



# Deloitte globally

## Global leader for clients



# Deloitte in Russia and CIS

## Priority market for Deloitte

### Deloitte in the CIS

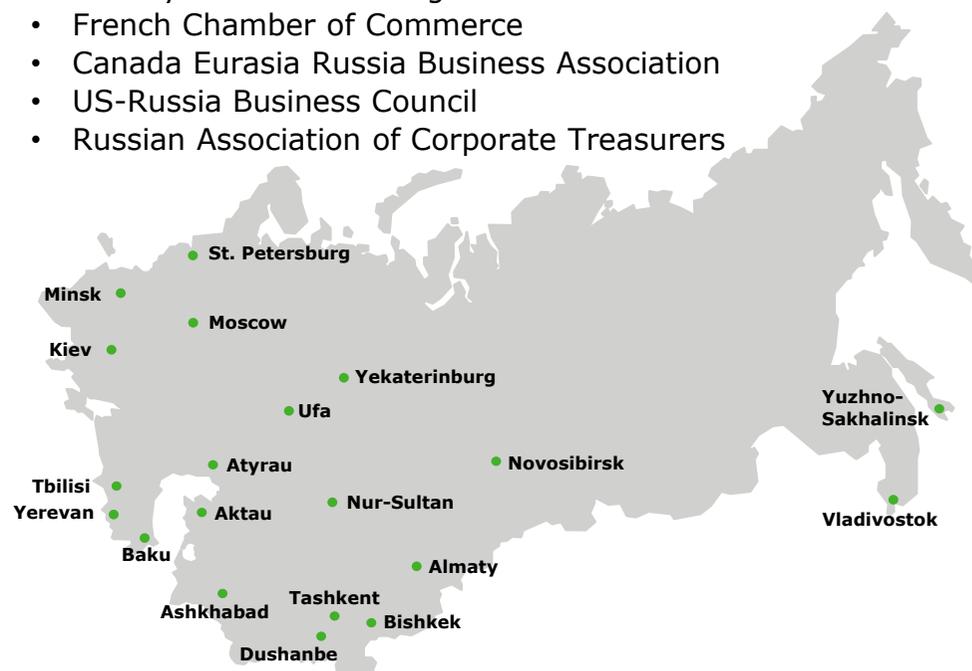
Our operations in the CIS commenced in 1990 and we have more than 3,700 people in 9 CIS countries, Georgia and Ukraine. The CIS is a priority market for Deloitte, and the eminent position of our global firm allows us to invest heavily in this market to expand the range of services available to clients, ensure the best talent is recruited and retained, and continue to provide our clients with the highest quality services.

We have full service capability in audit, tax and legal, consulting and financial advisory. Our goal and strategy is to build the premier professional services firm in the CIS. More than 25 years, we have completed a wide range of projects, adapting international practices to the Russian business environment, and accumulating valuable experience in serving local clients.

Our understanding of the specific nature of the CIS market, combined with the successful experience of a leading global firm, allows us to use our unique knowledge and methodologies to exceed our clients' expectations. Having local and international professionals working together allows us to take into account the unique local environment, while providing quality services that meet the highest international standards.

### Deloitte CIS is a corporate member of the following associations:

- Russian Union of auditors
- St. Petersburg International Business Association for North-Western Russia
- American Chamber of Commerce in Russia
- Association of Russian Banks
- Russo-British Chamber of Commerce
- Deutsch-Russischen Auslandshandelskammer
- Association of European Businesses
- Society of Petroleum Engineers SPE
- French Chamber of Commerce
- Canada Eurasia Russia Business Association
- US-Russia Business Council
- Russian Association of Corporate Treasurers



# About Deloitte

## Our Audit Approach

The firm's audit approach includes requirements and guidance to assist in the planning and performance of audit engagements and is based on the International Standards on Auditing and PCAOB standards. The firm has further supplemented these requirements and guidance to reflect local requirements as applicable. Common documentation and enabling software technology are tools that enhance the consistency with which the firm's audit approach is implemented and promote both effectiveness and efficiency. The following are the main elements of the firm's audit approach.

### Understanding of the entity and its environment

An understanding of the entity and its environment, including its internal controls, is vital to performing an effective audit, as it enables the engagement team to assess the risks of material misstatement at the financial statement and assertion level. Understanding and assessing the risks of material misstatements include analysing financial information to identify trends and unusual balances, holding in-depth discussions with management and those in charge of governance, considering the inherent nature of each component of the financial statements and the associated risks, evaluating the design of relevant internal controls and determining if they have been implemented, assessing the extent to which technology is used in the financial reporting process, and, if applicable, reviewing the findings of internal audit inspections. Where necessary, based on the nature of the entity's information systems and the extent to which technology plays a role in the transaction processing and financial reporting processes, IT specialists may be involved in the audit engagement.

### Audit procedures

The engagement team develops an audit plan to address the risks associated with the entity, the audit engagement and financial reporting as a whole. Throughout an audit, the engagement team continually assesses risk and the effects of their findings on audit procedures. The firm's audit approach allows partners and professional staff to modify audit procedures to address issues that arise during the course of an audit. Audit procedures to address risks of material misstatement include substantive procedures; these comprise tests of details and substantive analytical procedures, and tests of the operating effectiveness of controls.

### Data analytics technologies

We give great importance to innovation as a tool to improve the quality of audit and the benefits that it brings to our clients. Deloitte's leadership in this area was awarded in 2015 with the prestigious Audit Innovation of the Year award from the International Accounting Bulletin magazine. We use advanced methods of data analysis, which allows us to identify unusual patterns, trends, deviations in the data. The use of such analytics also allows our team to reduce sample sizes, increase the speed of information processing, and improve the risk assessment process. To demonstrate our observations, we use the latest technologies of visualization.

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### Engagement quality control reviews

An engagement quality control review is performed for all audit and related assurance services. The review is performed by a partner or director who is not directly involved in the engagement and who has the appropriate experience and knowledge about the applicable accounting and auditing standards and regulations. 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. Appropriate experience and knowledge includes experience and knowledge of the entity's industry, economic environment and accounting principles. For all public interest entities and high-risk engagements, the review is performed by a partner with sufficient and appropriate experience and professional qualifications to act as an engagement partner on the particular type of audit.

The reviewer receives an appropriate briefing from the engagement team and conducts the review in such a manner so as to obtain sufficient knowledge and understanding in order to reach a valid and well-founded conclusion. The reviewer's responsibilities are: to perform an objective review of significant auditing, accounting, and financial reporting matters; to document the procedures he/she performs; and to conclude, based on all the relevant facts and circumstances of which he/she is aware, that no matters that have come to his/her attention would cause him/her to suspect that the significant judgments made and conclusions

### Use of experts

While the audit engagement partner retains responsibility for all aspects of an engagement, there are instances when an engagement team utilizes an expert. In these instances, the engagement team must first evaluate whether or not the expert has the necessary competencies, capabilities and objectivity.

In evaluating whether an expert's work constitutes appropriate audit evidence in support of financial information, the engagement team considers:

- The source data used;
- The assumptions and methods used and, if appropriate, their consistency with those used in the prior period;
- The results of the expert's work in light of the engagement team's overall knowledge of the business and the results of its audit procedures.



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