



Plante Moran's commitment

**Quality and
transparency**



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A MESSAGE FROM FIRM MANAGING PARTNER

Jason Drake

Welcome to Plante Moran's report on audit quality and transparency.

I'm sure many of us grew up with this phrase echoing in our ears: "If it's worth doing, it's worth doing right." This was one of co-founder Frank Moran's favorite sayings.

Plante Moran has built a 100-year reputation based on quality and integrity — on doing things right. We've never been a firm to take shortcuts.

We have great systems in place to ensure a quality product every time: we have rigorous quality control processes, an open door policy, colleague partnering, and the ability to ask questions at any point in the process. These systems enable us to do things right not only because our clients and the public depend on us for it, but because it's the right thing to do. I'm reminded of a quote that was hanging in the office of one of the firm's former directors of professional standards: "Every job is a self-portrait of the person who did it. Autograph your work with quality." We aspire to do that for every client, every day.



Jason A. Drake

Jason Drake
Plante Moran Managing Partner



WHO WE ARE

About Plante Moran.

Founded in 1924, Plante Moran is among the nation's largest certified public accounting and business advisory firms, providing clients with audit; tax; risk management; financial, technology, and business consulting; and wealth management services. The firm has a staff of more than 3,800 professionals, including more than 380 partners, in 24 offices in total throughout Colorado, Illinois, Michigan, New York, and Ohio, and international offices in Shanghai, China; Mumbai, India; Tokyo, Japan; and Monterrey, Mexico. Plante Moran has been recognized by a number of organizations, including Fortune magazine, as one of the country's best places to work.



Culture

The culture at Plante Moran is driven by our core values:

- ✓ WE CARE.
- ✓ WE ARE GUIDED BY THE GOLDEN RULE.
- ✓ WE STRIVE TO BE FAIR.
- ✓ WE COMMIT UNCONDITIONALLY TO QUALITY, INTEGRITY, AND PROFESSIONALISM.
- ✓ WE MAXIMIZE INDIVIDUAL OPPORTUNITIES WITHIN THE CONTEXT OF THE TEAM.
- ✓ WE ARE DEDICATED TO PRESERVING AND ENHANCING OUR SPIRIT.



Commitment Statement

Our commitment and mission

The firm has developed a commitment statement — a brief statement of what Plante Moran is, our philosophy, and the relationship between our philosophy and our firm’s spirit, vision, and strategy. Plante Moran is committed to being a broad-based professional certified public accounting and consulting firm. We will proactively pursue and respond to the needs of clients by rendering a wide range of high-quality professional services commensurate with our collective abilities and representing true value in relation to cost. We will operate the firm in conformance with sound business practices, but we will remain a professional firm with our primary emphasis on quality and client service, not profit.

Our philosophy

Plante Moran is guided by our philosophy that is based on certain core values and perhaps best expressed in condensed form by the Golden Rule: “Do unto others as you would have others do unto you.”

Although the Plante Moran philosophy can be summarized by the Golden Rule, it comprises many principles, such as those in our Statement of Principles, namely: service, ethics, recruitment, compensation, individual progress, advancement, teamwork, delegation, education, leadership, individual freedom, communication, decision-making, the common good, balance, change, and diversity, equity, and inclusion.

These important principles keep us focused on quality and professional responsibility in a manner that upholds our core values of fairness; helping the individual to become all that that they are capable of becoming; optimizing, rather than maximizing, our financial success; and doing what is right for the right reasons, with emphasis on the long-range consequences of our decisions.

Although we will continue to expand and refine the principles embodied in the Plante Moran philosophy, our emphasis will be on communicating, exemplifying, and living the Golden Rule day in and day out.

Our spirit

Our Plante Moran spirit is the sum of our attitudes and feelings toward clients, each other, ourselves, the firm, its principles and its philosophy, and how we collectively and individually practice the Golden Rule. We’re committed to maintaining and enhancing our spirit by constant attention to our philosophy, by reinforcement through adding only persons of goodwill and integrity, by individually practicing and supporting behavior that exemplifies caring attitudes, and by discouraging behavior that does not.



Structure & Ownership

Plante Moran is a professional limited liability company (PLLC).

One-hundred percent of the capital used to finance our firm’s operating activities (accounts receivable, facilities, etc.) comes from capital maintained within our organization by our equity owners. While Plante Moran has a line of credit arrangement with a major financial institution available, we have rarely used that line and only for very short durations of time.



Governance

“One-firm” firm

Our firm is built fundamentally different from most because of our “one-firm” firm philosophy and structure. Our structure doesn’t have competing regional, office, or service-level profit centers and, as a result, clients receive the best resources regardless of office location or geography. This guarantees our ability to identify professionals within our firm with specific experience and skills, and to seamlessly deploy resources to meet each client’s needs.

