Grant Thornton

Audit quality and transparency report 2025

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A message from the CEO of Grant Thornton LLP

At Grant Thornton, we know our purpose is to serve the investing public by increasing trust in financial information. That trust is earned through the work we do every day. It comes down to consistently delivering with quality and integrity for our clients and the capital markets. Those principles have been the core of our firm for more than 100 years, and have given us a strong foundation on which to build.

Over the past year, we've taken meaningful steps to strengthen that foundation and position ourselves for what's next.

Building a more focused model
Our move to an alternative practice structure has given us the flexibility to place an even greater focus on the areas that matter most: our people, our technology and the way we deliver quality.

That flexibility extends across our Grant Thornton Advisors multinational platform, which is now home to nearly 20 aligned firms and 25,000 professionals across the Americas, Europe, the Middle East and the Asia-Pacific region. Together, we're delivering cross-border solutions powered by a shared commitment to quality, one that makes our platform a growing destination for top talent seeking meaningful work.

We've also made deliberate changes to better align our resources to meet the needs of our clients. The goal is straightforward: bring the right expertise to the right engagements and improve consistency across the board.

At the same time, we continue to strengthen our governance and independence. These aren't one-time changes — they're part of an ongoing effort to ensure we're meeting the standards expected of our profession. And they reflect a more focused, forward-looking approach to audit quality.

Technology that raises the standard
Technology continues to play a big role in how we improve quality. Being named one of the Best Firms for Technology in 2025 by *Accounting Today* is a good indicator that we're on the right path, but more importantly, it reflects how our teams are actually working differently.

Today, we are advancing that commitment through gtap, our next-generation AI-enabled audit platform. By integrating data, automation, agentic AI and advanced analytics across the audit lifecycle — with auditors guiding the process to ensure the integrity of the work — gtap frees our professionals to focus on what matters most: judgment, skepticism and high-quality outcomes.

Equally important, we are building a culture of continuous innovation. We test, we learn and we scale solutions that improve consistency, efficiency and audit quality. Not for the sake of innovation itself, but because it leads to stronger, more consistent audits.

Investing in our people
Our people remain at the center of everything we do. Quality ultimately depends on the judgment, experience and integrity of our professionals, so we continue to invest in helping them thrive.

This includes expanding how we train and develop our teams, with new approaches such as AI-enabled learning platforms and enhanced, milestone-based development. These investments are designed to accelerate learning, deepen technical expertise and better prepare our auditors for an increasingly complex environment.

We are also reinforcing a culture of accountability by aligning incentives to quality. Our approach ensures that doing the right thing — and doing it well — is recognized and rewarded across the firm. When our professionals sign an audit opinion, they're not just checking a box, they're standing behind their work.

Strong oversight and continuous improvement
We maintain a rigorous system of quality management, supported by our National Office and in consultation with our independent Audit Quality Advisory Council. This structure provides strong governance, consistent oversight and clear accountability.

At the same time, we take our inspection results seriously. When we see areas that need improvement, we act on them. That's how we strengthen our audits — not just in response to feedback, but as part of a continuous process.

Momentum that will define the future
There's nothing particularly novel about saying quality matters. Every firm says that. What matters is action.

While this report reflects our progress, it also points to where we are headed. We will continue to invest in our people, advance our technology and evolve our model to meet the changing needs of the market.

Because at Grant Thornton, quality isn't just an outcome. It's a standard we hold ourselves to every day.

Ron Messenger
CEO, Grant Thornton LLP
Partner, Grant Thornton Advisors LLC

About Grant Thornton

In May 2024, the firm completed a reorganization and practices as an alternative practice structure (APS) under the AICPA Code of Professional Conduct, organizing our firm into two separate entities operating under a single Grant Thornton brand in the United States. Grant Thornton LLP, a licensed, registered certified public accounting firm, provides audit and attest services; while Grant Thornton Advisors LLC (Grant Thornton Advisors), which is not a licensed certified public accounting firm, provides advisory, tax and non-attest services. Grant Thornton Advisors provides personnel, administrative and operational support to Grant Thornton LLP pursuant to an administrative services agreement (ASA) but does not have operational or other control over Grant Thornton LLP. Grant Thornton LLP continues to be wholly owned and managed by attest partners, who handle client acceptance and continuance decisions; admission and separation of partners; staffing of attest engagements; and policies and procedures, independence and quality control.

Under the APS, Grant Thornton Advisors and Grant Thornton LLP each have their own CEO. This leadership arrangement, combined with the ASA, ensures that our firm delivers the highest audit quality to our attest stakeholders. All of our audit and assurance work resides strictly within the Grant Thornton LLP entity. Conducting operations with an absolute commitment to quality and integrity is a commitment shared by everyone at Grant Thornton.

This report covers the 2025 calendar year period, with the data within as of Dec. 31, 2025, and pertinent to Grant Thornton LLP only. Note that prior to 2024, certain metrics followed our historic fiscal year (Aug. 1–July 31) and are included in this report based on that reporting period.

Grant Thornton LLP at a glance

Audit & Assurance

268
partners

2,277
U.S. employees*

46
U.S.-based offices

*Additional team members include 1,052 professionals based in Bangalore and Kolkata, India

Grant Thornton LLP and Grant Thornton Advisors LLC at a glance

Audit & Assurance | Tax | Advisory

610
partners/principals

8,768
U.S. employees**

49
U.S.-based offices

**Additional team members include 1,748 professionals based in Bangalore and Kolkata, India

Notable firmwide awards around our culture, initiatives and inclusion efforts:

- Gold award in 2025 Brandon Hall Group's™ Excellence in Action Awards
- Forbes America's Best Employers for Company Culture 2025
- Two 2025 Brandon Hall Group™ HCM Excellence Awards® in recognition of innovative learning and development programs:
  - Silver Award – Best Custom Content
  - Bronze Award – Best Use of Blended Learning
- Seramount's 2025 100 Best Companies
- America's Greatest Workplaces for Parents and Families in 2025 by Newsweek and Plant-A Insights Group
- Human Rights Campaign Foundation's 2025 Corporate Equality Index — perfect score of 100% for eighth year in a row
- 2025 RippleMatch Campus Forward "Best in Class" Award winner for excellence in campus recruiting

Grant Thornton LLP offers audit services and specialty attest services. The audit practice operates in six regions — Northeast, Atlantic Coast, Southeast, Texoma, Central and West — and each region is operated by a Regional Audit Practice Leader who reports to our CEO of Grant Thornton LLP. The specialty attest services, which offers primarily strategic assurance and SOC services, IT assurance and the ESG-related services, operates nationally and is overseen by the National Managing Partner of Specialty Attest, who reports to our CEO. The National Managing Partner of Quality Management reports to both the CEO of Grant Thornton LLP and National Managing Partner of Assurance Quality and Risk (AQR), and supervises monitoring, remediation and annual evaluation of the firm's quality control system. Professional excellence is a focus for all our people, and our professional practice network works closely with audit professionals and regional leadership to support that commitment. Each region has a National Professional Practice Director who reports to the National Managing Partner of Professional Practice who reports to the National Managing Partner of AQR. The Regional Audit Practice Leaders, the National Managing Partner of Specialty Attest Services, the National Managing Partner of AQR, the Audit & Assurance growth leader, and the National Managing Partner of Quality Management are part of the Audit and Assurance Executive team, led by our CEO.

