



Crowe 2024 Audit Quality Report

Quality Is the Cornerstone of Our Audits

Smart decisions. Lasting value.™

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Greetings

A message to our stakeholders:

As we report our audit quality indicators for the fiscal year that ended on March 31, 2024, we reflect on the importance of performing quality audits to our clients and on the strong systems that help us put that quality first.

At Crowe, our unwavering commitment to quality is the bedrock upon which our audit practice – and, in fact, the entire audit profession – is built. We maintain that audits play a crucial role in fostering trust and confidence in the financial markets and that quality drives trust in our work. Therefore, quality is not just a buzzword or a box to check; it is a fundamental value that permeates every aspect of what we do, from the ethical conduct of our professionals and the rigorous processes and methodologies we employ to the systems, controls, and technology we put in place.

Our quality-first focus also means we're not only investing in new technologies but doing so responsibly and thoughtfully. For example, Crowe developed our own AI solution on the foundation of our proprietary AI governance framework. This solution allows our people to experiment with and use a new, innovative technology in a controlled environment. We also launched Crowe Ignite, which was meticulously piloted and tested from a quality perspective before its firmwide rollout. With Crowe Ignite, our auditors have access to robust data analytics tools and a secure data platform, empowering them to analyze entire populations rather than relying solely on sampling techniques. This allows our auditors to make sound judgments and focus on the identified risks, which can increase the efficiency and quality of our audits.

This quality-first mindset is crucial as we continue on the path of audit transformation. We understand that groundbreaking technologies carry both immense potential and inherent risks. That's why we take a measured approach, thoroughly vetting each solution before rolling it out to our professionals and clients. This deliberate process allows us to identify and address any potential challenges, so our auditors have access to tools that not only enhance efficiency but also maintain quality and integrity.

Our people are committed to putting quality first. Crowe auditors bring ethics, integrity, and expertise essential to performing quality audits. The ongoing development of our people is supported by our strong systems.

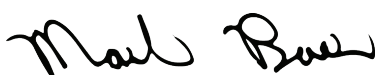
Quality is not a destination but a continuous journey of improvement. As such, we are constantly evaluating and enhancing our processes to keep up with evolving standards, regulations, and markets. Ultimately, our focus on quality first is what centers us in the face of volatility and change.

Thank you for taking the time to read our audit quality report.

Sincerely,



MARK BAER
CPA, CEO

A handwritten signature in black ink that reads "Mark Baer".

WENDY CAMA
CPA, MANAGING PARTNER,
AUDIT & ASSURANCE

A handwritten signature in black ink that reads "Wendy Cama".

2024 report highlights¹

Preface

This report provides an illustration of how Crowe is organized, operated, and monitored with respect to audit quality for audit committees, boards of directors, shareholders, regulators, investors, and other capital market stakeholders. As a privately held partnership, we voluntarily publish this report to demonstrate our commitment to audit quality.

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Quality is our North Star. Spearheaded by leadership that champions independence and integrity, we set up our auditors with the right time, the right tools, and the right support to deliver on the true measure of audit quality – providing our clients with informative, accurate, and independent results. That’s what it takes to put quality first.



WENDY CAMA
CPA, MANAGING PARTNER,
AUDIT & ASSURANCE

24
years

Partners’ average years of experience*

* Includes audit, firm quality, and national office partners

- ▶ Leadership sets the tone for the importance of consistently enhancing audit quality.

1 to 8

Ratio of national office and firm quality partners and managing directors to audit partners and managing directors

1 to 7

Ratio of audit partners and managing directors to audit personnel

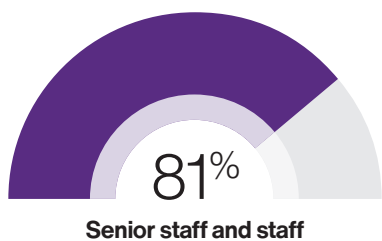
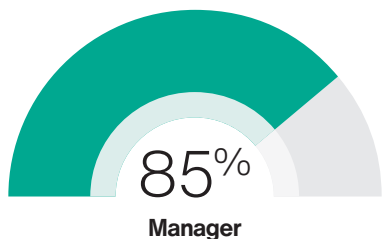
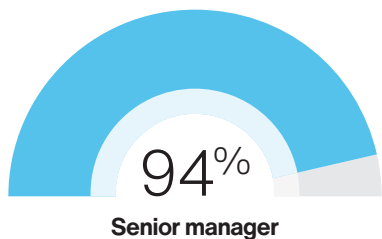
- ▶ Our average partner- and managing director-to-staff ratio brings experience and insights to our audits.

1,471 audit professionals



Average retention of audit, firm quality, and national office professionals

- ▶ Recruiting, developing, and retaining professionals is essential to providing audits of consistent quality.



48 Average annual training hours completed per audit, firm quality, and national office professional*

* Based on 2023 calendar data

52 Number of audit engagements internally inspected

100 Percentage of issuer audit clients' annual financial statements that were not restated, 2019-2023*

* Audits of SEC registrants filing on Form 10-K and audits of employee benefit plan issuers filing on Form 11-K

2023 PCAOB inspection report



* Issuers with Part I.A deficiencies as a percentage of total issuers inspected

- ▶ As one of 14 firms that audit more than 100 issuers, Crowe is subject to an annual inspection by the Public Company Accounting Oversight Board (PCAOB).²

Audits that put quality first





Our leaders are committed to putting quality first

Headquartered in Chicago, Crowe LLP is one of the largest public accounting and consulting firms in the United States. We combine deep industry and functional expertise with innovative technology to deliver audit quality with professional and responsive service.

