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firm lied about its knowledge of it, the PCAOB said.

Jason Bramwell • Apr. 10, 2024



A **fine of \$25 million** to the Netherlands arm of Big Four firm KPMG for systemic exam cheating over a five-year period is the largest financial penalty doled out thus far by the Public Company Accounting Oversight Board (PCAOB), the U.S. audit regulator said on April 10.

The PCAOB found that widespread improper answer sharing occurred in the firm's internal training program and that KPMG Netherlands lied to the PCAOB about its

knowledge of the rampant cheating.

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Erica Williams

“The PCAOB will not tolerate cheating nor any other unethical behavior, period,” PCAOB Chair Erica Williams said in a statement on Wednesday. “Impaired ethics threaten the investor confidence our system relies on, and the PCAOB will take action to hold firms accountable when they fail to enforce a culture of honesty and integrity.”

From 2017 to 2022, hundreds of professionals at KPMG Netherlands engaged in improper answer sharing—either by providing access to test questions or answers, or by receiving such access without reporting it—in connection with tests for mandatory firm training courses, according to the PCAOB. These courses related to a variety of topics, including U.S. auditing standards, professional ethics, and independence.

The improper answer sharing reached as far as partners and senior firm leaders, including Hogeboom.

According to the PCAOB, an investigation uncovered that the firm knew as early as June 2020 that answer sharing had occurred at a KPMG service delivery center serving the firm’s Dutch and U.K. arms, but KPMG took very few steps to investigate the exam cheating among its personnel until a whistleblower stepped forward in July 2022.

During the PCAOB’s investigation, KPMG Netherlands submitted—and failed to correct—multiple inaccurate representations to the audit regulator. The firm claimed to have no knowledge of the exam cheating until it received the July 2022 whistleblower report. These submissions, reviewed by the firm’s management board (of which Hogeboom was a member) and supervisory board, were false, the PCAOB said, because members of those two boards were found to have participated in the exam cheating before July 2022.

As part of its settlement with the PCAOB, KPMG Netherlands also agreed to review

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Robert Rice, director of the PCAOB's Division of Enforcement and Investigations, said the penalties issued today to KPMG Netherlands "send a signal to firms and their leadership that they have a responsibility to set an appropriate tone at the top, particularly with regard to issues of integrity and personnel management."

Since 2021, the PCAOB has sanctioned nine registered firms for quality control deficiencies related to the inappropriate sharing of answers on internal training exams, including Big Four firm Deloitte's arms in [Indonesia](#) and [the Philippines](#), which were each fined \$1 million on Wednesday for exam cheating.

Auditing • PCAOB

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