

FORVIS[®]



2024 QUALITY REPORT

The Importance of Quality

Our Commitment to Integrity & Excellence

Quality

Our mission at **FORVIS** is “To build remarkable careers and provide an **Unmatched Client Experience**® through an uncommon commitment to excellence.” An uncommon commitment to excellence requires us to maintain the highest level of quality in delivering our professional services, making quality a foundational component of living out our mission.

In 2023, FORVIS continued to build on the momentum of the 2022 merger of equals of BKD and Dixon Hughes Goodman by further integrating our processes and systems. Our continued path toward operating as ONE FORVIS will allow us to more fully leverage the combined skills and resources that our new firm has to offer. In the midst of significant change, our teams remained focused on delivering high-quality results to our clients. In November 2023, we were excited to announce the creation of a new, [top 10 global network with Mazars](#), effective June 1, 2024. This network will bring new resources for our clients with international operations as well as exciting opportunities for our team members to expand their professional careers.

This report is streamlined to share matters unique to our assurance practice. Matters such as our investments and outcomes in people initiatives, thought leadership, security, and infrastructure, which are relevant to achieving high-quality results, will be covered in our forthcoming 2024 Integrated Report.

Our Quality Report supplements the broader Integrated Report by sharing items focused on the quality structure of our assurance practice. Read together, these documents illustrate how specific efforts in quality management align with FORVIS’ purpose, mission, and vision to continue positioning the firm as one of the country’s top professional service firms.

We are proud of the efforts that our teams have made to create FORVIS. It is our collective uncommon commitment to excellence that has propelled us forward and allowed us to maintain high-quality standards. Thank you for the opportunity to share our quality story with you.

Please share your comments and questions directly with me or your team leadership at FORVIS.



Will Neeriemer

Chief Quality Officer

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Key Elements in Our Integrated Report

FORVIS is committed to our mission to build remarkable careers and provide an Unmatched Client Experience through an uncommon commitment to excellence.

These key elements that support quality results in our assurance practice will be detailed in our 2024 Integrated Report that will be released in the summer of 2024:

- **Our Commitment to Our People** – Quality is not possible without a dedicated and talented team. Our firm continues to focus our efforts to reward, train, and support our team and is proud of the results.
- **Investment in Innovation** – Continuous improvement is a key component of maintaining quality. Our firm is committed to constantly seek out new technologies and processes to improve our delivery of high-quality professional services.

Our Integrated Report covers these and many other factors that reinforce our assurance practice, as well as our goal of making quality a foundational component of living out our mission. Statistics on our results, employee matters, and other outcomes also are covered in that report. We invite you to review the Integrated Report in combination with the Quality Report and its focus on specific structural matters.

Careful Consideration of Client Engagements

An important element of the risk management process at FORVIS is our careful selection of clients. We look for ethical behavior and strong operational capabilities in the clients we serve. Clients assess our ethics and quality when comparing firms—our experience shows they respect our interest in evaluating them as well. This past year we saw an extraordinary number of new opportunities as the market reacted to the expanded capabilities that our firm offers and as industrywide staffing challenges created disruption in long-term client and accounting firm relationships. We remained disciplined when evaluating each potential engagement and only accepted engagements that were the best fit for our team and our prospective client.

For any significant service, we use sophisticated workflows to gather background information to identify the challenges facing an organization. These matters are sometimes complex, and surfacing potential challenges early is important. This evaluation extends beyond historical financial statements, tax returns, or similar reports. For instance, for audit engagements, FORVIS engages with two leading investigative firms to assist in researching national and international databases and legal information so that we have a comprehensive understanding of our prospective clients.

Potential Client Considerations

- Nature of & purpose for the services being performed
- Demographics (structure, team capabilities, etc.)
- Tax & regulatory history, including planning
- Economics, including industry & general performance
- Operations (life cycle, fraud, nature of product/services)
- Quality of financial records, internal control
- Related parties, turnover, conflicts of interest
- Litigation history, both as a defendant & plaintiff
- Unique consideration of industry, nature of the entity (such as a benefit plan), or nature of the service FORVIS would provide

In addition to obtaining information from a background check, we also interview prior accountants about management and their evaluation of the client’s integrity, along with the existence of any fraud, illegal acts, or related matters.

By strengthening our understanding, we are more alert to challenging issues and possible risks. This allows us to help ensure we assign appropriate resources to each engagement that we ultimately accept.

These efforts translate to a strong client base that enhances the work we do and protects our clients and FORVIS.

Technical Ability & Leading the Process

Philosophy

Success at FORVIS is built on providing an Unmatched Client Experience. We deliver on this component of our mission through a combination of our collective experience and technical ability to provide assurance, tax, and consulting services. Our technical and quality commitment is driven by structure and talent development, which requires investment commensurate with our investments for growth.

