



1666 K Street NW
Washington, DC 20006

Office: 202-207-9100
Fax: 202-862-8430

www.pcaobus.org

Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions

In the Matter of WithumSmith+Brown, PC,

Respondent.

PCAOB Release No. 105-2024-010

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 WithumSmith+Brown, PC (“Withum,” “Firm,” or “Respondent”);
- (2) imposing a civil money penalty in the amount of \$2 million on the Firm;
- (3) requiring Withum to engage an independent consultant who will review and make recommendations concerning Withum’s quality control policies and procedures;
- (4) requiring Withum to implement all recommendations of the independent consultant; and
- (5) requiring Withum to conduct certain training for all audit staff.

The Board is imposing these sanctions on the basis of its findings that the Firm violated PCAOB rules and quality control standards by failing to take sufficient steps to ensure that its system of quality control provided reasonable assurance that: (1) the Firm would comply with the requirements regarding the acceptance of issuer clients and engagements, and (2) its personnel would comply with applicable professional standards and regulatory requirements.

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, Respondent has submitted an Offer of Settlement (the “Offer”) that the Board has determined to accept. Solely for the purpose of these proceedings and any other proceeding 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:²

A. Respondent

1. **WithumSmith+Brown, PC** is a professional corporation headquartered in Princeton, New Jersey. Withum is licensed by the New Jersey State Board of Accountancy (License No. 20CB00149600) and several other states. Withum is, and at all relevant times was, registered with the PCAOB, pursuant to Section 102 of the Act and PCAOB rules.

B. Summary

2. This matter concerns the Firm’s failure to comply with PCAOB rules and quality control standards during the time period from January 2020 through April 2022. The Firm’s system of quality control failed to provide reasonable assurance that the Firm would: (a) undertake only those issuer engagements that the Firm could reasonably expect to be completed with professional competence and appropriately consider the risks associated with

¹ 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.

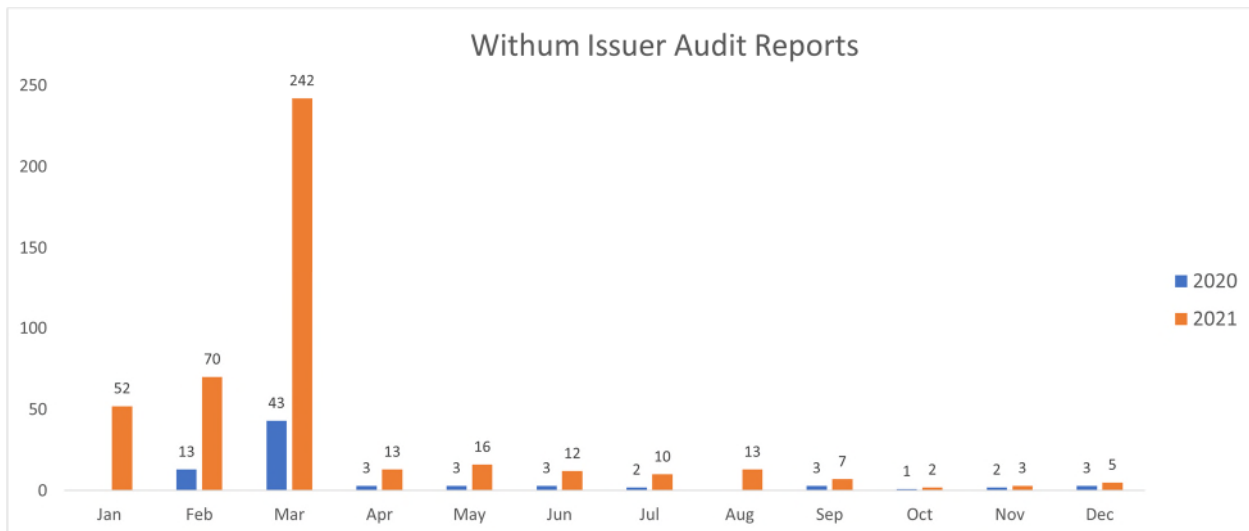
² The Board finds that Respondent’s conduct described in this Order meets the conditions set out in Section 105(c)(5) of the Act, 15 U.S.C. § 7215(c)(5), which provides that certain sanctions may be imposed in the event of: (1) intentional or knowing conduct, including reckless conduct, that results 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.

