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# 2021 Inspection Moore Assurance S.A.S.

(Headquartered in Bogota, Republic of Colombia)

September 15, 2022

**THIS IS A PUBLIC VERSION OF A PCAOB INSPECTION REPORT**

**PORTIONS OF THE COMPLETE REPORT ARE OMITTED FROM THIS DOCUMENT IN ORDER TO COMPLY WITH SECTIONS 104(g)(2) AND 105(b)(5)(A) OF THE SARBANES-OXLEY ACT OF 2002**

**PCAOB RELEASE NO. 104-2022-202A**

(Includes portions of Part II and Appendix A of the full report that were not included in PCAOB Release No. 104-2022-202)



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## 2021 INSPECTION

In the 2021 inspection of Moore Assurance S.A.S., the Public Company Accounting Oversight Board (PCAOB) assessed the firm's compliance with laws, rules, and professional standards applicable to the audits of public companies.

We selected for review one audit of an issuer with a fiscal year ending in 2019. For the issuer audit selected, we reviewed a portion of the audit. We also evaluated elements of the firm's system of quality control.

### 2021 Inspection Approach

In selecting issuer audits for review, we use a risk-based method of selection. We make selections based on (1) our internal evaluation of audits we believe have a heightened risk of material misstatement, including those with challenging audit areas, and (2) other risk-based characteristics, including issuer and firm considerations. In certain situations, we may select all of the firm's issuer audits for review.

When we review an audit, we do not review every aspect of the audit. Rather, we generally focus our attention on audit areas we believe to be of greater complexity, areas of greater significance or with a heightened risk of material misstatement to the issuer's financial statements, and areas of recurring deficiencies. We may also select some audit areas for review in a manner designed to incorporate unpredictability.

Our selection of audits for review does not necessarily constitute a representative sample of the firm's total population of issuer audits. Additionally, our inspection findings are specific to the particular portions of the issuer audits reviewed. They are not an assessment of all of the firm's audit work nor of all of the audit procedures performed for the audits reviewed.

View the details on the [scope of our inspections and our inspections procedures](#).

# OVERVIEW OF THE 2021 INSPECTION

The following information provides an overview of our 2021 inspection, which was our first inspection of this firm. We use a risk-based method to select audits for review and to identify areas on which we focus our review. Because our inspection process evolves over time, it can, and often does, focus on a different mix of audits and audit areas from inspection to inspection and firm to firm. Further, a firm's business, the applicable auditing standards, or other factors can change from the time of one inspection to the next. As a result of these variations, we caution that our inspection results are not necessarily comparable over time or among firms.

## Firm Data and Audits Selected for Review

	2021
<b>Firm data</b>	
Total issuer audit clients for which the firm was the principal auditor at the outset of the inspection procedures	1
Total issuer audits in which the firm was not the principal auditor	0
Total engagement partners on issuer audit work <sup>1</sup>	1
<b>Audits reviewed</b>	
Total audits reviewed <sup>2</sup>	1
Audits in which the firm was the principal auditor	1
Integrated audits of financial statements and internal control over financial reporting (ICFR)	1
Audits with Part I.A deficiencies	1

If we include a deficiency in Part I.A of our report, it does not necessarily mean that the firm has not addressed the deficiency. In many cases, the firm has performed remedial actions after the deficiency was identified. Depending on the circumstances, remedial actions may include performing additional

<sup>1</sup> The number of engagement partners on issuer audit work represents the total number of firm personnel (not necessarily limited to personnel with an ownership interest) who had primary responsibility for an issuer audit (as defined in AS 1201, *Supervision of the Audit Engagement*) or for the firm's role in an issuer audit during the twelve-month period preceding the outset of the inspection.

<sup>2</sup> The population of issuer audits from which audits are selected for review may differ from the issuer audits at the outset of the inspection procedures due to variations such as new issuer audit clients for which the firm has not yet issued an audit report or issuer audit clients lost prior to the outset of the inspection.

audit procedures, informing management of the issuer of the need for changes to the financial statements or reporting on ICFR, or taking steps to prevent reliance on prior audit reports.

Our inspection may include a review, on a sample basis, of the adequacy of a firm's remedial actions, either with respect to previously identified deficiencies or deficiencies identified during the current inspection. If a firm does not take appropriate actions to address deficiencies, we may criticize its system of quality control or pursue a disciplinary action.