Our people

Our most valuable asset is our people. It is why we continue to invest in resources, including process improvement, technology and learning.

Technical excellence, audit quality and ethical behaviors are reinforced to all professionals that participate in assurance engagements starting day one and continuing throughout their careers. Our learning programs reinforce that our professionals maintain an objective and skeptical mindset. The application of technical expertise is a key competency assessed within the mandatory annual performance appraisal process. In addition, partners and key team members involved in the audit of certain clients, such as listed companies, must first be suitably accredited (for example, via completion of mandatory learning programs, sufficient public company audit experience, industry experience and other criteria).

Partner/managing director/manager involvement is required throughout the audit process. This includes giving honest feedback, coaching and mentoring, encouraging consultation, and providing on-the-job learning to our professionals. The mix of engagement personnel based on experience level is also a significant driver of audit quality, which includes effectively delegating work to less experienced team members, helping them develop skills and knowledge for professional growth. Leveraging non-audit professionals, such as tax or valuation professionals, on our engagements is another driver for audit quality in that these engagement team members provide a level of expertise in certain areas of the audit that other personnel may not have. The following table shows our average full-time-equivalent (FTE) headcount by level for our U.S. teammates. On average, each of our partners supervises eight non-partner employees.

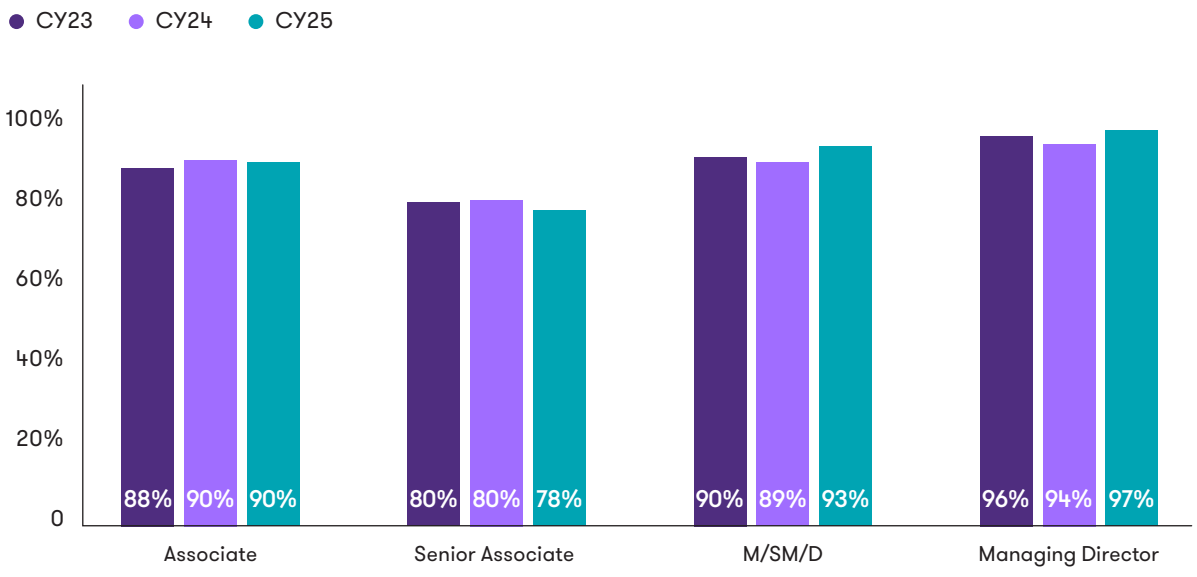
Figure 1: Average FTE audit personnel (US only)	FY23	CY24	CY25
Partners	271	265	268
Managing directors	56	63	72
M/SM/D	527	607	750
Senior associates & associates	1,431	1,544	1,455
Ratio of partner to non-partner	1:7	1:8	1:8

Retention of audit personnel is also a relevant influencer of audit quality. We have invested significantly in programs to help our team members have meaningful careers with Grant Thornton. Figure 2 shows Grant Thornton's audit service line annual retention rates by level for the past three years.

Today, most large firms use centralized service centers to perform certain audit procedures. The proper use of centralized services not only increases quality and efficiency but also enhances development opportunities for domestically based professionals. Grant Thornton operates shared services centers with offices in Bangalore and Kolkata, India, which are a joint effort between Grant Thornton India and Grant Thornton and are named the GT US Shared Services Center India Private Limited and the Grant Thornton US Knowledge and Capability Center India Private Limited (collectively, "INDUS"). The INDUS audit team includes over 1,000 professionals.

In CY 2025, INDUS professionals performed approximately 26% of our audit hours. Our INDUS professionals consistently deliver high-quality work products and audit procedures to our audit engagement teams. The INDUS team works with audit teams across the U.S. and includes the Center for Excellence (COE) for Whole Ledger Analytics (WLA) and Innovations, which operates as the INDUS Lumen Team, an extension of our audit innovation team in the U.S. (Lumen). INDUS has also developed focused industry groups for employee benefit plans, asset management, construction and real estate, and not-for-profit.

Figure 2: Average annual retention rates by level



Sustainability

We continue to see many of our clients reporting data, policies, strategy, commitments, key performance indicators (KPIs), and outcomes for a variety of topics around sustainability matters. This is accompanied by increasing regulation impacting sustainability reporting in a number of jurisdictions, creating additional reporting requirements for many entities. As such, our focus on sustainability reporting in our role as assurance providers and advisers continues to expand.

This expanding focus on sustainability reporting also informs our audit teams where sustainability risks may overlap with financial risks and allows audit teams to have in-depth discussions with management, boards and audit committees on a variety of sustainability subjects that are pertinent to the governance of the entity, including:

- Sustainability strategy and execution
- Identification of material sustainability subjects and KPIs
- Industry and peer benchmarking of sustainability topics and disclosures
- Application of sustainability and sustainability reporting frameworks and standards
- Climate-related commitments such as net-zero and emission reduction targets
- Greenhouse gas measurement
- Inclusion programs and strategies
- Supply chain governance
- Data privacy and cybersecurity

Along with new or expanding reporting requirements, many entities are increasingly obtaining assurance over their sustainability reporting to garner additional trust in the information reported and prepare or comply with regulatory requirements. Our assurance capabilities include expertise and experience in delivering sustainability assurance over a wide variety of sustainability subject matters. Consistent with our role in the financial statement and ICFR audit process, the assurance we provide over sustainability reporting increases the credibility of this information and aligns with our role in the capital markets.

In addition to providing sustainability services, our firm has incorporated sustainability programs into our commercial strategy and operations. More about our firm's commitments can be found in our annual ESG Report.

