

Deloitte Audit S.R.L.  
Transparency Report



## Introduction

As an audit company that carries out statutory audits of the annual accounts of public-interest entities, Deloitte Audit S.R.L. (hereinafter: "Company") is publishing this annual transparency report in compliance with Chapter X Article 46 of the updated EMERGENCY ORDINANCE NO. 90/2008 (from 24 June 2008) regarding the statutory audit of the annual financial statements and consolidated annual financial statements and monitoring the accounting profession as public interest.

All information provided in this report relates to the situation of the Company on December 31, 2015, except if indicated otherwise.

### 1. Description of the legal, organizational and ownership structure of the registered auditor

The Company operates as a limited liability company. The quota holders of Deloitte Audit S.R.L. are:

Deloitte Central Europe Holdings Limited	– 46%
Ahmed Hassan	– 12%
Farrukh Zafar Khan	– 10%
Madeline Dalila Alexander	– 10%
Mirea Alina Ioana	– 5%
Mardare Sorina Cristina	– 5%
Pruner Petr	– 5%
Lobda Adriana Simona	– 5%
Ionescu Andrei	– 2%

### 2. The Deloitte network

#### About Deloitte

"Deloitte" is the brand under which tens of thousands of dedicated professionals in independent firms throughout the world collaborate to provide audit, consulting, financial advisory, risk management, tax and legal services to selected clients.

These firms are members of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). Each DTTL member firm provides services in particular geographic areas and is subject to the laws and professional regulations of the particular country or countries in which it operates. DTTL does not itself provide services to clients. DTTL and DTTL member firms are separate and distinct legal entities, which cannot obligate each other. DTTL and each DTTL member firm are liable only for their own acts and omissions, and not those of each other. Each of the member firms operates under the names „Deloitte”, „Deloitte & Touche”, „Deloitte Touche Tohmatsu”, or other related names. Each DTTL member firm is structured in accordance with national laws, regulations, customary practice, and other factors, and may secure the provision of professional services in its territory through subsidiaries, affiliates, and other related entities.

See [www.deloitte.com/about](http://www.deloitte.com/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member Firms.



## About Deloitte Central Europe

Deloitte Central Europe (“DCE”) is a regional organisation of entities organised under the umbrella of Deloitte Central Europe Holdings Limited, the member Firm in Central Europe of Deloitte Touche Tohmatsu Limited. Services are provided by the subsidiaries and affiliates of Deloitte Central Europe Holdings Limited, which are separate and independent legal entities.

## Deloitte în Romania

In Romania, the audit services are provided by Deloitte Audit S.R.L. (the „Company”). The Deloitte company operating in Romania is an affiliate of Deloitte Central Europe Holdings Limited. The audit services are provided in offices in Bucharest, Timisoara and Cluj-Napoca.

### 3. Description of the management structure of Company

The Company is managed by the Administrators.

The Company's Administrators are:

Ahmed Hassan  
Farrukh Zafar Khan  
Dan Cristinel Badin  
Adriana Simona Lobda  
Sorina Cristina Mardare  
Alina Ioana Mirea  
John Ploem  
Madeline Dalila Alexander  
Andrei Ionescu

The Administrators work separately and each has the right to represent and administer the company with full powers in accordance with the Law No. 31/1990 and the articles of association of the Company.

### 4. Internal quality control system

The Company maintains policies and procedures to promote an internal culture based on the recognition that quality is our number one priority and it is set out in the Deloitte Policies Manual (Audit), which is the central repository for DTTL policies and which the Company has agreed to adhere to. The Company focuses on professional excellence as the foundation for achieving outstanding audit quality on a consistent basis. This manual includes policies and procedures addressing leadership responsibilities for the system of quality control within the Company, ethical requirements, client and engagement acceptance and continuance, human resources, engagement performance and monitoring.

This internal quality control system has two monitoring systems:

- engagement quality control review and
- the practice review.

## Engagement Quality Control Reviews

Statutory audit reports on the annual accounts or consolidated accounts relating to a public interest entity, among others, are subject to an engagement quality control review by a partner or a manager with sufficient and appropriate experience and professional qualifications, prior to issuance of the report. The engagement quality control reviewer is not part of the engagement team and is not portrayed in fact or appearance as a member of the engagement team.