providing professional services in the particular circumstances; (b) ensure that partner workloads were manageable to allow sufficient time for engagement partners to discharge their responsibilities with professional competence and due care; (c) ensure that personnel were consulting with individuals within or outside the Firm, when appropriate, when dealing with complex issues; (d) perform sufficient procedures to test estimates, including sufficiently evaluating the reasonableness of certain significant assumptions underlying the estimate; (e) make all required communications to issuer audit committees; (f) perform sufficient procedures to determine whether certain matters were critical audit matters (“CAMs”); (g) perform sufficient procedures to test journal entries; and (h) timely file Form APs.

C. Background

3. From January 2020 through December 2021, Withum accepted a substantial number of issuer audit clients, including hundreds of special purpose acquisition companies (“SPACs”), resulting in a significant increase in its issuer audit practice. The Firm added 273 new issuer clients in 2020 and another 157 new issuer clients in 2021. A substantial portion of these client additions occurred during the six months from September 2020 to February 2021, with the largest monthly increase of 98 new issuer clients occurring in December 2020.

4. During 2021, there was a corresponding spike in issuer audit reports Withum issued in comparison with the prior year. Overall, in 2021, Withum issued 445 issuer audit reports, an increase of 369 (or 486%) over the 76 audit reports issued in 2020, as shown in the below chart.



5. Despite the 486% increase in issuer audit reports issued in 2021, the number of engagement partners responsible for these issuer audit reports increased from 15 in 2020 to

only 23 in 2021, an increase of 8 (or 53%). This relatively small increase in engagement partners, when compared to the corresponding increase in issuer audits, led to a large number of issuer engagements being assigned to certain partners. For example, during 2021, there were five engagement partners who were each responsible for 40 or more issuer audits. In fact, these five engagement partners issued 275 audit reports constituting 62% of Withum’s total issuer audit reports in 2021. This led to significant workloads for these partners.

6. As shown in the chart below, during Withum’s 2021 busy season, from January through March 2021, the average billable utilization for the group of five engagement partners responsible for 40 or more issuer audits was 141%, 148%, and 178%, for each month, respectively.³ In addition to the billable hours worked, these five partners also averaged 15 hours per week on non-billable work over the same period, which further added to the workload for these partners.⁴ Engagement Partner 1, who had the highest number of assigned issuer audits, also had the highest monthly utilization during the period of 220% in March 2021. Moreover, for two weeks during March 2021, Engagement Partner 1 was working approximately 100 hours per week.

Utilization Summary

Engagement Partner	Number of audit reports issued in 2021	Utilization - January 2021 (%)	Utilization - February 2021 (%)	Utilization - March 2021 (%)
Engagement Partner 1	73	184%	165%	220%
Engagement Partner 2	62	138%	154%	197%
Engagement Partner 3	52	132%	162%	168%
Engagement Partner 4	44	137%	153%	155%
Engagement Partner 5	44	114%	104%	150%
Average	55	141%	148%	178%

³ Utilization rate measures workload and productivity, and the rate is calculated by dividing client billable hours worked in the period by the number of available work hours for the partners in the period based on a forty-hour work week.

⁴ Non-billable work included, among other things, time spent on business development, proposals, client acceptance, and practice management.