System of quality management

At Grant Thornton, we recognize that audit quality is paramount in fostering trust and transparency within the capital markets. Our robust System of Quality Management (SoQM) plays a pivotal role in achieving this objective. Grant Thornton International Ltd. (GTIL) and Grant Thornton have implemented service delivery systems, quality controls and risk management tools to provide the necessary framework to meet the high-quality standards of the firm and the profession. Our people have both the latest learning and the most effective tools to build, earn and secure public trust.

The firm has implemented International Standard on Quality Management 1 (ISQM 1) and Statement on Quality Management Standards 1 (SQMS 1). These standards enhance quality management for firms performing audit and assurance services, and require firms to implement a customized quality management system. QC 1000, A Firm's System of Quality Control, adopted by the PCAOB and approved by the SEC on May 13, 2024, sets requirements for firms to operate a risk-based quality control system, focusing on engagement quality and compliance with professional standards. The firm has a robust implementation plan for QC1000 in order to comply with the implementation date of Dec. 15, 2026. We continually evaluate our system of quality control and view our evaluation process as an opportunity for continuous improvement. By identifying areas for enhancement, we strengthen our culture of quality and reinforce our commitment to innovation and client service excellence. We remain dedicated to sustaining audit quality, leveraging cutting-edge systems, and upholding the highest ethical standards.

Key roles within Grant Thornton's SoQM:

- **Ultimate responsibility and accountability —** the CEO of Grant Thornton LLP assumes ultimate responsibility and accountability for the effectiveness of our SoQM. This includes making conclusive judgments regarding its performance and the determination of the overall evaluation.
- **Operational responsibility for the SoQM —** the National Managing Partner of Assurance Quality and Risk is entrusted with operational responsibility for the SoQM. This includes responsibility for conducting the firm's risk assessment process as well as the design and implementation of quality responses to mitigate the risks identified.
- **Operational responsibility for independence compliance —** the Partner-in-Charge of Independence oversees compliance with independence requirements. Ensuring independence is fundamental to maintaining audit quality.
- **Operational responsibility for monitoring and remediation over the firm's SoQM —** the National Managing Partner of Quality Management continuously monitors the SoQM and evaluates the results of that monitoring.

At Grant Thornton, these roles collectively contribute to our unwavering commitment to audit quality, transparency and professional excellence.

Initiating an engagement — Client acceptance and continuance

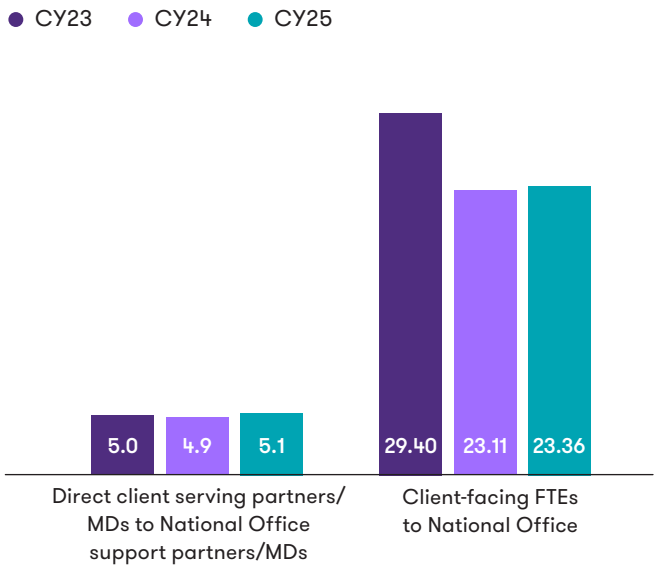
Our audit quality control and risk management starts with our efforts to verify that we are working with clients and client management who share our commitment to integrity and excellence, confirm that we have the independence, skills and capabilities to audit the client's financial statements, and plan and execute each audit engagement in accordance with the relevant professional standards.

The firm's client acceptance and continuance policies and procedures are foundational to our SoQM and are designed to ensure acceptance and retention of audit clients that share Grant Thornton's values of quality and integrity. Key audit engagement partners actively participate in and approve the acceptance of every new client. Additional review and approval occur for audit engagements that meet specified criteria, which may include the National Managing Partner – Assurance Risk Management and may also rise to a committee of senior partners within AQR for review. Other attest, tax and advisory services also undergo a formal acceptance process, which includes consideration of any proposed non-audit services to identify any potential conflicts reported during the relationship checking process.

The firm performs a periodic assessment of whether our relationship with a recurring audit client should be continued.

Relative to the firm's membership in GTIL, Grant Thornton is subject to global client acceptance and continuance procedures that are designed to support member firms' acceptance of appropriate clients. Engagements meeting certain criteria require approval from a global key assignment acceptance committee, which considers whether these engagements represent an acceptable risk to the global network. The committee is chaired by GTIL's global head of quality and consists of partners from a group of geographically diverse member firms. Review and approval are performed on each engagement by a subset of the committee, excluding a representative from the firm proposing.

Figure 3: National Office coverage ratio



Supervision, consultation and review

Every well-run audit firm has a staff of experts available to support engagement teams when complex accounting and audit situations arise. At Grant Thornton, we take pride in our National Office, which not only provides exceptional advice and counsel to our teams, but also gets involved directly with our clients to address issues. We average providing one National Office professional for roughly every 23 direct client-serving audit professionals, and one National Office partner or managing director for every five audit partners or managing directors.

We have a strong culture of consultation, supervision and support, which is embedded throughout our audit methodology.

Audit clients whose securities are publicly traded are subject to an engagement quality review (as required by the PCAOB's standards and the International Standards on Auditing) by partners who are specially qualified to perform such reviews. Our engagement quality review partners are in place for these reviews and other complex or higher-risk clients to address certain quality and risk management matters.

Assurance quality and risk

Quality is foundational to the entire firm, with responsibility lying with every professional, and the SoQM is set up to ensure the audit and assurance services we provide are consistent with that foundation and that we adhere to our professional responsibilities. The AQR team, our National Office, is central to our ability to maintain our SoQM, support our professionals and address risk, and includes specialists in accounting principles, auditing and other attest standards; SEC and PCAOB regulatory matters; risk management; monitoring and remediation; and ethics and independence. AQR professionals are heavily involved in AICPA and FASB standard-setting activities, including the Auditing Standards Board, the Assurance Services Executive Committee, the Professional Ethics Executive Committee, the Peer Review Board and the National Peer Review Committee of the AICPA. We also support and are significantly involved in the activities of the Center for Audit Quality. Our involvement in the profession gives us insight into the business and regulatory environment.

