PCAOB
PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD

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Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions

In the Matter of KPMG Assurance and Consulting Services LLP and Sagar Pravin Lakhani,

Respondents.

PCAOB Release No. 105-2022-033

December 6, 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 Assurance and Consulting Services LLP ("KPMG India" or the "Firm"), a registered public accounting firm, and Sagar Pravin Lakhani ("Lakhani" and, together with KPMG India, "Respondents");

(2) suspending Lakhani from being an associated person of a registered public accounting firm for a period of one year from the date of this Order;

(3) imposing civil money penalties in the amounts of $1,000,000 on KPMG India and $75,000 on Lakhani; and

(4) requiring KPMG India to undertake and certify the completion of certain improvements to its system of quality control.

The Board is imposing these sanctions on the bases that, in connection with an issuer audit, (1) KPMG India violated PCAOB rules and quality control standards concerning audit documentation; and (2) Lakhani violated PCAOB rules and standards when he and certain other engagement team members signed off on blank placeholder work papers in the Firm's electronic audit software.

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 Respondents 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, Respondents have each submitted an Offer of Settlement (together, the "Offers") 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 Respondents and the subject matter of these proceedings, which is admitted, and except as provided herein in Section IV, Respondents each consent to the entry of this Order as set forth below.[1]

III.

On the basis of Respondents' Offers, the Board finds that:[2]

A. Respondents

1. **KPMG Assurance and Consulting Services LLP** is a partnership organized under the laws of India and headquartered in Mumbai, India. KPMG India is a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited. KPMG India registered with the Board on January 18, 2005.

2. **Sagar Pravin Lakhani** was, at all relevant times, a partner of KPMG India and an "associated person of a registered public accounting firm" as that term is defined in Section 2(a)(9) of the Act and PCAOB Rule 1001(p)(i). He served as the engagement partner for KPMG India's integrated audit of the financial statements and internal control over financial reporting ("ICFR") of Issuer A for the fiscal year ended March 31, 2017.

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[1] The findings herein are made pursuant to Respondents' Offers and are not binding on any other person or entity in this or any other proceeding.

[2] The Board finds that Lakhani's conduct described in this Order meets the conditions set out in Section 105(c)(5) of the Act, 15 U.S.C. § 7215(c)(5), which provides that certain sanctions may be imposed in the event of: (1) intentional or knowing conduct, including reckless conduct, that results in a violation of the applicable statutory, regulatory, or professional standard; or (2) repeated instances of negligent conduct, each resulting in a violation of the applicable statutory, regulatory, or professional standard.

B. Issuer

3. Issuer A is a company organized under the laws of India with headquarters in Mumbai, India. Issuer A is a banking company whose principal business activities are retail banking, wholesale banking, and treasury services. At all relevant times, Issuer A was an "issuer" as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

C. Summary

4. This matter concerns KPMG India's violation of PCAOB quality control standards by failing to implement, communicate, and monitor adequate policies and procedures to provide reasonable assurance that Firm personnel would: (1) comply with PCAOB standards concerning appropriately documenting and dating their completion and review of work papers; (2) include all hard copy audit work papers in the complete and final set of audit documentation assembled for retention ("archived"); and (3) appropriately document any changes to archived hard copy work papers after the documentation completion date.[3]

5. In addition, this matter concerns Lakhani and certain other members of the Issuer A engagement team having signed off on blank electronic work papers during the 2017 Issuer A audit. After Lakhani or another member of the engagement team signed off as a preparer or reviewer on a blank work paper, that work paper subsequently could be replaced or modified without the sign-off date changing. In fact, many of the blank work papers on which Lakhani and his engagement team signed off during the 2017 Issuer A audit were replaced with completed versions of those work papers after KPMG India released its audit report and before the documentation completion date.

6. By signing off on blank work papers, Lakhani violated AS 1215, which requires that audit documentation for an engagement enable an experienced auditor, with no prior connection to the engagement, to determine the date on which audit work was completed and reviewed.[4] In addition, Lakhani violated AS 1201, *Supervision of the Audit Engagement*, by failing to adequately supervise the engagement team with respect to the use of blank work papers. As a result of this conduct, Lakhani also violated AS 1015, *Due Professional Care in the*

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[3] *See* AS 1215.15, *Audit Documentation* (defining "documentation completion date" as a date not more than 45 days after an auditor releases an audit report).

