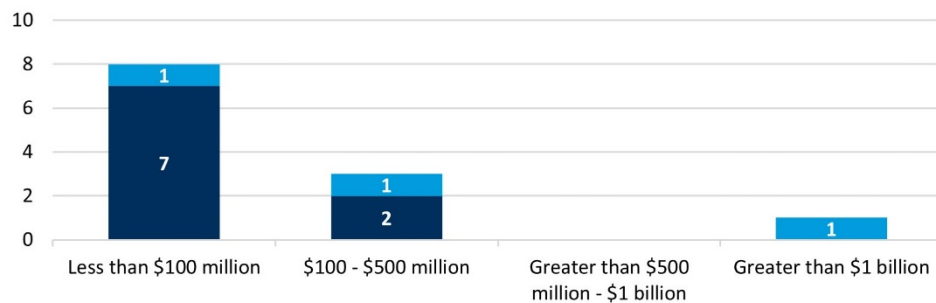
**2024**



**2023**



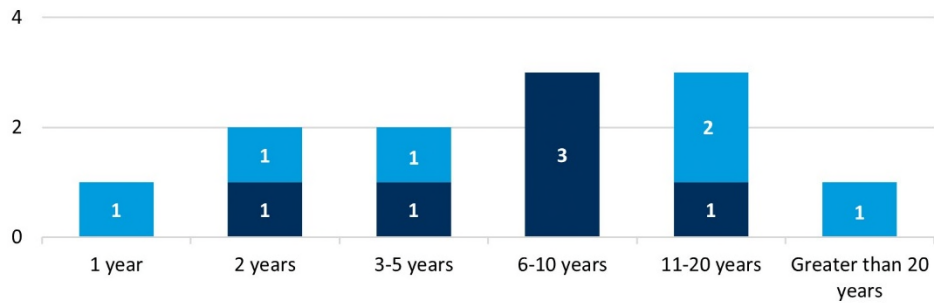
**2022**



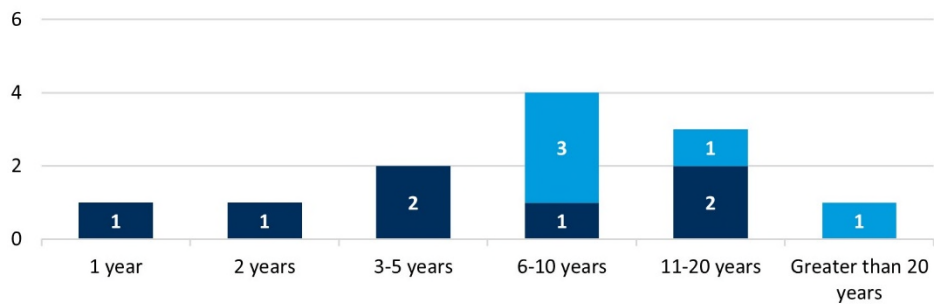
■ Audits without Part I.A deficiencies ■ Audits with Part I.A deficiencies