Technical quality responsibilities and leadership positions are highly respected and sought after within our firm. Technical excellence increases our service capabilities to clients and is seen as a positive contributor. These roles aren’t “secondary,” as our compensation and career path model respects these contributions and places them on equal footing with direct client service and growth-oriented roles.



As of November 30, 2023, FORVIS maintained a ratio of 1 individual in a technical quality role for every 8.1 assurance practice engagement executives.

Establishing a Culture of Continual Learning

Our purpose at FORVIS is “to help those we serve unlock their full potential.” For our team members, that includes a commitment to providing access to a wide variety of learning opportunities that helps them meet client needs and develop their own leadership skills.

Public accounting operates in an apprenticeship-type model; therefore, much of what our team members learn comes through their experience working on real-world problems. To enhance this aspect of their development, we encourage both formal and informal feedback on a regular basis, including feedback at the conclusion of significant engagements. Each team member is assigned a coach that keeps up with their development and can provide timely advice and guidance as new challenges arise.



As of November 30, 2023, FORVIS maintained a ratio of 1 assurance partner for every 6 staff.

FORVIS has invested in a Learning and Development (L&D) team of professionals who assist our assurance, tax, and consulting practice leaders in developing, delivering, and tracking compliance with continuing professional education requirements. Our professional standards groups for tax and assurance have dedicated professionals to work with our L&D team in developing content for these trainings.

Unique to our firm, we have a Chief Change Officer and Change Hub team to support strategic change initiatives. We leverage Change Champions when implementing significant changes to processes or technologies. In the current year, we trained and deployed Change Champions to each local office to reinforce training related to our continuing integration of tax and assurance technology platforms.

Technical training is a top priority for our L&D department. However, we also believe that improving our leadership and interpersonal skills is a critical component of having an uncommon commitment to excellence. Our course catalog includes a number of courses to develop the entire professional, and our team members are encouraged to invest their time in these as a part of their overall training plans.



For the 12 months ended November 30, 2023, our assurance professionals completed an average of 58 hours of continuing professional education.

Continual Improvement & Innovation

In 2023, we continued our work on integrating the ways that we accept, perform, and deliver on client engagements in line with our value of delivering innovative solutions. This year saw the firm align on a single technology platform for both assurance and tax workpapers. In addition, we developed and began a pilot of an enhanced assurance methodology that will help further leverage our current technologies and drive efficiency and effectiveness in our approach to assurance engagements.

We also began the deployment of a new independence monitoring system. This new system will allow our team members to more easily compare their personal financial holdings to our client and prospect lists to help ensure that we maintain appropriate independence when required for our services.

Our firm is also closely following the rapidly expanding availability and use of generative artificial intelligence (AI). We have formed a multidisciplinary task force internally to monitor developments, create acceptable use policies, and consider how we might harness this technology to improve our services and better leverage our team members' time and effort.

Assurance Quality Structure

Each assurance engagement is evaluated by its risk characteristics to focus key resources on complex technical matters. Our risk analysis is linked to team member experience in the industry or subject matter area, and audit engagement leaders are assigned specific responsibilities. Our goal is to help ensure teams of the right size and experience are addressing our clients' challenging and ever-changing needs.

Structurally, all audit and review engagements at FORVIS are subject to a quality review by a reviewer not otherwise involved in the details of a client relationship. This layer allows for a fresh perspective on each engagement.

In addition to engagement-based leadership, our professional standards team is vital to our results. Office- and industry-based assurance quality leaders form the first line of support for engagement teams and often serve as quality reviewers. Individuals who demonstrate strong technical skills are recruited for these positions across the firm. Assurance quality leaders are supported through a firmwide network of similar personnel and with specific regional and industry training and guidance.

Regional assurance quality leaders oversee assurance quality in our five geographic regions. These individuals are responsible for providing regional coordination and guidance on our clients' most technically challenging issues. As an extension of our national A&A (Accounting and Assurance) leadership, they often assist with particularly challenging consultations on complex topics and support the technical needs of our broader practice. Local, regional, industry, and national resources routinely present trainings to FORVIS assurance personnel that cover a variety of topics. Their experience is leveraged to assist with interpreting new standards and authoring many of our technical positions.

Our national A&A Professional Standards Group (PSG) consists of partners, managing directors, and others who have a broad responsibility for standards implementation, training, consultation, and overall management of the quality of our assurance services. Key national personnel include our national director of A&A PSG who leads our PSG team, our national SEC services partner, and our national director of assurance methodology and innovation, who along with supporting partners and others consult with engagement teams on new, complex, or high-risk matters. Our Assurance Methodology & Innovation team is responsible for developing and maintaining our proprietary assurance methodology as well as the technology tools and platforms that we use to execute on our methodology.