If we include a deficiency in our report — other than those deficiencies for audits with incorrect opinions on the financial statements and/or ICFR — it does not necessarily mean that the issuer's financial statements are materially misstated or that undisclosed material weaknesses in ICFR exist. It is often not possible for us to reach a conclusion on those points based on our inspection procedures and related findings because, for example, we have only the information that the auditor retained and the issuer's public disclosures. We do not have direct access to the issuer's management, underlying books and records, and other information.

## Audit Areas Most Frequently Reviewed

This table reflects the audit areas we have selected most frequently for review in the 2021 inspection. For the issuer audit selected for review, we selected these areas because they were generally significant to the issuer's financial statements, may have included complex issues for auditors, and/or involved complex judgments in (1) estimating and auditing the reported value of related accounts and disclosures and (2) implementing and auditing the related controls.

2021	
Audit area	Audits reviewed
Revenue and related accounts	1
Cash and cash equivalents	1
Inventory	1

# PART I: INSPECTION OBSERVATIONS

Part I.A of our report discusses deficiencies, if any, that were of such significance that we believe the firm, at the time it issued its audit report(s), had not obtained sufficient appropriate audit evidence to support its opinion on the issuer's financial statements and/or ICFR.

Part I.B discusses deficiencies, if any, that do not relate directly to the sufficiency or appropriateness of evidence the firm obtained to support its opinion(s) but nevertheless relate to instances of non-compliance with PCAOB standards or rules.

Consistent with the Sarbanes-Oxley Act ("Act"), it is the Board's assessment that nothing in Part I of this report deals with a criticism of, or potential defect in, the firm's quality control system. We discuss any such criticisms or potential defects in Part II. Further, you should not infer from any Part I deficiency, or combination of deficiencies, that we identified a quality control finding in Part II. Section 104(g)(2) of the Act restricts us from publicly disclosing Part II deficiencies unless the firm does not address the criticisms or potential defects to the Board's satisfaction no later than 12 months after the issuance of this report.

## Classification of Audits with Part I.A Deficiencies

Within Part I.A of this report, we classify each issuer audit in one of the categories discussed below based on the Part I.A deficiency or deficiencies identified in our review.

The purpose of this classification system is to group and present issuer audits by the number of Part I.A deficiencies we identified within the audit as well as to highlight audits with an incorrect opinion on the financial statements and/or ICFR.

### Audits with an Incorrect Opinion on the Financial Statements and/or ICFR

This classification includes instances where a deficiency was identified in connection with our inspection and, as a result, an issuer's financial statements were determined to be materially misstated, and the issuer restated its financial statements. It also includes instances where a deficiency was identified in connection with our inspection and, as a result, an issuer's ICFR was determined to be ineffective, or there were additional material weaknesses that the firm did not identify, and the firm withdrew its opinion, or revised its report, on ICFR. This classification does not include instances where, unrelated to our review, an issuer restated its financial statements and/or an issuer's ICFR was determined to be ineffective. We include any deficiencies identified in connection with our reviews of these audits in the audits with multiple deficiencies or audits with a single deficiency classification below.

### Audits with Multiple Deficiencies

This classification includes instances where multiple deficiencies were identified that related to a combination of one or more financial statement accounts, disclosures, and/or important controls in an ICFR audit.

## Audits with a Single Deficiency

This classification includes instances where a single deficiency was identified that related to a financial statement account or disclosure or to an important control in an ICFR audit.

## PART I.A: AUDITS WITH UNSUPPORTED OPINIONS

This section of our report discusses the deficiencies identified, by specific issuer audit reviewed, in the audit work supporting the firm's opinion on the issuer's financial statements and/or ICFR.

We identify each issuer by a letter (e.g., Issuer A) and industry sector. Each deficiency could relate to several auditing standards, but we reference the PCAOB standard(s) that most directly relates to the requirement with which the firm did not comply.

We present issuer audits below within their respective deficiency classifications (as discussed previously). Within the classifications, we generally present the audits based on our assessment as to the relative significance of the identified deficiencies, taking into account the significance of the financial statement accounts and/or disclosures affected, and/or the nature or extent of the deficiencies.