Our commitment starts at the top with our firm leadership and partners, who set the tone and expectations that drive audit quality throughout our firm and help us support the advancement of the audit profession. We know that audit integrity is key to establishing confidence in our capital markets, and we know what's at stake. The firm's commitment to ethics, independence, and integrity, along with our rigorous system of quality management and oversight, sets the foundation for audit quality. In every audit engagement, our team of more than 1,400 Crowe audit professionals demonstrates our commitment to our values, our clients, and the audit profession. Our accomplished auditors use their combination of extensive experience and deep specialization to perform audits for a wide array of public and private companies, offering critical evaluations of the audit evidence and conducting audits in accordance with the applicable standards. We use innovative technology and proprietary systems to assist us in performing quality audits for our clients.

24 Partners' average years of experience*
years

* Includes audit, firm quality, and national office partners

► For more about our management structure and partner compensation policies, see pages 48-51.

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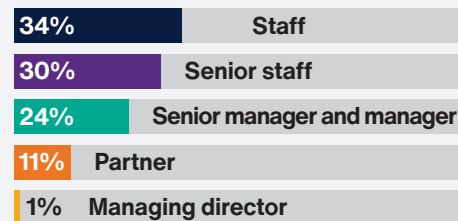
Quality is at the heart of everything we do, and our leaders foster a culture of integrity and objectivity. This empowers our auditors to uphold the highest standards of our profession.



WENDY CAMA
CPA, MANAGING PARTNER,
AUDIT & ASSURANCE

1,471

audit professionals



**SHAPING
YOUR
BETTER
TOMORROW.
TOGETHER.
TODAY.™**



CARE TRUST COURAGE STEWARDSHIP

Our leaders' dedication to quality is rooted in our purpose and values

Our leaders aim to represent our purpose – **Shaping Your Better Tomorrow. Together. Today.™** – and gain inspiration in how they lead from our core values – care, trust, courage, and stewardship. Our purpose and values drive our leaders and their teams to exercise professional skepticism and objectivity and to remain free of conflicts of interest. Our purpose and values guide our people to act with the utmost integrity and competence, maintaining our focus on audit quality. What does this look like in our work? We lead with insights driven by a deep understanding of those we serve. Our leaders and teams show up every day with purpose and passion.



Quality leads the way – our leadership's commitment to our core values fosters an environment where teamwork and technical excellence are not just encouraged but expected.



JENNIFER KNECHT
CPA, PARTNER, AUDIT
QUALITY AND RISK
MANAGEMENT LEADER





Sustainability assurance continues to evolve

Sustainability deals with how environmental, social, and governance issues affect a business's strategies and practices – and ultimately, a company's value. The regulatory landscape for sustainability is evolving quickly, with several governing bodies passing sustainability reporting legislation. On a global basis, countries and jurisdictions have recently passed or have proposed sustainability legislation, which will require reporting within the next two years. In the U.S., California has finalized its climate-related reporting requirements, which will be in effect in 2026. Several other states have proposed climate-reporting requirements pending.

Our audit teams work closely with our clients to understand their sustainability plans and strategy as well as how the evolving regulatory landscape might affect their reporting requirements, their data collection and measurement approaches, and their internal controls, offering thoughts on potential gaps in their processes.

We continue to develop our assurance methodology to support our teams as they address client needs for providing statements with assurance on sustainability metrics. To date, we have built a limited assurance methodology, and we continue to develop our reasonable assurance methodology to support our teams. Both our national office and Crowe Global continue to monitor proposed and approved legislation in the U.S. and other countries, including engaging with standard-setting organizations to evaluate proposed standards. We work to keep our audit teams and clients informed about developing issues and requirements related to sustainability through various publications and webinars.

Checks and balances to support quality audits





Internal inspections set a foundation of quality

Crowe recognizes the significance of audit quality and the responsibility we have to our stakeholders to get it right. The foundation of audit quality is embedded in our system of quality management and our commitment to the components of audit quality. We ground everything we do in the high standards of our profession, and we independently monitor our adherence to regulatory and professional standards from the Public Company Accounting Oversight Board (PCAOB), the U.S. Securities and Exchange Commission (SEC), the American Institute of Certified Public Accountants (AICPA), and the International Auditing and Assurance Standards Board (IAASB).

An annual, robust internal inspection process governed by our firm quality group monitors quality components, including independence and ethics requirements, engagement acceptance and continuance, leadership and engagement team responsibilities, and information and communication policies and procedures. The results of this inspection process help us maintain audit quality and consistently refine and enhance our audit tools and guidance.

Number of audit engagements internally inspected³

2021	2022	2023
47	45	52

- ▶ Internal inspections help us confirm we are adhering to professional standards and are on the right track.



Our national office offers perspectives that affect quality

The national office group leads the development of firm perspectives on professional practice matters, which includes resolution of consultations on accounting principles, audit and assurance standards, independence and ethics standards, and regulatory requirements. The national office group is organized by teams, including the professional standards, regulatory, and public policy teams that work with the standard-setters, regulatory bodies, and applicable industry associations on items that affect the profession. The group provides technical resources and drives strategic thought leadership on complex or emerging topics of interest to the firm and our clients through internal and external guidance, webcasts, training sessions, and other forums.

Our firm quality group monitors quality through compliance with professional standards

The firm quality group leads the development and implementation of the firm's system of quality management. This team focuses broadly on quality, ethics, and independence matters throughout the firm, including monitoring the firm's compliance with professional standards and requirements. It works with regulators in relation to compliance with standards including overseeing the firm's internal and external inspections. This team also drives quality and compliance through internal and external guidance, publications, webcasts, internal consultations, training sessions, and other forums.



PCAOB inspection offers a quality check from an outside perspective

Each year, the PCAOB inspects registered public accounting firms, including Crowe LLP, to assess compliance with the *Sarbanes-Oxley Act of 2002* (SOX), the standards and rules of the PCAOB, and the rules of the SEC.