Management team

Plante Moran’s management team comprises a managing partner and 9 group managing partners (management team) overseeing industry groups, recurring services, nonrecurring services, firm operations, and offices.

Members of Management Team

Managing Partner

Firm

Jason Drake

Group Managing Partner

Colorado & Ohio Offices

Shane Brown

Group Managing Partner

Illinois & Michigan Offices

Nate Buchalski

Group Managing Partner

Firm Administration

Laura Claeys

Group Managing Partner

Management Consulting & International Offices

Dennis Graham

Group Managing Partner

Nonprofit & Public Sector Industries

Donna Hanson

Group Managing Partner

Wealth Management

John Lesser

Group Managing Partner

Tax Services

Curtis Ruppall

Group Managing Partner

Assurance Services

Bryan Welsh

Group Managing Partner

Commercial Industries

Brian Wiedenhoeff

Professional standards team

Plante Moran has a 38-person professional standards team (our “National Office”) that is responsible for the quality management function at the firm and serving as technical resources for the various industry and service groups. Our professional standards team is responsible for firm policy and oversight of technical compliance. Each of our key industries and service groups has a designated industry technical leader. Each industry technical leader is charged with closely following changing professional standards

and implementing required changes into industry audit templates. New standards implementation is coordinated through the professional standards team to ensure relevant changes are communicated to all staff through accounting and auditing alerts delivered through our firm intranet, changes are incorporated into audit templates, internal training programs, and relevant guidance materials, and analysis can be provided to our client base through our external website.

Members of Professional Standards Leadership Team

Director of Professional Standards

Christa LaBrosse

Accounting Policy

David Grubb

SEC Services

Steve Neiheisel

Industry Technical Leader Representatives

Melissa Lynch

Dawn Stark

Director of Quality Management, Ethics, & Assurance Policy

Carole McNees

Independence Policy

Lindy Beldyga

Public Sector/Grants Compliance

Michelle Watterworth



Affiliations

Praxity

Plante Moran is affiliated with Praxity, AISBL, which is the world's largest alliance of independent accounting firms and maintains the seventh position overall among all accounting associations. Our extensive international alliance has the breadth and depth to cover all of our clients' international service needs. Because of our alliance with Praxity, Plante Moran can draw on the talent of more than 76,000 professionals worldwide to serve our clients.

The purpose of Praxity is to provide our internationally active clients with access to high-quality professional accounting and auditing firms throughout the world. Firms that participate in Praxity are selected on the basis of a rigorous assessment and classification process designed to demonstrate technical capability, commitment to quality, financial strength, and leadership positioning within their respective geographies.

PRAXITY FACTS

Combined revenue (turnover):	USD 9.7+ billion (EUR 8.9 billion)
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Countries present in:	120+
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Global member offices:	880+
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Participating firms:	55+
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Employees worldwide:	76,000+ in participating firms
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Financial & other information.



Financial Information

For the year ended June 30, 2024, Plante & Moran, PLLC had a total fee income of \$1.046 billion, as follows:



36%

Audit, Assurance, & Accounting Services



34%

Tax Services



30%

Advisory Services



Public Company Audits

Plante & Moran, PLLC files an annual report with the Public Company Accounting Oversight Board (PCAOB) that contains a list of our public company audit clients during the previous 12-month period. That information is provided on PCAOB Form 2, Annual Report Form, Item 4.1, Audit Reports Issued by the Firm for Issuers. The firm's latest Form 2 is available on the [PCAOB website here](#).

Audit quality.



Firm Philosophy

Plante Moran is dedicated to maintaining high professional standards and quality performance.

This is a pervasive dedication that relates to all of our services: accounting, auditing, tax, and business and management consulting. An unwavering commitment to quality is a cornerstone of our culture. Everyone in the firm is expected to practice professionalism consistent with our quality philosophy.

Professionalism in the auditing profession means integrity, objectivity, independence, adherence to professional standards and applicable laws and regulations, and a demonstrated will to maintain and improve the quality of service, at the same time withstanding all pressures, competitive and otherwise, to compromise on principles, standards, and quality. Professionalism requires, particularly in the field of auditing, an understanding of and dedication to the public interest. This public interest has placed the public accounting profession in a unique position of public trust that extends to how we carry out our assurance, tax, and consulting services. The proprietary interests of any single client or ourselves should not interfere with our commitment to professionalism.

