
2024 Inspection

Baker Tilly US, LLP

(Headquartered in Chicago, Illinois)

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. 104-2025-106



EXECUTIVE SUMMARY

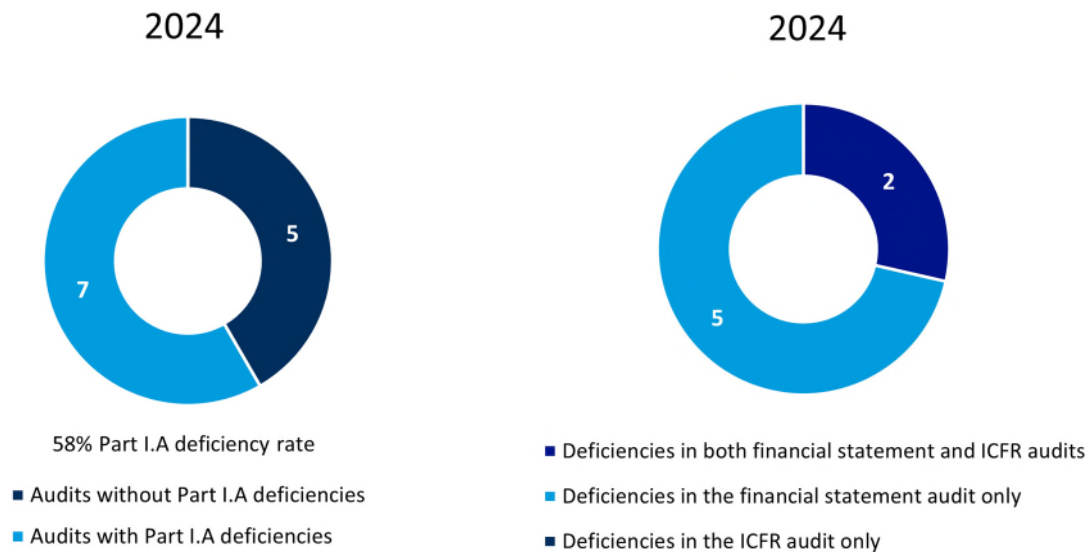
Our 2024 inspection report on Baker Tilly US, LLP provides information on our inspection to assess the firm's compliance with Public Company Accounting Oversight Board (PCAOB) standards and rules and other applicable regulatory and professional requirements. This executive summary offers a high-level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

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

If we include a Part I.A or Part I.B deficiency in this report — other than those deficiencies for audits with incorrect opinions on the financial statements and/or ICFR — it does not necessarily mean that the issuer's financial statements are materially misstated or that undisclosed material weaknesses in ICFR exist. If we include a Part I.C deficiency in this report, it does not necessarily mean that the Board has concluded the firm was not objective and impartial throughout the audit and professional engagement period. If we include a deficiency in Part I.A, Part I.B, or Part I.C of this report, it does not necessarily mean that the firm has not addressed the deficiency.

Overview of the 2024 Deficiencies Included in Part I

Seven of the 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 testing data or reports used in substantive testing, testing an estimate, and performing substantive testing to address a risk of material misstatement.

The Part I.B deficiencies in 2024 related to consideration of fraud, the firm's audit report, critical audit matters, and Form AP.

The Part I.C deficiencies in 2024 related to non-audit services and the use of a non-independent firm on an engagement.

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2024 INSPECTION

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

We selected for review 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

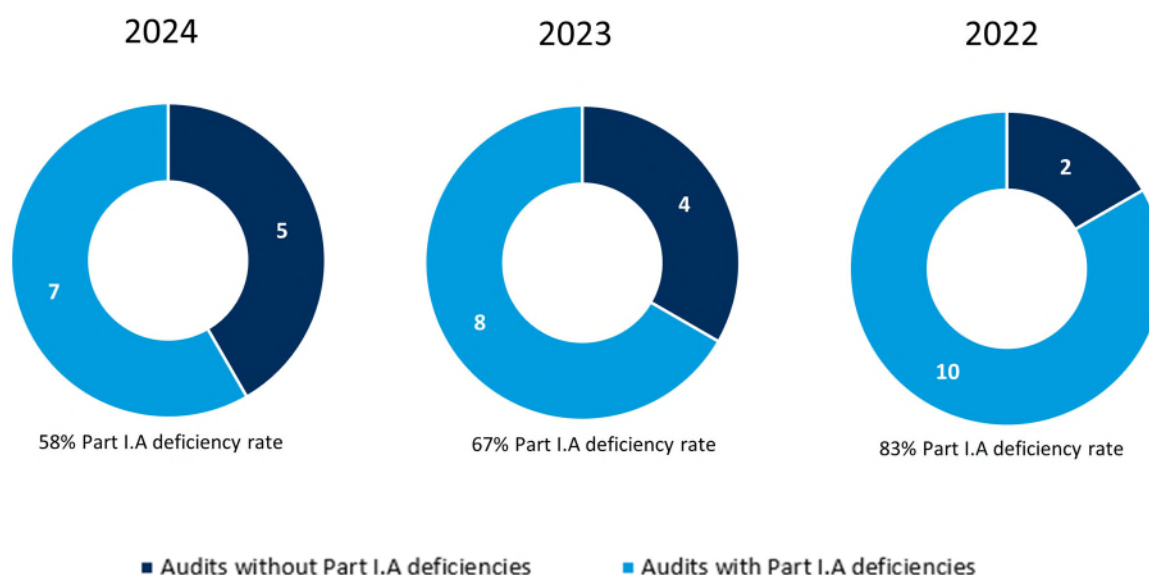
The following information provides an overview of our 2024 inspection as well as data from the previous two inspections. We use a combination of risk-based and random methods to select audits for review and to identify areas on which we focus our review. Because our inspection process evolves over time, 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
Total audits reviewed			
Total audits reviewed	12	12	12
Selection method			
Risk-based selections	10	10	10
Random selections	2	2	2
Total audits reviewed	12	12	12
Principal auditor			
Audits in which the firm was the principal auditor	12	12	12
Audits in which the firm was not the principal auditor	0	0	0
Total audits reviewed	12	12	12
Audit type			
Integrated audits of financial statements and ICFR	4	4	4
Financial statement audits only	8	8	8
Total audits reviewed	12	12	12

