

2025 QUALITY ASSURANCE REVIEWS OF FORVIS MAZARS

Introduction

Overview of Forvis Mazars (the Firm)

Firm's offices



21
Audit Partners



504
Audit function
personnel



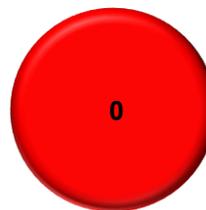
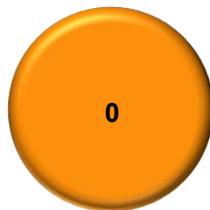
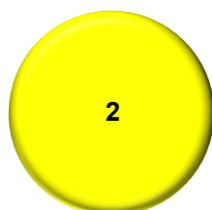
75
2025 public-interest
entity audits (PIEs)



8.70%
2025 market share based
on audit fees of PIEs

Outcome of the Firm's quality assurance reviews

Firm's system of quality management - findings with related recommendations



Inspection of audits of PIEs – grading results¹



¹ See Appendix A for detailed description of ratings and grades

Quality assurance reviews explained

The purpose of a quality assurance review is to assess the effectiveness of the Firm's system of quality management.

A quality assurance review:

- assesses the design of the Firm's system of quality management
- performs compliance testing around the implementation of the Firm's procedures
- evaluates the quality of a sample of audits of public-interest entities (PIEs)

Note: a quality assurance review is not designed to identify all weaknesses that may exist in the Firm's system of quality management.

ISQM 1² requires audit firms to design a system of quality management that is tailored to the nature and circumstances of the firm and engagements it performs. ISQM 1 also requires firms to monitor their own quality management system and ensure timely and effective remediation of any deficiencies identified.

In assessing the design of the Firm's system of quality management, the Authority evaluates the quality objectives, quality risks and the related responses the Firm has identified to address quality risks. This includes an evaluation of the Firm's policies and procedures and their impact, if any, on audit quality. The Authority then selects a sample of the Firm's responses to its identified quality risks and tests whether these responses have been operating effectively. The Authority also evaluates how the Firm monitors the effectiveness of these responses.

The Authority selects its sample of audits of PIEs using a risk-based approach. This approach allows the Authority to inspect audits with particular complexities as well as audits of varying sizes. As this sample is not representative of all PIE audits undertaken by the Firm, the results cannot be extrapolated to form conclusions about the audits that were not selected. When evaluating the quality of an audit of a PIE, the Authority considers the sufficiency and quality of the audit evidence obtained by the Firm across a number of selected audit areas.

The [guide to IAASA's reports on the quality assurance review of PIE audit firms](#) provides a detailed description of the reports.

² International Standard on Quality Management (Ireland) 1

Scope of the quality assurance review of the Firm

The Firm's policies and procedures

The Authority assesses the Firm's system of quality management across the eight component areas set out in ISQM 1, over a three-year cycle. In 2025, the Authority assessed and evaluated the Firm's quality objectives, quality risks and the related responses it had designed within the engagement performance component. The Authority also selected a sample of the Firm's responses to quality risks within the engagement performance component and tested the operating effectiveness of those responses.

In addition, the Authority assessed the Firm's own monitoring and remediation process to evaluate its system of quality management and respond to any deficiencies identified. The Authority also assessed the Firm's application of ISQM 1 requirements relating to any network requirements or network services.

Audits of public-interest entities

In 2025, the Authority inspected a sample of three audits of PIEs. For each audit inspected, the Authority evaluated the quality of the communications with those charged with governance, the review of financial statements and the engagement quality control review. The Authority also evaluated the quality of the audit evidence obtained in additional audit areas, selected at the Authority's discretion, taking into consideration the specific risks of each audit and other areas of focus for the Authority.

Overview of findings

In the 2025 inspection cycle, the Authority identified two findings, with related recommendations, concerning the effectiveness of the design or implementation of the Firm's system of quality management.