[4] AS 1215.06. All references to PCAOB rules and standards in this Order are to the versions of those rules and standards, and to their organization and numbering, in effect at the time of the 2017 Issuer A audit.

Performance of Work, which requires an auditor to exercise due professional care in performing an audit.

D. Background

7. KPMG India served as Issuer A's auditor for the 2017 fiscal year, and Lakhani served as the Firm's engagement partner for the 2017 Issuer A audit.

8. On July 31, 2017, KPMG India issued an audit report expressing an unqualified opinion on Issuer A's 2017 financial statements and ICFR. The Firm's audit report was included in a Form 20-F that Issuer A filed with the U.S. Securities and Exchange Commission on July 31, 2017.

i. KPMG India's eAudIT Software

9. At the time of the 2017 Issuer A audit, KPMG India's audit engagement teams used both hard copy work papers and electronic work papers to document their work.

10. Hard copy work papers were maintained in a paper binder, while electronic work papers were maintained in the Firm's proprietary audit software, called "eAudIT." Each member of a KPMG India audit engagement team had a copy of the Firm's eAudIT software on his or her laptop.

11. Work papers for the 2017 Issuer A audit were organized into four sections within eAudIT, each of which was maintained locally by a member of the engagement team on his or her respective laptop in a so-called "Master File." Each Master File remained on the applicable engagement team member's laptop until the documentation completion date, at which point it was uploaded to KPMG India's central eAudIT server.

12. To prepare or review electronic work papers, an engagement team member would connect his or her laptop to the laptop containing the Master File. Alternatively, both the laptop containing the Master File and the preparer or reviewer's laptop had to be connected to the internet for the preparer or reviewer to connect to the Master File.

13. The holder of the Master File also could extract selected work papers from the Master File and send those work papers to a preparer or reviewer via email in a so-called "eAudIT package." The recipient of the eAudIT package could create, review, edit, and/or sign off on work papers in the package; the recipient then could email the eAudIT package back to the holder of the Master File to be re-imported into the Master File.

14. The sign off date reflected for work papers prepared or reviewed in an eAudIT package was the date that the recipient of the package signed off on them, regardless of when the eAudIT package was re-imported into the Master File.

15. Once a preparer or reviewer's sign off on a work paper was electronically recorded in eAudIT—whether by connecting directly to the Master File or importing an eAudIT package—the Firm's eAudIT software allowed engagement team members to replace, modify, rename, and move that work paper without updating the sign off date to reflect the date it was replaced or modified.

16. KPMG India's Audit Manual ("KAM") contemplated that, "in limited circumstances, it may not be efficient or practicable to review audit documentation within eAudIT. In such circumstances, a reviewer may indicate review by signing or initialing and dating the audit documentation, either manually or through electronic sign-off (i.e. digital signature or a picture of the reviewer's manual signature)." KAM provided that the manual or electronic signature then would be "attached into the eAudIT file by a team member at a later date."

17. KAM also provided that there may be "certain time sensitive circumstances" in which work papers were reviewed via email and "it may not be practical to provide a manual or electronic sign-off (e.g. not having access to one's computer, scanning capabilities or an internet connection, and cell phones do not support the electronic sign-off process). In these limited situations an individual may document his or her review of the audit documentation in an email message sent to the engagement partner, manager or associate." The email documenting sign off would be "attached to the [eAudIT] file by a team member at a later date."

18. Aside from these "limited" and "time sensitive" circumstances, KAM did not contemplate review and sign off on audit documentation outside of eAudIT. Under no circumstances did KAM permit KPMG India personnel to sign off on blank work papers.

ii. The 2017 Issuer A Audit

19. During the 2017 Issuer A audit, engagement team members signed off on dozens of blank eAudIT work papers that served as placeholders.

20. Lakhani knew during the 2017 Issuer A audit that certain engagement team members had signed off on blank work papers in eAudIT, and he personally signed off on ten blank work papers.

21. Lakhani also knew that, when an engagement team member signed off as preparer or reviewer on a blank work paper in eAudIT, the sign off date would remain the same even if the blank work paper was later replaced by a draft or completed work paper. In other words, eAudIT would continue to reflect the date the blank work paper was signed off, not the date that the completed work paper was inserted into eAudIT.