### Audits with an Incorrect Opinion on the Financial Statements and/or ICFR

None

### Audits with Multiple Deficiencies

#### Issuer A – Industrials

##### Type of audit and related area affected

In our review, we identified deficiencies in the ICFR audit related to **Revenue**.

##### Description of the deficiencies identified

For revenue from engineering and construction contracts at two of the issuer's subsidiaries, the firm selected for testing multiple management review controls over revenue. The firm did not evaluate the review procedures that the control owners performed, including the criteria that the control owners used to identify items for follow up and whether those items were appropriately resolved. (AS 2201.42 and .44)

The firm identified multiple deficiencies in the issuer's controls over revenue that it had selected for testing. The firm did not evaluate the severity of each control deficiency to determine whether the deficiency, individually or in combination with other deficiencies, constituted a material weakness. (AS 2201.62)

## Audits with a Single Deficiency

None

### PART I.B: OTHER INSTANCES OF NON-COMPLIANCE WITH PCAOB STANDARDS OR RULES

This section of our report discusses any deficiencies we identified that do not relate directly to the sufficiency or appropriateness of evidence the firm obtained to support its opinion(s) but nevertheless relate to instances of non-compliance with PCAOB standards or rules.

When we review an audit, we do not review every aspect of the audit. In some cases, we assess the firm's compliance with specific PCAOB standards or rules on other audits that were not reviewed and include any instances of non-compliance below.

The deficiencies below are presented in numerical order based on the PCAOB standard or rule with which the firm did not comply. We identified the following deficiencies:

- In the audit reviewed, the firm did not provide a copy of the management representation letter to the issuer's audit committee. In this instance, the firm was non-compliant with AS 1301, *Communications with Audit Committees*, and AS 2805, *Management Representations*.
- In the audit reviewed, the firm did not use a reasonable method to determine the percentage of participation in the audit by an other accounting firm, because they used the fee distribution percentages established in the business collaboration agreement between the firm and the other accounting firm rather than an estimate of hours actually incurred. In this instance, the firm was non-compliant with PCAOB Rule 3211, *Auditor Reporting of Certain Audit Participants*.
- In the audit reviewed, the firm erroneously included the hours of the engagement quality reviewer in the calculation of total hours and reported those hours as participation by an other accounting firm. In this instance, the firm was non-compliant with PCAOB Rule 3211, *Auditor Reporting of Certain Audit Participants*.

## PART II: OBSERVATIONS RELATED TO QUALITY CONTROL

Part II of our report discusses criticisms of, and potential defects in, the firm's system of quality control.

We include deficiencies in Part II if an analysis of the inspection results, including the results of the reviews of individual audits, indicates that the firm's system of quality control does not provide reasonable assurance that firm personnel will comply with applicable professional standards and requirements. Generally, the report's description of quality control criticisms is based on observations from our inspection procedures.

This report does not reflect changes or improvements to the firm's system of quality control that the firm may have made subsequent to the period covered by our inspection. The Board does consider such changes or improvements in assessing whether the firm has satisfactorily addressed the quality control criticisms or defects no later than 12 months after the issuance of this report.

When we issue our reports, we do not make public criticisms of, and potential defects in, the firm's system of quality control, to the extent any are identified. If a firm does not address to the Board's satisfaction any criticism of, or potential defect in, the firm's system of quality control within 12 months after the issuance of our report, we will make public any such deficiency.

### Testing Controls

The inspection results indicate that the firm's system of quality control does not provide reasonable assurance that the work performed by the firm's personnel with respect to testing controls will meet the requirements of AS 2201. (QC 20.03 and .17)

The inspection team identified deficiencies \* \* \* \* in one audit,<sup>3</sup> which is included in Part I.A, in \* \* \* \* testing controls that include a review element \* \* \* \*.

### Engagement Quality Review

The inspection results indicate that the firm's system of quality control does not provide reasonable assurance that the review procedures performed by the firm's engagement quality review (EQR) partners will meet the requirements of AS 1220. (QC 20.03 and .17)

In one audit,<sup>4</sup> which is included in Part I.A, the inspection team identified deficiencies in an area that the EQR partner was required to evaluate. In this audit, the EQR partner did not identify a deficiency in an area in which the engagement team had identified a fraud risk.