The PCAOB prepares a written report on each inspection and makes portions available to the public, as required by SOX. The first part of the PCAOB inspection report includes comments on any significant audit deficiencies in the context of the specific engagement and the current environment and is released publicly. The second part includes comments related to quality control improvement areas of the firm and is considered confidential.

Crowe takes all PCAOB observations seriously as constructive feedback and believes the PCAOB's comments point to areas where we can improve audit processes and procedures. We have adopted a systematic quality improvement process designed to identify the root causes of issues identified during PCAOB inspections and to find ways to address those issues. Crowe also applies this process to potential deficiencies identified through other quality monitoring such as internal inspections, helping to support continual audit improvement.

Number of PCAOB-inspected audits included in Part I.A

	2021	2022	2023
Audits included in Part I.A	3	1	1
Total audits inspected	17	15	15
Percentage Part I.A comments*	18%	7%	7%

* Issuers with Part I.A deficiencies as a percentage of total issuers inspected.

The PCAOB report on the 2023 inspection of Crowe LLP, dated June 12, 2024, has been published on the PCAOB website. The published reports of all audit firms inspected by the PCAOB can be found at <https://pcaobus.org/oversight/inspections/firm-inspection-reports>.



Peer reviews promote quality through accountability

Crowe is required to have a peer review of its accounting and auditing practices for nonissuer clients, as are all other audit firms registered and inspected by the PCAOB.⁴ The AICPA National Peer Review Committee (NPRC) performs procedures that provide it with a reasonable basis for expressing an opinion on whether the reviewed firm's system of quality control for its accounting and auditing practice has been designed appropriately and whether the firm is complying with that system.

Peer reviews include assessments of both quality control processes and specific audit engagements to identify any potential deficiencies. Our firm's most recent peer review was performed in 2022. Crowe LLP received the highest rating, which is "pass."⁵ This rating is unchanged from the prior peer review in 2019.

Crowe Global quality assurance review adds an extra level of quality review

Crowe LLP is a member of [Crowe Global](#), an international network of accounting firms. Crowe Global conducts a quality assurance review (QAR) process led by the international accounting and audit director. At least once every three years, Crowe LLP receives a review of its audit services via the Crowe Global QAR process. No significant matters arose during the most recent QAR of Crowe LLP completed by Crowe Global.

We're committed to following professional quality standards

Our system of quality management (SOQM) is designed to comply with the requirements of International Standard on Quality Management 1 (ISQM 1) and to comply with other quality control standards issued by the PCAOB, the AICPA, and other regulators. Our SOQM has firm- and engagement-level requirements, which collectively emphasize the responsibility for quality of all personnel. We review the effectiveness of our SOQM, including:

- Monitoring and evaluating our responses to quality risks
- Monitoring independence compliance
- Performing in-process monitoring of targeted areas of selected engagements, which provides additional assurance that reports issued by Crowe are appropriate
- Annually inspecting a cross-section of assurance engagements based on established criteria and risks, including engagement reports, financial statements, and supporting documentation for selected audit areas
- Communicating any deficiencies noted during monitoring processes, along with recommendations for appropriate action, to relevant people

Annually we evaluate the effectiveness of our SOQM by considering the nature and extent of findings from monitoring activities, external inspections, and other relevant sources. Each finding is evaluated to determine whether it represents a deficiency in our SOQM, and then deficiencies are evaluated for severity and pervasiveness. This evaluation is a rigorous process and includes considering the root cause of the deficiency. Remedial action steps are implemented for each deficiency, and our firm quality group monitors the implementation of those steps. Every effort is made to timely and effectively remediate any deficiencies.



To help us put quality first, Crowe has a robust process for monitoring the effectiveness of our system of quality management.



JENNIFER KARY
CPA, CHIEF
QUALITY OFFICER

Ratio of national office and firm quality partners and managing directors to audit partners and managing directors



► Our national office and firm quality groups work closely with audit leadership.

Audit quality leadership reviews reinforce our commitment to quality

To help uphold our commitment to audit quality, all Crowe audit partners, managing directors, and senior managers undergo an audit quality evaluation annually. This evaluation sets the foundation for each leader's personalized development plan, which helps our people continue to grow through engagement assignment, formal development, and coaching.

Values Helpline allows all our people to report unethical behavior

As a firm, our leadership goal is to support our people so they may live our firm values every day, in everything they do. In return, we require our people to act with integrity and professionalism, including identifying and reporting wrongful behavior. When our people discover ethical or compliance concerns, they have several avenues to bring forward issues, including the Values Helpline, a confidential reporting system from Ethico. Complaints are investigated and quickly resolved by key firm leaders.

We address complaints and allegations promptly

Crowe takes all work performance or quality control deficiencies, complaints, and allegations very seriously. We have a process to report any concerns involving ethics and independence, conflicts of interest, professional standards, noncompliance, or other matters to firm leadership. Anyone who reports a concern in good faith is protected from reprisals or retaliation.



We take restatements seriously

Material misstatements can affect the integrity of financial reporting and undermine investor and stakeholder confidence. Any restatement is evaluated to determine whether we need to make changes to our audit methodology, guidance, or training.

100%

Percentage of issuer audit clients' annual financial statements that were not restated, 2019-2023*

* Audits of SEC registrants filing on Form 10-K and audits of employee benefit plan issuers filing on Form 11-K



Quality management: Our foundation



Ethics and independence are essential to bring quality into everything we do

Our commitment to ethics drives our policies and procedures for conducting audits with independence, integrity, and objectivity. Crowe policies prohibit the firm and its partners, principals, management, and engagement team personnel from having certain financial interests in, or prohibited relationships with, organizations we audit and their affiliates. To help maintain our integrity, our firm quality group establishes and monitors the independence policies, practices, and controls in place and documents compliance with these requirements. This includes documenting quality control, including independence tracking, as well as policies and guidance, which are available to our people on an internal intranet site.