22. For example, on July 12, 2017, an engagement team member emailed Lakhani an eAudIT package containing work papers on which other engagement team members had previously signed off. On July 13, Lakhani added his sign off to certain work papers in the package—including six blank work papers—and emailed the package back to its sender to be imported into the Master File.

23. The blank work papers on which Lakhani signed off subsequently were replaced in eAudIT with completed versions of those work papers, but Lakhani's sign off date remained July 13 based on the eAudIT package that he returned on July 13.

24. Lakhani's general practice was to sign off on a work paper after reviewing the information and conclusions documented therein. However, Lakhani did not document reviewing any draft or completed version of the blank work papers outside of eAudIT in the manner contemplated by the Firm's internal guidance concerning the "limited circumstances" in which work papers were reviewed outside of eAudIT—*i.e.*, via a manual, electronic, or email sign off on the underlying work paper.

25. The July 12, 2017 eAudIT package contained, in addition to the blank work papers, five other blank documents with filenames ending in "Extra 1.docx" or "Extra 2.docx." While Lakhani did not sign off on these "Extra" documents, the "Extra" documents contained sign offs of other engagement team members and were included in the eAudIT package returned by Lakhani on July 13.

26. Notwithstanding his awareness of the engagement team's use of the blank work papers and "Extra" documents, Lakhani did not have any specific discussions with the team about their use.

27. In late August 2017, several weeks after KPMG India issued its 2017 audit report for Issuer A on July 31, 2017, Lakhani performed an additional review of the work papers in eAudIT. Lakhani's August review occurred prior to the end of the documentation completion date of September 14, 2017.

28. In emails Lakhani sent to engagement team members concerning his August review, Lakhani identified dozens of eAudIT work papers as "blank." For example, in an email

dated August 26, 2017, Lakhani wrote "IT'S A BLANK DOC – I NEED TO REVIEW THIS" with respect to fourteen work papers. Indeed, Lakhani's August 26 email identified as still "BLANK" four of the blank work papers on which he had signed off as part of the July 12-13 eAudIT package.

29. Contemporaneous documentation indicates that drafts, some in near-final form, existed of at least some of the work papers that Lakhani identified as blank or missing during his August review. However, there was no manual, electronic, or email sign off evidencing when the work papers were completed and reviewed outside of eAudIT.

30. The eAudIT work papers that Lakhani identified as blank during his August review were replaced in eAudIT with completed versions of those work papers prior to the documentation completion date. No documents with an "Extra" filename ultimately were included in the final version of work papers that was uploaded to KPMG India's central eAudIT server as of the documentation completion date. The preparer and reviewer sign off dates on each of the replaced workpapers remained the same as it had been prior to replacement.

E. Lakhani Violated PCAOB Rules and Standards

31. In connection with the preparation or issuance of an audit report, PCAOB rules require that a registered public accounting firm and its associated persons comply with the Board's auditing and related professional practice standards.[5]

i. Lakhani Violated PCAOB Audit Documentation Standards

32. PCAOB standards require that "[a]udit documentation must contain sufficient information to enable an experienced auditor, having no previous connection with the engagement . . . [t]o determine who performed the work and the date such work was completed as well as the person who reviewed the work and the date of such review."[6]

33. As discussed above, Lakhani signed off on blank eAudIT placeholder work papers. The sign off dates on the blank work papers were not updated when they were subsequently modified or replaced with completed versions of the work papers. Nor did Lakhani document his review of any partially or fully completed versions of the blank work papers outside of eAudIT.

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[5] PCAOB Rule 3100, *Compliance with Auditing and Related Professional Practice Standards*; PCAOB Rule 3200, *Auditing Standards*.

[6] AS 1215.06.