The AQR team is responsible for:

- Establishing and enforcing policies related to accounting and assurance services, including client acceptance and continuance and independence
- Maintaining, updating and reviewing the firm's accounting, auditing, independence and ethics, regulatory and certain other assurance services resources
- Providing timely information and thought leadership concerning current developments in areas of accounting, auditing, ethics and independence, regulatory actions and specialized industries
- Administering various professional and firm quality control functions, including various monitoring activities
- Consulting on technical matters relating to accounting, auditing and SEC practices

Audit methodology and technology

Our global audit methodology, which is used by all GTIL member firms, provides audit teams with a clear and direct link between identified financial reporting risks, internal controls that address the risk, and audit procedures. This approach enables audit teams to judge how the current environment affects an entity's financial reporting; how the entity's operations, policies and procedures may introduce audit risk; and how to develop an appropriate audit response. The methodology scales to allow the audit response to be applied across entities of various sizes and risks. Also, the methodology integrates quality control processes — for example, policies requiring certain types of procedures for certain risks or when an additional layer of engagement quality review is necessary.

Audit results are documented within a cloud-based proprietary documentation software tool and supplemented with external documents that are accumulated and archived following completion of the audit.

Engagement teams use a variety of automations and advanced analytics from our ever-growing suite of Lumen innovations to identify areas of increased risk and facilitate more focused audit responses to improve audit quality. WLA is our patented flagship analytic and represents a suite of separate analytic approaches that can be applied on any general ledger dataset to assist teams in performing risk assessment and substantive procedures, and in identifying other value-added insights. With WLA, our auditors can more easily and effectively examine a client's financial reporting activity and identify higher-risk transactions, potential human errors and reporting trends.

In addition to WLA, engagement teams may leverage one of our audit data analytics (ADA) tools to address a risk of material misstatement in revenue. These ADAs are designed to address specific revenue recognition patterns and assist the engagement team with more precisely responding to the assessed risk in a revenue population by identifying notable items that may represent transactions with heightened risk and merit additional attention.

Our engagement teams may also leverage a suite of automated workpapers to efficiently and effectively respond to risks in areas such as accounts receivable, accounts payable, fixed assets and inventory. These workpapers improve quality by automating the performance and documentation of procedures that are typically performed manually, thereby reducing the chance for human error. The related procedures include automatically importing relevant data, creating roll-forwards that provide a starting point for the current-year audit, reconciling to the general ledger, summarizing key fields and executing sampling plans based on user-selected inputs. They also provide the engagement team with supplemental analytics that help identify riskier transactions or trends in the associated data.

We continue to see strong organic adoption of our suite of proprietary tools. One such tool, EagleEye, automates, standardizes and enhances elements of the quality review process, saving our engagement teams time while further decreasing audit risk. It provides a more consistent approach to quality control by performing a series of customizable diagnostic routines on audit workpapers. EagleEye is continuously updated to add additional diagnostic screens to assist teams in achieving the highest level of quality. In addition, we're actively developing other AI-enabled tools internally and working with external partners to drive further efficiencies in areas such as disclosures, walkthroughs and controls testing. We acknowledge that the use of generative AI comes with risks, including those related to cybersecurity, privacy, data governance, intellectual property rights, discrimination/bias, accuracy, transparency and compliance with applicable professional standards. At Grant Thornton, the use and development of firm-approved AI-enabled tools are subject to policies and safeguards established by the firm, including guidelines on keeping a human in the loop. Output is subject to review by the engagement team.

In May 2026, we launched gtap, a proprietary audit infrastructure that is redefining how the firm performs audits.

In rolling out gtap — which stands for Grant Thornton Analytics & Automation Platform — the firm is ushering in a new era of AI-enabled, agent-assisted audit execution. This approach is allowing its U.S. Audit & Assurance professionals to continue their move beyond traditional, labor-intensive audit procedures.

Grant Thornton created gtap from the ground up to operate as the intelligent core of audit delivery. It embeds analytics, automation and AI directly into each stage of the audit lifecycle. Its cloud-based, self-service infrastructure standardizes how audit data is ingested, transformed and analyzed. This creates a single, trusted data foundation that powers intelligent audit procedures, automates workpapers and unlocks advanced analytics.

The gtap infrastructure works with data from any ERP system and replaces historically fragmented tools with a unified, secure environment that enables full-population analysis and delivers audit-ready outputs at scale. It also allows for AI-driven workflows that can automate routine and transactional audit activity. In addition, gtap opens the door to intelligent agents that can surface risks, anomalies and insights in real time — while auditors maintain oversight, guiding the process and ensuring the integrity of the work.

Professional development

We support professional development not only through structured learning programs but also through on-the-job learning across varied client assignments, coaching, National Office rotations and international secondments. Further, we continually review the skills and competencies of all our professionals to confirm their qualifications for assigned engagements.

Grant Thornton currently operates under a hybrid work model. This not only provides flexibility to our people but also fosters collaboration, enhances professional development and drives overall firm performance. In-person engagement allows for real-time mentorship, spontaneous learning and deeper engagement with our work. It also boosts accountability and provides better supervision of the audit, which in turn supports our commitment to quality and improves service delivery to our clients. The firm provides professionals with a wide variety of learning programs to enhance knowledge and skills in the following areas, among others:

- Accounting, auditing, financial reporting and regulatory matters
- Applying audit standards, policies, methodology and tools
- Fraud prevention and detection and professional skepticism
- Independence and ethics
- Industry — for example, financial services, benefit plans, not-for-profit
- Leadership, communication and interpersonal skills
- Supervision of the audit

The audit and assurance practice has robust policies and processes around learning development and delivery in the following areas to ensure learning programs are relevant and effective:

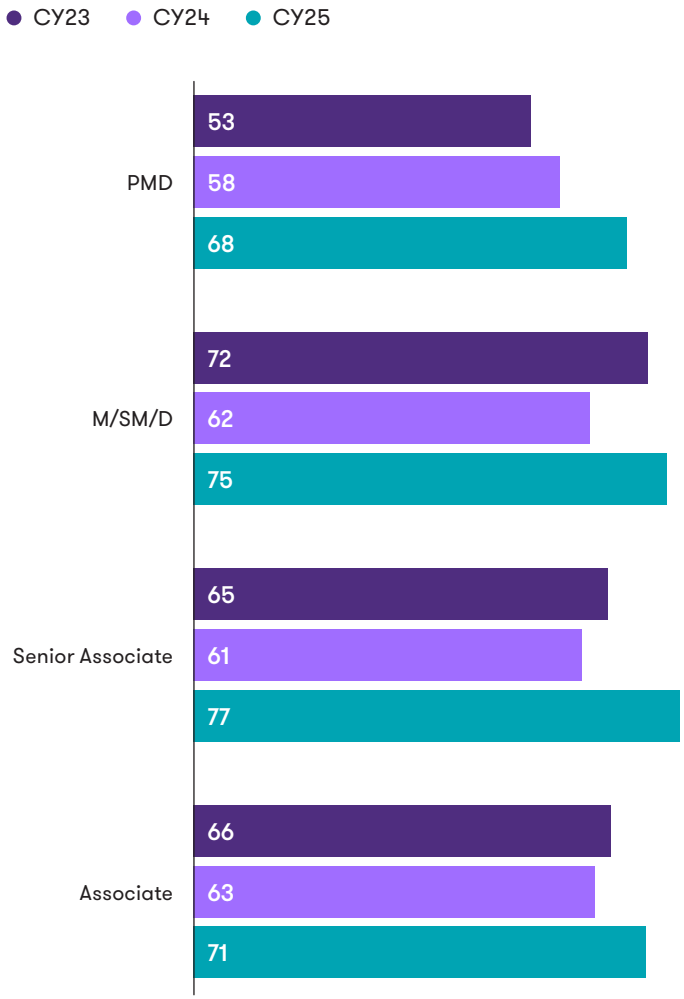
- The number of hours and type of learning needed by professional-level
- Identifying and prioritizing learning topics by level
- Content development, technical reviews and delivery, including identifying and preparing program leaders
- Monitoring enrollment and course completions
- Continuing Professional Education (CPE) compliance

The firm uses a variety of methods to deliver national learning programs and courses — face-to-face (national, regional, and local), virtual classrooms, webcasts and on-demand self-study programs. Where specific topics are not available through a firm-sponsored program, professionals attend courses and events offered by qualified external providers.