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

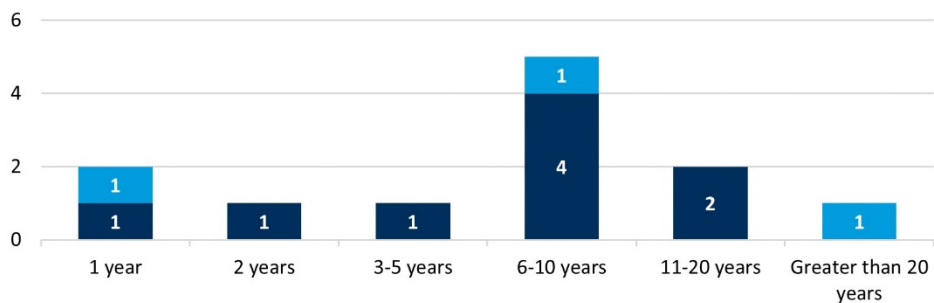
**2024**



**2023**



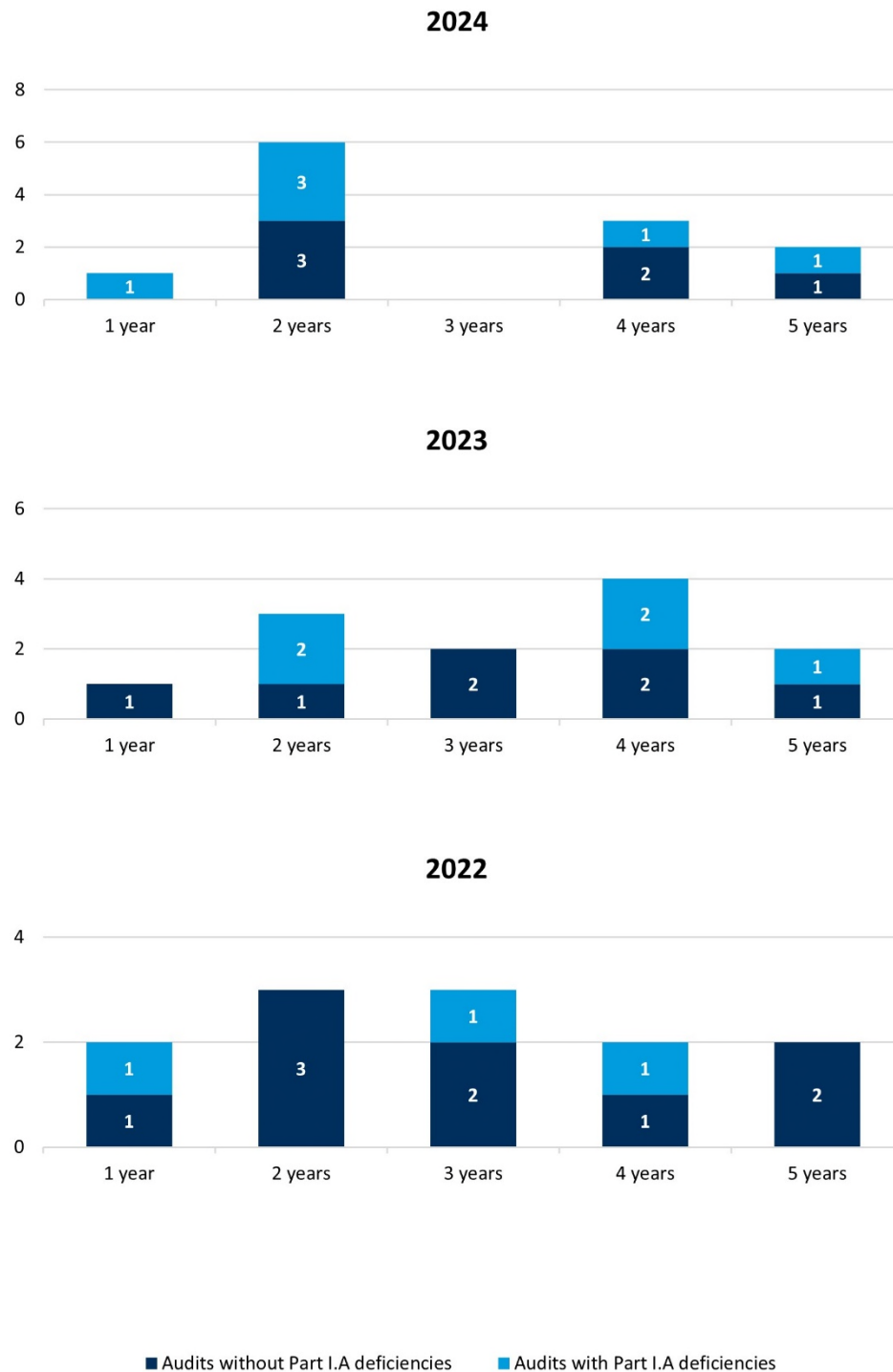
**2022**



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



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



## 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.

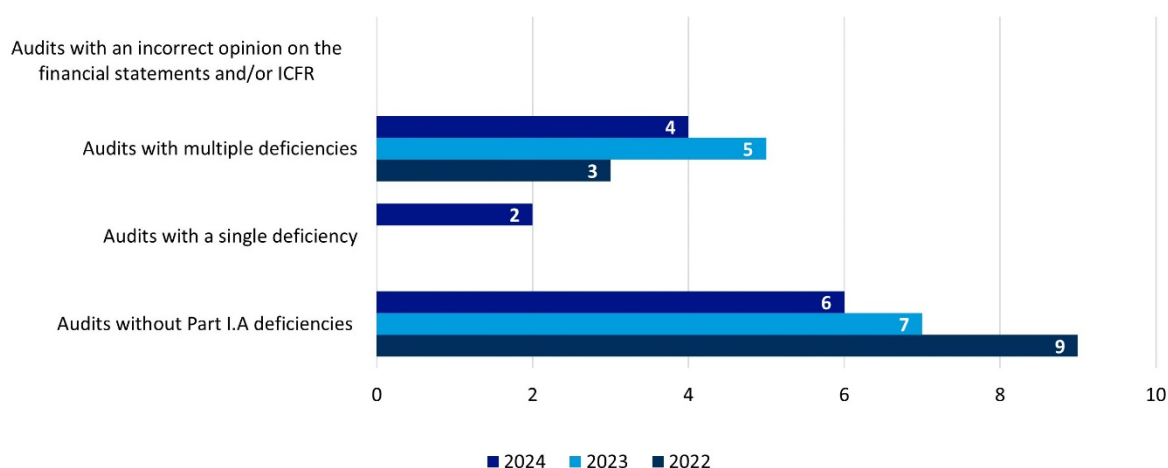
### Audits with Multiple Deficiencies

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

None

## Audits with Multiple Deficiencies

### Issuer A – Information Technology

#### Type of audit and related areas affected

In our review, we identified deficiencies in the financial statement and ICFR audits related to **Other Liabilities, Segment Reporting, and Journal Entries**. This was the firm's initial audit of this issuer.

#### Description of the deficiencies identified

With respect to **Other Liabilities**:

The firm selected for testing a control that consisted of the issuer's review of its earnout liability, which is a provision for contingent payments. The firm did not evaluate the specific review procedures the control owners performed to assess the reasonableness of the method, data, and assumptions used in the valuation of the earnout liability. (AS 2201.42 and .44)

Unrelated to our review, the issuer reevaluated its controls over its earnout liability and concluded that a material weakness existed that had not been previously identified. The issuer subsequently reflected this material weakness in a revision to 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 firm's approach for substantively testing the fair value of the earnout liability was to test the issuer's process. The firm recalculated the issuer's estimate using a software audit tool. The firm did not perform sufficient substantive procedures to evaluate the method used by the issuer because it did not test the functionality of this tool. (AS 2501.10)

The firm did not test, or (as discussed above) sufficiently test controls over, the accuracy of certain data that the issuer used to calculate the earnout liability. (AS 1105.10)

With respect to **Segment Reporting**:

The firm did not identify and test any controls over segment reporting. (AS 2201.39)

Unrelated to our review, the issuer reevaluated its controls over segment reporting and concluded that a material weakness existed that had not been previously identified. The issuer subsequently reflected this material weakness in a revision to 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 firm did not perform substantive procedures to evaluate whether the issuer's determination of its reportable segments was in conformity with FASB ASC Topic 280, *Segment Reporting*, beyond reading an issuer-prepared memorandum. (AS 2301.08)

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

The firm selected for testing a control that consisted of the issuer's review of manual journal entries. The firm did not identify and test any controls over the completeness of a system-generated report used in the operation of this control. (AS 2201.39)

Unrelated to our review, the issuer reevaluated its controls over journal entries and concluded that a material weakness existed that had not been previously identified. The issuer subsequently reflected this material weakness in a revision to 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.