The reviewer is appropriately briefed by the engagement team and conducts the review in such a manner that sufficient knowledge and understanding is obtained in order to reach conclusions. The reviewer's responsibility is to perform an objective review of significant auditing, accounting, and financial reporting matters, to document the procedures the reviewer performed and to conclude, based on all the relevant facts and circumstances of which the reviewer has knowledge, that no matters that have come to his or her attention would cause the reviewer to believe that the significant judgments made and the conclusions reached were not appropriate in the circumstances.

For engagements that have been identified as having higher risk, a special review partner is assigned to provide an additional level of competence and objectivity in planning and performing the engagement. The special review partner is independent of the engagement. Normally this partner possesses specialized industry and technical skills applicable to the engagement and, in certain situations, is independent of the practice unit to enhance objectivity or to provide specialized resources.

The audit report may only be issued if the reviewer is satisfied that the audit engagement team has made appropriate judgments and conclusions, and has complied with applicable standards and regulations.



## Practice Review

The Company is subject to a quality assurance review, or “practice review” as it is commonly referred to, at intervals not to exceed three years.

Normally, the performance of every audit partner is assessed during the three-year cycle, and at least one engagement for each partner is selected to achieve this goal. Consideration is also given to assessing the performance of managers, particularly those managers who are candidates for partner nomination.

The Company is responsible for the practice review. DTTL and DCE provides guidance and oversight regarding the practice review plans and procedures. The general coordination and administration of the practice review program is the responsibility of practice review director.

The practice review plan, process, and results are reviewed and concurred by a partner from another member firm (the “concurring partner”) every year. The concurring partner who is assigned this responsibility works closely with the practice review director in overseeing the planning and performance of the practice review.

### Types of Engagements Reviewed

The engagements selected for review include national engagements and inbound/outbound transnational engagements (audits of financial statements that are or may be used across national borders), including public interest entities, as well as a number of high risk audit engagements. Some sensitive and complex engagements (e.g., first-year engagements, situations where there is a change in control, or deteriorating financial condition) are also selected. All major industries served by the Company or practice office are considered.

### Scope of Practice Reviews

The assignment of reviewers is based on skill level, industry knowledge, and experience on transnational engagements.

The reviews of individual engagements consist of discussions with the partner and/or manager responsible for the engagement and a review of related reports, working papers, and, where appropriate, correspondence files.

Engagements are reviewed to:

- Determine whether quality control procedures have been properly applied to such engagements,
- Assess the adequacy of implementation of the audit approach, including compliance with the policies and procedures contained in the Company’s policy manuals,
- Monitor compliance with applicable local laws, and
- Assess the overall quality of service provided to clients.

The overall risk management and quality control policies and procedures of practice offices within our Company are also reviewed, including the following:

- Risk management program, including engagement acceptance and continuance
- Independence
- Recruitment and advancement
- Professional development
- Public filings in other countries
- Information technology specialist reviews
- Assignment of professional staff to audit engagements
- Consultation with Company experts
- Consultation with outside experts
- Engagement quality control reviews

## Results of Practice Reviews

The findings and recommendations resulting from the practice reviews are presented in a practice review report and management letter to the Company's and DCE leadership. The purpose of the management letter is to provide suggestions for improvement in response to findings noted. The Company addresses findings by drawing up a detailed action plan setting out the action to be taken, the person(s) responsible, and the timing to implement the recommendations, where applicable.

In addition, the Company communicates deficiencies noted as a result of the practice review (if any) and recommendations for appropriate remedial action to the relevant partner and other appropriate personnel. The Company also communicates on an annual basis the results of the practice review and ongoing consideration and evaluation of its system of quality control to its partners and other appropriate individuals.

### **Management statement**

The managing directors of the audit Company are satisfied that the internal control system, as described above, is effective in providing reasonable assurance that the audit Company and its personnel comply with applicable professional standards and regulatory and legal requirements and that audit reports issued are appropriate in the circumstances.

### **5. The date when the last independent quality assurance review took place**

The Chamber of Financial Auditors performed a quality assurance review at Deloitte Audit SRL periodically. Last review was conducted in November 2014.

### **6. List of public-interest entities audited by the registered auditor during the last financial year is disclosed in Appendix 1**

### **7. Independence confirmation**

DCE maintains written independence policies and procedures, which include the performing of certain independence compliance checks on an annual basis and which are applicable to the Company as a part of DCE.