To maintain the utmost integrity, the firm's independence processes include:

- Requiring ethics and independence training at or near each professional staff member's date of initial employment and annually thereafter
- Incorporating independence-related matters in standard audit engagement documentation
- Making a confidential client list available to all personnel to identify potential independence issues
- Creating a restricted-entity list that is available to personnel and requiring each professional to access that list periodically to report any permitted financial interests with an entity listed therein
- Maintaining a technology system that identifies all of the firm's clients, prospective clients, and third-party relationships, which allows professionals to identify conflicts of interest and independence restrictions prior to providing services
- Monitoring the firm's business relationships and financial transactions
- Rotating audit personnel when required
- Implementing a consultation process for ethics and independence matters



We put quality at the forefront of everything we do, including our independence process. Built on the bedrocks of objectivity, integrity, and independence, and guided by high ethical standards, this process positions us to succeed as an independent public accounting firm.



MARK BAER
CPA, CEO



Evaluating the acceptance and continuance of engagements helps in providing quality assurance services

Using a variety of policies and procedures specifically designed to evaluate the acceptance and continuance of clients and engagements, we assess our ability to provide quality assurance services at regular intervals. These policies and procedures include:

- Considering the reputation and integrity of the entity's directors, officers, principal shareholders, owners, and affiliates
- Assessing risk associated with the entity's business in terms of its ability to survive or remain profitable in the face of litigation or other controversies and in terms of other known factors that might increase audit risk
- Examining the nature of the entity's operations and related business practices and the behavior of its personnel toward internal control and interpretation of accounting standards
- Internally assessing our independence and potential conflicts of interest as well as the competency and capabilities of firm personnel, including industry and regulatory expertise in relation to the need for specialized knowledge to deliver services
- Evaluating timing and other constraints that might affect our ability to comply with professional standards or perform a quality audit

Policies and procedures help increase audit process effectiveness and quality

Foundational policies and procedures help to provide assurance that audit engagements are conducted consistently and in accordance with regulatory and legal requirements, professional standards, and our own standards of quality. These established policies and procedures cover planning, performing, supervising, reviewing, documenting, and communicating throughout the audit.

We begin a quality audit process by working to thoroughly understand the company's business, challenges, and applicable industry trends. We have developed a highly systematized process for planning an audit, assessing risk, setting scopes, and designing procedures to respond to the risks and issues of each entity. Throughout each audit engagement, we also work to develop new ways to make practices and processes more effective. Our policies and procedures include:

- Planning and performing each engagement in accordance with applicable professional standards
- Updating proprietary audit methodology, guidance, and systems regularly to reflect changes in professional standards
- Employing and documenting appropriate supervision and review procedures
- Applying engagement quality reviews to appropriate engagements
- Designing, implementing, and maintaining practices and electronic systems to protect the confidentiality and security of client data in our possession
- Designing our proprietary engagement documentation and management system to maintain the confidentiality of client information and protect the integrity of data (allowing engagement team members to securely share information without regard to geographic location and complying with professional record retention requirements)

Our consultation policies and procedures enforce quality

To help enforce consistent quality standards across our firm, Crowe has established formal policies for consultation, outlining specific matters that require consultation with our national office. The national office is available for consultations on other matters as well. We also provide reference libraries for engagement personnel to research assurance and accounting matters. These libraries include commercial subscription services, proprietary knowledge databases, and other reference materials.



Commitment to quality-centric professional progress





Being involved in our profession supports audit quality

To continually support our audit quality and knowledge, our audit professionals are involved in a variety of standard-setting activities and professional associations including the AICPA and the Center for Audit Quality (CAQ). We serve on committees and task forces and consider how to best implement the measures of audit quality brought forth by these groups.



Quality contributions drive our profession forward, but exceptional leaders are not measured just by the knowledge they offer – they are also measured by their ability to leverage the wisdom of others in the profession.



SYDNEY GARMONG
CPA, PARTNER,
NATIONAL OFFICE



CAQ

Serving as the voice of U.S. public company auditors and on matters related to the audits of public companies, the CAQ is a nonpartisan public policy organization. Crowe has been a member since the CAQ was created in 2007, and we support the organization's mission to enhance investor confidence and public trust in the global capital markets. The CAQ is led by a governing board that comprises leaders from the public company auditing firms, the AICPA, and the investor and issuer communities. Board members, including the Crowe CEO, are committed to the concept that a robust public company auditing profession is fundamental to the public interest and the capital markets.

Our people serve on standing committees, including the CAQ Advisory Council, the Professional Practice Executive Committee, and the SEC Regulations Committee. We also serve on a variety of CAQ task forces focused on enhancing public company auditing through areas such as anti-fraud, broker-dealer, climate change disclosures, cybersecurity, generative AI, audit evidence (confirmations), data (substantive) analytics, estimates, technology-assisted analysis, talent initiatives, quality management and quality control, independence, and the auditor's reporting model.

AICPA Professional Ethics Executive Committee

The AICPA's Professional Ethics Executive Committee (PEEC) interprets and enforces the AICPA Code of Professional Conduct and focuses on the communication, monitoring, and revision of interpretations and rulings. Crowe partners have served on the AICPA's PEEC, and a Crowe partner has served as the chair.

AICPA Governmental Audit Quality Center

Crowe is a member of the AICPA's Governmental Audit Quality Center, a voluntary membership group established to promote the quality of governmental audits. It offers support and resources for firms that perform governmental audits including single audits, audits under Government Auditing Standards, and state and local government financial statement audits. A Crowe partner serves as chair of the State and Local Government Expert Panel, and Crowe partners have served on the Governmental Audit Quality Center Executive Committee.