Professionalism makes other demands on us. Those demands include, among other things, due care in the performance of services, holding client information confidential, and accepting only engagements that we can perform with competence and that will not impair our independence. Moreover, in evaluating any proposed engagement, we need to consider whether such engagement will lessen public confidence in our independence, integrity, and objectivity in providing services.

Assurance partners lead in carrying out our financial statement services to clients. In this setting, the assurance partner has the authority and the accompanying responsibility for decisions related to performing that service. Support is provided in many ways. Individuals on the professional standards team provide guidance and advice. In day-to-day operations, we look at what is right, not who is right. As can be expected, greater weight is given to the opinions of individuals having greater abilities and experience in the area being considered.

Implementation of new quality management standard

The firm implemented the International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* (ISQM 1), effective Dec. 15, 2022. As part of that implementation, a comprehensive process was followed to identify relevant risks to the quality objectives outlined in ISQM 1 and identify responses in place or implemented to address those risks.



Tone at the Top

Firm leadership has ultimate responsibility

One objective of Plante Moran's leadership is to promote an internal culture based on the recognition that quality is essential in providing professional services to clients.

The firm's partnership agreement assigns our management team the responsibility for all firm policies and procedures, including our system of quality management. The management team, and the examples it sets, significantly influences the internal culture of the firm. The promotion of our quality-oriented internal culture depends on clear, consistent, and frequent actions and messages from all levels of the firm's management, emphasizing the firm's quality management policies and procedures. Such actions and messages encourage a culture that recognizes and rewards quality work. This "tone at the top" is reflected throughout our policies and procedures. For example:

- Our client retention policies cause us to continually evaluate client relationships and specific engagements so that commercial considerations do not override the objectives of our quality management system.
- Our audit policies are clear that fee considerations and scope of services shouldn't infringe on work quality.
- Our personnel policies are clear that failure to adhere to our policies and procedures regarding performance, quality, and commitment to ethical principles will result in disciplinary action.
- Our performance management system is designed to reward partners and staff for their technical competence, the quality of their work, and their compliance with professional standards.

Operational responsibility for assurance quality management

The firm has designated the director of professional standards with overall operational responsibility for developing and implementing appropriate policies and procedures for the firm's quality management system for assurance services.



Independence, Integrity, & Objectivity

The goal of the independence, integrity, and objectivity element of our system of quality management is to provide the firm reasonable assurance that staff maintain independence, in fact and in appearance, in all required circumstances; perform all professional responsibilities with integrity; and maintain objectivity in discharging professional responsibilities. Each individual is responsible for maintaining his or her independence from firm clients. The director of professional standards is responsible for the oversight of the independence policies and procedures for the firm and consultations about specific independence issues.

Plante Moran takes auditor independence very seriously. The firm has implemented a client acceptance process that includes a multitiered approval process to identify potential independence and conflict of interest issues at an early stage.

Firm standards require that prior to the acceptance of any significant client or project for an existing client, an electronic acceptance questionnaire be completed and approved by firm management. This process allows Plante Moran to make sure that the clients we work for meet the firm's quality criteria and that any additional services taken on by the firm don't jeopardize our independence. A weekly notice of new client opportunities is distributed to all partners, senior managers, and managers for review for any potential conflicts or independence issues.

The director of professional standards oversees an independence leadership team that provides an independence quality management infrastructure appropriate for the increasingly complex independence rules and regulations. This team, with members having in-depth experience in studying and addressing independence issues, is responsible for developing and implementing independence policies, programs, tools and processes, and consulting with partners and staff on independence issues.

When changes to independence and other rules take place, Plante Moran embraces them fully and in all respects, and makes changes that are necessary to keep our commitment of independence, integrity, and objectivity to our clients and to the public that we serve.



Personnel Management

The objective of the human resources element of our system of quality management is to provide the firm with reasonable assurance that it has sufficient personnel with the capabilities, competence, and commitment to ethical principles necessary (a) to perform its engagements in accordance with professional standards, and regulatory and legal requirements; and (b) to enable the firm to issue reports that are appropriate in the circumstances.

Recruitment

Effective recruiting processes and procedures help us retain staff of integrity, who have the capacity to develop the capabilities and competence necessary to perform the firm's work and possess the appropriate characteristics to enable them to perform competently. To provide assurance that personnel possess the necessary characteristics, we have established firmwide hiring standards appropriate to the firm's personnel needs. We recruit at some of the top schools with significant accounting programs, and we require demonstration of a very high level of academic success.

The firm conducts its personnel hiring in a way that's responsive to the needs of its various departments, and industry and service groups. In some cases, it's a matter of planning for broad scale entry-level people; in other cases, it involves identifying and searching for a person with specialized experience. The human resources department, under the guidance of its director, assists firm management with planning personnel needs.

