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Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions

*In the Matter of KPMG Accountants N.V.
(Netherlands),*

Respondent.

PCAOB Release No. 105-2022-027

October 19, 2022

By this Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions (“Order”), the Public Company Accounting Oversight Board (“Board” or “PCAOB”) is:

(1) censuring KPMG Accountants N.V. (“KPMG Netherlands,” the “Firm,” or “Respondent”); and

(2) imposing a civil money penalty in the amount of \$50,000 upon the Firm.

The Board is imposing these sanctions on the basis of its findings that the Firm failed to file an accurate Form AP concerning the Firm’s audit of ING Groep N.V. (“ING”) for fiscal year ended December 31, 2018, in violation of PCAOB Rule 3211, *Auditor Reporting of Certain Audit Participants*.

I.

The Board deems it necessary and appropriate, for the protection of investors and to further the public interest in the preparation of informative, accurate, and independent audit reports, that disciplinary proceedings be, and hereby are, instituted against Respondent pursuant to Section 105(c) of the Sarbanes-Oxley Act of 2002, as amended (the “Act”), and PCAOB Rule 5200(a)(1).

II.

In anticipation of the institution of these proceedings, and pursuant to PCAOB Rule 5205, KPMG Netherlands has submitted an Offer of Settlement (“Offer”) that the Board has determined to accept. Solely for purposes of these proceedings and any other proceedings

brought by or on behalf of the Board, or to which the Board is a party, and without admitting or denying the findings herein, except as to the Board's jurisdiction over Respondent and the subject matter of these proceedings, which is admitted, Respondent consents to the entry of this Order as set forth below.¹

III.

On the basis of Respondent's Offer, the Board finds that:

A. Respondent

1. **KPMG Accountants N.V. (Netherlands)** is a limited liability corporation headquartered in Amstelveen, Noord-Holland, Netherlands. It is a member firm of the KPMG International Limited global network of firms ("KPMG Global"). At all relevant times, KPMG Netherlands was registered with the Board pursuant to Section 102 of the Act and PCAOB rules. During the period covered by this Order, the Firm annually served as the principal auditor for six issuer clients.

B. Issuer

2. ING Groep N.V. ("ING") is a Dutch public limited liability company headquartered in Amsterdam, Netherlands. Its public filings disclose that it provides retail and wholesale banking services. ING was, at all relevant times, an issuer as that term is defined in Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii). KPMG Netherlands issued an audit report that ING included in its Form 20-F filed with the U.S. Securities and Exchange Commission ("Commission") for the year ended December 31, 2018 ("FY 2018").

C. Other Relevant Entities

3. KPMG Audyty Sp. z o.o. ("KPMG Audyty ZOO") is a limited liability corporation company headquartered in Warsaw, Poland. It is a member firm of KPMG Global. At all relevant times, KPMG Audyty ZOO was registered with the Board pursuant to Section 102 of the Act and PCAOB rules.

4. KPMG Audyty spółka z ograniczoną odpowiedzialnością sp.k. ("KPMG Audyty SPK") is a limited liability partnership headquartered in Warsaw, Poland. It is also a member firm of KPMG Global. KPMG Audyty SPK is not now, and never has been, registered with the Board.

¹ The findings herein are made pursuant to KPMG Netherlands' Offer and are not binding on any other person or entity in this or any other proceeding.

D. Respondent Failed to File an Accurate Form AP in Violation of PCAOB Rule 3211

5. PCAOB Rule 3211, which took effect for issuer audit reports issued on or after January 31, 2017, provides that each registered public accounting firm must provide information about engagement partners and other accounting firms that participate in audits of issuers by filing a Form AP, *Auditor Reporting of Certain Audit Participants*, for each audit report issued by the firm for an issuer.

6. In particular, Rule 3211(a) provides that, “[f]or each audit report it issues for an issuer, a registered public accounting firm must file with the Board a report on Form AP in accordance with the instructions to that form.”

7. The Form AP Instructions for “Part IV – Responsibility for the *Audit* Is Not Divided” require that an auditor who uses an “other accounting firm” that incurs more than 5% of the total audit hours “[s]tate the legal name of *other accounting firms* and the extent of participation in the *audit*” in its Form AP.²

8. During the FY 2018 ING audit, KPMG Netherlands used the work of unregistered firm KPMG Audyt SPK to perform a portion of the audit. Following the audit, KPMG Netherlands filed a Form AP pursuant to Rule 3211.

9. In the Form AP for the FY 2018 ING audit, KPMG Netherlands failed to identify KPMG Audyt SPK as a participant in the audit. Instead, KPMG Netherlands incorrectly identified PCAOB registrant KPMG Audyt ZOO as an other participating accounting firm, even though KPMG Audyt ZOO played no role in the audit.

10. Accordingly, KPMG Netherlands violated PCAOB Rule 3211 in connection with the FY 2018 ING audit.

11. KPMG Netherlands eventually corrected the above-described error by filing an amended Form AP on April 7, 2020 for the FY 2018 ING audit, but not until nearly a year after

² In the adopting release for Rule 3211, the Board indicated that information provided on Form AP was intended to “help investors understand how much of the audit was performed by the accounting firm signing the auditor's report and how much was performed by other accounting firms,” and allow investors to “research publicly available information about the firms identified in the form, such as whether a participating firm is registered with the PCAOB, whether it has been inspected and, if so, what the results were and whether it has any publicly available disciplinary history.” *See Improving the Transparency of Audits: Rules to Require Disclosure of Certain Audit Participants on a New PCAOB Form and Related Amendments to Auditing Standards*, PCAOB Rel. No. 2015-008, at 4 (Dec. 15, 2015).

its original Form AP filing. The amended filing identified the unregistered firm KPMG Audyt SPK as an other participating accounting firm on the audit.³

IV.

In view of the foregoing, and to protect the interests of investors and further the public interest in the preparation of informative, accurate, and independent audit reports, the Board determines it appropriate to impose the sanctions agreed to in Respondent's Offer.

Accordingly, it is hereby ORDERED that:

- A. Pursuant to Section 105(c)(4)(E) of the Act and PCAOB Rule 5300(a)(5), the Firm is hereby censured;
- B. Pursuant to Section 105(c)(4)(D) of the Act and PCAOB Rule 5300(a)(4), a civil money penalty in the amount of \$50,000 is imposed upon the Firm. All funds collected by the Board as a result of the assessment of this civil money penalty will be used in accordance with Section 109(c)(2) of the Act. The Firm shall pay this civil money penalty within ten (10) days of the issuance of this Order by: (1) wire transfer pursuant to instructions provided by Board staff; or (2) United States Postal Service money order, bank money order, certified check, or bank cashier's check (a) made payable to the Public Company Accounting Oversight Board, (b) delivered to the Office of Finance, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington D.C. 20006, and (c) submitted under a cover letter, which identifies the Firm as a respondent in these proceedings, sets forth the title and PCAOB release number of these proceedings, and states that payment is made pursuant to this Order, a copy of which cover letter and money order or check shall be sent to Office of the Secretary, Attention: Phoebe W. Brown, Secretary, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington D.C. 20006.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

October 19, 2022

³ The Form AP/A reported KPMG Audyt SPK as "KPMG Auditing Spółka z ograniczoną odpowiedzialnością Sp.k."