D. The Firm Violated PCAOB Rules and Quality Control Standards

7. PCAOB rules require a registered public accounting firm and its associated persons to comply with PCAOB quality control standards.⁵ These standards require that a registered public accounting firm have a system of quality control for its accounting and auditing practice.⁶ A firm's system of quality control provides a critical foundation and infrastructure for a firm's audit quality, as it should "ensure that services are competently delivered and adequately supervised."⁷ "A system of quality control is broadly defined as a process to provide the firm with reasonable assurance that its personnel comply with applicable professional standards and the firm's standards of quality."⁸

8. As described below, Withum failed to establish policies and procedures sufficient to provide reasonable assurance that its personnel complied with applicable professional standards and regulatory requirements.

i. Withum's System of Quality Control Failed to Provide Reasonable Assurance with Respect to Acceptance of Issuer Clients and Partner Workload

9. PCAOB quality control standards require that a registered public accounting firm establish quality control policies and procedures for deciding whether to accept or continue a client relationship and whether to perform a specific engagement for that client.⁹ Such policies and procedures should provide reasonable assurance that the firm undertakes only those engagements that the firm can reasonably expect to be completed with professional competence, and appropriately considers the risks associated with providing professional services in the particular circumstances.¹⁰ In addition, policies and procedures should be

⁵ See PCAOB Rule 3100, *Compliance with Auditing and Related Professional Practice Standards*; PCAOB Rule 3400T, *Interim Quality Control Standards*.

⁶ See Quality Control Standard 20.01, *System of Quality Control for a CPA Firm's Accounting and Auditing Practice* ("QC § 20").

⁷ QC § 20.02.

⁸ QC § 20.03.

⁹ QC § 20.14.

¹⁰ QC § 20.15.

established to provide the firm with reasonable assurance that work is assigned to personnel having the degree of proficiency required under the circumstances.¹¹

10. In accepting hundreds of new SPAC issuer clients, Withum failed to properly consider whether it could complete the new engagements with professional competence, given the competing time demands on the Firm's partners assigned to lead and execute the audits and perform the engagement quality reviews for all of its issuer clients. Withum also failed to timely implement sufficient policies and procedures as to client acceptance to manage the large influx of new SPAC audit clients.

11. The Firm, therefore, violated QC § 20 by failing to have adequate policies and procedures related to: (a) client acceptance and continuance sufficient to provide reasonable assurance that it undertook only those engagements that it could reasonably expect to be completed with professional competence; (b) appropriately considering the risks associated with providing professional services in particular circumstances; and (c) assigning work to personnel having the requisite proficiency required in the circumstances, specifically taking into consideration competing time demands on the Firm's personnel when assigning individuals to lead issuer audits. These failures resulted in, or contributed to, the Firm's acceptance of hundreds of new issuer audit clients without appropriate processes in place for determining whether it had sufficient capacity to accept such clients and ensuring that partner workloads were manageable so that engagement partners and engagement quality reviewers could discharge their responsibilities with professional competence.¹²

ii. Withum's System of Quality Control Failed to Provide Reasonable Assurance that Personnel Would Consult With Others When Dealing with Complex Issues

12. A registered public accounting firm should establish quality control policies and procedures to provide reasonable assurance that the work performed by engagement personnel complies with applicable professional standards and regulatory requirements.¹³

13. A registered public accounting firm should also establish quality control policies and procedures to provide reasonable assurance that personnel refer to authoritative literature

¹¹ QC § 20.13.

¹² QC §§ 20.13-.15.

¹³ QC §§ 20.03, .17.

or other sources and consult, on a timely basis, with individuals within or outside the firm, when appropriate (for example, when dealing with complex, unusual, or unfamiliar issues).¹⁴

14. During the relevant time period, 143 of Withum’s SPAC and former SPAC audit clients restated their financial statements for incorrect accounting related to the classification of warrants in accordance with ASC Topic 815, *Derivatives and Hedging*, and the classification of redeemable shares in accordance with ASC Topic 480, *Distinguishing Liabilities from Equity*. Although the Firm’s policies required a consultation for “complex debt and equity transactions,” “restatement issues,” or “complex SEC issues,” Withum’s engagement teams did not consult with individuals within or outside the Firm in connection with the audits of most SPAC restatements.

15. Similarly, the Firm’s policies required a consultation for “Mergers / acquisitions and business combinations,” yet Withum’s engagement teams did not consult with individuals within or outside the Firm for most audits involving business combinations during the relevant period.