Part I.A Deficiencies in Audits Reviewed

In 2024, all of the audits appearing in Part I.A were selected for review using risk-based criteria. In 2023, six of the eight audits appearing in Part I.A were selected for review using risk-based criteria. In 2022, eight of the 10 audits appearing in Part I.A were selected for review using risk-based criteria.

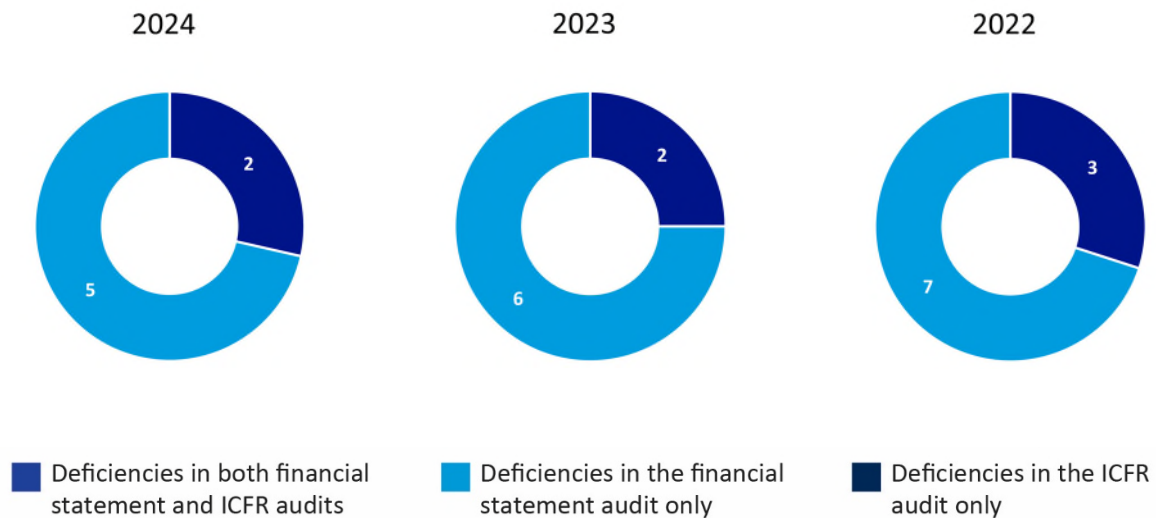


If we include a deficiency in Part I.A of our report, it does not necessarily mean that the firm has not addressed the deficiency. In certain cases, the firm may have performed remedial actions after the deficiency was identified. Depending on the circumstances, remedial actions may include performing 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, restated its financial statements to correct misstatements. Our 2022 inspection procedures involved one audit for which the issuer, unrelated to our review, restated its financial statements to correct a misstatement and the firm revised and reissued its report on the financial statements.

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 of data or reports used in the firm's substantive testing	4	5	6
Did not sufficiently test an estimate	3	2	10
Did not perform sufficient testing related to a significant account or disclosure or to address an identified risk	3	4	7

Deficiencies in ICFR audits	Audits with Part I.A deficiencies		
	2024	2023	2022
Did not identify and test any controls that addressed the risks related to a significant account or relevant assertion	2	2	1
Did not perform sufficient testing of the design and/or operating effectiveness of controls selected for testing	1	2	3
Did not identify and/or sufficiently test controls over the accuracy and completeness of data or reports that the issuer used in the operation of controls	1	2	2

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	9	5	Revenue and related accounts	6	4	Revenue and related accounts	8	6
Inventory	4	2	Business combinations	4	2	Business combinations	3	3
Investment securities	3	0	Investment securities	3	0	Investment securities	3	0
Allowance for credit losses	2	1	Going concern	3	0	Cash and cash equivalents	3	0
Long-lived assets	2	0	Inventory	2	2	Allowance for loan losses	2	2

Audit Areas with Frequent Part I.A Deficiencies

This table reflects the audit areas with the most frequently identified Part I.A deficiencies in each inspection year with the corresponding results for the other two years presented.

