

**PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD**

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In the Matter of )  
Grant Thornton LLP's )  
Quality Control Remediation )  
Submissions )  
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PCAOB Release No.104-2014-100

June11, 2014

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**I.**

The Public Company Accounting Oversight Board ("Board" or "PCAOB") has evaluated the submissions of Grant Thornton LLP ("the Firm") pursuant to PCAOB Rule 4009(a) for the remediation periods ended July 9, 2010 and August 12, 2011, concerning the Firm's efforts to address certain quality control criticisms included in the nonpublic portions of the Board's July 9, 2009 and August 12, 2010 inspection reports on the Firm ("the Reports"). The Board has determined that as of July 9, 2010 and August 12, 2011, respectively, the Firm had not addressed certain criticisms in the Reports to the Board's satisfaction. Accordingly, pursuant to Section 104(g)(2) of the Sarbanes-Oxley Act of 2002 ("the Act") and PCAOB Rule 4009(d), the Board is making public the portions of the Reports that deal with those criticisms.<sup>1</sup>

The Firm has notified the Board that it will not seek Securities and Exchange Commission review of the determinations, which the Firm has a right to do under the Act and Commission rules. The Firm has requested that a related statement by the Firm be attached as an Appendix to this release, and the Board has granted that request. By allowing the Firm's statement to be

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<sup>1</sup> Those portions of the Reports are now included in the version of the Reports that are publicly available on the Board's web site. Observations in Board inspection reports are not a result of an adversarial adjudicative process and do not constitute conclusive findings of fact or of violations for purposes of imposing legal liability.

attached as an Appendix to this release, however, the Board is not endorsing, confirming, or adopting as the Board's view any element of the Firm's statement.<sup>2</sup>

## II.

The quality control remediation process is central to the Board's efforts to cause firms to improve the quality of their audits and thereby better protect investors. The Board therefore takes very seriously the importance of firms making sufficient progress on quality control issues identified in an inspection report in the 12 months following the report. Particularly with the largest firms, which are inspected annually, the Board devotes considerable time and resources to critically evaluating whether the firm did in fact make sufficient progress in that period. The Board makes the relevant criticisms public when a firm has failed to do so to the Board's satisfaction.

It is not unusual for an inspection report to include nonpublic criticisms of several aspects of a firm's system of quality control. Any Board judgment that results in later public disclosure is a judgment about whether the firm made sufficient effort and progress to address the particular criticisms articulated in the report on that firm in the 12 months immediately following the report date. It is not a broad judgment about the effectiveness of a firm's system of quality control compared to those of other firms, and it does not signify anything about the merits of any additional efforts a firm may have made to address the criticisms after the 12-month period.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

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Phoebe W. Brown  
Secretary

June 11, 2014

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<sup>2</sup> Consistent with the Act, the Board does not make public statements indicating that it has determined that any firm has satisfactorily addressed all of the criticisms in an inspection report. In connection with any such Board determination, however, the Board notifies a firm that nothing prohibits a firm from publicly disclosing the determination. The Board also notifies a firm that the determination is not a determination that a firm has completely and permanently cured any particular quality control defect, is not a general endorsement of any aspect of a firm's quality control system, and does not foreclose additional criticism on the same or related points in subsequent Board inspections of a firm.



**Statement of Grant Thornton LLP on the PCAOB's  
June 11, 2014 Release No. 104-2014-100**

Our firm remains dedicated to a continuous improvement process in audit quality and to contributing to the evolution of the standards of our profession. As a result, we have made, and continue to make, substantial investments in our audit practice and significant improvements in our tools, techniques, and policies, demonstrating our unwavering commitment to audit quality. The execution of high quality audits is a key factor in supporting the PCAOB's mission to protect interests of investors and further the public interest in the preparation of informative, accurate and independent audit reports. The PCAOB's standards and processes have helped our firm, as well as the profession overall, attain a new level of audit quality that is the bedrock of investor confidence.

As discussed further below, the PCAOB is releasing certain portions of Part II of our 2008 and 2009 inspection reports. The Board has also recently informed us that they have determined that our remedial actions related to the more recent 2010 inspection report address the report's criticisms to the Board's satisfaction.

- 2008 and 2009 determinations - The PCAOB has decided to release portions of Part II of our 2008 and 2009 inspection reports. This release relates to our actions during the 12-month periods following the issuance of those reports (the "remediation periods"). While we took actions that we believed at the time were sufficient and responsive to the matters in the respective inspection reports, we acknowledge the Board's determinations and accept that additional actions may have been warranted in those areas now being published. We have continued making improvements in the identified areas beyond the PCAOB's respective 12-month remediation periods.
- 2010 determination - The Board has determined that our remedial actions related to the 2010 inspection report (remediation period ended March 29, 2013) address the report's criticisms to the Board's satisfaction. We are pleased with the Board's determination. We believe that the PCAOB's determination concerning our more recent actions reflects the substantial, good faith progress we have made toward achieving the relevant quality control objectives.

Continuous improvement and high quality audits remains a top priority of the firm. As a result, we have continued to invest in our resources, made and continue to make significant improvements to our tools and policies, and proactively self-assess our audit execution to identify ways we can continue to improve in order to deliver the highest quality audits. We look forward to continuing our constructive dialogue with the Board and its staff with the common objective of continuous improvement in audit quality.

Sincerely,

A handwritten signature in black ink that reads "Stephen M. Chipman".

Stephen M. Chipman  
Chief Executive Officer

A handwritten signature in black ink that reads "R. Trent Gazzaway".

R. Trent Gazzaway  
National Managing Partner of Audit