The firm's mandatory training programs enable us to conduct business with integrity and in compliance with professional standards, firm polices, laws and regulations. All firm personnel, including INDUS personnel, are required to complete mandatory training. The firm offers several national leadership programs and digital badging opportunities focused on milestone achievements, professional skills, growth, technology and industry.

All professionals in the firm, including CPAs and non-CPAs, are required to obtain at least 20 hours of qualifying CPE every year and at least 120 hours every three years. As noted in the chart below, our U.S.-based professionals average over 40 hours of relevant training each year.

Figure 4: Average training hours by level



In addition, all partners and professionals must comply with state licensing and other firm CPE requirements — all of which are monitored.

The firm enforces corrective actions (minimum consequences) for noncompliance with firm CPE policies, which may include disciplinary warnings, impact on performance ratings and removal from certain engagements, among other actions. Grant Thornton is certified for CPE sponsorship through the National Association of State Boards of Accountancy and listed on the National Registry of CPE Sponsors. The registry recognizes CPE program sponsors who provide CPE programs in accordance with nationally recognized standards.

Accountability and partner compensation

Responsibility for audit quality rests with every professional involved in audits. The ability and commitment to get the job done right is a determining factor in our promotion and compensation system at every level, resting finally and primarily with the partners.

For partners who are involved with providing and supporting audit services, audit quality has a direct influence on performance and compensation. Throughout the year, we track positive and negative audit quality indicators and assign a range of points to those indicators. The tracking is a key factor in a partner's quality rating and overall rating, which in turn impacts a partner's final compensation.

Evidence of high quality is observed and rewarded in many ways. In addition to tracking positive quality indicators, we also annually recognize professionals who have demonstrated their exceptional commitment to quality through Quality Awards.

Quality monitoring

Monitoring activities are crucial to maintaining high standards of audit quality and compliance. These activities encompass internal monitoring — including monitoring performed by the engagement teams, support functions in the National Office and individuals evaluating the SoQM — and external monitoring, which informs the actions we take to ensure audit quality. All monitoring contributes to maintaining compliance with professional standards and firm policies within audit engagements and the SoQM, as detailed in the following sections.

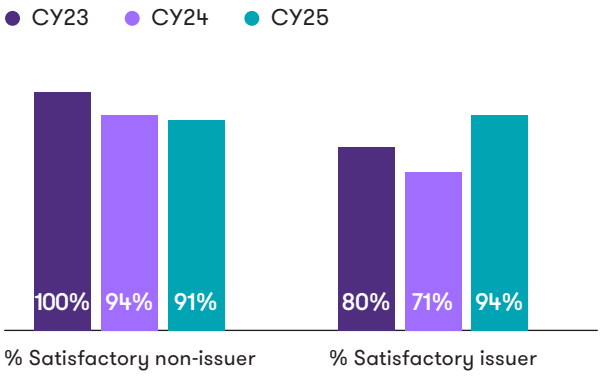
Monitoring by engagement teams and other National Office interaction

Audit engagement teams monitor identified risks within specific audit engagements as a direct response. Throughout the audit lifecycle, both the engagement teams and the firm actively observe and address these risks through various methods. National Office personnel support engagement teams through real-time involvement which includes working closely with select audit engagements to provide immediate guidance, access to internal firm resources and other professional insights. Engagement teams are encouraged to perform self-assessment reviews of issuer audit engagements before archiving them to detect and resolve any issues. Regular meetings are also held to proactively assess audit practice risks, engagement-level risks and external factors such as market demand and talent needs. Engagement team monitoring activities, along with their interaction with National Office personnel, are crucial for maintaining audit process integrity and quality from planning through to completion.

Internal inspection results

Grant Thornton's internal inspection program, known as the audit practice review (APR), is overseen by the Regulatory & Practice Review group and is performed throughout the year with periodic, at least annual, reporting of results. The APR includes a sample of audit and attest engagements. In addition to determining compliance with the relevant rules, regulations and standards, the APR assesses the effectiveness of firm policies, tools, and learning and identifies opportunities to improve engagement performance. In CY25, 30% of our audit partners were inspected internally. Figure 5 shows the three years of inspection results ending with 2025. Satisfactory inspections are defined as those audits that obtained sufficient appropriate audit evidence to support their opinions prior to issuance.

Figure 5: Summary of audit services practice internal inspection results



Inspection teams are selected from a combination of National Office personnel and audit professionals outside the geography under review and include information technology, valuation and tax resources as considered necessary. Engagement partners are subject to a possible engagement review every year, but no less frequently than once every five years. Individual engagements are selected for inspection using a risk-based approach.

Findings from engagement inspections are captured and evaluated throughout the process. Identified themes or pervasive opportunities for improvement are communicated to the Audit and Assurance Services practice through training events and other technical update channels.

Pre-issuance review

The firm implemented a pre-issuance review (PIR) program in calendar 2024. The PIR program makes both risk-based and random SEC issuer engagement selections, beginning with Dec. 31, 2024, year-ends. Year one of the PIR program concluded with Sept. 30, 2025, year-ends, and included approximately 35% of the firm's total SEC issuer population for that period. Year two of the PIR program includes Oct. 1, 2025, through Sept. 30, 2026, year-ends and upon completion will include approximately 25% of the firm's total SEC issuer population for that period. The PIR program is executed over planning and interim procedures and is focused in the areas of revenue, inventory, goodwill/intangibles, business combinations, audit committee communications, and pre-approval of services. Each PIR is completed by an independent individual not associated with the underlying engagement.

Observations from the PIR program are captured and evaluated throughout the process. Identified themes or pervasive opportunities for improvement are communicated to the leaders of the Audit and Assurance practice and any determined areas for improvement are communicated to the practice through training events and other technical update channels.