Audit area	2024		2023		2022	
	Audits with Part I.A deficiencies	Audits reviewed	Audits with Part I.A deficiencies	Audits reviewed	Audits with Part I.A deficiencies	Audits reviewed
Revenue and related accounts	5	9	4	6	6	8
Inventory	2	4	2	2	2	2
Allowance for credit losses/ Allowance for loan losses	1	2	1	2	2	2
Business combinations	0	1	2	4	3	3

Revenue and related accounts: The deficiencies in 2024 primarily related to substantive testing of revenue. The deficiencies in 2023 and 2022 related to substantive testing of, and testing controls over, revenue and related accounts, including testing whether relevant revenue recognition criteria were met.

Inventory: The deficiencies in 2024 and 2022 primarily related to substantive testing of the existence and valuation of inventory, including evaluating the reasonableness of the inventory reserve. The deficiencies in 2023 primarily related to testing controls over inventory and the resulting overreliance on controls when performing substantive testing.

Allowance for credit losses/Allowance for loan losses: The deficiencies in 2024, 2023, and 2022 primarily related to substantive testing of, and testing controls over, significant assumptions used by the issuer to determine the allowance for credit losses/allowance for loan losses.

Business combinations: The deficiencies in 2023 related to evaluating business combination disclosures and testing controls over the reasonableness of the fair value of acquired assets and assumed liabilities. The deficiencies in 2022 primarily related to substantive testing of significant assumptions used by the issuer to determine the fair value of acquired assets.

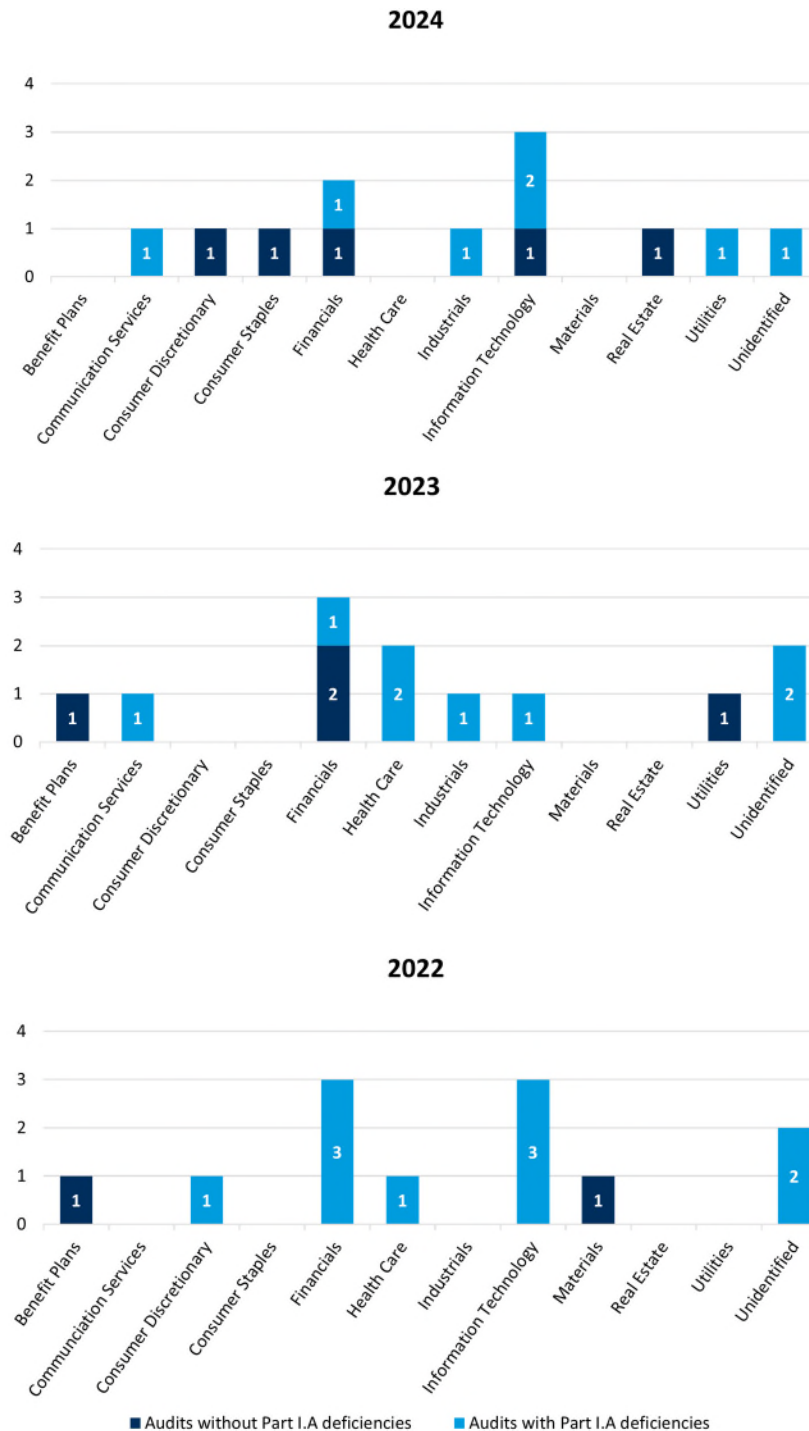
Auditing Standards Associated with Identified Part I.A Deficiencies

