

CONTENTS

EXECUTIVE MESSAGE

PERFORMANCE

CLIENTS

- Embracing analytics
- Securing patient data
- eBay's separation bid
- Reducing IT risk
- Audits that add value
- Raising the audit bar
- Blockchain link-up
- Trade app cuts costs
- Taking on corruption

TALENT

SOCIETY

REPORTING

A rising tide lifts all boats

Advancing the audit profession by raising the bar on audit quality

It's difficult to overstate the importance of audit's role in contributing to a properly functioning capital market and strong, sound economy. But, during the past year especially, "we've seen a rapid call to action around the profession, prompting auditors, regulators, and company management to take a deeper look at their roles in building a trusted financial system and transforming to meet the needs of an evolving world," explains Roger Dassen, Deloitte Global Vice Chairman of Risk, Regulatory, and Public Policy.

Investors today expect auditors to not just deliver high-quality and transparent audits of companies' financial data, but also help identify strategic risks, including risks in their business models, or risks that could potentially inhibit sustainable business.

"Delivering high-quality audits to companies around the world is Deloitte's top priority, and our network continues to make significant investments to do so," says Panos Kakoullis, Deloitte Global Audit Leader. "At the same time, Deloitte is taking an active role in working with regulators and participating in the dialogue around audit market reform and how best to evolve to meet investor needs."

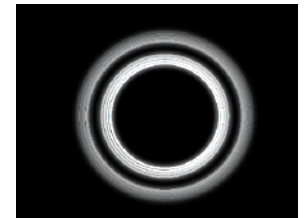
Included among the organizations with which Deloitte's leaders engage is the International Forum of Independent Audit Regulators (IFIAR), which has provided a platform for dialogue and information sharing for the past decade. "IFIAR understands the role of the audit is not static," Dassen says. "It challenges the profession to not only continue enhancing audit quality, but also look ahead to find ways to remain insightful and relevant to investors, audit committees, and other stakeholders."

In 2016, IFIAR and the six largest audit networks entered into a new initiative to reduce the number of inspected audit engagements with one or more inspection findings by at least 25 percent within four years. Deloitte shares the goal of driving continuous improvements in audit quality and has invested in its global audit quality monitoring infrastructure, creating the agility to improve audit quality both across the network and in alignment with the objectives of regulators around the world.

IFIAR's exploration around the overall role of the profession was articulated most recently in IFIAR's paper, "Current Trends in the Audit Industry." It outlined IFIAR's views of the current environment and trends facing the audit profession in six critical areas: firm revenue and growth; competition in the audit market; governance within the global network structure; partnership model and the threat of litigation; impact of emerging technologies on the audit; and quality and extent of resources in the labor market.

"IFIAR's expectation to reduce the number of audit engagements with inspection findings, while also exploring the trends facing the profession, reinforces the view that the audit profession is in the midst of an evolution," Dassen says. "Yet, the heart of the role—quality, transparency, and observing the highest of standards—will always remain."

Adds Kakoullis: "Today's increasingly complex business environment requires that the audit be more dynamic and insightful. Deloitte is committed to doing that for clients and for society as a whole, while continuing to deliver quality audits of financial statements investors require."



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