34. Accordingly, because an experienced auditor, with no prior connection to the 2017 Issuer A engagement, would be unable to determine the date on which Lakhani reviewed the work that was ultimately reflected in the completed versions of the blank work papers, Lakhani violated AS 1215.

ii. Lakhani Failed to Adequately Supervise the Engagement Team

35. PCAOB standards provide that "the engagement partner is responsible for the proper supervision of the work of the engagement team members and for compliance with PCAOB standards."[7]

36. As part of his supervisory responsibilities, the engagement partner should "[r]eview the work of engagement team members to evaluate whether: (1) The work was performed and documented; (2) The objectives of the procedures were achieved; and (3) The results of the work support the conclusions reached."[8]

37. As discussed above, Lakhani knew during the 2017 Issuer A audit that (1) engagement team members were signing off on blank work papers and "Extra" documents in eAudIT; and (2) engagement team members could replace, rename, or move the blank work papers and "Extra" documents without updating the corresponding sign off dates.

38. However, Lakhani failed to exercise adequate supervision in light of the engagement team's use of the blank work papers and "Extra" documents. For example, Lakhani failed to take appropriate steps to ensure that the audit documentation would appropriately reflect the dates on which the engagement team had actually completed and reviewed its audit work.[9] Nor did he ensure compliance with KPMG India's internal guidance providing for the use of manual, electronic, or email sign offs in the "limited circumstances" in which a review of work papers occurred outside of eAudIT.

39. Accordingly, Lakhani violated AS 1201 by failing to supervise and review the engagement team's audit work in a manner sufficient to evaluate whether the work was appropriately performed and documented.

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[7] AS 1201.03.

[8] AS 1201.05(c).

[9] *See* AS 1215.06.

iii. Lakhani Failed to Exercise Due Professional Care

40. PCAOB standards provide that "[d]ue professional care is to be exercised in the planning and performance of the audit and the preparation of the report."[10]

41. In violating AS 1215 by signing off on blank work papers, and in violating AS 1201 by failing to adequately supervise the use of blank work papers and "Extra" documents by members of the engagement team, Lakhani failed to exercise due professional care. Accordingly, Lakhani also violated AS 1015.

F. KPMG India Violated PCAOB Rules and Quality Control Standards

42. PCAOB rules require registered public accounting firms to comply with the Board's quality control standards.[11] PCAOB quality control standards, in turn, require each registered firm to effectively design, implement, and maintain a system of quality control to provide reasonable assurance that its personnel comply with applicable professional standards.[12] As part of this requirement, the firm should establish quality control policies and procedures to provide the firm with reasonable assurance that the work performed by engagement personnel meets applicable professional standards, regulatory requirements, and the firm's standards of quality.[13] Among other areas, a firm's policies and procedures should address the documentation of each engagement in accordance with applicable professional standards.[14] In addition, a firm "should communicate its quality control policies and procedures to its personnel in a manner that provides reasonable assurance that those policies and procedures are understood and complied with."[15]

43. PCAOB quality control standards also provide that policies and procedures for monitoring "should be established to provide the firm with reasonable assurance that the policies and procedures established by the firm for each of the other elements of quality

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10 AS 1015.01.

11 *See* PCAOB Rule 3400T, *Interim Quality Control Standards*.

12 QC §§ 20.01-.03, *System of Quality Control for a CPA Firm's Accounting and Auditing Practice*.

13 *See id*. at .17.

14 *See id*. at .18.

15 *See id*. at .23.

control . . . are suitably designed and are being effectively applied,"[16] and that "its system of quality control is effective."[17]

44. As noted above, PCAOB standards require audit documentation to reflect "who performed the work and the date such work was completed as well as the person who reviewed the work and the date of such review."[18] PCAOB standards further require an auditor to archive a complete and final set of audit documentation as of a date not more than 45 days after the report release date (*i.e.*, the documentation completion date).[19] Any documentation added after the documentation completion date "must indicate the date the information was added, the name of the person who prepared the additional documentation, and the reason for adding it."[20]

45. KAM provided guidance to KPMG India's associated persons about how to document their work in the "limited circumstances" where they reviewed work papers outside of eAudIT. However, the Firm failed to adequately communicate those restrictions to its personnel, as demonstrated by the Issuer A engagement team members' widespread use of and signing off on blank work papers in eAudIT and their failure to appropriately document their review of work papers outside of eAudIT.

46. In addition, notwithstanding the limitations of its eAudIT software, KPMG India failed to establish adequate safeguards that would have prevented (or detected) certain Issuer A engagement team members from modifying, replacing, or moving a work paper without appropriately updating the sign off date to reflect the dates on which the work was completed and reviewed.

