
ORDER INSTITUTING DISCIPLINARY
PROCEEDINGS, MAKING FINDINGS, AND
IMPOSING SANCTIONS

In the Matter of Şule Firuzment,

Respondent.

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) PCAOB Release No. 105-2017-052
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) December 19, 2017
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By this Order, the Public Company Accounting Oversight Board ("Board" or "PCAOB") is: (1) censuring Şule Firuzment ("Firuzment" or "Respondent"); (2) suspending Firuzment from being an associated person of a registered public accounting firm for a period of one (1) year from the date of this Order; and (3) limiting her activities in connection with any "audit" as that term is defined in Section 110(1) of the Sarbanes-Oxley Act of 2002, as amended (the "Act"), for an additional period of one (1) year following the expiration of her suspension. The Board is imposing these sanctions on the basis of its findings that Firuzment failed to cooperate with a Board inspection and violated PCAOB audit documentation standards in connection with one engagement involving the Turkish subsidiary of one issuer.

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 pursuant to Section 105(c) of the Act and PCAOB Rule 5200(a)(1) against Respondent.

II.

In anticipation of the institution of these proceedings, and pursuant to PCAOB Rule 5205, Respondent 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 her and the subject matter of these proceedings, which are admitted, Respondent

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consents to entry of this Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions ("Order") as set forth below.¹

III.

On the basis of Respondent's Offer, the Board finds² that:

A. Respondent

1. Şule Firuzment, 39, is a former partner of the registered public accounting firm DRT Bagimsiz Denetim ve Serbest Muhasebeci Mali Musavirlik A.Ş. ("Deloitte Turkey" or "Firm"). Firuzment served as the engagement partner on Deloitte Turkey's audit work on the Turkish subsidiary of an issuer for the year ended December 31, 2013 ("Engagement A"). On or about September 8, 2016, Firuzment was placed on administrative leave due to her participation in the improper alteration of work papers for Engagement A, as described herein, and on February 14, 2017, Firuzment separated from the Firm. At all relevant times, Firuzment was an associated person of a registered public accounting firm as that term is defined in Section 2(a)(9) of the Act and PCAOB Rule 1001(p)(i).

B. Respondent Violated Applicable PCAOB Rules and Standards in Connection with a Board Inspection

Applicable PCAOB Rules and Standards

2. In connection with the preparation or issuance of an audit report, PCAOB rules require that associated persons of registered public accounting firms comply with applicable auditing and related professional practice standards.³ Auditing Standard No.

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 condition set out in Section 105(c)(5)(A) of the Act, which provides that certain sanctions may be imposed in the event of intentional or knowing conduct, including reckless conduct, that results in violation of the applicable statutory, regulatory, or professional standard.

³ See PCAOB Rule 3100, *Compliance with Auditing and Related Professional Practice Standards*. All references to PCAOB rules and standards are to the versions of those rules and standards in effect at the time of the relevant conduct. As of December 31, 2016, the PCAOB reorganized its auditing standards using a

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3. *Audit Documentation* ("AS3"), requires that the complete and final set of documentation for an audit be assembled for retention by the "documentation completion date," a date no later than 45 days from the date on which the auditor grants permission to use its report.⁴ After the documentation completion date, audit documentation must not be deleted or discarded from the audit file, but it may be added as long as the auditor documents the date the information was added, the name of the person who prepared the additional documentation, and the reason for adding the documentation.⁵

3. PCAOB Rule 4006, *Duty to Cooperate with Inspectors*, requires registered firms and their associated persons to cooperate with inspections conducted by the Board. The cooperation requirement of Rule 4006 includes an obligation "not to provide misleading documents or information in connection with the Board's inspection processes."⁶

Respondent's Violations of PCAOB Rules and Standards in Connection with the 2014 Board Inspection

4. The Board conducted an inspection of Deloitte Turkey in 2014. This was the first PCAOB inspection of Deloitte Turkey. On or about August 28, 2014, the Board's Division of Registration and Inspections ("Inspections") informed the Firm that its work in connection with Engagement A would be one of the three engagements inspected. At

topical structure and a single, integrated numbering system. See *Reorganization of PCAOB Auditing Standards and Related Amendments to PCAOB Standards and Rules*, PCAOB Rel. No. 2015-002 (Mar. 31, 2015); see also *PCAOB Auditing Standards Reorganized and Pre-Reorganized (Jan. 2017)*, <https://pcaobus.org/Standards/Auditing/Documents/ReorganizedandPreReorganizedNumbering.pdf>.

⁴ AS3 ¶ 15.

⁵ See id. ¶ 16.

⁶ *Deloitte Touche Tohmatsu Auditores Independentes*, PCAOB Rel. No. 105-2016-031, ¶ 62 (Dec. 5, 2016); *José Domingos do Prado*, PCAOB Rel. No. 105-2016-032, ¶ 55 (Dec. 5, 2016); *Arturo Vargas Arellano, CPC*, PCAOB Rel. No. 105-2016-045, ¶ 38 (Dec. 5, 2016).

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the time of that notification, the documentation completion date associated with Engagement A had long since passed.⁷

5. After being informed that the Engagement A audit work would be inspected, a senior partner at Deloitte Turkey ("Partner 1") informed Firuzment that deficiencies in the Engagement A work papers that had been assembled for retention (the "previously archived work papers") would lead the PCAOB to issue negative comments that could affect Firuzment's career and lead to monetary sanctions and reputational damage to the Firm.