16. As a result, the Firm violated QC § 20 by failing to establish policies and procedures sufficient to provide it with reasonable assurance that Firm personnel consulted with individuals within or outside the Firm, when appropriate.

iii. Withum’s System of Quality Control Failed to Provide Reasonable Assurance with Respect to Testing Estimates

17. A registered public accounting firm should establish quality control policies and procedures to provide reasonable assurance that the work performed by engagement personnel complies with applicable professional standards and regulatory requirements.¹⁵ AS 2501, *Auditing Accounting Estimates, Including Fair Value Measurements*, establishes requirements for auditing accounting estimates in significant accounts and disclosures in financial statements, including that an auditor “identify which of the assumptions used by the company are significant assumptions to the accounting estimate, that is, the assumptions that are important to the recognition or measurement of the accounting estimate in the financial statements.”¹⁶ AS 2501 further states that an “auditor should evaluate the reasonableness of the significant assumptions used by the company to develop the [accounting] estimate, both

¹⁴ QC § 20.19.

¹⁵ QC §§ 20.03, .17.

¹⁶ AS 2501.15.

individually and in combination.”¹⁷ That includes evaluating whether “[t]he company has a reasonable basis for the significant assumptions used and, when applicable, for its selection of assumptions from a range of potential assumptions,” and that the significant assumptions are consistent with “relevant industry, regulatory, and other external factors.”¹⁸ Moreover, when a significant assumption is based on a company’s intent and ability to carry out a particular course of action, the auditor should take into account certain relevant factors in evaluating the reasonableness of the assumption.¹⁹

18. When a specialist employed or engaged by the company assists the company in developing an accounting estimate, the auditor should follow the requirements in Appendix A of AS 1105, *Audit Evidence*, when using the work of a company’s specialist as audit evidence.²⁰ AS 1105 states that an auditor should test the accuracy and completeness of company-produced data used by the specialist and evaluate the relevance and reliability of data from sources external to the company that are used by the specialist, evaluate whether the significant assumptions used by the specialist are reasonable, and evaluate whether the methods used by the specialist are appropriate under the circumstances, taking into account the requirements of the applicable financial reporting framework.²¹

19. When the engagement team uses an auditor-employed specialist, AS 1201, *Supervision of the Audit Engagement*, states that the engagement partner and, as applicable, other engagement team members performing supervisory activities should “evaluate whether the specialist’s work provides sufficient appropriate evidence.”²²

20. In connection with certain audits performed during the relevant period, Withum failed to test accounting estimates in accordance with these PCAOB standards. For example, in connection with the audits of several of the SPAC restatements noted above, Withum failed to perform sufficient procedures to test the valuation of the restated warrant liabilities. During these audits, Withum failed to sufficiently evaluate the reasonableness of certain significant assumptions used by the company or the company’s specialist in determining an estimate of the fair value of the warrant liability and, in instances where Withum used an auditor-employed

¹⁷ *Id.* at .16.

¹⁸ *Id.*

¹⁹ *Id.* at .17.

²⁰ *Id.* at .19.

²¹ AS 1105.A8.

²² AS 1201.C6.

specialist, failed to identify that the auditor-employed specialist's work did not provide sufficient appropriate evidence.

21. In addition, during several audits involving business combinations, Withum failed to sufficiently evaluate the reasonableness of certain significant assumptions used by the company and/or the company's specialist in determining an estimate of the fair value of certain acquired assets. In another audit, Withum failed to sufficiently evaluate the reasonableness of company-prepared revenue forecasts that were used by the company's specialist in a cash-flow model to estimate the fair value of intangible assets in connection with its impairment analysis.