47. KPMG India also failed to establish adequate policies and procedures concerning the archiving of hard copy work papers and the documentation of changes made to hard copy audit files after the documentation completion date.

48. As noted above, at the time of the 2017 Issuer A audit, KPMG India maintained work papers both in eAudIT and in hard copy. The engagement team failed to archive the hard copy work papers for the 2017 Issuer A audit by the end of the 45-day documentation

[16] QC § 20.20.

[17] QC § 30.03, *Monitoring a CPA Firm's Accounting and Auditing Practice*.

[18] AS 1215.06.

[19] *See* AS 1215.14-.15.

[20] *Id*. at .16.

completion period, in part because the Firm's policies and procedures did not require hard copy work papers to be maintained in a centralized location after the document completion date. As a result, engagement teams could modify or add hard copy work papers after the documentation completion date without appropriately documenting the date the information was added, the name of the person who prepared the additional documentation, and the reason for adding it.

49. Indeed, certain members of the Issuer A engagement team made such modifications after the documentation completion date. Specifically, without Lakhani's knowledge, these engagement team members added at least four hard copy work papers to the Issuer A audit file after the documentation completion date, including one work paper that was prepared after the documentation completion date. The engagement team members added those hard copy work papers to the audit file in November 2017, shortly in advance of the PCAOB's inspection of the Firm, which included a review of the 2017 Issuer A audit engagement.

50. In addition, KPMG India's monitoring procedures were not sufficient to identify the use of blank work papers in eAudIT, the failure to timely archive hard copy work papers, or the failure to appropriately document changes to hard copy work papers after the documentation completion date, all in connection with the 2017 Issuer A audit.

51. The Firm's monitoring procedures also failed to provide the Firm with a means of identifying and communicating to its personnel circumstances or practices—such as the use of blank work papers—that may have necessitated changes to its documentation policies and procedures.[21]

52. Accordingly, KPMG India violated QC § 20 and QC § 30 by failing to implement, communicate, and monitor adequate policies and procedures to provide the Firm with reasonable assurance that its personnel complied with PCAOB audit documentation standards—including standards concerning documentation of the date audit work was completed, of the date audit work was reviewed, and of any changes to the work papers after the documentation completion date.

[21] *See* QC § 30.03 ("Procedures that provide the firm with a means of identifying and communicating circumstances that may necessitate changes to or the need to improve compliance with the firm's policies and procedures contribute to the monitoring element.").

IV.

53. KPMG India has represented to the Board that, since the events described in this Order, the Firm has disciplined certain of its personnel and has established and implemented the following changes to its quality control policies and procedures:

a. Transitioned all electronic audit work paper master files to an online KPMG server (as opposed to hosting them on individual engagement team members' laptops);

b. Implemented a Firm requirement that a complete and final set of audit documentation must be assembled for retention within 14 days of the report release date for all issuer audits;

c. Prohibited the use of hard copy workpapers for all audit engagements performed after December 31, 2018;

d. Sent guidance to all associated persons concerning the scope of permissible activities between the release of an audit report and the documentation completion date; and

e. Instituted additional training on audit documentation for associated persons who perform audits under PCAOB standards.

V.

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 Respondents' Offers. Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 105(c)(4)(E) of the Act and PCAOB Rule 5300(a)(5), KPMG Assurance and Consulting Services LLP and Sagar Pravin Lakhani are hereby censured;

B. Pursuant to Section 105(c)(4)(B) of the Act and PCAOB Rule 5300(a)(2), Sagar Pravin Lakhani is suspended, for one year from the date of this Order, from being an "associated person of a registered public accounting firm," as that term is defined in Section 2(a)(9) of the Act and PCAOB Rule 1001(p)(i);[22]

C. Pursuant to Section 105(c)(4)(D) of the Act and PCAOB Rule 5300(a)(4), a civil money penalty in the amount of $1,000,000 is imposed on KPMG Assurance and Consulting Services LLP, and a civil money penalty in the amount of $75,000 is imposed on Sagar Pravin Lakhani.

1. All funds collected by the PCAOB as a result of the assessment of these civil money penalties will be used in accordance with Section 109(c)(2) of the Act.