Restatements

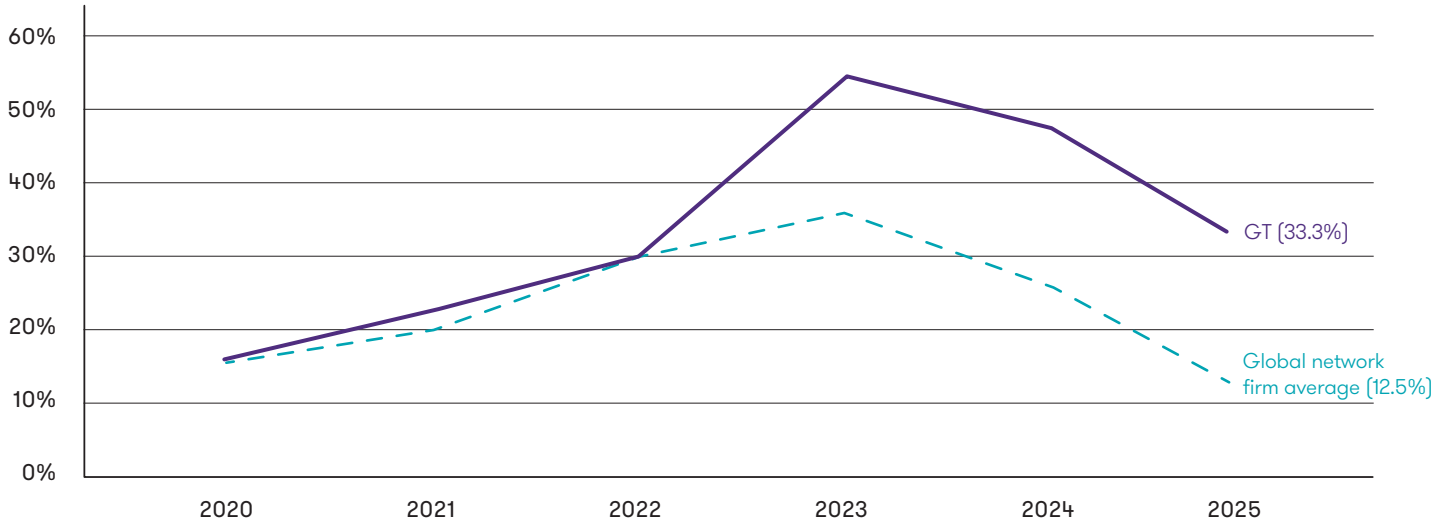
The firm monitors restatements of the financial statements of companies we audit in order to identify trends or other areas where we should focus quality improvement efforts. The rate of restatements of annual financial statements of SEC issuers we audit was below 1% for the years 2023 through 2025.

Peer review

The firm participates in the AICPA Peer Review Program, which requires a firm to undergo triannual external reviews of its audit quality control systems applicable to non-SEC issuer engagements. Our most recent Peer Review Report, which had a "Pass" result, can be accessed on the AICPA website using the firm number 900010026656.

Figure 6: PCAOB inspection comparison

Grant Thornton LLP's commitment to quality and integrity remains the foundation of all we do.
Six-year lookback of PCAOB inspection report part I.A deficiencies



Deficiencies are for the U.S. member firms global network firms designated by the PCAOB.

Information shown on this page pertains solely to the legal entity Grant Thornton LLP, through which audit services are delivered in accordance with our alternative practice structure

PCAOB inspections

The PCAOB conducts periodic inspections of all registered public accounting firms, including annual inspections of firms such as Grant Thornton that audit 100 or more issuers. Grant Thornton is inspected as a part of the Global Network Firms program as determined by the PCAOB. The PCAOB's process focuses on our SoQM and inspections of a selection of our SEC issuer engagements.

Inspection reports include two major parts. Part I is public and includes findings related to specific inspection engagements (Part I.A and Part I.B), as well as instances of noncompliance with SEC rules or instances of noncompliance with PCAOB rules related to maintaining independence (Part I.C). Importantly, if the PCAOB includes a matter in Part I.A or Part I.B of its inspection report, unless otherwise noted, it does not necessarily mean that the issuer's financial statements are materially misstated or that undisclosed material weaknesses in ICFR exist. Part II contains observations regarding a firm's overall quality control processes, including comments on thematic issues. Part II remains nonpublic unless the PCAOB deems the actions taken to address those observations were not to the board's satisfaction, in which case such aspects of Part II are made public.

Our most recent PCAOB public inspection report is the 2025 report issued in May 2026 that covered audits of companies with fiscal years generally ended on or around Dec. 31, 2024. Figure 6 shows the percentage of Grant Thornton's PCAOB-inspected audits that were included in Part I.A of the PCAOB's inspection report in comparison to the Part I.A average for the other five global auditing firms.

All of Grant Thornton's PCAOB inspection reports are available on the PCAOB site.

The most recently available reports (the 2025 report) noted the following areas where deficiencies were most frequently identified:

- The most common Part I.A deficiencies related to testing data or reports used in substantive testing and testing an estimate.
- Part I.B deficiencies related to retention of audit documentation, audit committee communications, and management communications.
- Part I.C deficiencies, including firm-identified matters, related to audit committee pre-approval and non-audit services.

We take the PCAOB's findings very seriously, and we are dedicated to continuous improvement. In addition to the areas identified above, the firm is also focusing on the following areas based on feedback from the PCAOB:

- Supervision of the audit
- Pre-issuance review program
- Other targeted areas within the firm's methodology and overall SoQM

U.S. Department of Labor inspections

The Employee Benefits Security Administration of the U.S. Department of Labor (DoL) has established an Audit Quality Inspection Program covering audits of plans subject to the reporting and disclosure requirements of the Employee Retirement Income Security Act of 1974. For firms that audit 200 or more plans, such as ours, a DoL inspection consists of a top-down review of the firm's employee benefit plan audit practice, as well as an inspection of a selection of employee benefit plan audits for compliance with professional standards and DoL rules and regulations. The DoL's most recent inspection of our firm was completed favorably in 2021, with all inspected engagements deemed acceptable.

Engagement with regulators

Integrity and quality are and will continue to be the foundation for our strategy, and we fully support the PCAOB's mission to protect investors and further the public interest in the preparation of informative, accurate and independent audit reports. The PCAOB inspection process and our dialogue with the inspections staff remain an integral component of our commitment to achieving the highest levels of quality. We appreciate the efforts of all external regulators and look forward to continuing our conversations on improving audit quality, both at our firm and across the profession.

Effectiveness of quality control system

Grant Thornton's quality monitoring and remediation program, under ISQM 1 and SQMS 1, is overseen by the National Managing Partner, Quality Management and the Quality Monitoring and Remediation (QMR) group. QMR is a separate function that establishes quality monitoring policies and methodology, maintains the quality management technology, executes a monitoring program, provides guidance to firm leadership and supports the CEO's evaluation of the SoQM.

The quality monitoring and remediation program incorporates information from comprehensive monitoring activities that exist within the firm, including completed engagement inspections and external inspections noted above. The results of other inspections are considered when determining whether additional findings or deficiencies exist, either individually or in the aggregate, that may affect the evaluation conclusion reached.