22. These failures illustrate that Withum violated QC § 20 by failing to establish policies and procedures sufficient to provide it with reasonable assurance that the work performed by Firm personnel with respect to testing accounting estimates met the requirements of AS 1105, AS 1201, and AS 2501.

iv. Withum's System of Quality Control Failed to Provide Reasonable Assurance with Respect to Audit Committee Communications

23. A registered public accounting firm should establish quality control policies and procedures to provide reasonable assurance that the work performed by engagement personnel complies with applicable professional standards and regulatory requirements.²³ AS 1301, *Communications with Audit Committees*, requires an auditor to communicate with a company'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.²⁴ AS 1301 states that each auditor, as part of communicating the overall audit strategy, should communicate to the audit committee 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 current period audit.²⁵

24. In order to manage the increased workload from the significant increase in SPAC audit clients, from January 1, 2021, through April 30, 2022, Withum engaged individuals from Staffing Accountants LLC d/b/a SAPRO to perform audit procedures on approximately 477 audits. For 471 of those audits, Withum failed to communicate the names, locations, and planned responsibilities of these individuals or SAPRO to the respective audit committees.

²³ QC §§ 20.03, .17.

²⁴ AS 1301.01.

²⁵ AS 1301.10d.

25. In addition, to assist with completing the large number of SPAC restatements in 2021, from January 1, 2021, through June 30, 2021, Withum engaged specialists, who were not employed by Withum, to perform audit procedures on approximately 38 audits. For 27 of those audits, Withum failed to communicate the names, locations, and planned responsibilities of these specialists to the respective audit committees.

26. These failures illustrate that Withum violated QC § 20 by failing to establish policies and procedures sufficient to provide it with reasonable assurance that it would comply with AS 1301.

v. Withum’s System of Quality Control Failed to Provide Reasonable Assurance with Respect to Determining Critical Audit Matters

27. A registered public accounting firm should establish quality control policies and procedures to provide reasonable assurance that the work performed by engagement personnel complies with applicable professional standards and regulatory requirements.²⁶ AS 3101, *The Auditor’s Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion*, “establishes requirements regarding the content of the auditor’s written report when the auditor expresses an unqualified opinion on the financial statements.”²⁷ Among other things, “[t]he auditor must determine whether there are any critical audit matters in the audit of the current period’s financial statements.”²⁸ A CAM is “any matter arising from the audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved especially challenging, subjective, or complex auditor judgment.”²⁹ The requirement to evaluate CAMs took effect for audits of large accelerated filers for fiscal years ending on or after June 30, 2019, and on or after December 15, 2020, for audits of all other required companies.

28. In developing its audit programs for the evaluation of CAMs, Withum failed to develop sufficient guidance to reasonably assure that engagement teams properly evaluated the complete population of potential CAMs.³⁰ As a result, Withum failed to properly evaluate in

²⁶ QC §§ 20.03, .17.

²⁷ AS 3101.01.

²⁸ AS 3101.11.

²⁹ *Id.*

³⁰ Prior to October 2021, Withum lacked any practice aid or work program to document CAM identification and evaluation procedures.

certain issuer audits whether one or more matters were CAMs. Although such matters were required to be communicated to audit committees under AS 1301, and related to accounts or disclosures that were material to the financial statements, Withum failed to properly evaluate whether the matters involved especially challenging, subjective, or complex auditor judgment.

29. Withum therefore violated QC § 20 by failing to establish policies and procedures sufficient to provide the Firm with reasonable assurance that it would comply with AS 3101.

vi. Withum’s System of Quality Control Failed to Provide Reasonable Assurance with Respect to Journal Entry Testing

30. A registered public accounting firm should establish quality control policies and procedures to provide reasonable assurance that the work performed by engagement personnel complies with applicable professional standards and regulatory requirements.³¹ AS 2401, *Consideration of Fraud in a Financial Statement Audit*, specifies that “[m]aterial misstatements of financial statements due to fraud often involve the manipulation of the financial reporting process by (a) recording inappropriate or unauthorized journal entries throughout the year or at period end, or (b) making adjustments to amounts reported in the financial statements that are not reflected in formal journal entries[.]”³² Accordingly, auditors are instructed to “[i]dentify and select journal entries and other adjustments for testing.”³³ Among other things, “even though controls [over the preparation and posting of journal entries and adjustments] might be implemented and operating effectively, the auditor’s substantive procedures for testing journal entries and other adjustments should include the identification and substantive testing of specific items.”³⁴ “[T]he auditor’s procedures should include selecting from the general ledger journal entries to be tested and examining support for those items.”³⁵

31. AS 2401 also specifies that “management is in a unique position to perpetuate fraud because of its ability to directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding established controls”³⁶ Accordingly, auditors

³¹ QC §§ 20.03, .17.