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<sup>3</sup> Issuer A

<sup>4</sup> Issuer A

## APPENDIX A: FIRM'S RESPONSE TO THE DRAFT INSPECTION REPORT

Pursuant to Section 104(f) of the Act, 15 U.S.C. § 7214(f), and PCAOB Rule 4007(a), the firm provided a written response to a draft of this report. Pursuant to Section 104(f) of the Act and PCAOB Rule 4007(b), the firm's response, excluding any portion granted confidential treatment, is attached hereto and made part of this final inspection report.

The Board does not make public any of a firm's comments that address a nonpublic portion of the report unless a firm specifically requests otherwise. In some cases, the result may be that none of a firm's response is made publicly available.

In addition, pursuant to Section 104(f) of the Act, 15 U.S.C. § 7214(f), and PCAOB Rule 4007(b), if a firm requests, and the Board grants, confidential treatment for any of the firm's comments on a draft report, the Board does not include those comments in the final report. The Board routinely grants confidential treatment, if requested, for any portion of a firm's response that addresses any point in the draft that the Board omits from, or any inaccurate statement in the draft that the Board corrects in, the final report.



June 30, 2022

**Via Electronic Mail**

Mr. George Botic  
Director  
Division of Registration and Inspections  
1666 K Street NW  
Washington, DC, USA

Re: Draft Report of Inspection

Dear Mr. Botic:

According to your communication dated May 31, 2022, please find below our comments to the draft report of the inspection conducted by the Public Company Accounting Oversight Board (PCAOB) of Moore Assurance S.A.S. in 2021:

**PART I.A**

**Audits with Multiple Deficiencies**

*For revenue from engineering and construction contracts at two of the issuer's subsidiaries, the firm selected for testing multiple management review controls over revenue. The firm did not evaluate the review procedures that the control owners performed, including the criteria that the control owners used to identify items for follow up and whether those items were appropriately resolved. (AS 2201.42 and.44)*

**Answer:** As we indicated in our response to the comment form BOG-AENZ-06, the tests of these controls were focused on ensuring that the control panels and information were approved and, together with the other substantive tests, we reviewed the necessary of these documents taking as scope 100% of the contracts. Also we really appreciated to take into consideration that it refers to some controls that were also complemented with other controls and with the mention extensive substantive evidence that was seen by the inspection team

*The firm identified multiple deficiencies in the issuer's controls over revenue that it had selected for testing. The firm did not evaluate the severity of each control deficiency to determine whether the deficiency, individually or in combination with other deficiencies, constituted a material weakness. (AS 2201.62)*

As we indicated in our response to comment form BOG-AENZ-05, we do document and assess all deficiencies, additionally, we issue a qualified opinion on some material weaknesses; however, we accept the comment about documenting why some significant deficiencies were not overall material weaknesses. On the other hand, the inspection team was able to see that the ones that were maintained were not material weaknesses.



**PART I.B**

**Other instances of Non-compliance with PCAOB Standard sor Rules**

We agree with the deficiencies identified, with the exception of the deficiency related to the method used to determine the participation of the firms in the audit, as indicated in our response to the comment form BOG-AENZ-02, where we mentioned that we are not agree that we should have made a distribution based on an estimate of hours because we used the percentages established in the business collaboration agreement. This percentage determined in the contract was made based on the estimated hours of work of the firm for Colombian purposes and for the other firm for local purposes. This agreement was for work distribution and not fee distribution.

**PART II**

**Observations related to Quality Control**

**A. Testing Controls**

We sincerely appreciate this conclusion being moderated, taking into account that it refers to some controls that were also complemented with other controls and with extensive substantive evidence that was seen by the inspection team.

**B. Engagement Quality Review**

Our quality system is constantly evaluated and we always include improvements and action plans.

Redacted pursuant to Section 104(f) and/or (g)(2) of the Sarbanes-Oxley Act.

Sincerely,

A handwritten signature in black ink, appearing to read 'Edi', is positioned to the left of the digital signature block.

EDGARD  
AUGUSTO  
JOSE PEREZ  
HENAO

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EDGARD AUGUSTO  
JOSE PEREZ HENAO  
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Edgard Pérez Henao  
Managing Partner  
Moore Assurance S.A.S.