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

PCAOB Auditing Standards	2024	2023	2022
<i>AS 1105, Audit Evidence</i>	6	9	16
<i>AS 1201, Supervision of the Audit Engagement</i>	1	0	3
<i>AS 1210, Using the Work of an Auditor-Engaged Specialist</i>	0	0	1
<i>AS 2201, An Audit of Internal Control Over Financial Reporting That Is Integrated with An Audit of Financial Statements</i>	4	12	9
<i>AS 2301, The Auditor's Responses to the Risks of Material Misstatement</i>	4	12	9
<i>AS 2305, Substantive Analytical Procedures</i>	2	3	2
<i>AS 2310, The Confirmation Process</i>	1	0	0
<i>AS 2315, Audit Sampling</i>	1	3	2
<i>AS 2501, Auditing Accounting Estimates, Including Fair Value Measurements</i>	5	4	15
<i>AS 2510, Auditing Inventories</i>	1	0	1
<i>AS 2810, Evaluating Audit Results</i>	1	2	1

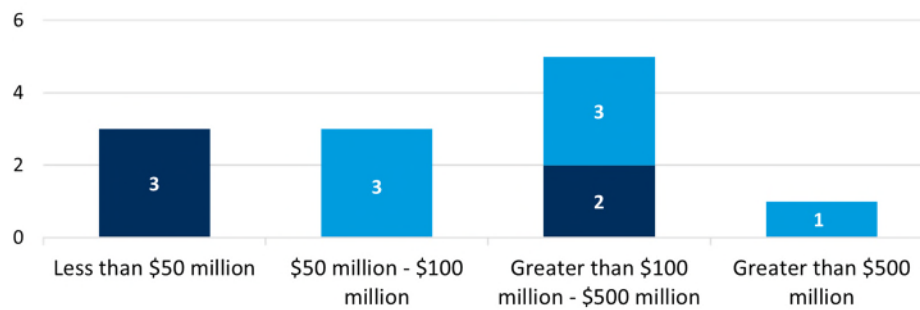
Inspection Results by Issuer Industry Sector