Our national director of independence is responsible for advising all service lines on independence matters, including a review of new service offerings, as well as establishing and maintaining procedures and policies to assist with compliance. FORVIS is committed to maintaining independence in both appearance and in fact when delivering assurance services. Our national director of independence also manages the firm's process for considering independence when onboarding new clients to help make the firm aware of any potential conflicts before engaging with a new client.

Our national director of practice monitoring leads the firm's efforts to monitor quality in each service line. This includes our internal inspection process as well as any external inspections. In addition, our monitoring team assists with determining the root cause of any identified issues and developing appropriate remediation.

FORVIS has established an Assurance Committee made up of members from each region of the firm as well as members of the A&A PSG team and Assurance Methodology & Innovation team. The committee meets several times annually to discuss items relevant to the assurance practice. The committee reviews the results of internal inspections and the implementation of remediation activities. The committee also provides input into significant changes to assurance methodologies or procedures.

Rules & Standards

FORVIS demands integrity, professional skepticism, and competence from all engagement personnel. Specific to audits, we are focused on high-quality professional performance and compliance with all applicable auditing standards, including:

- Auditing standards generally accepted in the United States
- PCAOB standards
- International Standards on Auditing promulgated by the International Auditing and Assurance Standards Board (IAASB)
- Generally Accepted Government Auditing Standards (GAGAS)

Elements of Our Quality Control Manual



Leadership responsibilities for quality



Acceptance and continuance of client relationships and specific engagements



Relevant ethical requirements



Engagement performance



Human Resources



Monitoring

Policies and procedures at FORVIS implement the quality control standards established by the AICPA, PCAOB, and IAASB. Our teams abide by our quality control manual, which drives the conduct and performance of our audits.

The IAASB issued a new suite of standards on quality management, International Standard on Quality Management (ISQM) 1 and 2, along with revisions to International Standard on Auditing 220, all of which became effective on December 15, 2022. These changes aim to strengthen firms' systems of quality management through a robust, proactive, and effective approach to quality management by encouraging firms to design a system of quality management that is tailored to the nature and circumstances of the firm and the engagements it performs. In December 2023, we completed our first required test of our system of quality control in accordance with ISQM 1 and concluded with reasonable assurance that our system of quality management was operating effectively.

The AICPA has also issued three new quality management standards—Statement on Quality Management Standards (SQMS) No. 1, A Firm's System of Quality Management; SQMS No. 2, Engagement Quality Reviews; and Statement on Auditing Standards No. 146, Quality Management for an Engagement Conducted in Accordance with Generally Accepted Auditing Standards. These AICPA standards generally align with the IAASB ISQM 1. In late 2022, the PCAOB issued a proposed standard on a Firm's System of Quality Control. The proposed standard introduces some additional considerations beyond the AICPA's and IAASB's, and we have begun preparing for any needed changes that may come as a result of adoption.

FORVIS is engaged in evaluating how these changes in the AICPA and PCAOB standards may already be addressed in our processes as updated for the adoption of ISQM 1, or what opportunities we may find to make continued improvements. Similar to our adoption of the ISQM 1 standard, we will dedicate a team of resources to help our system of quality control adhere to the PCAOB and AICPA standards.

Assurance Culture

Our firm leaders shared these observations when asked to describe our assurance culture:



“

The firm implemented significant changes to its processes and systems in the current year. It is a testament to our team's commitment to quality that they remained focused on executing at the highest level on their client engagements as was confirmed by our positive results in this year's peer review.”

Will Neeriemer
Chief Quality Officer

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Our uncommon commitment to excellence is the driving force behind our efforts to maintain the highest level of quality. This commitment goes well beyond our efforts on client engagements and extends to every facet of our firm. Quality is achieved by striving to ensure that our professionals have the tools, training, and support needed to allow them to do exceptional work.”

Tom Watson
Chief Executive Officer



Delivering & Monitoring Quality Results

Memberships & Regulators

FORVIS maintains high professional practice standards. In 1974, even before the AICPA issued national A&A standards, FORVIS appointed a firmwide A&A specialist. We were represented on the original AICPA quality review committee that developed the national peer review program in the mid-1970s. We also were a founding member of the AICPA's Center for Audit Quality.

We are active in our profession, including the AICPA and many state CPA societies. FORVIS is subject to the oversight of various regulators, including periodic review of our work subject to the rules of those regulators.