6. In response to Partner 1's comments, Firuzment made several improper alterations to the previously archived work papers for Engagement A. Specifically, another senior partner at the Firm ("Partner 2")⁸ provided Firuzment with a laptop containing the previously archived work papers for Engagement A. The laptop was disconnected from the Deloitte Turkey network so that the previously archived work papers could be improperly altered and the laptop's time and date settings could be backdated without detection.

7. After receiving the laptop, Firuzment altered the time and date settings to a period during which she had conducted work on Engagement A, and improperly altered several work papers. Specifically, Firuzment revised numerous memoranda concerning various topics including the accounting for a particular acquisition, goodwill impairment, the involvement of information technology specialists in the audit work for Engagement A, and a discussion of certain litigation.

8. After improperly altering the Engagement A work papers, Firuzment transferred the file containing the improperly altered work papers onto a USB drive and provided it to Partner 2 so that the file could be loaded onto the Deloitte Turkey network and made available to the PCAOB inspections team.

9. Before the Board's inspection field work began, Deloitte Turkey produced to the Board completed work sheets concerning Engagement A in a document entitled Public Company Accounting Oversight Board 2014 Inspection Period Substantial Role

⁷ With respect to the three engagements inspected, one issuer filed its Form 20-F with the U.S. Securities and Exchange Commission ("SEC") on March 21, 2014, and thus the document completion date for that audit was no later than May 5, 2014. The other two issuers filed Forms 10-K with the SEC on February 28, 2014 and June 5, 2014, respectively, and thus the document completion dates for those audits were no later than April 14, 2014 and July 20, 2014, respectively.

⁸ See Berkman Özata, PCAOB Release No. 105-2017-051 (Dec. 19, 2017).

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and Referred Work Engagement Profile ("Engagement Profile"). Firuzment signed the completed work sheets in the Engagement Profile.

10. One of the questions in the Engagement Profile work sheets asked: "Have there been any changes made to the audit documentation subsequent to the document completion date? If yes, please explain . . . the nature of the changes and provide a summary log of when the changes were made, or attach a summary memo of any such alterations." In response to this question, the completed Engagement Profile work sheet stated "No." Firuzment knew that response was false when she signed the completed work sheets in the Engagement Profile, in light of the improper alterations she had made to the Engagement A work papers.

11. During the PCAOB inspection, Firuzment had discussions with the PCAOB inspectors but did not inform them of the improper alterations that she had made to the Engagement A work papers.

12. Firuzment's actions violated PCAOB audit documentation standards and her duty to cooperate with Inspections.⁹

* * * * *

13. During the PCAOB's investigation of this matter, Firuzment provided substantial assistance by, among other things, providing detailed information concerning the events relating to the alteration of the Engagement A work papers, including significant information concerning the actions of the Firm and its personnel in this matter.¹⁰ The Board took that substantial assistance into account in ordering the sanctions under Section IV of this Order.

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:

⁹ See AS3 ¶ 16; PCAOB Rule 4006.

¹⁰ See "Policy Statement Regarding Credit for Extraordinary Cooperation in Connection with Board Investigations," Apr. 24, 2013.

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- A. Pursuant to Section 105(c)(4)(E) of the Act and PCAOB Rule 5300(a)(5), Şule Firuzment is censured;
- B. Pursuant to Section 105(c)(4)(B) of the Act and PCAOB Rule 5300(a)(2), for a period of one (1) year from the date of this Order, Şule Firuzment shall be suspended from being an associated person of a registered public accounting firm as that term is defined in Section 2(a)(9) of the Act and PCAOB Rule 1001(p)(i);¹¹ and
- C. Pursuant to Section 105(c)(4)(C) of the Act and PCAOB Rule 5300(a)(3), for one (1) year following the expiration of the suspension ordered in paragraph B, Firuzment's role in any "audit," as that term is defined in Section 110(1) of the Act and PCAOB Rule 1001(a)(v), shall be restricted as follows: Firuzment shall not (1) serve, or supervise the work of another person serving, as an "engagement partner," as that term is used in the Board's Auditing Standard No. 10 or AS 1201, *Supervision of the Audit Engagement*; (2) serve, or supervise the work of another person serving, as an "engagement quality reviewer," as that term is used in the Board's Auditing Standard No. 7 or AS 1220, *Engagement Quality Review*; (3) serve, or supervise the work of another person serving, in any role that is equivalent to, but differently denominated from, engagement partner (such as "lead partner" or "practitioner-in-charge") or engagement quality reviewer (such as "concurring partner"); (4) exercise authority, or supervise the work of another person exercising authority, either to sign a registered public accounting firm's name to an audit report or to consent to the use of a previously issued audit report for any issuer, broker, or dealer; or (5) serve, or supervise the work of another person serving, as the "other auditor," or "another auditor," as those terms are used in the Board's

¹¹ As a consequence of the suspension imposed in this Order, the provisions of Section 105(c)(7)(B) of the Act will apply with respect to Firuzment. Section 105(c)(7)(B) provides: "It shall be unlawful for any person that is suspended or barred from being associated with a registered public accounting firm under this subsection willfully to become or remain associated with any issuer, broker, or dealer in an accountancy or a financial management capacity, and for any issuer, broker, or dealer that knew, or in the exercise of reasonable care should have known, of such suspension or bar, to permit such an association, without the consent of the Board or the Commission."

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Interim Auditing Standard AU Section 543 or AS 1205, *Part of the Audit Performed by Other Independent Auditors*.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

December 19, 2017