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Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions

In the Matter of Grant Thornton Bharat LLP,

Respondent.

PCAOB Release No. 105-2023-007

February 20, 2024

By this Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions (“Order”), the Public Company Accounting Oversight Board (“Board” or “PCAOB”) is:

- (1) censuring Grant Thornton Bharat LLP (“GT India,” the “Firm,” or “Respondent”);
- (2) imposing a civil money penalty in the amount of \$40,000 upon the Firm; and
- (3) requiring the Firm to comply with its policies and procedures directed toward ensuring compliance with PCAOB standards for communications with audit committees.

The Board is imposing these sanctions on the basis of its findings that the Firm failed to make certain required communications to the audit committee of an issuer client, in violation of AS 1301, *Communications with Audit Committees*, and failed to make, or obtain evidence management made, other required audit committee communications, in violation of AS 2805, *Management Representations*, and AS 1301, all in connection with the audits of WNS Holdings Limited (“WNS”).

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 Respondent 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, GT India 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 the entry of this Order as set forth below.¹

III.

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

A. Respondent

1. **Grant Thornton Bharat LLP** is a limited liability partnership headquartered in New Delhi, India, and is a member of the Grant Thornton global network of firms (“GT International”). At all relevant times, GT India was registered with the Board pursuant to Section 102 of the Act and PCAOB rules. During the time period covered by this Order, the Firm annually served as the principal auditor for one issuer client.

B. Issuer

2. **WNS Holdings Limited** is a limited company headquartered in Mumbai, India. At all relevant times, WNS was an “issuer” as that term is defined in Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii). On May 14, 2021, GT India issued an audit report on WNS’s financial statements that WNS included in its Form 20-F Annual Report filed with the U.S. Securities and Exchange Commission for the fiscal year ended March 31, 2021 (the “Audit”).

C. Other Relevant Entities

3. **Walker Chandiook & Co. LLP** (“Walker Chandiook”) is a limited liability partnership headquartered in New Delhi, India. At all relevant times, Walker Chandiook was registered with the Board pursuant to Section 102 of the Act and PCAOB rules. GT India supervised individuals affiliated with Walker Chandiook who performed certain audit procedures in connection with the Audit.

¹ The findings herein are made pursuant to the Firm’s Offer and are not binding on any other person or entity in this or any other proceeding.

4. **Grant Thornton Limited** (“GT Channel Islands”) is a limited liability corporation headquartered in Saint Helier, Isle of Jersey, and a member of GT International. At all relevant times, GT Channel Islands was registered with the Board pursuant to Section 102 of the Act and PCAOB rules. GT Channel Islands performed certain audit procedures in connection with the Audit.

5. **SizweNtsalubaGobodo Grant Thornton Inc.** (“GT South Africa”) is a limited liability partnership headquartered in Johannesburg, South Africa, and a member of GT International. At all relevant times, GT South Africa was registered with the Board pursuant to Section 102 of the Act and PCAOB rules. GT South Africa performed certain audit procedures in connection with the Audit.

6. **Grant Thornton UK LLP** (“GT UK”) is a limited liability partnership headquartered in London, United Kingdom, and a member of GT International. At all relevant times, GT UK was registered with the Board pursuant to Section 102 of the Act and PCAOB rules. GT UK performed certain audit procedures in connection with the Audit.

7. The entities described in paragraphs 3 through 6 are “public accounting firms,” as that term is defined in Section 2(a)(11) of the Act and PCAOB Rule 1001(p)(iii).

D. GT India Failed to Communicate to WNS’s Audit Committee Information About Other Independent Public Accounting Firms that Performed Audit Procedures in the Audit, in Violation of AS 1301

8. Pursuant to PCAOB auditing standards, an auditor must communicate with a client’s audit committee regarding certain matters related to the conduct of an audit and obtain certain information from the audit committee relevant to the audit.² The auditor should communicate to the audit committee an overview of the overall audit strategy, including the timing of the audit, and discuss with the audit committee the significant risks identified during the auditor’s risk assessment.³

² AS 1301.01, *Communications with Audit Committees*.

³ *Id.* at .09. In the adopting release for Auditing Standard No. 16 (now known as AS 1301) (“AS 1301 Adopting Release”), the Board indicated that “[c]ommunications between the auditor and the audit committee allow the audit committee to be well-informed about accounting and disclosure matters, including the auditor’s evaluation of matters that are significant to the financial statements, and to be better able to carry out its oversight role.” See *Auditing Standard No. 16—Communications With Audit Committees; Related Amendments to PCAOB Standards; and Transitional Amendments to AU Sec. 380*, PCAOB Rel. No. 2012-004, at 2 (August 15, 2012).