AICPA Employee Benefit Plan Audit Quality Center

Crowe is a member of the AICPA's Employee Benefit Plan Audit Quality Center, a voluntary membership group established to promote the quality of employee benefit plan audits. It offers support and resources for firms that perform *Employee Retirement Income Security Act* employee benefit plan audits. A Crowe partner serves on the Employee Benefit Plan Expert Panel, and Crowe partners have served on the Employee Benefit Plan Audit Quality Center Executive Committee.



Innovative audit technology to support audit quality



We embrace audit transformation and innovative technologies

Audit transformation refers to the process of reimagining and reshaping traditional audit practices to adapt to the changing landscape of business and technology. Today, organizations are facing complex risks and rapidly evolving business models. Transforming audit practices involves leveraging innovative technologies, such as AI, data analytics, and automation, to support the efficiency, effectiveness, and value of the auditing process. These technologies enable us to collect, analyze, and interpret vast amounts of data; identify patterns, anomalies, and potential risks; and gain a deeper understanding of the client's operations.

Additionally, audit transformation enhances our risk-based audit approach, focusing on key audit risks and providing proactive recommendations to improve internal controls. By embracing audit transformation and the use of various technologies, we benefit from comprehensive and dynamic tools that offer valuable insights to assist us in delivering audit quality.



While some may think that innovation inherently boosts efficiency – and often, it does – our primary aim is to enhance audit quality through progressive advancements. Efficiency is important, but quality comes first.



KEVIN WYDRA
CPA, PARTNER,
AUDIT & ASSURANCE

The Crowe Insight® platform supports our risk-based approach

A risk-based audit approach that targets the underlying transaction data most important to financial reporting is the foundation of our audit work. The **Crowe Insight** cloud-based platform offers a variety of features, including advanced collaboration capabilities and the flexibility to integrate modern advancements in real time. The platform also supports our audit approach, using deep industry expertise to analyze risks, document controls, and react to changes in the audit plan. The effective workflow and exchange of information seamlessly integrate with the [Crowe Secure Information Exchange](#), or Crowe Exchange, platform to enhance efficiency.

Crowe Ignite enables data analytics and AI to support quality

Entering a new era of auditing capabilities, we launched **Crowe Ignite** this year. Crowe Ignite is our digital audit platform that focuses on data analytics, AI, and empowering our audit teams to go deeper and further than previously capable. As our clients grow and increase in complexity, the ability to process large amounts of data and visualize the information allows our auditors to make sound judgments and focus on the identified risks. In addition, we have launched several Crowe Ignite utilities to enable AI to analyze documents. New capabilities will continually be added to Crowe Ignite to enable our auditors to analyze information in ways never before imaginable. Processing large data sets and synthesizing immense amounts of information will support the effectiveness and quality of our audits.



Crowe Exchange aids communication for our teams and clients

With an easy-to-use interface, important security controls, and connectivity across all engagements, our **Crowe Secure Information Exchange** tool provides a simple, secure, and streamlined user experience for coordination and communication among audit stakeholders and engagement teams. Designed based on feedback from clients and our team's deep industry knowledge, the tool securely streamlines workflow, provides visibility to status of requests, and allows users to seamlessly share data with Crowe. It also helps engagements stay on plan and supports our audit quality.

Crowe Clarity provides accessible knowledge for our teams

Crowe Clarity gives our people the information they need on accounting, audit and assurance guidance, policies, manuals, and practice aids, and it's available anytime and anywhere via the cloud. This single point of access supports our audit quality by providing a centralized knowledge hub for the Crowe audit and assurance services teams. In addition, Crowe Clarity is integrated in our Crowe Insight platform to provide knowledge within the path of the user to support audit quality as the work is being performed.

The Crowe Account Confirmation tool drives process automation

Developed by Crowe auditors, the **Crowe Account Confirmation** tool is designed to minimize disruption to our clients' businesses, helping us to provide an exceptional client experience. The tool allows our clients to request customer responses by electronic portal as well as paper, offering a quicker option for our clients. This innovative technology supports an environmentally friendly, paperless approach, using robotic process automation and secure, encrypted data transfer to streamline communication, improve information security, and expedite the account confirmation process. It helps drive audit quality with a consistent approach, guided workflows, and documentation that includes embedded methodologies, and it reduces the risk of data errors associated with manual entry.

Our global delivery team helps augment audit quality

Our global delivery team helps us support audit quality. Often aided by innovative Crowe technology and deep process specialization, members of this team handle a range of audit tasks, including administering project requests, facilitating multifaceted processes, and completing audit procedures. Deeply embedded within our transformation group, this team helps standardize processes, improve consistency, and identify opportunities for technology and process innovation in our audit engagements.

Data management is vital for secure and quality audits

Crowe has a responsibility to protect client and employee data, and we understand our obligations for client confidentiality as well as the dynamic nature of security threats and regulations. We have resources that focus on privacy and security functions such as privacy governance, regulation compliance, privacy education and training, information security management, security architecture, security administration, penetration and vulnerability testing, and security awareness and training.



Our firm continually makes significant investments in data systems and resources and employs a variety of security professionals and technologies. Additionally, we regularly review, update, and test our systems and processes to help protect the security and confidentiality of client records and information. We also obtain Statement on Standards for Attestation Engagements (SSAE) 18 System and Organization Controls (SOC) 2 type 2 audits and external penetration tests from independent third parties to validate the effectiveness of our controls and processes. All of this is part of our comprehensive security program built to encompass the concepts contained in both the National Institute of Standards and Technology and the International Organization for Standardization 27000 series of standards.

