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**ORDER INSTITUTING DISCIPLINARY  
PROCEEDINGS, MAKING FINDINGS AND  
IMPOSING SANCTIONS**

*In the Matter of Tan Joon Wei,*

Respondent.

PCAOB Release No. 105-2021-001

March 29, 2021

By this Order, the Public Company Accounting Oversight Board (“Board” or “PCAOB”) is barring Tan Joon Wei (“Tan” or “Respondent”) from being an associated person of a registered public accounting firm.<sup>1</sup> The Board is imposing this sanction on the basis of its findings that Tan failed to cooperate with a Board inspection and violated PCAOB audit documentation standards in connection with the audit of an issuer.

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 pursuant to Section 105(c) of the Sarbanes-Oxley Act of 2002, as amended (“Act”), and PCAOB Rule 5200(a)(1) against Respondent.

II.

In anticipation of institution of these proceedings, and pursuant to PCAOB Rule 5205, Respondent 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 entry of this Order Instituting

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<sup>1</sup> Tan may file a petition for Board consent to associate with a registered public accounting firm after two (2) years from the date of this Order.

Disciplinary Proceedings, Making Findings, and Imposing Sanctions (“Order”) as set forth below.<sup>2</sup>

### III.

On the basis of Respondent’s Offer, the Board finds that:<sup>3</sup>

#### A. Respondent

1. **Tan Joon Wei**, age 32, is a member of the Institute of Singapore Chartered Accountants (member no. 830651). Until January 2020, and at all relevant times, Tan was a manager at KPMG LLP, a firm based in Singapore (“KPMG Singapore” or “Firm”). Tan participated as a member of the engagement team in the audit of Issuer A’s 2018 financial statements. At all relevant times, Tan was 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).

#### B. Issuer A

2. Issuer A is based in Germany with American Depository Shares listed on the New York Stock Exchange. At all relevant times, Issuer A was an issuer as defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

#### C. Summary

3. This matter concerns Tan’s failure to cooperate with a Board inspection and violation of PCAOB audit documentation requirements. Tan was a manager on the Firm engagement team that performed an audit of the 2018 financial statements of a subsidiary of Issuer A (“Subsidiary”). The audit of those financial statements (“Subsidiary Audit”) was performed as part of the 2018 audit of Issuer A conducted—and in support of an audit opinion issued—by KPMG AG Wirtschaftsprüfungsgesellschaft (“KPMG Germany”).

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<sup>2</sup> 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.

<sup>3</sup> The Board finds that Respondent’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.

4. Following the documentation completion date for the Issuer A and Subsidiary audits, Tan learned that the Subsidiary Audit had been selected for review as part of an upcoming PCAOB inspection of the Firm. Tan thereafter oversaw the modification of four work papers to add descriptions of audit procedures, including certain procedures conducted following KPMG Germany's issuance of its audit opinion on Issuer A's 2018 financial statements. Those modified work papers were then included in hard copy binders provided to PCAOB inspectors without any indication that modifications had been made, nor any information about when, why, or by whom they had been modified.

5. Tan also prepared on behalf of the Firm a Substantial Role and Referred Work Engagement Profile ("Engagement Profile"), a form that PCAOB inspectors asked the Firm to complete in advance of their fieldwork. Tan falsely stated therein that no changes had been made to the work papers for the Subsidiary Audit after the documentation completion date. During inspection fieldwork, Tan participated in meetings with the inspectors, but failed to disclose the work paper modifications or the false statement in the Engagement Profile.

6. Tan's actions and omissions violated his duty to cooperate with a Board inspection and the PCAOB's audit documentation standard.

## **D. Tan Violated PCAOB Rules and Standards**

### **i. Duty to Cooperate with a Board Inspection and Audit Documentation Requirements**

7. 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.<sup>4</sup>

8. The Board's audit documentation standard states in part: "Prior to the report release date, the auditor must have completed all necessary auditing procedures and obtained sufficient evidence to support the representations in the auditor's report. A complete and final set of audit documentation should be assembled for retention as of a date not more than 45 days after the report release date (*documentation completion date*) . . . . Audit documentation must not be deleted or discarded after the documentation completion date, however, information may be added. Any documentation added must indicate the date the information was added, the name of the person who prepared the additional documentation, and the reason for adding it."<sup>5</sup>

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<sup>4</sup> See PCAOB Rule 3100, *Compliance with Auditing and Related Professional Practice Standards*.

<sup>5</sup> AS 1215.15-.16, *Audit Documentation* (emphasis in original).

9. PCAOB Rule 4006 states in part: “Every registered public accounting firm, and every associated person of a registered public accounting firm, shall cooperate with the Board in the performance of any Board inspection.”<sup>6</sup> “Implicit in this cooperation requirement is that auditors provide accurate and truthful information” to the Board’s inspectors.<sup>7</sup>

**ii. Tan Oversaw Improper Work Paper Modifications in Anticipation of a PCAOB Inspection**

10. The documentation completion date for KPMG Germany’s 2018 audit of Issuer A was April 6, 2019. The Firm assembled for retention the final sets of electronic and hard copy work papers for the Subsidiary Audit on March 5, 2019, and April 6, 2019, respectively.