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

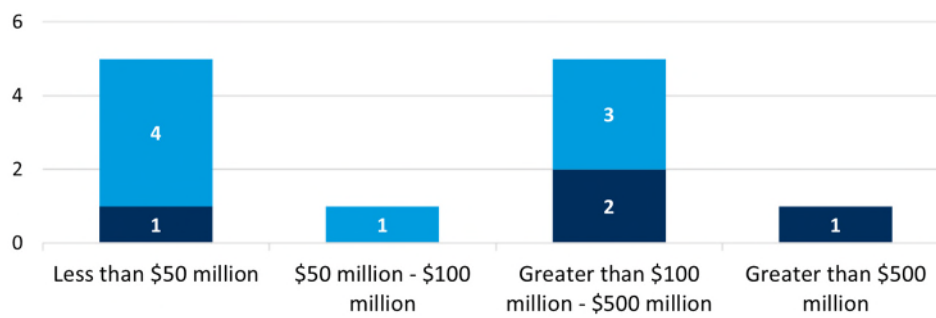


Inspection Results by Issuer Revenue Range

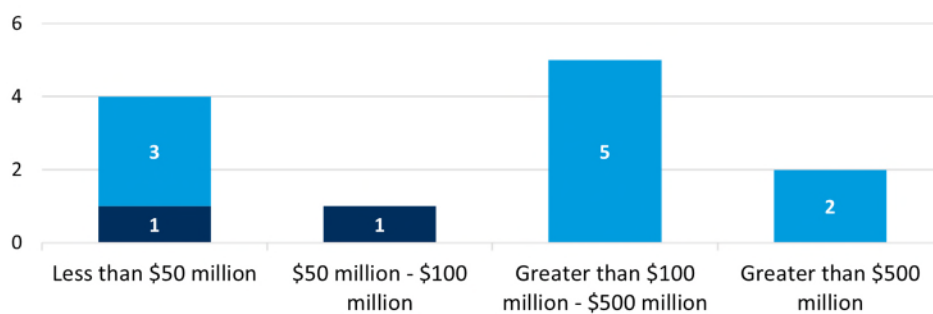
2024



2023

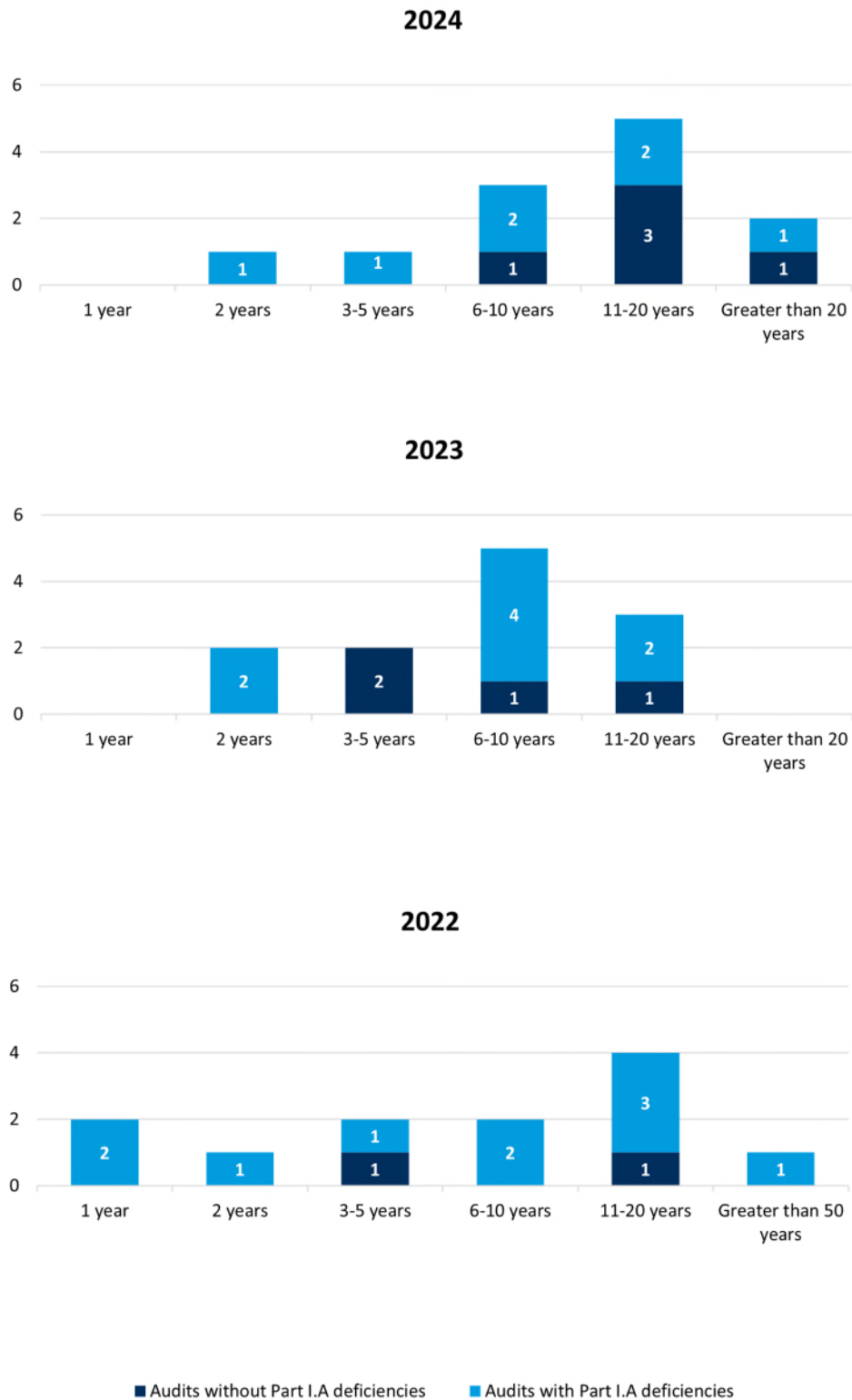


2022

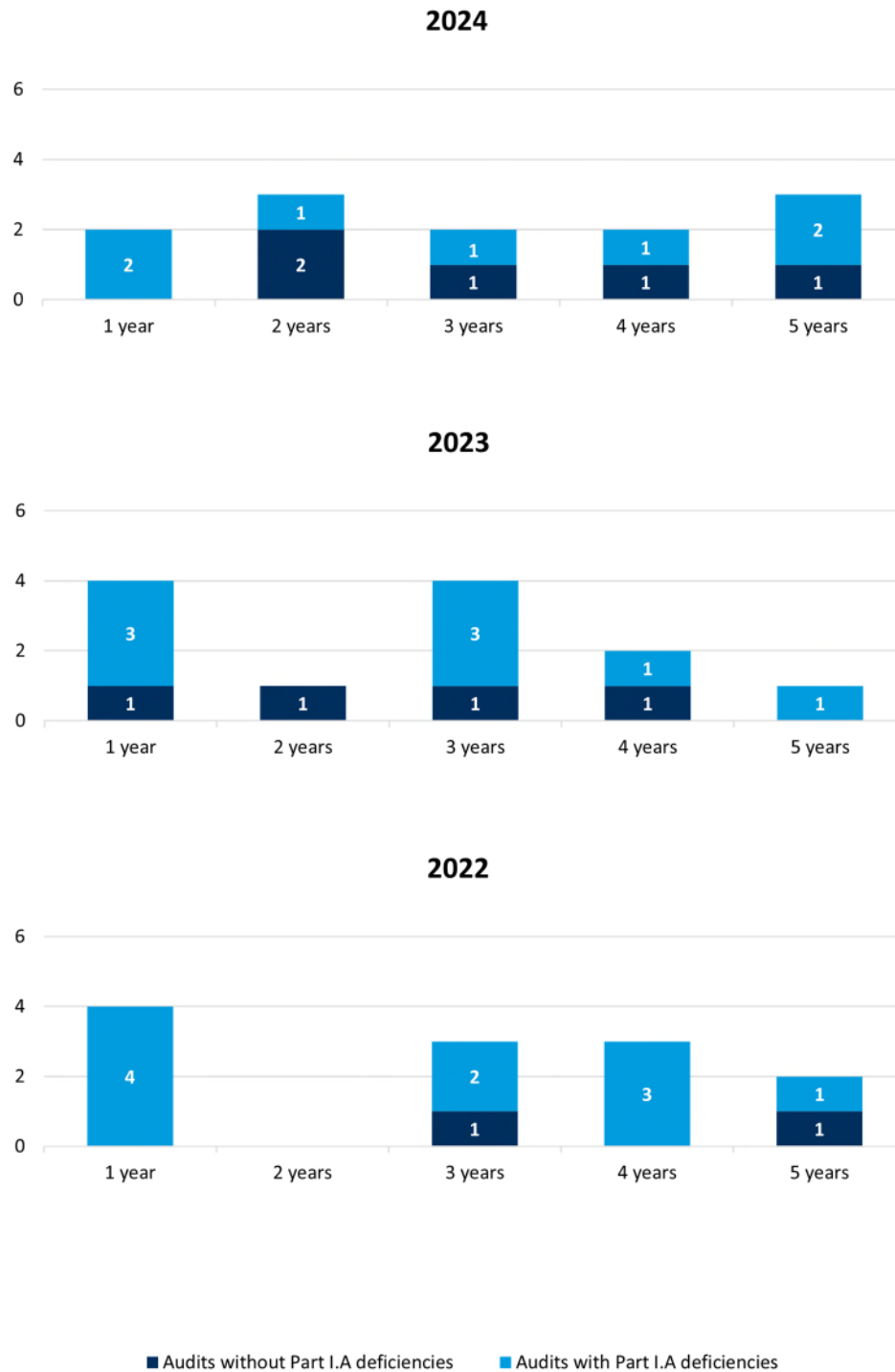


■ Audits without Part I.A deficiencies ■ Audits with Part I.A deficiencies

Inspection Results by the Firm's Tenure on the Issuer



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



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.

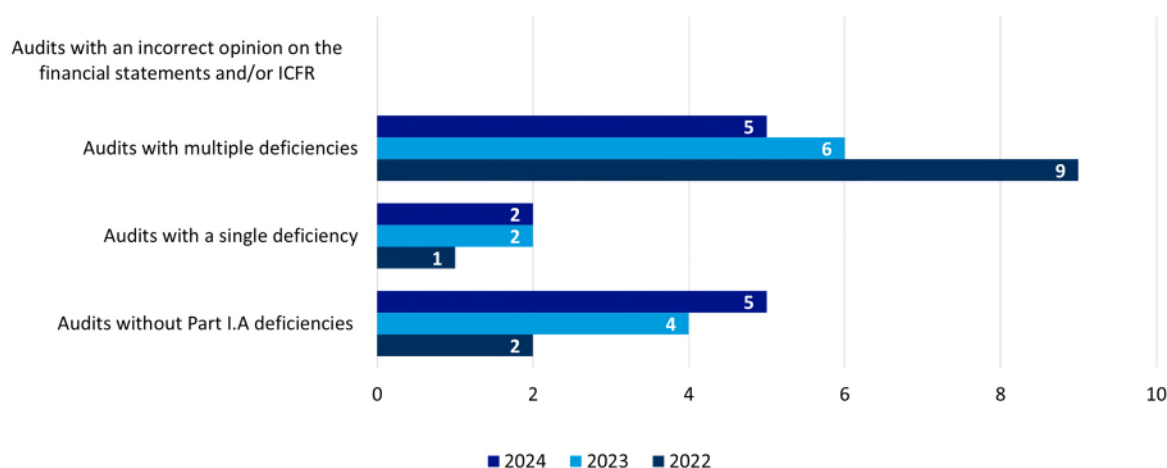
Audits with Multiple Deficiencies

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 – Industrials

Type of audit and related area affected

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

Description of the deficiencies identified

The firm's approach for substantively testing the reserve for excess and obsolete (E&O) inventory was to test the issuer's process. The firm did not perform procedures to evaluate the reasonableness of a significant assumption the issuer used to develop the E&O reserve, beyond reading an issuer-prepared memorandum. (AS 2501.16)

Unrelated to our review, the issuer reevaluated its accounting for its inventory and concluded that material misstatements existed that had not been previously identified. The issuer corrected these misstatements in a restatement of its financial statements in a subsequent filing.