The firm evaluates findings and observations from all its monitoring activities, including inputs from both internal and external sources. A key component of the assessment is a robust root cause program wherein causal factors are identified for positive and negative results, combined with an analysis of quality indicators. The ongoing cycle of monitoring, identifying where improvements are warranted, identifying causal factors and developing actions provide a foundation to drive continual improvement in our audit approach and execution. An effective quality control system can provide only reasonable, not absolute, assurance that a firm's quality control objectives are met.

Continuous improvement and innovation

Over the past several years, we have taken actions to address quality control matters, including specialized trainings, investments in advanced technologies and other actions in response to the firm's root cause evaluation program, which is designed to focus the effort that is most responsive to the quality input as well as the underlying causal factor. Some examples include:

- The firm is reinforcing and monitoring compliance with what it calls "the audit lifecycle," a mechanism to provide outstanding project management of its audit engagements and client experience.
- The firm continues to reinforce through practice guidance and focused training those areas of the audit that are higher in complexity and more prone to scrutiny.
- The firm continues to develop, enhance and execute on actions that are designed to involve the firm's National Office experts throughout the audit process.
- The firm continues to develop and evaluate tools and technological advancements to proactively identify impediments to audit quality and enable more targeted and effective audit procedures. This includes ongoing investment in artificial intelligence and the continued enhancement and expansion of both existing and new tools and capabilities as discussed earlier to further improve audit quality, efficiency, and risk identification.

The firm's Audit Quality Advisory Council will also continue to offer strategic counsel and knowledge to both our Audit & Assurance Services Executive Team and Partnership Board on how we can design programs and implement strategies and technologies that support high audit quality.

Independence and ethical guidelines

Independence and ethical requirements promulgated by the International Ethics Standards Board for Accountants, PCAOB, SEC, AICPA, DoL and Government Accountability Office (GAO) protect the public interest by requiring auditors to be independent in fact and appearance, including our specific policies as it relates to independence and ethics. Grant Thornton employs a robust independence quality control system for the firm and our professionals of both Grant Thornton LLP and Grant Thornton Advisors LLC that meets or exceeds these independence and ethical requirements. Specific controls address audit partner rotation for listed and other public interest entities and identify potential independence threats. All of the partners, principals, managing directors and client-facing managers in Grant Thornton are required to maintain real-time investment records in a GTIL global database [referred to as the Global Independence System (GIS)]. Our independence standards group identifies and helps resolve any potential independence conflicts.

Grant Thornton maintains written independence and ethical standards policies that are delivered to all personnel. These written policies and procedures provide reasonable assurance that all personnel maintain compliance with SEC independence requirements and PCAOB independence and ethics requirements when relevant to the audit, attestation or review engagement. In addition, all newly hired professionals are required to undergo independence and ethics learning, and all partners, managing directors and other professionals complete at least annual learning thereafter. GTIL and its member firms also enforce policies and procedures designed to assist in the prevention and detection of independence threats. Our independence-related resources and tools are easily accessible to all personnel.

Independence policies and procedures require:

- Maintenance of an updated list of restricted entities, including other related lists
- Independence self-reporting and annual certification of compliance with our independence and ethical policies by all of our partners, principals, managing directors and other professionals, as well as our professionals certifying their independence when submitting time through the firm's time-capturing tools
- Self-reporting of other relationships in the firm's self-reporting tools (e.g., independence certification) that may be thought to have a bearing on our independence within seven days of entering into a new relationship
- Verification that the self-reporting of such independence and relationship matters is complete and accurate

Independence requirements include prompt reporting of any employment offer from an audit or other attest client, which then triggers a review and evaluation of the impact such an offer may have on the work performed. This topic is also addressed in our engagement letter terms and conditions for all attest clients. In addition, personnel interviewing with such clients will be segregated from providing professional services during the interview process and while the offer is being considered.

Because "tone at the top" is central to an effective independence quality control system, the firm has developed a sanctioning process for noncompliance with our policies and procedures that is fully supported by the executive teams of Grant Thornton Advisors LLC and Grant Thornton LLP. We perform independence audits of partners, managing directors and managers every year. Partners in the audit chain of command, Senior Leadership Team members and Partnership Board members are audited at least every three years. Other partners and managing directors are audited at least every five years.

In addition to our own independence practices, GTIL requires member firms to adopt policies and procedures that have been designed to safeguard independence on audit engagements and identify circumstances that could pose a conflict of interest. The global independence policies and procedures are based on the International Ethics Standards Board's Code of Ethics for Professional Accountants, with supplements to govern compliance with our global independence and international relationship-checking processes. Member firms are also required to adhere to their local regulatory requirements if more restrictive.

Another key element in our independence and ethical practices includes communications with audit committees and those charged with governance. Member firms have established polices and guidance for engagement teams to follow to comply with the applicable independence communication requirements. For each audit client, our engagement teams communicate with those charged with governance to discuss matters that may have a reasonable bearing on the firm's independence and the execution of the audit engagement. At the end of each audit, the engagement team reviews the results of the audit with those charged with governance.

For public audit clients, all permitted non-audit services are preapproved by the audit committee to ensure the independence and objectivity of the firm. In addition, for such clients, engagement teams are required to adhere to the audit committee independence communication requirements (verbal and written) established by the PCAOB and SEC, and engagement teams have a professional responsibility to explain how the performance of non-audit services may impact independence.

GIS

Avoiding financial interests in an audit client, or its affiliate, is a key objective in maintaining the independence of member firms and the client service engagement teams. To help individuals and member firms achieve this objective, GTIL uses the GIS, an automated tracking system that identifies restricted entities (issuers of publicly traded securities in which financial interests are prohibited or restricted). This information is made available to all personnel in all member firms.

Member firms and their partners, client-facing managers, spouses, spousal equivalents and dependents are required to maintain a record of their financial interests in the GIS. The GIS monitors compliance with our financial interest policies by comparing financial interests recorded in the system with a regularly updated list of restricted entities. Individuals and those responsible for compliance monitoring are notified by the system in the event a recorded financial interest is in a restricted entity. The GIS provides a mechanism to assist the individual in determining, based on the facts and circumstances, whether it is appropriate to hold the financial interest. Where it is not appropriate to hold the financial interest, it must be disposed of.

Grant Thornton has a policy in place that requires GIS users that have eligible investment accounts to use a brokerage firm that participates in the firm's GIS broker import program. This feature assists the firm in monitoring compliance with its financial interest polices and requirements.

GIS compliance monitoring is performed at both the member firm and global levels.

Relationship checking

GTIL policy requires member firms and professional personnel from all service lines to maintain their objectivity when delivering services to or entering into business relationships with clients. To avoid conflicts of interest and threats to independence arising from the provision of non-audit services to audit clients or their affiliates, including business relationships with audit clients or their affiliates, the identification of any existing client relationships prior to accepting an assignment is essential.

Policies and procedures at the member firm and global levels include processes designed to identify existing relationships. These processes also include requirements for appropriate consultation when relationships are identified prior to accepting new assignments.