The Authority assigned the following grades to the PIE audits inspected:

| Assigned grade ³ | Grade description | Number of PIE audits |
|-----------------------------|-----------------------------------|----------------------|
| ① | Good audit | 1 |
| ② | Limited improvements required | - |
| ③ | Improvements required | 2 |
| ④ | Significant improvements required | - |

The results of the quality assurance review are set out in detail in the next section of this report.

³ See Appendix A for detailed description of ratings and grades

Results of the quality assurance review

Overview of system of quality management review

Engagement performance

The Authority evaluated whether the Firm had established the quality objectives required by ISQM 1 for engagement performance, as well as any additional quality objectives the Firm considered necessary. The Authority evaluated the quality risks identified and assessed by the Firm for each of these quality objectives and reviewed the responses the Firm had designed and implemented to address those risks. The Authority also evaluated the Firm's monitoring of its system of quality management in relation to engagement performance and tested the operating effectiveness of selected responses.

The Authority noted that, for three of the sampled engagements tested by the Firm, there was insufficient evidence obtained to support the conclusions reached by the Firm's response tester regarding the engagement partners' approval of the budgets. In addition, for one sampled engagement, tested by the Authority, there was insufficient evidence of the engagement partner's approval of the budget (Finding 1).

The Authority also identified one instance of late archiving for an engagement (Finding 2). Full details of these findings and recommendations are set out below.

Monitoring and remediation

The Authority assessed the Firm's compliance with the requirements of ISQM 1 to establish a monitoring and remediation process. The Authority evaluated whether the Firm had established a process to provide relevant, timely and reliable information about the design, implementation and operation of its system of quality management. The Authority assessed whether the Firm took appropriate and timely actions to respond to and remediate any identified deficiencies. This assessment included reviewing the design and performance of the Firm's monitoring activities, its evaluation of deficiencies, and the remedial actions it implemented. In addition, the Authority evaluated whether the Firm had policies in place to ensure that individuals carrying out monitoring and remediation activities were competent and objective, and whether there was effective communication within the Firm regarding monitoring activities and identified deficiencies.

The Authority has no findings, with related recommendations, to report in this area.

Network resources and services

The Authority assessed whether the Firm had identified the network requirements relating to its system of quality management. The Authority also evaluated whether the Firm had identified the services or resources provided by the network that it uses in its own system of quality management, as well as the Firm's responsibilities for implementing these requirements or using these services. This assessment included an evaluation of whether the Firm understood and documented the relevance of the network requirements, and whether it had implemented the

necessary requirements. The Authority also assessed whether the Firm had considered the need to adapt and supplement the network requirements, resources or services at local level.

The Authority has no findings, with related recommendations, to report in this area.

Findings and recommendations on the Firm’s system of quality management

Finding 1: Engagement performance

Significance:  Yellow

| Background | Issue | Recommendation |
|---|--|---|
| <p>ISQM 1 requires the Firm to establish a monitoring and remediation process to provide relevant, reliable and timely information about the design, implementation and operation of the system of quality management and design and perform monitoring activities to provide a basis for the identification of deficiencies.</p> <p>The Firm’s testing and evaluation guide for the system of quality management requires the response tester to perform the planned testing procedures for each response selected.</p> <p>One engagement performance response selected for testing by the Firm was that the engagement budget is approved by the engagement partner annually.</p> <p>The response tester tested this response by selecting a sample of engagements and inspecting the engagement budget, within the</p> | <p>For three of the six samples reperformed by the Authority, the Firm’s response tester concluded that key elements of the response were operating effectively, despite a lack of sufficient evidence on the audit file to support this conclusion.</p> <p>For one of the sampled engagements, tested by the Authority, there was insufficient evidence regarding the engagement partner’s approval of the engagement budget.</p> | <p>The Authority recommends that, going forward, sufficient evidence is obtained to support the conclusions reached by the response tester, relating to the approval of the audit budget by the engagement partner.</p> <p>Furthermore, the Authority recommends that, going forward, sufficient evidence is included to support audit budget approval by the engagement partner.</p> |

| | | |
|--|--|--|
| <p>audit file, noting whether the budget was approved by the engagement partner.</p> <p>The Authority reperformed this test procedure for six of the 23 sampled engagements, tested by the response tester.</p> <p>Furthermore, the Authority tested the operating effectiveness of this response by selecting an additional sample of five engagements.</p> | | |
|--|--|--|

