

## PCAOB Announces \$750,000 Settlement with Deloitte Turkey

*Charges include failure to cooperate with an inspection, quality control, ethics, and audit documentation violations*

WASHINGTON, Dec. 20, 2017

The Public Company Accounting Oversight Board today [announced that Turkey-based DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. \(Deloitte Turkey\) will pay a \\$750,000 civil money penalty](#) to settle charges that it devised and implemented a plan to improperly alter documents in advance of a PCAOB inspection in 2014.

The PCAOB also charged the firm with violating quality control and ethics standards relating to performing professional responsibilities with integrity, as well as audit documentation standards.

"This case represents another troubling instance of a firm and its senior personnel trying to thwart PCAOB oversight through deception," said James R. Doty, PCAOB Chairman.

Two former Deloitte Turkey partners, including the firm's former national professional practice director, also were sanctioned for their involvement in the misconduct.

In the order imposing the sanctions, the Board granted extraordinary cooperation credit to Deloitte Turkey and the two former Deloitte Turkey partners who settled. In the order, the Board stated that absent the firm's extraordinary cooperation, the monetary penalty imposed would have been significantly larger and the Board may have imposed other, additional sanctions.

"The decision of the firm to self-report and the decisions of the partners to assist in our investigation were wise and saved them from much more severe consequences," said Chairman Doty.

The PCAOB found that, in advance of the Board's first inspection of Deloitte Turkey in 2014, some of the firm's most senior partners devised a plan to provide the three audit teams that had performed the audit work the PCAOB planned to inspect with the opportunity to improperly alter their audit documentation.

The elaborate plan involved downloading archived documentation onto laptops that were disconnected from the firm's network, and making these laptops available to three audit teams whose engagements had been selected for review by the PCAOB.

An audit partner on one engagement changed the date and time settings on the laptop and altered numerous documents, which were then provided to PCAOB inspectors without any disclosure of the alterations.

In 2016, Deloitte Turkey self-reported the entirety of its misconduct to the PCAOB, which then opened an investigation. The firm and individuals sanctioned today provided substantial assistance in the investigation; the firm conducted its own internal investigation and shared the results with Enforcement staff, the firm began implementing remedial measures in response to the misconduct, and the individuals provided significant information concerning the actions of the firm and its personnel.

"Today's enforcement actions illustrate the consequences to both firms and their personnel of improperly altering audit work papers, but also, the benefits of coming forward early and making full disclosures to the Board, rather than waiting for PCAOB staff to uncover the wrongdoing," said Claudius B. Modesti, Director of PCAOB Enforcement and Investigations.

The sanctioned individuals are listed below. They are no longer with Deloitte Turkey.

- Berkman Özata, Deloitte Turkey's national professional practice director from 2010 to 2016, was censured and barred for two years.
- Şule Firuzment, a Deloitte Turkey audit engagement partner, was censured, suspended from association with a PCAOB-registered public accounting firm for one year, and restricted for an additional year from serving as an engagement partner or an engagement review partner.

None of the respondents admitted or denied the findings in the PCAOB orders.

The investigation of Deloitte Turkey was conducted by Alan Lo Re, with the assistance of Tiffany Johnson. The investigative team was supervised by William Ryan and Marion Koenigs.

The PCAOB oversees auditors' compliance with the Sarbanes-Oxley Act, provisions of the securities laws relating to auditing, professional standards, and PCAOB and Securities and Exchange Commission rules. Further information about the [PCAOB Division of Enforcement and Investigations](#) is available on the PCAOB website. Firms or individuals wishing to report suspected misconduct by auditors, or to self-report possible misconduct, may use the [PCAOB Tip & Referral Center](#).