2. Each Respondent shall pay the respective civil money penalty within ten days of the issuance of this Order by (a) wire transfer in accordance with instructions furnished by PCAOB staff; or (b) United States Postal Service money order, bank money order, certified check, or bank cashier's check (i) made payable to the Public Company Accounting Oversight Board, (ii) delivered to the Office of Finance, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington D.C. 20006, and (iii) submitted under a cover letter, which identifies the entity or person 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.

3. If timely payment is not made, interest shall accrue at the federal debt collection rate set for the current quarter pursuant to 31 U.S.C. § 3717. Payments shall be applied first to interest.

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[22] As a consequence of the suspension, the provisions of Section 105(c)(7)(B) of the Act will apply with respect to Lakhani. Section 105(c)(7)(B) provides: "It shall be unlawful for any person that is suspended or barred from being associated with a registered public accounting firm under this subsection willfully to become or remain associated with any issuer, broker, or dealer in an accountancy or a financial management capacity, and for any issuer, broker, or dealer that knew, or in the exercise of reasonable care should have known, of such suspension or bar, to permit such an association, without the consent of the Board or the Commission."

4. With respect to any civil money penalty amounts that KPMG Assurance and Consulting Services LLP shall pay pursuant to this Order, KPMG Assurance and Consulting Services LLP shall not, directly or indirectly, (a) seek or accept reimbursement or indemnification from any source including, but not limited to, any current or former affiliated firm or professional or any payment made pursuant to any insurance policy; (b) claim, assert, or apply for a tax deduction or tax credit in connection with any federal, state, local, or foreign tax; nor (c) seek or benefit by any offset or reduction of any award of compensatory damages, by the amount of any part of KPMG Assurance and Consulting Services LLP's payment of the civil money penalty pursuant to this Order, in any private action brought against KPMG Assurance and Consulting Services LLP based on substantially the same facts as set out in the findings in this Order.

5. KPMG Assurance and Consulting Services LLP understands that failure to pay the civil money penalty described above may result in summary suspension of its registration, pursuant to PCAOB Rule 5304(a), following written notice to it at the address on file with the PCAOB at the time of the issuance of this Order.

D. Pursuant to Section 105(c)(4)(G) of the Act and PCAOB Rule 5300(a)(9), the Board orders that:

1. Review by KPMG Assurance and Consulting Services LLP. Within 90 days of the date of this Order, KPMG Assurance and Consulting Services LLP shall review and evaluate its quality control or other policies and procedures to provide the firm with reasonable assurance that its personnel and other associated persons comply with applicable PCAOB audit documentation standards and requirements.

2. Reporting. Within 120 days of the date of this Order, KPMG Assurance and Consulting Services LLP shall submit a written report to the Director of the Division of Enforcement and Investigations summarizing the review and evaluation of the area specified in paragraph D.1 above ("Report"). The Report shall describe any modified or additional policies or procedures adopted or to be adopted by KPMG Assurance and Consulting Services LLP or, if KPMG Assurance and Consulting Services LLP concludes no such modifications or additions should be adopted, a detailed and satisfactory explanation of why the firm believes changes are not warranted. In addition,

KPMG Assurance and Consulting Services LLP shall submit any additional information and evidence concerning the Report, the information in the Report, and KPMG Assurance and Consulting Services LLP's compliance with this Order as the staff of the Division of Enforcement and Investigations may reasonably request.

3. Certificate of Implementation. Within six months of the date of this Order, KPMG Assurance and Consulting Services LLP's head of quality assurance shall certify in writing ("Certificate of Implementation") to the Director of the Division of Enforcement and Investigations that KPMG Assurance and Consulting Services LLP has implemented all of the modifications and additions to its policies and procedures, if any, that were described in the Report. The Certificate of Implementation shall provide written evidence of KPMG Assurance and Consulting Services LLP's adoption of such modifications and additions in narrative form, identify the actions taken to implement such modifications and additions, and be supported by exhibits sufficient to demonstrate implementation. KPMG Assurance and Consulting Services LLP shall also submit such additional evidence of, and information concerning, implementation as the staff of the Division of Enforcement and Investigations may reasonably request.

4. Noncompliance. KPMG Assurance and Consulting Services LLP understands that a failure to satisfy these undertakings may constitute a violation of PCAOB Rule 5000 and could provide a basis for the imposition of additional sanctions in a subsequent disciplinary proceeding.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

December 6, 2022