Finding 2: Engagement performance

Significance:  Yellow

| Background | Issue | Recommendation |
|--|---|---|
| <p>The Firm established a response to an engagement performance quality risk which required that, annually, the compliance team performs archival testing of a sample of engagement files and reports the exceptions, as per the firm’s sanction policy to the head of audit and/or audit partner.</p> <p>The Firm’s audit manual states that the “final assembly of the pack and archiving should</p> | <p>For one of the sampled non-PIE engagements, the engagement file was archived more than 60 days after the date of the auditor’s report (78 days).</p> | <p>The Authority recommends that, going forward, the firm implements effective measures to ensure that engagements are archived in line with the Firm’s policies.</p> |

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| <p>take place not more than 60 days after the date of the auditor's report".</p> | | |
|--|--|--|

The Authority tested the operating effectiveness of the above response and selected a sample of five non-PIE engagements.

The Authority has **no findings with related recommendations** to report in the following areas:

- Monitoring and remediation
- Network resources and services

Summary of audits of PIEs inspected

| | Assigned grade | Audit areas reviewed |
|-------------|----------------|---|
| Audit one | 3 | <ul style="list-style-type: none">  Impairment allowance for expected credit losses  Revenue recognition  IT Audit  Group audit  Communications with those charged with governance  Review of financial statements  Review of the engagement quality control review |
| Audit two | 3 | <ul style="list-style-type: none">  Valuation of life assurance provisions  Valuation of financial investments  Communications with those charged with governance  Review of financial statements  Review of the engagement quality control review  Engagement partner review  Audit file and archiving |
| Audit three | 1 | <ul style="list-style-type: none">  Event risk  Revenue recognition  Communications with those charged with governance  Review of financial statements  Review of the engagement quality control review |

Key recommendations arising from the inspection of audits of PIEs

This table sets out the key recommendations for the Firm arising from the inspection of audits of PIEs. These recommendations are those considered by the Authority to be significant to an individual inspection or those that recurred across multiple inspections. Not all recommendations apply to every PIE audit inspected and not all recommendations issued to the Firm are included in this table.

Audit Area: 🔍 Valuation of life assurance provisions

| | |
|-------------------|---|
| Recommendation #1 | The Authority recommends that, going forward, the audit file sufficiently evidences the audit procedures performed by the engagement team in response to the key audit matter, as noted in the auditor's report, and the audit findings report. |
|-------------------|---|

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|-------------------|--|
| Recommendation #2 | The Authority recommends that, going forward, the audit file sufficiently evidences the controls that were identified to address the significant risk and the assessment of the design and implementation of the controls. |
|-------------------|--|

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|-------------------|--|
| Recommendation #3 | The Authority recommends that, going forward, the engagement team considers the relevance and reliability of the information to be used as audit evidence. |
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Audit Area: 📄 Review of financial statements

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|-------------------|--|
| Recommendation #1 | The Authority recommends that, going forward, the engagement team designs and performs substantive procedures to obtain sufficient evidence for each material disclosure in the financial statements, in particular those relating to a significant risk, accounting estimate and/or key audit matter. |
|-------------------|--|

Audit Area: 📊 Revenue recognition

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|-------------------|---|
| Recommendation #1 | The Authority recommends that, going forward, the engagement team ensures that the description of the key audit matter accurately reflects how the matter was addressed in the audit. |
|-------------------|---|

Audit Area: ✔️ Engagement partner review

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|-------------------|--|
| Recommendation #1 | The Authority recommends that, going forward, the audit partner reviews the completed audit file prior to the signing of the opinion to ensure that all prepared work papers are included on the audit file. |
|-------------------|--|

Audit Area:  Review of the engagement quality control review

Recommendation #1 The Authority recommends that, going forward, the engagement quality reviewer reviews the key detailed working papers addressing the significant risks, and, where these or other relevant working papers are not maintained on the audit file, the engagement quality reviewer evidences their review of those working papers manually.