11. By letter dated July 16, 2019, the PCAOB’s Division of Registration and Inspections notified KPMG Singapore that the Firm had been selected for inspection, with fieldwork scheduled to begin in August. Tan learned of the scheduled inspection and, in early August, of the inspectors’ selection of the Subsidiary Audit for review as part of that inspection.

12. Tan subsequently expressed concern to colleagues about the quality of work conducted in certain areas of the Subsidiary Audit and about the potential findings from the upcoming inspection. On August 4, 2019, for example, in reference to the anticipated review of the Subsidiary Audit, he wrote in a chat communication to a senior-in-charge assigned to the Subsidiary Audit: “I think [Issuer A] got picked for pcaob/ We are screwed.” On the same day, he wrote to another colleague: “[Issuer A] only revenue work is good/ All else is crap.....”

13. Over the next several days, Tan had additional communications with Firm audit staff regarding concerns related to the adequacy of the Subsidiary Audit generally and of the work in particular audit areas.

14. On August 7, 2019, the senior-in-charge wrote in a chat communication to Tan about certain deficiencies in work papers for the Subsidiary Audit. The senior-in-charge proposed: “we do hardcopy and file in? then no timestamp.” Tan replied affirmatively to that suggestion. That same day, Tan asked another member of the Subsidiary Audit engagement team to check out the hard copy work paper files for the Subsidiary Audit from the Firm’s Central Filing Room.

15. Between August 7, 2019, and the beginning of inspection fieldwork on August 19, 2019, other Firm audit staff worked with Tan to modify four work papers from the

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<sup>6</sup> PCAOB Rule 4006, *Duty to Cooperate with Inspectors*.

<sup>7</sup> *Kabani & Co., Inc.*, Rel. No. 34-80201, 2017 WL 947229, at \*12 (SEC Mar. 10, 2017), *petition for review denied*, *Kabani & Co., Inc. v. SEC*, 733 Fed App’x 918 (9th Cir. 2018).

Subsidiary Audit. They modified the electronic versions of those work papers by deleting, revising, and adding content; printing out the revised versions; and placing them in the hard copy work paper binders for the Subsidiary Audit. The modifications reflected the results of both procedures performed only after the issuance of KPMG Germany's report on the 2018 audit of Issuer A and procedures performed during the Subsidiary Audit but never documented. The modified work papers contained no indication they had been modified following the April 6, 2019 documentation completion date for the Subsidiary Audit, nor any information concerning who made the modifications or when or why they had been made.

16. Tan understood that the work paper binders would be provided to the Board's inspectors when they arrived to conduct their fieldwork.

17. On August 16, 2019, after the modified work papers had been printed and added to the hard copy work paper files, in a chat conversation with the senior-in-charge, Tan stated: "I damn scared they go and catch the hardcopy."

18. The hard copy binders, containing the four improperly altered work papers, were provided to the Board's inspectors when they arrived to conduct their fieldwork.

**iii. Tan Prepared a Misleading Engagement Profile and Failed to Disclose the Modifications in Meetings with the Board's Inspectors**

19. Tan prepared the Engagement Profile that KPMG Singapore provided to the Board's inspectors prior to the commencement of their fieldwork. The Engagement Profile contained the question: "Have there been any changes made to the audit documentation subsequent to the documentation completion date?" Tan added the response: "no."

20. During the first week of the inspection fieldwork, Tan participated in multiple meetings with inspection staff. Tan, however, disclosed neither the modification of the work papers nor the false statement in the Engagement Profile.

21. Later that week, the inspectors encountered indications that the work papers had been modified. They communicated their concerns to Firm management and engagement team personnel, and Tan learned of those concerns. Rather than disclose the modifications at that point, however, Tan falsely told Firm leadership and the engagement partner for the Subsidiary Audit that the modifications had been made in connection with the Firm's still ongoing audit of the Subsidiary's financial statements for purposes of local reporting requirements, rather than in anticipation of the PCAOB inspection. Tan did not clarify or correct that false information when the engagement partner communicated it to the Board's inspectors in Tan's presence.

22. Tan's actions and omissions violated his duty to cooperate with the Board's inspection of the Subsidiary Audit under PCAOB Rule 4006, as well as the audit documentation requirements of AS 1215.

#### 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)(B) of the Act and PCAOB Rule 5300(a)(2), Tan is barred 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);<sup>8</sup> and
- B. After two years from the date of this Order, Tan may file a petition, pursuant to PCAOB Rule 5302(b), for Board consent to associate with a registered public accounting firm.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

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Phoebe W. Brown  
Secretary

March 29, 2021

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<sup>8</sup> As a consequence of the bar, the provisions of Section 105(c)(7)(B) of the Act will apply with respect to Tan. 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."