The issuer performed cycle counts of the majority of its inventory. The firm did not perform sufficient substantive procedures to test this inventory because the firm did not evaluate the methodology and selection parameters used by the issuer or perform other procedures to determine whether the issuer's cycle-count procedures were sufficiently reliable to produce results substantially the same as those that would have been obtained by a count of all items each year. (AS 2510.11)

Issuer B – 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 **Revenue**.

Description of the deficiencies identified

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

The issuer determined its excess and obsolete (E&O) reserve for certain inventory based, in part, on a calculation of the amount of this inventory it expected to use to manufacture certain products. The firm did not identify and test any controls over this calculation. (AS 2201.39)

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

The firm's approach for substantively testing the E&O reserve was to test the issuer's process. The firm did not sufficiently evaluate the reasonableness of certain significant assumptions the issuer used to develop the E&O reserve because the firm did not perform procedures, beyond inquiring of management, to evaluate certain significant differences between these assumptions and the issuer's recent experience. (AS 2501.16)

The firm did not perform any substantive procedures to test the unit cost of certain categories of inventory. (AS 2301.08)

The issuer held certain inventory at locations owned by external parties. The firm performed confirmation procedures to test the existence of this inventory but did not maintain control over the confirmation requests because the issuer sent the requests. (AS 2310.28)

With respect to certain of the issuer's inventory disclosures, the following deficiencies were identified:

- The firm selected for testing a control that included the issuer's review of its financial statement disclosures but did not test the aspect of the control that addressed the accuracy and completeness of the issuer-prepared schedules used to prepare these inventory disclosures. (AS 2201.42 and .44)
- The firm used these issuer-prepared schedules in its substantive testing of these inventory disclosures but did not test, or (as discussed above) sufficiently test controls over, the accuracy and completeness of these schedules. (AS 1105.10)

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

The firm selected for testing a control that consisted of the issuer's review of a significant assumption used to develop a reserve for certain customer discounts. The firm did not evaluate the specific review procedures that the control owners performed to assess the reasonableness of this assumption. (AS 2201.42 and .44)

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 **Allowance for Credit Losses (ACL)**, for which the firm identified a significant risk.

Description of the deficiencies identified

The issuer's ACL included reserves for loans collectively evaluated for impairment and for loans individually evaluated for impairment. For loans that were collectively evaluated for impairment, the issuer estimated quantitative, qualitative, and economic reserve components. The following deficiencies were identified:

- The issuer assigned a loan risk rating to its commercial loans. The loan risk rating was an important input in estimating the ACL and determining whether a loan would be individually or collectively evaluated for impairment. The firm did not identify and test any controls over the assignment of the loan risk rating to a certain population of these loans. (AS 2201.39)
- The firm's approach for substantively testing the ACL was to test the issuer's process, and the firm used an auditor-employed specialist to evaluate the methods and certain significant assumptions used by the issuer. The firm did not identify that the auditor-employed specialist did not evaluate the reasonableness of the significant assumptions that the issuer used to develop the quantitative and economic reserve components. (AS 1201.C6 and .C7; AS 2501.16) In addition, the firm did not evaluate the reasonableness of the significant assumptions related to the qualitative factors that the issuer used to develop the qualitative reserve component. (AS 2501.16)
- The firm did not sufficiently evaluate whether the methods the issuer used to develop the ACL were in conformity with the requirements of GAAP because it did not evaluate whether the issuer's economic reserve component was duplicative of a portion of the qualitative reserve

component that also related to economic conditions. (AS 2501.10) In addition, the firm did not evaluate the relevance of certain external data the issuer used in developing the economic reserve and the qualitative reserve. (AS 1105.04 and .06)

Issuer D – Communication Services

Type of audit and related areas affected

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

Description of the deficiencies identified

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

The firm used certain issuer-produced data in its substantive testing of one type of revenue and the related deferred revenue but did not test, or test any controls over, the accuracy of these data. (AS 1105.10)

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

In connection with our review, the issuer reevaluated its disclosures related to revenue 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.

With respect to **Payroll Expenses**:

The firm's substantive procedures to test payroll expenses included performing substantive analytical procedures. The firm used employee headcount information produced by a service organization to develop its expectations but did not evaluate the reliability of this information. (AS 2305.16)

Issuer E

Type of audit and related areas affected

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

Description of the deficiencies identified

With respect to **Revenue**:

The firm's substantive procedures to test two types of revenue included selecting a sample of transactions for testing. The following deficiencies were identified:

- For one of these revenue types, the issuer recognized revenue for certain of these transactions based on labor hours recorded in the issuer's time system. The firm did not perform procedures to test the appropriateness of the labor hours allocated to these transactions. (AS 2301.08)

- For both of these revenue types, the firm did not evaluate whether the issuer was acting as a principal or as an agent for these transactions. (AS 2301.08)

The firm used various system-generated reports and issuer-prepared schedules in its substantive testing of certain of the issuer's revenue and related disclosures but did not test, or test any controls over, the accuracy and/or completeness of these reports and schedules. (AS 1105.10)

With respect to **Pension Liabilities**:

The issuer provided a company's specialist with certain demographic and employment data that were used to estimate the issuer's projected benefit obligation. The firm did not perform sufficient procedures to test the accuracy and completeness of these data because it (1) did not test the accuracy of certain important data attributes for the participants selected for testing and (2) limited its completeness procedures to testing whether certain participants were appropriately removed from the data. (AS 1105.A8a)

Audits with a Single Deficiency

Issuer F – Information Technology

Type of audit and related area affected

In our review, we identified a deficiency in the financial statement audit related to **Revenue**. The firm's internal inspection program had inspected this audit and reviewed this area but did not identify the deficiency below.