9. PCAOB standards specify that each auditor, as part of communicating the overall audit strategy, should communicate with the audit committee the names, locations, and planned responsibilities of other independent public accounting firms⁴ or other persons, who were not employed by the auditor, that performed audit procedures in the current period audit.⁵

10. In connection with the Audit, GT India failed to inform WNS's audit committee of the name, location, and planned responsibilities of the following independent public accounting firms that were not employed by GT India that performed audit procedures in the Audit: GT Channel Islands, GT South Africa, and GT UK. GT India also failed to inform WNS's audit committee of the name, location, and planned responsibilities of the individuals affiliated with Walker Chandio.

11. Accordingly, GT India violated AS 1301.10d in connection with the Audit.

E. GT India Failed to Ensure that WNS's Audit Committee Had Received a Copy of Management's Representation Letter, in Violation of AS 2805 and 1301

12. PCAOB standards provide that the auditor should obtain written representations from management "for all financial statements and periods covered by the auditor's report."⁶ PCAOB standards also specify that the auditor should provide a copy of the representation letter to the audit committee if management has not already done so.⁷ PCAOB

⁴ The term "other independent public accounting firms" includes "firms that perform audit procedures in the current period audit regardless of whether they otherwise have any relationship with the auditor." AS 1301.10d, Note.

⁵ *Id.* In the AS 1301 Adopting Release, the Board explained the rationale for identifying other independent public accounting firms for the audit committee as follows: "The audit committee should be aware of all the participants in the audit. This communication regarding other participants in the audit would enable the audit committee to inquire or otherwise determine, for example, whether the other participants are registered with the Board and are subject to PCAOB inspections and whether they have disciplinary history with the Board or other regulators." AS 1301 Adopting Release at Appendix 4, p. A4-15.

⁶ AS 2805.05, *Management Representations*.

⁷ *Id.*

standards further specify that the auditor should communicate to the audit committee any other material written communications between the auditor and management.⁸

13. In connection with the Audit, GT India failed to provide a copy of management's representation letter to WNS's audit committee or otherwise to obtain evidence that WNS's management had itself provided a copy of the representation letter to the audit committee.

14. Accordingly, GT India violated AS 2805.05 and 1301.20 in connection with the Audit.

IV.

15. GT India has represented to the Board that, since these deficiencies were identified by the PCAOB during its 2022 inspection, it has established and implemented the following changes to its policies and procedures for the purpose of providing GT India with reasonable assurance of compliance with PCAOB standards for communications with audit committees:

- a. GT India has implemented updated audit planning guidance for communicating the names, locations, and planned responsibilities of other independent public accounting firms performing audit procedures in an audit; and
- b. GT India has communicated this updated guidance through training materials to relevant assurance personnel; and
- c. GT India has provided training to its assurance partners on compliance with PCAOB standards concerning the provision of management representation letters.

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.

⁸ AS 1301.20.

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;
- 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 \$40,000 is imposed upon the Firm.
 1. 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.
 2. 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 Office of Finance, 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 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, additional 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 post-Order interest.
 4. With respect to any civil money penalty amounts that Respondent shall pay pursuant to this Order, Respondent 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 Respondent's payment of the civil money penalty pursuant to this Order, in any private

action brought against Respondent based on substantially the same facts as set out in the findings in this Order.

5. Respondent understands that failure to pay the civil money penalty described above may result in summary suspension of Respondent's registration, pursuant to PCAOB Rule 5304(a), following written notice to Respondent at the address on file with the PCAOB at the time of the issuance of this Order.
- C. Pursuant to Section 105(c)(4)(G) of the Act and PCAOB Rule 5300(a)(9), GT India is required to comply with its audit committee communications policies and procedures, including:
1. those intended to provide reasonable assurance that, as part of communicating its overall audit strategy, GT India communicates with the audit committee or functional equivalent the names, locations, and planned responsibilities of other independent public accounting firms or other persons, who were not employed by the auditor, that performed audit procedures in the audit; and
 2. those intended to provide reasonable assurance that GT India obtains written representations from management for all financial statements and periods covered by its audit report, and to provide a copy of the representation letter to the audit committee if management has not already done so.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

February 20, 2024