



**ORDER****III.**

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

**A. Respondent**

1. Deloitte & Touche Ltda., is, and at all relevant times was, a limited liability corporation organized under Colombian law, and headquartered in Bogota, Colombia. The Firm is a member of the Deloitte Touche Tohmatsu Limited global network. At all relevant times, the Firm has been registered with the Board pursuant to Section 102 of the Act and PCAOB rules. As of its 2018 Annual Report on PCAOB Form 2, the Firm had 550 accountants, issued one audit report for one issuer during the reporting period, and did not play a substantial role in the preparation or furnishing of an audit report for an issuer that was issued during the reporting period. The Firm is licensed in Colombia by the Junta Central de Contadores ("JCC"), part of the Colombian Ministry of Commerce, Industry and Tourism, the foreign auditor oversight authority in Colombia.<sup>2</sup>

**B. Summary**

2. This matter concerns the Firm's failures to timely disclose 12 reportable events, concerning seven disciplinary proceedings, to the Board on Form 3 as required by PCAOB rules. PCAOB rules required the Firm to complete and file a PCAOB special report on Form 3 to report any event specified in that form within 30 days of the event's occurrence. Among the events that the Firm was required to report on Form 3 were: (a) its becoming a respondent in certain disciplinary proceedings; and (b) the conclusion of certain disciplinary proceedings in which it had been a respondent.

3. Between August 2014 and October 2016, the Firm became a respondent in seven separate disciplinary proceedings initiated by the JCC. The initiation of each of those seven proceedings was a reportable event under Form 3. With respect to each of the proceedings, the Firm failed to file a Form 3 reporting the initiation of the proceeding until well after the 30-day reporting deadline. The Firm's delays in filing the required Forms 3 for the proceedings ranged from around six months to two years after the Firm learned of the initiation of the proceedings.

4. The Firm also failed to timely file a Form 3 reporting the conclusion of five of the seven proceedings. Specifically, the Firm failed to file the required Form 3 for periods ranging from between around four months to 13 months after learning of the conclusion of these five proceedings.

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<sup>2</sup> A "foreign auditor oversight authority" means any governmental body or other entity empowered by a foreign government to conduct inspections of public accounting firms or otherwise to administer or enforce laws related to the regulation of public accounting firms. See PCAOB Rule 1001(f)(iii).

**ORDER****C. Respondent Failed to Timely Disclose Certain Reportable Events to the Board, in Violation of PCAOB Rules**

5. PCAOB Rule 2203 provides that a registered public accounting firm must file a special report on Form 3 to report any event specified in that form within thirty days of the event's occurrence.<sup>3</sup> One such specified event occurs when a firm "has become aware that, in a matter arising out of the Firm's conduct in the course of providing professional services for a client, the Firm has become a defendant or respondent in a civil or alternative dispute resolution proceeding initiated by a governmental entity or in an administrative or disciplinary proceeding other than a Board disciplinary proceeding" ("Item 2.7 Proceeding").<sup>4</sup> Another such specified event occurs when a firm "has become aware that" an Item 2.7 Proceeding "has been concluded."<sup>5</sup> With respect to 12 such events, involving seven Item 2.7 Proceedings, the Firm failed to timely file a Form 3 with the Board.

**The Firm Failed to Timely Disclose the Initiation of Seven Reportable Events**

6. During 2015 and 2016, the Firm became aware that the JCC had initiated seven disciplinary proceedings against the Firm. Each of the proceedings related to the provision of professional services by the Firm to Colombian companies that were not issuers.<sup>6</sup> The Firm first learned of the initiation of each of the proceedings on or around the following respective dates:

- Proceeding 1: June 3, 2015

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<sup>3</sup> See PCAOB Rule 2203, *Special Reports*. As the Board noted when adopting its rules on special reporting, "[R]eportable events will sometimes occur, and the public interest, as well as the ability to consider whether prompt action is warranted by the Board's inspection staff or enforcement staff, will be served by contemporaneous reporting of the event." PCAOB Rel. No. 2008-004, at 17 (June 10, 2008).

<sup>4</sup> PCAOB Form 3, at Item 2.7 (italics in the original removed). To be reportable under Item 2.7, the proceeding only has to relate to professional services for a client, and does not necessarily have to involve an audit of an issuer, broker, or dealer, as those terms are defined under PCAOB rules.

<sup>5</sup> PCAOB Form 3, at Item 2.10.

<sup>6</sup> The term "issuer" means an issuer (as defined in Section 3 of the Securities and Exchange Act of 1934 ("Exchange Act")), the securities of which are registered under Section 12 of the Exchange Act, or that is required to file reports under Section 15(d) of the Exchange Act, or that files or has filed a registration statement that has not yet become effective under the Securities Act of 1933, and that it has not withdrawn. See PCAOB Rule 1001(i)(iii).

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- Proceeding 2: October 5, 2015
- Proceeding 3: December 17, 2015
- Proceeding 4: January 12, 2016
- Proceeding 5: February 12, 2016
- Proceeding 6: August 16, 2016
- Proceeding 7: December 1, 2016

7. In violation of Rule 2203, the Firm failed to file a Form 3 with respect to the initiation of these seven proceedings until June 30, 2017, between around seven months and two years after learning of the initiation of these seven proceedings.

The Firm Failed to Timely Disclose the Conclusion of Five Reportable Events

8. During 2016 and 2017, the Firm became aware that five of the seven disciplinary proceedings against the Firm had concluded. The Firm first learned of the conclusion of each of the proceedings on or around the following respective dates:

- Proceeding 1: February 17, 2017
- Proceeding 2: September 5, 2016
- Proceeding 3: May 26, 2016
- Proceeding 4: November 16, 2016
- Proceeding 5: June 15, 2016

9. In violation of Rule 2203, the Firm failed to file a Form 3 with respect to the conclusion of these five proceedings until June 30, 2017, between around four months and 13 months after learning of the conclusion of these five proceedings.

Failures in the Firm's Internal System of Compliance

10. The Firm's internal compliance and reporting systems failed to identify the initiation of the proceedings described above as being reportable to the PCAOB. In addition, the Firm's systems failed to identify the conclusion of the proceedings as being reportable to the PCAOB. As a result, the Firm inappropriately delayed notifying the PCAOB of the initiation and/or conclusion of disciplinary proceedings.

**ORDER****IV.**

11. The Firm has represented to the Board that, since the events described in this Order, it has established and implemented the following changes to its policies and procedures for the purpose of providing the Firm with reasonable assurance of compliance with PCAOB reporting requirements:

- a. The Firm has revised and supplemented its policies and procedures for the purpose of providing the Firm with reasonable assurance of compliance with PCAOB reporting requirements, including policies and procedures providing reasonable assurance that reportable events are identified by Firm personnel who participate in the Firm's PCAOB reporting process and that those events are reported on the applicable PCAOB form in a timely and complete manner;
- b. The Firm has established policies to ensure training concerning PCAOB reporting requirements, at least annually, of any Firm personnel who participate in the Firm's PCAOB reporting process; and
- c. The Firm has assigned the role of compliance with PCAOB reporting matters to an individual within the Firm who possesses adequate knowledge and experience with PCAOB reporting requirements and sufficient authority within the Firm to fulfill those requirements on behalf of the Firm.

**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 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; and
- 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 \$15,000 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 Controller, 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

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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

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Phoebe W. Brown  
Secretary

March 19, 2019