³² AS 2401.58.

³³ *Id.*

³⁴ *Id.* at .61.

³⁵ *Id.*

³⁶ *Id.* at .57.

should perform procedures to specifically address the risk of management override of controls.³⁷

32. In certain audits during the relevant period, Withum failed to perform sufficient procedures to test journal entries in accordance with AS 2401. Specifically, in response to an identified fraud risk concerning management override of controls, Firm personnel determined risk characteristics for selecting journal entries and obtained a listing of all journal entries that met the risk characteristics. However, Firm personnel did not perform sufficient procedures to test those journal entries because the engagement teams examined the underlying support for only certain journal entries from the listing of entries that met the established risk characteristics, without having an appropriate rationale for limiting testing to only those journal entries.

33. For example, during one audit, Firm personnel identified thousands of journal entries that met their established risk characteristics. However, the engagement team examined the underlying support for only three of the journal entries, without having an appropriate rationale for limiting its testing to those journal entries. In another audit, Firm personnel did not examine the underlying support for any of the journal entries that met the engagement team's established risk characteristics and instead limited their procedures to evaluating journal entry descriptions and/or relying on its understanding of the journal entries obtained from other audit procedures.

34. These failures illustrate that Withum violated QC § 20 by failing to establish policies and procedures sufficient to provide it with reasonable assurance that the work performed by Firm personnel with respect to testing journal entries met the requirements of AS 2401.

vii. Withum's System of Quality Control Failed to Provide Reasonable Assurance with Respect to Auditor Reporting of Certain Audit Participants

35. A registered public accounting firm should establish quality control policies and procedures to provide reasonable assurance that the work performed by engagement personnel complies with applicable professional standards and regulatory requirements.³⁸ PCAOB Rule 3211, *Auditor Reporting of Certain Audit Participants*, requires registered public accounting firms to report information about engagement partners and other accounting firms that participated in the audits of issuers by filing a Form AP for each audit report issued by the

³⁷ *Id.*

³⁸ QC §§ 20.03, .17.

firm for an issuer. Form APs must be filed by the 35th day after the date the audit report is first included in a document filed with the U.S. Securities and Exchange Commission (“Commission”),³⁹ subject to a shorter filing deadline that applies when the audit report is first included in a registration statement under the Securities Act of 1933 filed with the Commission.⁴⁰

36. Due to the sizable increase in issuer clients in late 2020 and early 2021, and the expected increase in the number of audit reports that would be issued in that period, Withum’s policies and procedures related to Form AP were insufficient to manage the increased volume of Form AP reporting obligations.

37. From January 1, 2021, through December 31, 2021, the Firm failed to timely file Form APs with respect to 64 audit reports for 56 issuers.

38. These failures illustrate that the Firm violated QC § 20 by failing to maintain effective policies and procedures to provide it with reasonable assurance that it would comply with the requirements of PCAOB Rule 3211.

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), Withum is hereby censured.
- B. Pursuant to Section 105(c)(4)(D) of the Act and PCAOB Rule 5300(a)(4), the Board imposes a civil money penalty in the amount of \$2 million on Withum.
 1. All funds collected by the PCAOB 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 the civil money penalty within ten days of the issuance of this Order by (a) wire transfer in accordance with instructions furnished by

³⁹ PCAOB Rule 3211(b)(1).

⁴⁰ In that instance, a firm is required to file the Form AP by the tenth day after the date the audit report is first included in a document filed with the Commission. PCAOB Rule 3211(b)(2).