GTIL quality

GTIL has established a Global Quality Framework, which is an overarching standard that applies to all GTIL member firms. It sets common quality standards and is a permanent reference point setting the expectations of member firms to deliver services to agreed-upon quality standards.

Member firms are focused on delivering high-quality engagements in an ever-changing environment. GTIL provides support and resources to help support quality, including:

- An audit methodology, with supporting software, that is available globally
- Policies and procedures contained in audit manuals that are benchmarked against international auditing, quality control, independence, and ethics standards
- Protocols that enable member firms to consult with the global auditing standards team and, if necessary, with audit specialists in other member firms
- Protocols that enable member firms to consult with an International Financial Reporting Standards help desk
- A comprehensive intranet service that includes up-to-date information for member firms on auditing, financial reporting, ethics and independence standards as well as guidance on applying them effectively

The Global Methodology and Learning Steering Committee collaborates on auditing standards, methodology and related training that affect the network.

Each GTIL member firm is obligated to submit to an inspection of its quality control system on a periodic basis, referred to as the Grant Thornton Assessment and Review (GTAR). The GTAR process is designed to monitor member firm compliance with professional standards and global audit policies and procedures. The GTAR is conducted by independent and suitably qualified partners and managers from other member firms under the overall direction of the global audit quality leader. The inspection process includes an evaluation of policies and procedures of the member firm applicable to its audit practice and benchmarking those policies and procedures against relevant policies and procedures of the international organization and applicable audit standards.

A report is issued based on the review findings and is evaluated as satisfactory (pass) or adverse (fail). Summary results are made available to a designated group in each member firm, which is accessible to group auditors for purposes of assessing qualifications of other member firms that perform work on group audits.

GTIL engagement with regulators

GTIL member firms are expected to maintain an open and constructive relationship with their regulators. This is consistent with our global policy of embracing external oversight, along with supporting a balanced public reporting of external inspection programs. As a major international professional services organization, GTIL meets at least annually with the International Forum of Independent Audit Regulators (IFIAR) and contributes regularly to the public discussion on major industry issues.

Governance, risk and compliance

The CEO is ultimately responsible and accountable for the SoQM, and operational responsibility has been placed with the National Managing Partner of AQR. The CEO of Grant Thornton LLP and the National Managing Partner of AQR report quality and risk matters to the Partnership Board, including, at least annually, the findings of our engagement quality review process, SoQM monitoring results and any planned remedial actions. The results are also disclosed to certain of the firm's external regulatory bodies.

Audit Quality Advisory Council

The Grant Thornton Audit Quality Advisory Council (the quality council) is composed of two independent council members and one audit representative from our Partnership Board. The purposes of the quality council are to advise the Partnership Board regarding ways to maintain and improve the firm's SoQM in accordance with applicable professional standards and to champion the public interest nature of the Audit & Assurance practice. The firm grants the quality council full access to firm information to help them fully understand our SoQM. The quality council sets an agenda each year to consider multiple quality control areas of the firm, including observing certain processes as they occur. The quality council also meets with the Audit practice and other leadership throughout the year.

The two independent members are Helen Munter and Kurt Schacht. Munter is the founder of ADIGEO Consulting LLC, providing expert services related to regulatory oversight and audit liability matters. Munter previously served as the second director of the Division of Registration and Inspections at the PCAOB. Schacht serves as the executive director of the CFA Institute Systemic Risk Council and previously held leadership positions in the financial services industry and was involved in advisory committees to various regulators including the SEC and IFIAR. He is currently serving on the PCAOB's Standards and Emerging Issues Advisory Group (SEIAG). Craig Miller is the audit representative from our Partnership Board. Miller is an audit partner and the National Professional Practice Director for the Atlantic Coast and Southeast regions. He serves as a liaison between the quality council and the board and provides insight to the independent members regarding our governance and SoQM.

Code of Conduct

We are committed to following the highest standards of ethical conduct and serving our clients with quality and integrity. This commitment stems from our CLEARR values — Collaboration, Leadership, Excellence, Agility, Respect and Responsibility (CLEARR). Our Code of Conduct is an extension of Grant Thornton's values, which provide the foundation for the way in which we conduct business, serve our clients and behave both within the firm and externally. A dedication to our CLEARR values is the personal responsibility of every employee of Grant Thornton. Grant Thornton's Code of Conduct applies to all personnel and sets forth the standard expected for our actions and behavior.

The Code of Conduct includes policies that deal with independence, conflicts, protecting confidential and proprietary information, records management, equal opportunity employment and respect in the workplace, complying with laws and regulations including insider trading and anti-competitive practices, anti-discrimination, government ethics and contracting and political activities. The Code of Conduct also includes guidance for ethical decision-making when faced with a dilemma. We strongly encourage our people to ask questions as they arise on ethical standards and to consult with others on particular issues.

Ethics hotline

At Grant Thornton, we believe ethical behavior is a necessary foundation for everything we do. Links to EthicsPoint, the independent third-party host of our ethics hotline, are available on our external website and on our intranet site to ensure that both our firm professionals and our clients have the opportunity to ensure that we uphold our standards. Reports can be made anonymously and are forwarded to the appropriate personnel for review within 24 hours. Grant Thornton has a strict policy against retaliation against personnel who report a matter in good faith and/or who assist in an investigation. All matters reported will be investigated promptly.

Our Information Security and Privacy Management Systems (ISPMS) are based on best-practice global standards — ISO 27001, 27701 and 27017. We first achieved ISO 27001 certification in 2016, followed by ISO 27701 and 27017 in 2020 and have maintained our certifications each year since, recently renewing our certification under the updated ISO standards (2022). Successful certification and maintenance of ISO year-over-year demonstrates our practices are systematic and ongoing in managing information security, cloud security and privacy risks.

Confidentiality and data protection

Confidential information relates to any nonpublic or proprietary information about our clients or personnel, or any nonpublic information that we have acquired during the course of business. We employ a variety of system controls and policies to avoid any improper or unauthorized use or disclosure of such information. We require a nondisclosure agreement and client consent when we engage outside resources to assist us in an audit that requires us to furnish such individuals with confidential information.

Grant Thornton's information security and data privacy programs are designed to protect firm and client data from cyber threats and to comply with our obligations. We train our employees on an ongoing basis on key topics to ensure they understand those obligations, as well as the roles they each play in safeguarding client and firm data. Additionally, a Cybersecurity Program Brief is accessible to all employees and provides an overview of the policies, processes and controls related to the program.

Following are examples of Grant Thornton's confidentiality, privacy, and security controls:

- **Administrative:** New hire background checks, security and privacy policies, incident response procedures, learning and change management processes
- **Physical:** Access control mechanisms to secure areas, secure handling and disposal of hard-copy materials, environmental controls and media disposal and sanitization procedures
- **Technical:** Laptop encryption, password requirements enforcement, multi-factor authentication, patching processes, network intrusion detection systems, firewalls, encryption of information across untrusted networks, mobile device management, malware and virus detection software, identity and access management, privileged access management and controls to track and disable lost or stolen equipment

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