



## CMF sanctions KPMG and partner due to breaches of audit duties

- *The Board of the Commission applied fines for the issuance of audit reports lacking sufficient and appropriate supporting evidence.*

**March 31, 2021** – The Board of the Financial Market Commission (CMF) sanctioned auditing firm KPMG Auditores Consultores Ltda. and its partner, Juan Pablo Carreño Cea, with fines of UF 3,000 and UF 2,000, respectively. This was due to breaches of audit duties established by Law No. 18,045 on the Securities Market.

According to [Exempt Resolution No. 1,106](#) of 2021, the audit documentation was not prepared in such a way that an experienced auditor (without prior connection to the firm) could understand the procedures performed. Furthermore, this documentation did not comply with quality control standards, and different procedures of which no audit evidence was left were carried out.

The Exempt Resolution also states that the duties of professional judgment and skepticism; the standard of professional care and diligence; and the duty to direct, supervise and review the work were also breached. In addition, there was no appropriate audit evidence available to reduce the risks to an acceptably low level, as well as allowing reasonable conclusions on which to base the audit opinion on the financial statements of HDI Seguros S.A. as of December 31, 2016.

Both KPMG and Mr. Carreño filed an administrative appeal for reconsideration against said Resolution, which was ultimately dismissed through Exempt Resolution No. 1,690 of 2021.

The Commission stresses the importance for the financial market of the proper functioning of external audit firms. Their work has an impact on the reliability, transparency, and quality of financial information provided, in this case, by insurance companies. This information is a critical element for decision making by policyholders or insurance beneficiaries and for the CMF's supervisory activity.

Audit opinions on the financial statements of insurance companies contribute to an adequate verification of their solvency and financial situation, which must be safeguarded to ensure compliance with the benefits that policyholders have taken out with such companies.

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