We are invested in the future of audit technology innovation

The use of AI is expected to have a transformative impact on the future of auditing. With the explosion of AI technologies, such as large language models and data analytics, the audit of the future is destined to look and feel different. What we could have only dreamed of as recently as last year is almost reality. Crowe continues to invest in our data analytics approach, and, as we believe the use of AI will transform our profession, we are investing in AI to make this happen. However, it's important to note that while AI has tremendous potential in auditing, human judgment and expertise will remain crucial. Auditors will still be needed to interpret the results, exercise professional skepticism, and make informed decisions based on their experience and knowledge. AI will empower our people by supporting efficiency and quality.



Team building with a quality-first approach







Staying committed to audit quality is a team effort

At Crowe, our people are the center of everything we do. That's why we focus on both recruiting quality auditors and retaining them through investing in career development. Performing quality audits requires that our auditors have the necessary integrity, professional skills, and experience to provide excellence.



Quality isn't a static achievement; it's a dynamic pursuit. That's why we develop and promote opportunities for our people to share their wisdom and experiences, creating a culture where continuous improvement is standard practice.



JENNIFER KNECHT
CPA, PARTNER, AUDIT
QUALITY AND RISK
MANAGEMENT LEADER

Audit leverage ratio

	FY22	FY23	FY24
Partners and managing directors to other audit personnel	1 to 7	1 to 8	1 to 7
Partners, managing directors, senior managers, and managers to senior staff and staff	1 to 2	1 to 2	1 to 2

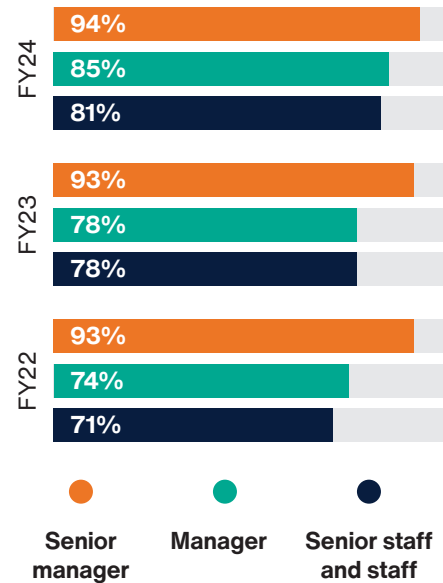
Developing future leadership sustains strong, quality-driven engagement teams

We believe direct senior-level involvement helps nurture future leaders to continue our focus on audit excellence. Leading by example and knowledge sharing are important components of strong engagement teams, which is why we've created leadership development programs, sponsorship programs, and individualized development plans for mentors to challenge individuals to achieve their career goals.

Engagement team management is key to building experienced, quality-focused teams

To help us build and develop experienced teams that are committed to audit quality, Crowe is focused on recruiting and retaining auditors who can perform engagements and issue reports in accordance with professional standards, regulations, and legal requirements. We have established human resources policies and procedures to provide reasonable assurance that the firm has enough personnel at each experience level with the necessary capabilities, competence, and commitment.

Average retention of audit, firm quality, and national office professionals



► Retaining qualified professionals helps us to uphold audit quality.



Professional development helps maintain our focus on audit quality

Professional development helps build our capabilities as audit professionals. We offer our people the opportunity to improve their technical knowledge and managerial skills through a combination of formal development plans, coaching and mentoring, authoritative knowledge libraries, continuing professional education, and on-the-job experience.

Crowe University helps our people pursue learning experiences to build deep specialization and leadership skills. This learning portal lets our professionals take advantage of online and in-person learning courses, webinars, and other resources. We're proud that a career with Crowe is an ongoing learning experience, and we're committed to the continual enhancement of our professionals' skills to help us maintain our focus on audit quality.

Leverage ratio of audit supervisory hours

	FY22	FY23	FY24
Partners and managing directors to senior managers and managers	1 to 4	1 to 3	1 to 3
Senior managers and managers to senior staff and staff	1 to 3	1 to 3	1 to 2

► Low ratios equate to more one-on-one supervision and development.

We track licensing for Crowe audit professionals

Our licensing and continuing professional education (CPE) compliance services team tracks CPA license jurisdictions, license numbers, and expiration dates and advises staff members about renewals and related CPE requirements. Crowe professionals who are licensed to practice public accounting have passed the U.S. Uniform CPA Examination or International Qualification Examination (IQEX) and have met applicable experience and other certification requirements.

48

Average annual training hours completed per audit, firm quality, and national office professional*

* Based on 2023 calendar data

► The firm is committed to ongoing professional development to help continually improve our audit services.



A culture of quality driven by belonging







A thriving workplace culture nurtures employees and encourages quality

At Crowe, our people can build a meaningful and rewarding career. With real flexibility to balance work with life moments, they're trusted to deliver results and make an impact. We embrace them for who they are, care for their well-being, and nurture their career. Everyone has equitable access to opportunities for career growth and leadership. Driven by a shared purpose and values, they're continually inspired to embrace change, have fun, and support the firm's purpose – Shaping Your Better Tomorrow. Together. Today.™ – for their colleagues, their clients, their communities, and our firm.

Through surveys conducted among current employees, Crowe has received national recognition as a workplace, including the Fortune 100 Best Companies to Work For® list for 2024, PEOPLE® magazine's 2024 Companies that Care list, and awards by other media outlets. We're delighted by the outstanding recognition we've received and continue to strive for improvement in everything we do.