## Issuer B – Information Technology

### Type of audit and related areas affected

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

### Description of the deficiencies identified

With respect to **Revenue**:

The issuer recognized revenue from certain contracts over time by estimating its progress toward completion. The firm did not perform procedures to test this revenue, beyond inspecting the contract and inquiring of project managers, for a sample of contracts. (AS 2501.07)

The firm did not identify and evaluate the issuer's omission of certain required disclosures under FASB ASC Topic 606, *Revenue from Contracts with Customers*, related to the method used to recognize revenue for one type of revenue. (AS 2810.30 and .31)

With respect to **Inventory**:

The firm did not perform any procedures to test the existence of certain inventory. (AS 2301.08)

The firm did not identify and evaluate the issuer's omission of a required disclosure under FASB ASC Topic 210, *Balance Sheet*, related to major classes of inventory. (AS 2810.30 and .31)

## Issuer C – Information Technology

### Type of audit and related areas affected

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

### Description of the deficiencies identified

With respect to **Inventory**:

The issuer calculated a reserve for excess and obsolete inventory by applying established percentages to each inventory aging category. The following deficiencies were identified:

- The firm selected for testing a control over the issuer's review of the reserve for excess and obsolete inventory. The firm did not identify and test any controls over the accuracy of certain data used in the operation of this control. (AS 2201.39)
- The firm used these data in its substantive procedures but did not perform any procedures to test, or (as discussed above) test any controls over, the accuracy of these data. (AS 1105.10)

The firm selected for testing a control that included the issuer's review of journal entries related to inventory. The firm did not identify and test any controls over the accuracy and completeness of certain information used in the operation of this control. (AS 2201.39)

The firm did not perform any substantive procedures to test certain adjustments the issuer made to its inventory. (AS 2301.08)

With respect to **Long-Lived Assets**:

The firm did not identify and test any controls related to the issuer's evaluation of long-lived assets for possible impairment. (AS 2201.39)

## Issuer D

### Type of audit and related areas affected

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

### Description of the deficiencies identified

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

The issuer recognized certain revenue based on customer usage data, which was produced by one of the issuer's information technology (IT) systems. The firm did not perform procedures to test these data, beyond comparing these data to information derived from this IT system. (AS 2301.08 and .13)

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

To identify and select journal entries for testing, the firm identified fraud characteristics. For certain of these fraud characteristics, the firm did not perform any procedures to identify journal entries that had these characteristics. (AS 2401.61)

## Audits with a Single Deficiency

### Issuer E – 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 using an input method based on the labor hours incurred or number of users. The firm did not perform substantive procedures to test whether the issuer satisfied its performance obligations before recognizing this revenue, beyond comparing the number of users and labor hours incurred to issuer-produced reports. (AS 2301.08 and .13)

## 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 a **Business Combination**.

### Description of the deficiency identified

During the year, the issuer acquired a business. The firm did not identify and evaluate the issuer's omission of certain required disclosures under FASB ASC Topic 805, *Business Combinations*, related to the amounts of revenue and earnings of the acquired business since the acquisition date. (AS 2810.30 and .31)

In connection with our review, the issuer reevaluated its disclosures related to this business combination and determined that certain disclosures were omitted. The issuer did not file an amended Form 10-K or Form 8-K indicating that its previously issued financial statements should not be relied on. Instead, the issuer corrected these omissions in a subsequent filing.

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

This section of our report discusses certain deficiencies that relate to instances of non-compliance with PCAOB standards or rules other than those where the firm had not obtained sufficient appropriate audit evidence to support its opinion(s). This section does not discuss instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules related to maintaining independence.