PCAOB staff; or (b) United States Postal Service money order, bank money order, certified check, or bank cashier's check (i) made payable to the Public Company Accounting Oversight Board, (ii) delivered to the Office of Finance, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington D.C. 20006, and (iii) 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 Sections 105(c)(4)(C) and (G) of the Act and PCAOB Rules 5300(a)(3), (8) and (9), the Board orders that:

1. Self-Assessment

- a. Withum shall undertake a self-assessment of its system of quality control, including its Quality Control Manual, to ensure its current policies and procedures are compliant with PCAOB quality control standards.

2. Independent Consultant

- a. Withum shall retain and pay for an independent consultant not unacceptable to the PCAOB staff who has the experience with, and is knowledgeable concerning, PCAOB quality control and auditing standards (“Independent Consultant”) to review Withum’s system of quality control applicable to audits and reviews conducted pursuant to PCAOB standards. Within thirty days after the entry of this Order, Withum shall submit to the PCAOB staff a proposal setting forth the identity, qualifications, and proposed terms of retention of the Independent Consultant.
- b. To ensure the independence of the Independent Consultant, Withum:
 - (i) shall not have the authority to terminate the Independent Consultant or substitute another independent consultant for the initial Independent Consultant, without the prior written approval of the PCAOB staff; and
 - (ii) shall compensate the Independent Consultant and persons engaged to assist the Independent Consultant for services rendered pursuant to this Order at their reasonable and customary rates.
- c. Withum shall cooperate fully with the Independent Consultant and shall provide reasonable access to its personnel, information, and records as the Independent Consultant may reasonably request for the Independent Consultant’s review, evaluation, and reports.
- d. If Withum, despite its best, good faith efforts, is unable to identify an Independent Consultant candidate that meets all of the above-listed criteria, it may seek approval from the PCAOB staff of alternative candidates or alternative terms that Withum believes to be otherwise suitable.

- e. Within 90 days of this Order, Withum will review, evaluate, and implement, under the supervision of the Independent Consultant, any necessary enhancements to Withum's quality control policies and procedures applicable to audits and reviews conducted pursuant to PCAOB standards. If, as a result of that review and evaluation, it appears to the Independent Consultant that any further enhancements to the system of quality control are necessary, the Independent Consultant shall recommend such enhancements to Withum.
- f. Within 180 days of this Order, Withum shall (i) implement any recommendations received from the Independent Consultant, pursuant to Section IV.C.2.e, and (ii) require the Independent Consultant to review a sample of the Firm's most recent issuer audits for compliance with PCAOB auditing standards.

3. Firm Certification

- a. Within 270 days of the date of this Order, Withum shall certify in writing to the Director of the Division of Enforcement and Investigations, PCAOB, 1666 K Street N.W., Washington, DC 20006, the Firm's compliance with the above paragraphs ("Final Certification"). The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The certification shall include a description of the specific enhancements implemented to Withum's system of quality control since the time of the conduct described in this Order. If Withum does not implement recommendations received from the Independent Consultant pursuant to Section IV.C.2.e, the certification shall identify the recommendations of the Independent Consultant Withum did not implement and explain the reasons for not doing so. Withum shall also submit additional information as the staff of the Division of Enforcement and Investigations may reasonably request.
- b. For good cause shown, the PCAOB staff may extend any of the procedural dates relating to these undertakings. Deadlines for procedural dates shall be counted in calendar days, except that if the last day falls on a weekend or federal holiday, the next business day shall be considered the last day.

- D. Pursuant to Section 105(c)(4)(F) of the Act and PCAOB Rule 5300(a)(6), Withum is required, as of the date of the Final Certification, to have conducted training related to changes to the Firm's policies and procedures that resulted from the review of Withum's quality control policies and procedures conducted by Withum or the Independent Consultant pursuant to Section IV.C.2.e-f.
- E. The Firm understands that the failure to satisfy these undertakings and conditions may constitute a violation of PCAOB Rule 5000 that could provide a basis for the imposition of additional sanctions in a subsequent disciplinary proceeding.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

February 20, 2024