Diversity, equity, and inclusion efforts support belonging to drive quality

At Crowe, we believe everyone should feel they belong, and it's our responsibility to do everything we can to increase that sense of belonging. That's why we promote diversity, equity, and inclusion (DE&I). Crowe is a founding member of the CAQ, which focuses on enhancing the foundations of the public accounting profession, including addressing the lack of diversity across the shrinking talent pipeline. We continue to embrace the CAQ Bold Ambition initiative for diversity, which states: "It's our Bold Ambition for the public company audit profession to pave the way towards a more inclusive, future state of community." In January 2022, the CAQ launched Accounting+, a national brand awareness campaign and platform focused on raising awareness about accounting careers with Black and Latino students at the high school and college levels. We're thrilled to be among the firms that provided initial funding for the Accounting+ campaign.

How does this work get done at Crowe?
Simple: our people. They are at the heart of everything we do. They drive our initiatives forward, make a difference, and create change every day. We are proud of how far we've come, and our journey continues. But it's about more than just reaching the numbers or achieving our aspirations – it's about what those items represent. We know we achieve more when we embrace diversity and allow it to permeate every area of our business. We know affirming equity improves not just our profession but our communities and our lives. And we know creating inclusion means that our people believe "I can be me at Crowe."



We're committed to advancing the CAQ's Bold Ambition through our own DE&I strategy, which is embedded in the way we do business. We know DE&I is crucial to driving the kind of innovation and creativity that produces excellent client service and strong business practices for our firm and our profession.

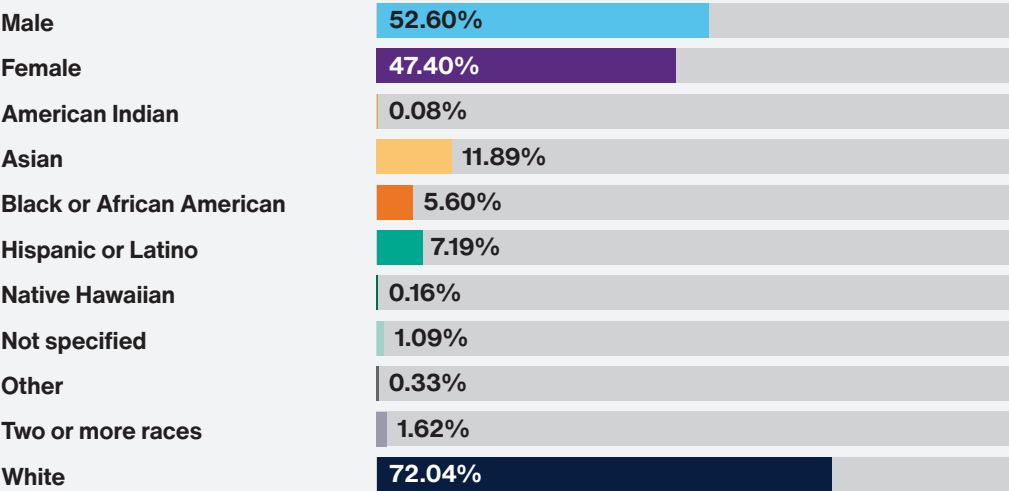


RACHAEL GIBSON
CHIEF DIVERSITY, EQUITY
& INCLUSION OFFICER

5,121

Firmwide total workforce*

* As of April 1, 2023



A low-angle, upward-looking photograph of several modern skyscrapers with glass facades. The buildings are arranged in a way that they appear to converge towards the top of the frame, creating a strong sense of height and architectural scale. The sky is a clear, pale blue. The text "Our firm composition and leadership" is overlaid in white on the upper left portion of the image.

Our firm composition and leadership



Our corporate structure

Crowe LLP is a limited liability partnership established under the laws of the state of Indiana. All interests in the firm are held by its equity partners and principals⁶ (referred to collectively as equity partners hereafter), all of whom are individuals active in the firm. The firm is capitalized by contributions from the equity partners. The firm's income partners have no equity ownership in the firm. There were 512 partners as of March 31, 2024. The accounting records of Crowe LLP are prepared on an accrual basis and in a manner that management uses to operate the business. For the fiscal year ending March 31, 2024, Crowe LLP had total revenues of \$1.3 billion. Crowe LLP is registered with the PCAOB and is licensed to practice accounting across the country.

The firm is affiliated with Crowe Chizek LLP, which is a limited liability partnership established under the laws of the state of Indiana. Crowe Chizek LLP performs professional services in the state of Arkansas; professional services in all other states are provided by Crowe LLP. All interests in Crowe Chizek LLP are held by the equity partners of the firm, in the same proportion as Crowe LLP. When used in this report, "Crowe" and "firm" include both Crowe LLP and Crowe Chizek LLP unless otherwise noted. Both Crowe LLP and Crowe Chizek LLP are registered with the PCAOB and together are licensed to practice public accounting in each of the 50 states and in territories where appropriate.

Our membership in Crowe Global

As an independent member of Crowe Global, one of the largest global accounting networks in the world, Crowe serves clients worldwide. The network consists of more than 200 independent accounting and advisory services firms in more than 140 countries around the world.

Our governance structure

CEO

The firm's current CEO, Mark Baer, is a CPA. The CEO directs the ongoing management of the firm, appoints people and committees to assist with firm management, and recommends initiatives for strategy and policies. The board of directors elects the CEO for a four-year term that can be renewed once for two years with election by the board of directors. Election to a third term requires approval by the partnership.

Mark will continue to serve the firm as CEO until Dec. 31, 2024. At that time, Steve Strammello, CPA, will become the CEO of the firm and serve a four-year term.



Excellence in leadership sets the stage for a future where quality isn't an afterthought but the cornerstone of better outcomes for our teams, our communities, and our industry.



