

ORDER

consents to entry of this Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions ("Order") as set forth below.²

III.

On the basis of Respondent's Offer, the Board finds³ that:

A. Respondent

1. Walter Vinicius Barreto Brito Silva, 34, was, at all relevant times, a manager at the PCAOB registered firm Deloitte Touche Tohmatsu Auditores Independentes ("Deloitte Brazil" or "Firm"). Silva was an associated person of a registered public accounting firm, as that term is defined by Section 2(a)(9) of the Act and PCAOB Rule 1001(p)(i).

B. Respondent Violated Applicable PCAOB Rules and Standards

Applicable PCAOB Rules and Standards

2. In connection with the preparation or issuance of an audit report, PCAOB rules require that associated persons of registered public accounting firms comply with applicable auditing and related professional practice standards.⁴ Auditing Standard No. 3, *Audit Documentation* ("AS3"), requires that the complete and final set of documentation for an audit be assembled for retention by the "documentation completion date," a date no later than 45 days from the date on which the auditor grants permission to use its audit report.⁵ After the documentation completion date, audit

² The findings herein are made pursuant to Respondent's Offer and are not binding on any other person or entity in this or any other proceeding.

³ The Board finds that Respondent's conduct described in this Order meets the conditions set out in Section 105(c)(5), which provide that certain sanctions may be imposed in the event of: (A) intentional or knowing conduct, including reckless conduct, that results in violation of the applicable statutory, regulatory, or professional standard; or (B) repeated instances of negligent conduct, each resulting in a violation of the applicable statutory, regulatory, or professional standard.

⁴ See PCAOB Rule 3100, *Compliance with Auditing and Related Professional Practice Standards*; PCAOB Rule 3200T, *Interim Auditing Standards*. All references to PCAOB rules and standards are to the versions of those rules and standards in effect at the time of the relevant conduct.

⁵ AS3 ¶¶ 14, 15.



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documentation must not be deleted or discarded from the audit file, but it may be added as long as the auditor documents the date of the addition, the person who prepared the additional documentation, and the reason for adding the documentation.⁶

3. PCAOB Rule 4006, *Duty to Cooperate with Inspectors*, requires registered firms and their associated persons to cooperate with inspections conducted by the Board. The cooperation requirement of Rule 4006 includes an obligation "not to provide misleading documents or information in connection with the Board's inspection processes."⁷

Respondent Violated PCAOB Rules and Standards in Connection with a PCAOB Inspection

4. During the relevant time period, one of Deloitte Brazil's audit clients was a company ("Issuer") that was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii). In early 2011, the Firm issued two unqualified audit reports concerning the Issuer's 2010 financial statements and internal control over financial reporting ("ICFR"). The Issuer included those reports in a Form 20-F filed with the U.S. Securities and Exchange Commission ("Commission") during the first half of 2011. Both the "report release date"⁸ and the documentation completion date for the Firm's audit of the Issuer's 2010 financial statements and ICFR ("2010 Issuer Audit") occurred prior to the end of 2011.

5. In March and April 2012, staff of the PCAOB Division of Registration and Inspections ("Inspections") performed primary field work procedures for an inspection of Deloitte Brazil, including an inspection of the 2010 Issuer Audit. Silva had served as a manager on the 2010 Issuer Audit. Inspections staff informed the Firm that the 2010 Issuer Audit had been selected for inspection on or about March 8, 2012.

6. Just prior to the commencement of primary field work procedures for the inspection, Silva and a partner on the 2010 Issuer Audit ("Partner")⁹ determined that certain 2010 Issuer Audit work papers that purportedly had been stored on compact discs ("CDs") and archived with the complete and final set of documentation for the

⁶ See *id.* ¶ 16.

⁷ *Nathan M. Suddeth, CPA*, PCAOB Rel. No. 105-2013-007, ¶ 4 (Sept. 10, 2013).

⁸ AS3 ¶ 14.

⁹ See *Marco Aurelio Paulino Neves*, PCAOB Rel. No. 105-2016-041 (Dec. 5, 2016).



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2010 Issuer Audit were missing from the manual work paper binders in which they had been kept. After determining that the work papers were missing, the Partner provided Silva with draft versions of those work papers, which Silva, at the Partner's direction, then reviewed and assisted the Partner in preparing in final form. In preparing these work papers, Silva failed to appropriately document the date on which they were being prepared or the reason for preparing them.¹⁰

7. After the work papers had been prepared, Silva and the Partner burned the new documents onto new CDs. In order to conceal the date on which the new CDs had been burned, Silva, at the Partner's direction, changed the system date of his computer so that the metadata of the CDs would indicate that they had been burned during the 2010 Issuer Audit. The work papers on the new CDs were subsequently provided to the PCAOB inspectors for their use, without disclosure that certain of the work papers had just been placed in final form shortly before the inspection began.

8. Silva subsequently attended meetings with the PCAOB inspectors at which areas of the 2010 Issuer Audit for which he had prepared new work papers were discussed. Silva provided misleading information to the inspectors by participating in these meetings and discussing the work papers pertaining to those audit areas without disclosing that certain of the work papers had only recently been prepared.

9. Through his actions, Silva violated PCAOB audit documentation standards and his duty to cooperate with Inspections.¹¹

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), Walter Vinicius Barreto Brito Silva is censured;
- B. Pursuant to Section 105(c)(4)(B) of the Act and PCAOB Rule 5300(a)(2), Walter Vinicius Barreto Brito Silva is barred from being an associated

¹⁰ See AS3 ¶ 16.

¹¹ See AS3 ¶ 16; PCAOB Rule 4006.

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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);¹² and

- C. After one (1) year from the date of this Order, Walter Vinicius Barreto Brito Silva may file a petition, pursuant to PCAOB Rule 5302(b), for Board consent to associate with a registered public accounting firm.¹³

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

December 5, 2016

¹² As a consequence of the bar, the provisions of Section 105(c)(7)(B) of the Act will apply with respect to Silva. 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."

¹³ In considering such a petition, the Board will address all of the factors described in PCAOB Rule 5302(b) and, among other things, will give weight to whether Silva has, in the period after the date of this Order, completed at least 20 hours of continuing professional education directly related to ethics.