Recruiting patterns for potential new staff members vary depending on the educational background, job experience, and work skills required in each of the departments, and industry and service groups of the firm. As stated in the firm's Principle of Recruitment: "It is our intent to recruit those individuals, regardless of race, color, creed, gender, religion, age, national origin, disability, genetic information, gender identity, sexual orientation or any other characteristic protected by applicable law who have the attitudes and capacities for service, learning, and growth."

Assignment of personnel

We believe talent deployment, operational excellence, and quality service go hand-in-hand. For that reason, we've developed a detailed talent deployment strategy and streamlined scheduling process that we apply consistently across all our offices, service lines, and industry groups. We consider the client and their satisfaction, the experience and development of our staff members, and firm considerations such as risk and optimal use of resources. To that end, we use a talent deployment decisioning tool to make staff assignment and scheduling decisions.

CONSIDERATIONS OF OUR TALENT DEPLOYMENT DECISIONING TOOL INCLUDE:



Our talent deployment team supports these efforts and leads the ongoing evolution and optimization of our centralized talent deployment model, including our use of technology to accomplish these objectives. Furthermore, because we consider staff across all of the firm's offices when making talent deployment decisions, we can offer our clients direct, easy access to our entire firm's depth and breadth of expertise. In other words, we collaborate across the firm to deliver the best resources for client-specific needs; we do not have any geographic or service-based profit centers that would limit staffing decisions. This approach makes us unique among audit firms.



Acceptance & Continuance

The firm has established policies and procedures for the acceptance and continuation of any client engagement. The purpose of these policies and procedures is to provide us with reasonable assurance that the firm only accepts engagements that we believe can be completed with professional competence in compliance with professional, legal, and ethical requirements. The policies and procedures are also intended to minimize the association with a client or engagement that is not conducive to a high-quality practice. Accordingly, it is important that we are aware that the integrity and reputation of a client's management could reflect the reliability of the client's accounting records and financial representations and, therefore, affect our firm's reputation or involvement in litigation.

Our policies and procedures related to the acceptance and continuance of client relationships and specific engagements provide us with reasonable assurance that the firm will undertake or continue relationships and engagements only after we:

- ✓ **Consider the integrity of the client, including the identity and business reputation of the client's principal owners, key management, related parties, and those charged with its governance, and the risk associated with providing professional services.**
- ✓ **Determine we are competent to perform the engagement and have the capabilities and resources to do so.**
- ✓ **Have reached an understanding with the client regarding the services to be performed.**



Engagement Performance

The objective of the engagement performance element of our system of quality management is to provide the firm reasonable assurance that the work performed by engagement personnel meets the applicable professional standards, regulatory requirements, and the firm's standards of quality. Policies and procedures for engagement performance are to encompass all phases of the design and execution of an engagement and are designed to assure that:

- Planning for engagements will meet professional and regulatory requirements.
- The engagement will be performed, supervised, reviewed, documented, and communicated in accordance with the requirements of professional standards and relevant regulatory authorities.
- Specialized situations where consultation is required will be identified and engagement team members will consult with members of the professional standards team, or other specialists, including tax and valuation specialists, when dealing with complex, unusual, or unfamiliar issues.
- Engagements will have an appropriate pre-issuance quality review.
- Workpapers will be prepared, reviewed, maintained, and retained in accordance with professional standards and other legal and regulatory requirements.



Policies and procedures for engagement performance are to encompass all phases of the design and execution of an engagement.



Monitoring

This element of the firm's system of quality management provides the firm with reasonable assurance that all quality management policies and procedures are suitably designed and are effectively applied.

Internal monitoring

To monitor the firm's compliance with its policies and procedures, a monitoring plan is developed to evaluate key responses to quality risks identified, to provide a basis for concluding whether quality objectives have been met. The monitoring plan includes engagement inspections as well as testing of other firm processes and activities that support the system of quality management. As part of the monitoring plan, we perform an annual internal inspection of selected attest and assurance engagements.

The director of professional standards appoints a quality management specialist, a senior member of the professional standards team, who has operational responsibility for the ongoing monitoring of the firm's quality management system. That individual must have appropriate experience to enable him or her to carry out those responsibilities. The quality management specialist is responsible for ensuring that the firm's quality management policies, procedures, and methodologies remain relevant and adequate, taking into consideration

- Changes in professional standards and other regulatory requirements applicable to the firm's practice
- Results of prior inspections and peer reviews
- Changes in applicable AICPA/CAQ membership requirements

The quality management specialist has the primary responsibility of implementing an ongoing monitoring program. The monitoring program is sufficiently comprehensive to enable the firm to assess compliance with all applicable professional standards, regulatory requirements, and the firm's quality management policies and procedures.

