



**ORDER**

consents to entry of this Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions ("Order") as set forth below.<sup>2</sup>

**III.**

On the basis of Respondent's Offer, the Board finds<sup>3</sup> that:

**A. Respondent**

1. Gökhan Alpman, 46, is a former partner of the registered public accounting firm DRT Bagimsiz Denetim Ve Serbest Muhasebeci Mali Musavirlik A.Ş. ("Deloitte Turkey" or "Firm"). Alpman served as Audit Business Leader for Deloitte Turkey between June 1, 2012 and May 31, 2016, and was a member of the Firm's Executive Committee from March 2010 to August 17, 2016. In those roles, Alpman had responsibilities for implementing and maintaining certain aspects of the Firm's system of quality control. Among other things, Alpman had responsibility for Deloitte Turkey's overall audit business, and, together with other senior members of the Firm, had certain responsibilities for implementing policies and procedures to provide reasonable assurance that the work of audit engagement personnel met applicable professional standards, including PCAOB standards, and that engagement personnel performed all professional responsibilities with integrity.

2. On June 1, 2016, Alpman became the Chief Executive Officer of Deloitte Turkey, but on or about August 17, 2016, he was placed on administrative leave due to the conduct described in this Order, and effective January 1, 2017, he separated from the Firm. At all relevant times, Alpman 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).

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<sup>2</sup> 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.

<sup>3</sup> The Board finds that Respondent's conduct described in this Order meets the conditions set out in Section 105(c)(5) of the Act.

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**B. Respondent Violated PCAOB Rule 3502 by Directly and Substantially Contributing to Deloitte Turkey's Violation of PCAOB Quality Control Standards**

Applicable PCAOB Rules and Standards

3. PCAOB rules require that a registered public accounting firm comply with the Board's quality control standards.<sup>4</sup> PCAOB quality control standards require that a registered public accounting firm "have a system of quality control for its accounting and auditing practice."<sup>5</sup> As part of its system of quality control, a firm should establish policies and procedures to provide the firm with reasonable assurance that (1) "personnel ... perform all professional responsibilities with integrity;"<sup>6</sup> and (2) "the work performed by engagement personnel meets applicable professional standards, regulatory requirements, and the firm's standards of quality."<sup>7</sup>

4. PCAOB rules also prohibit associated persons of registered public accounting firms from taking or omitting to take any action "knowing, or recklessly not knowing, that the act or omission would directly and substantially contribute to a violation by that registered public accounting firm of," among other things, PCAOB rules or standards.<sup>8</sup>

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<sup>4</sup> See PCAOB Rule 3100, *Compliance with Auditing and Related Professional Practice Standards*; PCAOB Rule 3400T, *Interim Quality Control 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 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).

<sup>5</sup> QC § 20.02, *System of Quality Control for a CPA Firm's Accounting and Auditing Practice*.

<sup>6</sup> QC § 20.09.

<sup>7</sup> QC § 20.17.

<sup>8</sup> PCAOB Rule 3502, *Responsibility Not to Knowingly or Recklessly Contribute to Violations*.

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Other Relevant PCAOB Rules and Standards

5. PCAOB rules require that associated persons of registered public accounting firms comply with applicable auditing and related professional practice standards.<sup>9</sup> Auditing Standard No. 3, *Audit Documentation* ("AS 3"), 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.<sup>10</sup> 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.<sup>11</sup>

6. In addition, 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."<sup>12</sup>

Respondent Violated PCAOB Rule 3502 in Connection with the Board's 2014 Inspection of Deloitte Turkey

7. 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 three particular issuer audits would be inspected. Alpman was the lead partner for two of the three engagements. At the time Inspections notified the Firm

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<sup>9</sup> See PCAOB Rule 3100.

<sup>10</sup> AS 3 ¶ 15.

<sup>11</sup> See id. ¶ 16.

<sup>12</sup> *DRT Bagimsiz Denetim ve Serbest Muhasebeci Mali Musavirlik A.Ş.*, PCAOB Rel. No. 105-2017-050 (Dec. 19, 2017); *Berkman Özata*, PCAOB Rel. No. 105-2017-051 (Dec. 19, 2017); *Şule Firuzment*, PCAOB Rel. No. 105-2017-052 (Dec. 19, 2017).