Description of the deficiency identified

The firm used issuer-prepared schedules in its substantive testing of certain revenue disclosures but did not perform procedures to test, or test any controls over, the accuracy and/or completeness of these schedules. (AS 1105.10)

Issuer G – Utilities

Type of audit and related area affected

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

Description of the deficiency identified

The firm's substantive procedures to test revenue included performing substantive analytical procedures. The firm used certain issuer-produced production volume data to develop its expectations but did not sufficiently test, or test any controls over, the accuracy and completeness of the production volume data because the firm's procedures were limited to comparing the production volume data to other issuer-produced data, which were used to derive revenue. (AS 2305.16)

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

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

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

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

- In one of 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 this instance, 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 audit report and report on Form AP incorrectly stated the issuer name. In these instances, 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*, and PCAOB Rule 3211, *Auditor Reporting of Certain Audit Participants*.
- In one of 11 audits reviewed, the firm's communication of a critical audit matter in the audit report included language that was inconsistent with information in the firm's audit documentation. In this instance, the firm was non-compliant with AS 3101, *The Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion*.

PART I.C: INDEPENDENCE

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

This section of our report discusses identified instances of apparent non-compliance with PCAOB Rule 3520. An instance of apparent non-compliance with PCAOB Rule 3520 does not necessarily mean that the Board has concluded the firm was not objective and impartial throughout the audit and professional engagement period. Although this section includes instances of apparent non-compliance with PCAOB Rule 3520 that the firm brought to our attention, there may be other instances of non-compliance with rules related to independence that were not identified through our procedures or the firm's monitoring activities.

PCAOB-Identified

We did not identify any instances of apparent non-compliance with PCAOB Rule 3520.

Firm-Identified

During the inspection, the firm brought to our attention that it had identified, through its independence monitoring activities, for a 12-month period, two instances across two issuers,¹ representing approximately 2% 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) or PCAOB Rule 3500T related to maintaining independence. One of these instances of apparent non-compliance involved a non-U.S. associated firm.

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

The instances of apparent non-compliance related to non-audit services and the use of a non-independent firm on an engagement:

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

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

- The firm reported one instance of apparent non-compliance with PCAOB Rule 3500T regarding the firm's use of a non-associated firm that was not independent with respect to the audit client. This instance related to services provided by a non-associated firm that the firm determined to be prohibited because that non-associated firm performed a management function for a company that was an affiliate of an issuer.

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.



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May 14, 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 the Draft Report on the 2024 Inspection of Baker Tilly US, LLP

Dear Ms. Gunia:

We appreciate the opportunity to provide our response to Part I of the Public Company Accounting Oversight Board's (the PCAOB) Draft Report on the 2024 Inspection of Baker Tilly US, LLP (the Draft Report).

We appreciate the PCAOB's mission and take our responsibilities to conduct audits in conformity with PCAOB standards very seriously. Accordingly, we carefully evaluate each of the PCAOB's inspection observations and undertake remediation at both the firm and engagement level, including in cases where we may disagree with the PCAOB's observations or the way the observations are classified or described in the Draft Report.

In addition to PCAOB Board Members and staff, we recognize other stakeholders may be interested in our response to the matters cited in the Draft Report. We believe the following points are important for stakeholders' understanding:

1. **Part I.A** – We have evaluated each of the matters set forth in Part I.A and have taken remedial actions appropriate in the circumstances under relevant PCAOB auditing standards, including AS 2901, *Consideration of Omitted Procedures After the Report Date*, AS 2201, *An Audit of Internal Control Over Financial Reporting That Is Integrated with An Audit of Financial Statements*, and, where applicable, AS 2905, *Subsequent Discovery of Facts Existing at the Date of the Auditor's Report*.
2. **Part I.B** – We also evaluated the other compliance matters referenced in Part I.B and concluded there was no impact on our audit reports or the underlying financial reporting for these matters.
3. **Part I.C** – As noted in the Draft Report, for each of the two firm-identified independence matters in Part I.C, we concluded these matters did not impair our firm's objectivity or impartiality for our audits of the issuers' financial statements.

We are committed to advancing audit quality, and the work of the PCAOB provides valuable insight to our quality improvement process. Improving audit quality is a continual process, and we look forward to

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

Ms. Christine Gunia
Public Company Accounting Oversight Board
May 14, 2025
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collaborating with the PCAOB to pursue our shared objective of enhancing audit quality for the benefit of investors.

Sincerely,

Baker Tilly US, LLP

BAKER TILLY US, LLP