Audit Area:  Audit file and archiving

Recommendation #1 The Authority recommends that, going forward, the engagement team appropriately assembles and archives the audit file.

Results of follow up procedures

The Firm is required to implement the Authority's recommendations within 12 months. The Authority is satisfied that all recommendations made to the Firm in 2024 were appropriately implemented in 2025.

Purpose and limitations of this report

The purpose of the quality assurance review is to assess the effectiveness of the Firm's system of quality management. The purpose of this report is to communicate any deficiencies identified during the review and the recommendations arising from those deficiencies.

This report is not intended to serve as a balanced scorecard or as an overall rating tool. While the report may comment positively on certain matters, it is not designed to give a balanced analysis of all aspects of the Firm.

Where an inspection of a PIE audit identifies an area in which the Firm did not obtain sufficient audit evidence, this does not necessarily mean that the audit opinion is inappropriate or that the financial statements are misstated. It would also be inappropriate to infer that issues identified in this quality assurance review report are present in audits that were not inspected by the Authority.

Appendix A – Detailed description of ratings and grades

Ratings

Findings arising in relation to the effectiveness of the design or implementation of a firm's system of quality management have their significance rated by way of a red-amber-yellow (RAY) system.

-  **Red** indicates that a finding is a significant deficiency⁴. Failure to implement a recommendation and/or remediation set out in a prior finding in relation to a firm's system of quality management, or, in relation to a matter arising from a PIE inspection is also likely to be assigned a red grading.
-  **Amber** indicates that an improvement is required. This is a less than significant failure to:
 - meet the requirements of the ethical standards and ISQM 1; or
 - apply a firm's processes or procedures.
-  **Yellow** indicates that a finding is a minor deficiency. This is:
 - a minor failure in the application of a firm's procedures or processes; or
 - a low level deficiency that has the potential to develop into a significant or less than significant failure to meet the requirements of the ethical standards and ISQM 1.

Grades

Each of the audits of PIEs inspected as part of the quality assurance review is assigned a grade.

- ① A **1** grade is a good audit with no concerns regarding the sufficiency and quality of audit evidence or the appropriateness of significant audit judgements in the areas reviewed. Any concerns are very limited in their implications (both individually and collectively).
- ② A **2** grade is an audit that requires limited improvements. There are only limited concerns regarding the sufficiency or quality of audit evidence or the appropriateness of significant audit judgements in the areas reviewed. Although there may be some concerns, their implications (both individually and collectively) are limited.
- ③ A **3** grade is an audit that requires improvements. There are some concerns, assessed as less than significant⁵, regarding the sufficiency or quality of audit evidence or the appropriateness of significant audit judgements in the areas reviewed. Although there may be concerns, their implications (both individually and collectively) are less than significant.
- ④ A **4** grade is an audit that requires significant improvements. There are significant concerns regarding the sufficiency or quality of audit evidence or the appropriateness of significant audit judgements in the areas reviewed. There may be concerns in other areas, with implications that are individually or collectively significant.

⁴ A significant deficiency is a significant failure to meet the requirements of the ethical standards or ISQM 1; or, a pervasive failure to apply a firm's processes or procedures where there is more than a remote likelihood that the deficiency could affect the firm's independence or the quality of audits performed by the firm.

⁵ For audits of PIEs, four key factors will be considered in assessing 'significance' of findings, these are as follows: the materiality of the area or matter concerned; the extent of any concerns regarding the sufficiency or quality of audit evidence (e.g. whether they relate to specific elements of the audit evidence only or are more pervasive to the overall sufficiency or quality of audit evidence in the areas concerned); whether appropriate professional scepticism appears to have been exercised in forming audit judgements; and the extent of any non-compliance with standards or the firm's methodology identified.

Appendix B – IAASA mission statement



Vision

Public trust and confidence in quality auditing and accounting



Mission

Upholding quality corporate reporting and an accountable profession

Our Values



Excellence

Striving to be the best we can be



Independence

Regulating impartially and objectively



Integrity

Being trustworthy and respectful