MARK BAER
CPA, CEO

Board of directors

Members of the board of directors, which is the Crowe governing body, are partners or principals of the firm who serve staggered three-year terms that can be renewed once. The board of directors consists of seven elected members and the firm's CEO, who is a nonvoting member. Members as of June 5, 2024:



LOU MILLER
CPA (chair)



GREG HAHN



NICK HOLLINDEN
CPA



DAWNELLA JOHNSON
CPA



CHAD KELLAR
CPA, MANAGING PARTNER,
ADVISORY



BRIAN KELLER
CPA



JOHN KURKOWSKI
CPA



MARK BAER
CPA, CEO (nonvoting member)



Senior leadership team

The CEO appoints the senior leadership team, which assists the CEO with discharging the responsibilities of managing the operations of the firm and its components. As of June 1, 2024, 54% of the members of the senior leadership team are CPAs.

Members of the senior leadership team, as of June 1, 2024:



MARK BAER
CPA, CEO (chair)



NICOLE BENCIK
CPA, MANAGING PARTNER,
TAX



RAY CALVEY
CPA, CHIEF FINANCIAL
OFFICER



WENDY CAMA
CPA, MANAGING PARTNER,
AUDIT & ASSURANCE



MICHAEL EDWARDS
MANAGING PRINCIPAL,
CONSULTING



JOHN EPPERSON
CHIEF RISK OFFICER



RACHEL GIBSON
CHIEF DIVERSITY, EQUITY,
AND INCLUSION OFFICER



MANUEL GONCALVES
CHIEF STRATEGY AND
COMMUNICATIONS OFFICER



KATIE HAMADA
CHIEF PEOPLE OFFICER



TONY KLAICH
CPA, MANAGING PARTNER,
MARKETS & INDUSTRIES



JEFF SCHMIDT
CHIEF TECHNOLOGY
OFFICER



STEVE STRAMMELLO
CPA, CEO-ELECT



BRENDA TORRES
CPA, CHIEF OPERATING
OFFICER

DE&I councils

DE&I councils in our audit, consulting, and tax business units help lead the charge in our DE&I efforts. Offering mentoring, support, and resources, these councils are at the heart of making Crowe a more diverse, equitable, and inclusive workplace. Additionally, through the sponsorship program, these councils create a pipeline for leadership and other opportunities to advance. Plans are underway to further enhance the programs through targeted forums and supporting documentation.

The audit DE&I council:

- Created an advisory team of staff and senior staff who named themselves “A New Voice.” These early career professionals have a direct line to the council to share perspectives on DE&I. They develop and deliver content for a variety of programs and have been instrumental in highlighting opportunities for DE&I at all levels.
- Established a formal sponsorship program that supported 10 promotions of individuals from underrepresented groups since August 2020, including four to partner level, one to director level, and five to senior manager level, with several others in the pipeline.
- Developed a webinar targeting new hires from underrepresented groups, connecting them with supportive business resource groups.

Our partner compensation

The Crowe partner compensation system reflects a structure that promotes the highest ethical behavior and compliance with professional standards and is rooted in sharing common values and culture. The equity partner compensation system features a unique income allocation method, including a concept of sharing equally in the growth of both firm income and value. This concept supports individual integrity and many of the other aspects of the firm’s quality control system, thereby encouraging personal integrity and objectivity rather than the desire for personal reward.

Crowe has a partner evaluation system that reflects the firm’s overall structure and size, partner compensation, and core values. Our partner evaluation process uses a broad, holistic approach to determine the value that each partner delivers to the firm. A key element in the evaluation of audit partner performance is consideration of quality, which is incorporated into a proprietary audit quality evaluation system that uses a variety of feedback mechanisms. This process increases the accountability of each audit partner for quality audits and assists the firm in maintaining audit quality.

Each equity partner contributes capital, and net income is allocated primarily based on the amount of capital held by each partner. The determination of net income to be allocated to an individual equity partner is based on the results of the firm as a whole and does not depend directly on the performance of a partner’s line of business. Ownership and compensation allocations are not based on short-term metrics. Our methodology allows for individual adjustments during the annual allocation of income. The results of the audit partner evaluation process are used during the annual process to consider adjustments to individual partner compensation. The firm also has a group of income, or nonequity, partners whose base and variable income are evaluated using the same audit quality evaluation system criteria and expectations of equity partners.

The firm’s partner evaluation system and compensation methodology do not provide individual partner incentives that could be detrimental to audit quality and the use of professional skepticism. This methodology does not directly compensate individual partners for:

- Sales of nonaudit services to audit clients
- Sales of new audit services
- The value of accounts serviced (so partners are not penalized when actions taken in the public interest result in loss of firm revenue and income)





Endnotes

- ¹ Unless otherwise noted, statistics shown within the report are for the fiscal year beginning April 1, 2023, and ending March 31, 2024, and include data from the firm's subsidiaries if applicable. Numbers and percentages have been rounded to the nearest whole number.
- ² "2022 Annually Inspected Firms," Public Company Accounting Oversight Board, accessed July 31, 2023, <https://pcaobus.org/oversight/inspections/basics-of-inspections>
- ³ Includes both issuer and nonissuer.
- ⁴ Peer review is required on a triennial basis, and Crowe has had a peer review every three years since 1980.
- ⁵ The possible ratings are "pass," "pass with deficiency" (or deficiencies), or "fail." Peer review requirements mandate that the results of the review be made available in a public file. To view the most recent peer review reports on Crowe LLP and Crowe Chizek LLP, dated Oct. 13, 2022, see https://peerreview.aicpa.org/public_file_search.html
- ⁶ A partner is a certified public accountant (CPA) within a U.S. jurisdiction. A principal may hold another designation but is not a CPA. We refer to partners and principals collectively as "partners" in this report because their rights and privileges as owners of the firm are the same other than as required by law or regulation. Only CPAs may sign audit opinions for an audited organization.

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crowe.com

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