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of the engagements it had selected for inspection, the documentation completion date for each of the audits had long since passed.<sup>13</sup>

8. Following the PCAOB's notification of the engagements it had selected for inspection, Alpman participated in one or more discussions among senior members of the Firm to address various issues, including the upcoming inspection. During one of those discussions, another partner, who was senior to Alpman, approved a plan concerning the audit documentation for the engagements selected for inspection (the "previously archived work papers"). Under that plan, the engagement teams would be given the opportunity, in advance of the PCAOB's inspection, to improperly alter the previously archived work papers without indicating to the PCAOB that any such alterations had occurred (the "Improper Alteration Plan"). Although Alpman did not make any improper alterations of the work papers for the two engagements on which he served as the lead partner, he left the meeting believing that the partner for the other engagement selected for inspection ("Partner A") might make improper alterations to the previously archived work papers for that engagement and did not raise any objections to the Improper Alteration Plan.

9. As an experienced auditor and the Firm's Audit Leader, Alpman knew that, if improper alterations were made to any audit documentation, that conduct would violate PCAOB audit documentation standards and that to the extent that documentation was subject to the PCAOB's 2014 inspection, that conduct would violate the Firm's obligation to cooperate with the PCAOB inspections. In addition, Alpman was aware that the development and any execution of the Improper Alteration Plan were inconsistent with the Firm's obligation to establish and maintain quality control policies and procedures related to personnel performing professional responsibilities with integrity and in compliance with professional standards, including PCAOB standards.

10. Following the discussions described above, and in advance of the PCAOB's inspection, Partner A, with the help of others, in fact, carried out the Improper Alteration Plan with respect to the engagement on which Partner A had served.

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<sup>13</sup> One issuer filed its Form 20-F with the U.S. Securities and Exchange Commission ("SEC") on March 21, 2014, and thus the documentation 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 documentation completion dates for those audits were no later than April 14, 2014 and July 20, 2014, respectively.

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Specifically, Partner A improperly altered the previously archived work papers for that engagement and subsequently made those improperly altered work papers available to Inspections, without revealing that the alterations had occurred.<sup>14</sup>

11. Alpman himself did not make improper alterations or otherwise participate in the implementation of the Improper Alteration Plan. Alpman did, however, as discussed above, participate in discussions in which the Improper Alteration Plan was formulated and had the impression that Partner A might make improper alterations. Yet Alpman did not raise objections to the Improper Alteration Plan and never took any steps to halt the plan. Further, during the 2014 inspection, Alpman interacted with PCAOB inspectors in both his role as lead partner for two of the engagements inspected and in his role as a member of Firm Leadership responsible for implementing and maintaining certain aspects of the Firm's system of quality control, but he never informed any of the PCAOB inspectors of the Improper Alteration Plan.

12. As a result of the conduct described above, Deloitte Turkey violated PCAOB quality control standards requiring the Firm to establish and maintain policies and procedures to provide it with reasonable assurance that its personnel "perform all professional responsibilities with integrity" and that "the work performed by engagement personnel meets applicable professional standards, regulatory requirements, and the firm's standards of quality."<sup>15</sup>

13. As described above, Alpman participated in discussions that led to the Improper Alteration Plan, had the impression that Partner A might make improper alterations to previously archived work papers, and had responsibility for implementing and maintaining certain aspects of the Firm's system of quality control related to integrity and engagement performance. Despite that knowledge and those responsibilities, Alpman took or omitted to take actions knowing, or recklessly not knowing, that his acts and/or omissions would directly and substantially contribute to the Firm's violation of PCAOB quality control standards. Alpman thereby violated PCAOB Rule 3502.<sup>16</sup>

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<sup>14</sup> See Şule Firuzment, PCAOB Rel. No. 105-2017-052 (Dec. 19, 2017); Berkman Özata, PCAOB Rel. No. 105-2017-051 (Dec. 19, 2017).

<sup>15</sup> QC §§ 20.09, 17.

<sup>16</sup> See PCAOB Rule 3502.

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**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), Gökhan Alpman is censured; and
- B. Pursuant to Section 105(c)(4)(B) of the Act and PCAOB Rule 5300(a)(2), Gökhan Alpman is barred 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);<sup>17</sup>
- C. After two (2) years from the date of this Order, Gökhan Alpman may file a petition, pursuant to PCAOB Rule 5302(b), for Board consent to associate with a registered public accounting firm.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

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Phoebe W. Brown  
Secretary

May 9, 2018

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<sup>17</sup> As a consequence of the bar imposed in this Order, the provisions of Section 105(c)(7)(B) of the Act will apply with respect to Alpman. 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."