- Each professional should sign an individual independence confirm each year. In addition, similar independence confirmations are obtained from new employees and employees leaving the Company.
- All managerial personnel and above should enter their financial interests to Global Independence Monitoring System. Each person's portfolio is checked against an electronic list of audit clients to check whether this ownership is allowed under the relevant independence rules;
- All professionals should complete an e-learning on independence rules and;
- Client and engagement acceptance processes are used to verify that independence is not impaired.

In addition to the continuous monitoring of compliance with independence policies, independence inspection and testing procedures are performed annually on a sample of professionals and senior officers.

An internal confirmation of independence compliance by employees of the Company was performed as of 31 May 2015 and an internal Independence compliance Testing and Inspection for selected employees was finalized by 30 November 2015.

### **8. Continuing education**

All registered auditors in the Company maintain their continuous professional qualification through a mixture of internal courses as well as educational courses organized by ACCA accredited learning providers.

Continuing education is a key policy of the Company, as this is an important means of developing knowledge and maintaining and improving the quality of our services. A learning intranet provides a starting point, including technical training, management and interpersonal skills, business economics and industry-specific courses.

The continuing education program is comprised of both Deloitte-organised training sessions as well as external training, among others by the Institute of Auditors. Certain courses are mandatory and others are optional, such that each auditor or trainee auditor can personalise their learning programme.

During the first years, most training is comprised of mandatory courses on technical topics including Deloitte methodologies and processes but afterwards the optional part increases given that individual needs become more diverse. An individual learning programme is required as from approximately four years' experience.

More experienced auditors are expected to update and deepen their technical knowledge. Developing management and interpersonal skills are also very important for this group. There is also the possibility to follow longer term education, such as MBA programmes. There is also a system of accreditation whereby a training course needs to be completed before an auditor may perform certain tasks.

Through an automated monitoring system it is possible to check the status of internal and external courses followed by an individual auditor. Continuing education is also a factor taken into account for the yearly evaluation of audit staff and the assessment of their growth potential within the Company.



## 9. Financial information

The breakdown of Deloitte Audit S.R.L.'s 2015 expected net sales:

	Th RON
Statutory audit	24,517,497
Other assurance services	34,141,621
Other services	19,047,748
<b>Total</b>	<b>77,706,866</b>

Deloitte Audit S.R.L. provides no tax advisory services.

## 10. Partner remuneration

Partners are evaluated on a yearly basis and depending on the outcome of the evaluation the remuneration of partners may increase or decrease. Partner evaluation take the following factors into account: quality, expertise, integrity, professionalism, entrepreneurship, independence and compliance.

## 11. Licensing requirement for statutory compliance

The audit report is signed by the statutory auditors, natural persons, on their behalf or on behalf of auditors legal entities – authorized companies, and is dated.

## Appendix 1 – PUBLIC INTEREST ENTITIES IN 2015

Admet S.A.  
Administratia Romana a Serviciilor  
APA-CTTA S.A.  
ARCELORMITTAL HUNEDOARA S.A.  
Armax Gaz S.A.  
Asito Kapital SA  
BANCA MILLENNIUM SA  
Banca Romaneasca SA Membra a Grupului National Bank of Greece  
Bank of Cyprus Public Company Limited  
BLOM BANK FRANCE S.A. PARIS SUCURSA  
BRD ASIGURARI DE VIATA S.A.  
BRD Finance IFN SA  
BRD Groupe Societe Generale S.A.  
BRD Societate de Administrare a Fondurilor de Pensii Private SA  
BRD Sogelease IFN S.A.  
Bursa de Valori Bucuresti SA  
Cardif Assurance Vie S.A. Paris Sucursala Bucuresti  
Cardif-Assurances Risques Divers S.A. Paris Sucursala Bucuresti.  
CETELEM IFN SA  
CHIMCOMPLEX S.A. BORZESTI  
COMPANIA DE APA SOMES SA  
COMPANIA NATIONALA ADMINISTRATIA PORTURILOR MARITIME S.A. CONSTANTA  
Compania Nationala de Autostrazi si Drumuri Nationale din Romania S.A.  
COMPANIA NATIONALA DE TRANSPORT AL ENERGIEI ELECTRICE TRANSELECTRICA S.A.  
COMPANIA NATIONALA IMPRIMERIA NATIONALA  
COMPANIA NATIONALA PENTRU CONTROLUL CAZANELOR, INSTALATIILOR DE RIDICAT SI RECIPIENTELOR SUB PRESIUNE SA  
CONDMAG SA  
CREDIT EUROPE ASIGURARI-REASIGURARI S.A.  
Curtea de Conturi a Romaniei  
DAFORA SA  
Debo Leasing IFN SA  
Electrocentrale Bucuresti S.A.  
Electroprecizia S.A.  
Electroputere S.A.  
ERGO Asigurari de Viata SA  
ERSTE GROUP IMMORANT ROMANIA IFN S.A.  
EUROINS ROMANIA ASIGURARE-REASIGURARE S.A.  
Fondul de Compensare a Investitorilor S.A.  
Fondul De Garantare A Creditului Rural IFN S.A.  
Fondul de Investitii Zepter Defensive  
Fondul Local de Garantare Craiova Filiala F.N.G.C.I.M.M. IFN S.A.  
Fondul Local de Garantare Focsani IFN S.A. Filiala F.N.G.C.I.M.M.