Some highlights of team members' involvement in the profession currently include:

- Board member of the Auditing Standards Board
- Board member of FASB's Private Company Council (PCC)
- Committee member of the National Peer Review Committee
- Chair of the AICPA's Technical Issues Committee
- Committee member of the Center for Audit Quality's Professional Practice Executive Committee
- Chair of the Governmental Audit Quality Center Executive Committee
- Member of the AICPA Board of Directors

FORVIS Registrations & Memberships

PCAOB registration

AICPA Centers for Audit Quality,
Employee Benefit Plan Audit Quality,
and Government Audit Quality

AICPA Private Companies
Practice Section

Monitoring Independence

FORVIS has a responsibility to maintain our independence. Under the direction of our national director of independence, we work to comply with related policies and monitor results to help confirm our compliance.

- All client service personnel are annually required to confirm their independence with respect to the firm's assurance clients.
- Clients with publicly available debt or equity securities are evaluated firmwide at the time of potential engagement, with affirmative confirmation of independence from partners and others required prior to accepting an engagement.
- Our professional education requirements include annual ethics training.

Internal Inspections

Each of FORVIS' offices with an assurance practice receives an inspection of that practice at least every three years. Our internal inspection teams comprise technical leaders throughout the firm, including partners, managing directors, directors, and senior managers from unrelated offices with strong experience in relevant industry and service areas. Each office inspected has at least one engagement selected for each engagement executive, so every cycle features a representative sample of engagements. The national director of practice monitoring oversees these efforts and coordinates with the national director of A&A PSG and the national director of assurance methodology and innovation for any necessary remediation. Each year we also conduct separate inspections of the firm's PCAOB engagements, employee benefit plan audit practice, and the System and Organization Controls (SOC) examination practice using individuals that have specific experience in these types of engagements.

Peer Review

As required under professional standards, every three years we also engage an independent external review firm to evaluate our A&A practice. From our entire body of work (excluding work that is subject to PCAOB review), these reviewers select a sample of recently completed engagements for inspection. During both the peer review and internal inspection processes, our approach to our work and the products delivered to clients are carefully reviewed and evaluated.

Our firm completed its first peer review post-merger this year, receiving a best possible rating of “Pass.” The peer review evaluates FORVIS’ quality control system applicable to nonpublic assurance clients. The review report can be found at www.aicpa.org.

PCAOB Inspections

Most recently issued inspection reports of our public company audit practice occurred at the legacy firms prior to the merger in 2021 and 2020. The PCAOB has not completed its report on the current inspection of FORVIS. In 2023, we issued audit reports on more than 100 issuers. Therefore, beginning in 2024, the PCAOB will inspect FORVIS on an annual basis.

We carefully evaluate each matter noted in the PCAOB’s report and implement engagement and firm-level remediation efforts as appropriate.

FORVIS remains committed to the highest audit quality standards and fully supports the PCAOB’s inspection process.

The full reports for the legacy firms can be found at www.pcaobus.org.

Accountability for Quality

As a central focus of our firm, FORVIS emphasizes the importance of quality work.

We remind ourselves of our core values with the **Be Bold** mnemonic, which stands for:

Be Your Best Self

Set high expectations for ourselves / Create an environment where everybody can succeed / Have empathy and respect the differences that make us great

Excel Always

Bring forward-looking solutions with discipline and accountability / Under promise, over deliver, and go beyond what’s expected / Follow standards of excellence for our firm and profession

Be Builders

See possibilities and deliver innovative solutions / Look for opportunities to build knowledge, be lifelong learners, and build relationships / Invest in the growth and development of others

Operate as ONE FORVIS

Bring the best of our firm forward in an intentional way / Leverage and trust the full capabilities of FORVIS / Set our firm up for success, have each other’s backs, and win as a team

Lead With Integrity

Ensure integrity trumps economics every time / Make wise business decisions that set the standard for our profession / Enable radically candid feedback (put the moose on the table)

Deliver an Unmatched Client Experience

Listen to understand / Be responsive / Consult with purpose to deliver value

Particularly relevant to our achievement of high quality are the **Excel Always** and **Lead With Integrity** components. When we execute on these values, we deliver on our quality goals.

Our employee engagement reviews and annual personnel appraisals include specific questions about adherence to FORVIS' quality control standards. Our annual evaluation for partners also includes specific criteria related to execution on quality. The results of our internal inspection process are shared with all professional assurance staff annually and training is provided for the entire assurance practice to drive higher levels of achievement.

Quality is part of our evaluation in compensation, advancement, and promotion at all levels. Quality leaders from FORVIS are required to evaluate promotion and direct-admit candidates at senior manager through partner levels before a promotion or admission decision can be finalized.

FORVIS is committed to continuing a legacy of providing high-quality services to our clients.



Please visit forvis.com/services for an ever-changing but comprehensive list of ways we can help you seize opportunities or tackle difficult challenges.

FORV/S



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