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

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

- In six of 12 audits reviewed, the firm, when testing journal entries for evidence of possible material misstatement due to fraud, did not perform sufficient procedures to determine whether the journal entry population from which it made its selections was complete. In these instances, the firm was non-compliant with AS 1105, *Audit Evidence*.
- In three of 12 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 12 audits reviewed, the firm, when testing journal entries for evidence of possible material misstatement due to fraud, did not consider the characteristics of potentially fraudulent journal entries when identifying and selecting entries for testing. In this instance, the firm was non-compliant with AS 2401, *Consideration of Fraud in a Financial Statement Audit*.
- In three of 12 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 these instances, the firm was non-compliant with AS 2401, *Consideration of Fraud in a Financial Statement Audit*.
- In one of 12 audits reviewed, the firm's report on Form AP included inaccurate information related to the participation in the audit by an other accounting firm. In this instance, the firm was non-compliant with PCAOB Rule 3211, *Auditor Reporting of Certain Audit Participants*.
- In one of 12 audits reviewed, the firm did not provide the audit committee the required independence communications prior to accepting the audit. In this instance, the firm was non-compliant with PCAOB Rule 3526, *Communication with Audit Committees Concerning Independence*.



## 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 we identified and 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 identified the following instances of apparent non-compliance with PCAOB Rule 3520:

- Under Rule 2-01(c)(7), an accountant is not independent if it is engaged to render audit or non-audit services to an issuer or its subsidiaries without that engagement having been pre-approved by the audit committee. In 12 audits reviewed, we identified six instances across six issuers in which the firm could provide no persuasive evidence of the necessary audit committee pre-approval.
- Under PCAOB Rule 3500T, an accountant is not independent if it uses a non-associated firm that is not independent with respect to the audit client as part of the attest engagement of that audit client. In 12 audits reviewed, we identified one instance for one issuer in which this circumstance appears to have occurred.

### 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, 3 instances across 4 issuers,<sup>1</sup> representing approximately 4% of the firm's total reported issuer audits, in which the firm or its personnel appeared to have impaired the firm's independence because it may not have complied with Rule 2-01(c) related to maintaining independence.

While we have not evaluated the underlying reasons for the instances 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

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<sup>1</sup> The firm-identified instances of apparent non-compliance do not necessarily relate to the issuer audits that we selected for review.

caution against making any comparison of these firm-identified instances of apparent non-compliance across firms.

The instances of apparent non-compliance related to financial relationships and audit committee pre-approval requirements:

- The firm reported two instances of apparent non-compliance with Rule 2-01(c)(1) regarding financial relationships, both of which involved its personnel. Both of these instances related to investments in audit clients. One of these financial relationships was an instance where a partner in the same office as the engagement partner for an issuer had a financial relationship with that issuer.
- The firm reported one instance of apparent non-compliance with Rule 2-01(c)(7) regarding audit committee pre-approval. This instance related to tax services provided without the engagement having been pre-approved by the audit committee.

The firm has reported to us that it has evaluated these instances of apparent non-compliance and determined in all instances that its objectivity and impartiality were not impaired. The firm also reported to us that it communicated these instances to the issuers' audit committees as required by PCAOB Rule 3526.

## PART II: OBSERVATIONS RELATED TO QUALITY CONTROL

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

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

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

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

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

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

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

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



T (206) 302-6500  
F (206) 622-9975

999 Third Avenue  
Suite 2800  
Seattle, WA 98104

May 16, 2025

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

Re: Response to Part I of Draft Report on the 2024 Inspection of Moss Adams LLP

Dear Ms. Gunia:

Moss Adams is pleased to provide its response to the Public Company Accounting Oversight Board's (the "PCAOB") Draft Report on the 2024 Inspection of Moss Adams LLP (the "Draft Report").

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

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

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

Sincerely,

*Moss Adams LLP*

Assurance, tax, and consulting offered through Moss Adams LLP. Investment advisory services offered through Moss Adams Wealth Advisors LLC. Investment banking offered through Moss Adams Capital LLC.