## Appendix 1 – PUBLIC INTEREST ENTITIES IN 2015 (continued)

Fondul Local de Garantare Sfantu Gheorghe S.A. Filiala F.N.G.C.I.M.M.  
Fondul National de Garantare a Creditelor pentru Intreprinderile Mici si Mijlocii S.A. IFN  
FONDUL PROPRIETATEA S.A.  
Foraj Sonde SA  
FORTE ASIGURARI - REASIGURARI SA  
G Netherlands BV  
Garanta Asigurari SA  
Garanti Bank SA  
GOTHAER ASIGURARI REASIGURARI S.A.  
IDEA BANK S.A.  
IDEA Broker de Asigurare SRL  
Idea Leasing IFN SA  
IFN Extra Finance SA  
IMPACT DEVELOPER & CONTRACTOR SA  
Impuls - Leasing Romania IFN S.A.  
Institutul Bancar Roman  
Judetul Cluj  
LIBRA INTERNET BANK S.A.  
Marsh Broker de Asigurare-Reasigurare SRL  
Mecanica Ceahlau SA  
Metropolitan Life Asigurari SA  
Metropolitan Life Societate de Administrare a unui fond de pensii Administrat Privat SA  
Midocar Leasing IFN SA  
Moldova-Agroindbank SA  
MotorActive IFN S.A.  
MUNICIPIUL BIRLAD  
Municipiul Bucuresti  
NBG LEASING IFN SA  
NEXTEBANK SA  
NN ASIGURARI DE VIATA SA  
OMV PETROM SA  
OTP Bank Romania S.A.  
OTP Leasing Romania IFN S.A.  
PIONEER ASSET MANAGEMENT S.A.I. SA  
Piraeus Bank Romania S.A.  
Provident Financial Bulgaria OOD  
Provident Financial Romania IFN SA  
Raiffeisen Bank SA  
RALFI IFN SA  
ROMCARBON SA  
S.A.I. SWISS CAPITAL ASSET MANAGEMENT S.A.  
Societatea Asigurare-Reasigurare Astra S.A.  
SOCIETATEA DE INVESTITII FINANCIARE MOLDOVA S.A.

## Appendix 1 – PUBLIC INTEREST ENTITIES IN 2015 (continued)

Societatea de Producere a Energiei Electrice in Hidrocentrale Hidroelectrica S.A.

Societatea de Servicii Hidroenergetice Hidroserv S.A.

Societatea Nationala a Sarii SA

Societatea Nationala de Gaze Naturale "ROMGAZ" SA

Societatea Nationala "Nuclearelectrica" S.A.

Societatea pentru Servicii de Mentenanta a Retelei Electrice de Transport "Smart" S.A.

SWISS CAPITAL SA

TIRIAC LEASING IFN SA

Turbomecanica SA

UniCredit Bank S.A.

UniCredit Consumer Financing IFN SA

UniCredit Leasing Corporation IFN S

Unicredit Leasing Romania SA

UNIQA Asigurari de Viata SA

Verida Credit IFN S.A.

Volksbank Romania SA

Zepter Asset Management – Societate de Administrare a Investitiilor

Zirom SA

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