A key component of the annual monitoring program is the internal inspection of completed engagements. The selection of engagements for inspection balances the following concepts:

- Comprehensive coverage of offices, such that every office is monitored at least once in a three-year period
- Comprehensive coverage of partners responsive to the nature of the firm's practice, including first-year engagements
- Priority, in descending order, to audits, reviews, and compilations
- Responsiveness to results of prior internal inspections, peer reviews, PCAOB inspections, and other external inspections
- Coverage of newly adopted requirements of the AICPA, PCAOB, and IAASB

AICPA peer review, PCAOB inspection, and other external inspections

We participate in the AICPA's triennial Peer Review Program, which involves rigorous inspection of assurance engagements not subject to PCAOB inspection. At the conclusion of the peer review, the peer reviewer expresses an opinion on the design of our system of quality for our assurance practice and our compliance with that system, and the reviewer provides a peer review rating. Our most recently completed peer review, conducted in 2022, resulted in a "pass" rating, the highest rating possible. The peer review report is available at aicpa.org.

We are also subject to rigorous inspection by the PCAOB related to our audits of public companies. Our most recent PCAOB inspections took place in 2021 and 2019, and the reports, once published, are available at pcaobus.org. The 2021 inspection identified deficiencies in the application of certain PCAOB auditing standards related to two engagements selected for inspection. The 2019 inspection identified deficiencies in the application of certain PCAOB auditing standards related to three engagements selected for inspection. We have and will continue to use the inspection process as a basis for making changes as we continue our own efforts to improve the quality of our audits. We share the PCAOB's desire for high-quality audits to protect investors and the public interest, and we continually monitor our system of quality management and make changes when we identify opportunities to strengthen quality controls and enhance audit quality.

Various governmental organizations also conduct periodic inspections of audit work relevant to the programs they oversee, including the Department of Labor (employee benefit plans), the FDIC (FDIC-insured banks), the Department of Education (student financial aid), and others.

Complaints and allegations

Complaints and allegations of any kind, regardless of severity or merit, are directed to the director of professional standards. This includes:

- Complaints and allegations that the work performed by the firm fails to comply with professional standards and regulatory and legal requirements.
- Allegations of noncompliance with the firm's system of quality management.
- Deficiencies in the design or operation of the firm's quality control management policies and procedures, or noncompliance with the firm's system of quality control management by an individual or individuals, as identified during investigations into complaints and allegations.

The director of professional standards, working with the firm's general counsel, will conduct a complete investigation, including consultation with outside legal counsel when necessary. The nature of the complaint/allegation and the planned response to it is to be documented and reported to the management team.

Ethical requirements.

Because we recognize that a professional organization can't exist on what it once was, or now is, but only on what it aspires to be, Plante Moran adheres to its Statement of Principles. One of those 15 principles outlined in our Personnel Manual is our Principle of Ethics:

It is our intent to be guided by the highest level of ethics consistent with the Golden Rule. Individual staff members will not be required to perform work that offends their personal principles.



The quality management ethical requirements element provides the firm with reasonable assurance that the firm and its personnel comply with relevant ethical requirements when discharging professional responsibilities. The AICPA Code of Professional Conduct establishes the fundamental principles of professional ethics, including matters such as commitment to the public interest, due care, independence, integrity, and objectivity. Ethical requirements are also established in the regulations, interpretations, and rules of state CPA societies, state boards of accountancy, state statutes, the U.S. Government Accountability Office (GAO), the Securities and Exchange Commission (SEC), the Public Company Accounting Oversight Board (PCAOB), the Department of Labor (DOL), and other regulators that oversee client activities and the services we provide to clients.



Education & professional development.

The firm's learning and development team (LDT), a functional area within human resources, working in coordination with the professional standards team, has the responsibility to establish guidelines and requirements for Plante Moran's professional development program. The LDT has the responsibility of developing or selecting, administering, coordinating, reviewing, revising, and evaluating the firm's professional development activities. The firm has established staff development advisory teams, consisting of representatives from key practice areas within the firm, to provide insight and oversight to the LDT.

Professional development is accomplished through many programs, including:

- ✓ **Continuing professional education programs**
- ✓ **Technical manuals and professional pronouncements**
- ✓ **On-the-job training**
- ✓ **Performance Management Program**
- ✓ **Buddy system**

In addition to these various professional development activities, the inclusion of other programs to expand expertise in specialized areas and industries where individuals have major responsibilities may be required.

