

**Deloitte.**

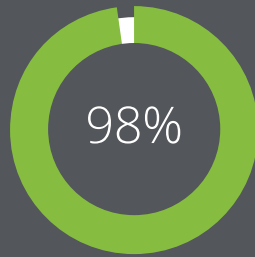


**Deloitte US 2024 Audit Quality Report**  
Setting the standard of excellence

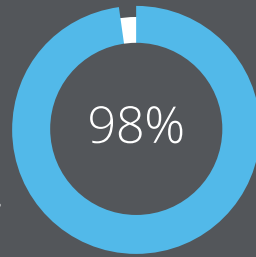
# Key metrics

## Deloitte's culture supports\*:

Placing integrity first—acting ethically and with integrity in all that we do.

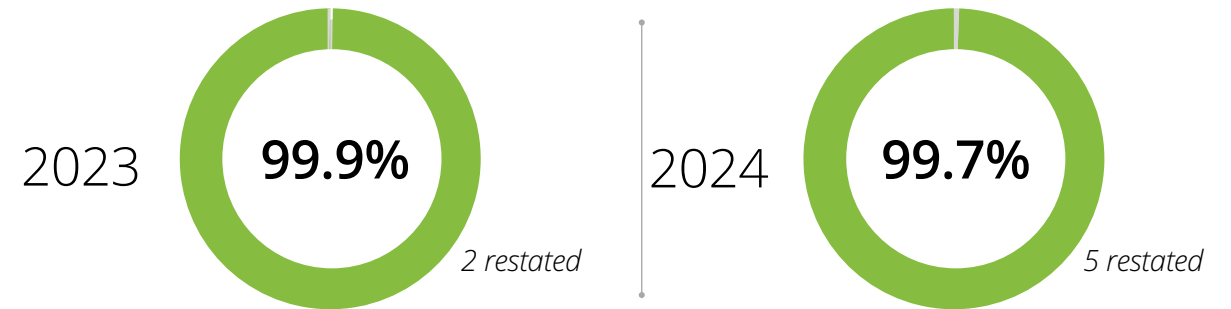


Making an impact that matters for our clients, our people, and our communities.



\*Deloitte US Firms' 2024 internal ethics survey results

## Percentage of issuer audit clients' (SEC registrants and registered investment companies) annual financial statements that were not materially restated:



## Recent inspection results



53 total audits inspected

2020



54 total audits inspected

2021



53 total audits inspected

2022

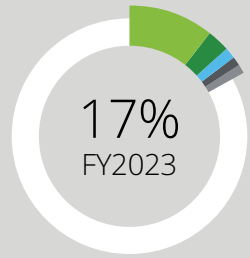


56 total audits inspected

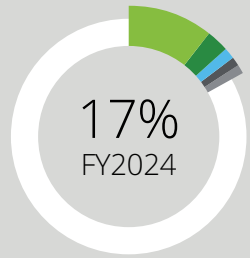
2023



**Percentage of specialist hours on public company audits**

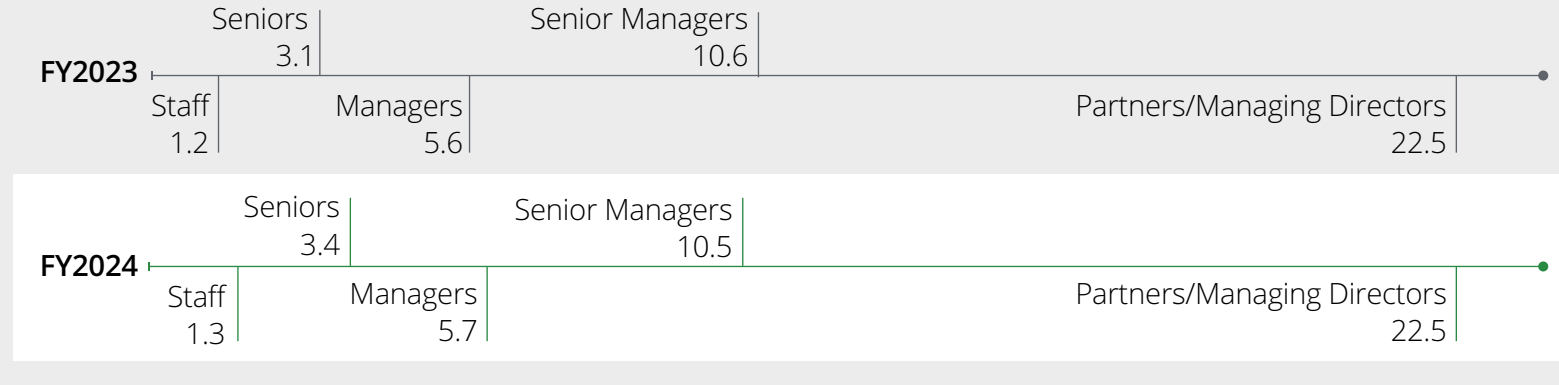


- IT 10.7%
- Tax 2.7%
- Data Analytics 1.4%
- Valuation 1.1%
- Other 1.1%



- IT 10.6%
- Tax 2.8%
- Data Analytics 1.4%
- Valuation 1.1%
- Other 1.0%

**Average tenure (in years)**



**College and university campus hires**

FY2023  
3,100



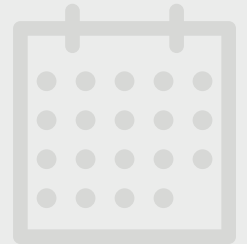
FY2024  
2,900

Throughout fiscal year 2024, we continued to invest in well-being benefits, which included:



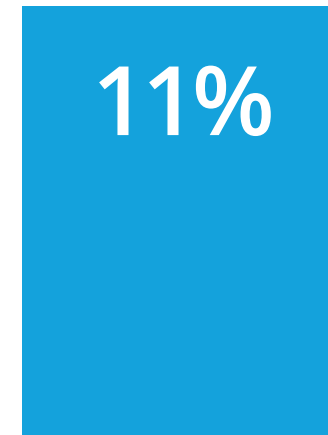
**\$1,000**  
annual well-being subsidy with a reimbursement percentage of  
**100%**  
with eligible purchases.

**More time to recharge through Collective Disconnect Days.\***

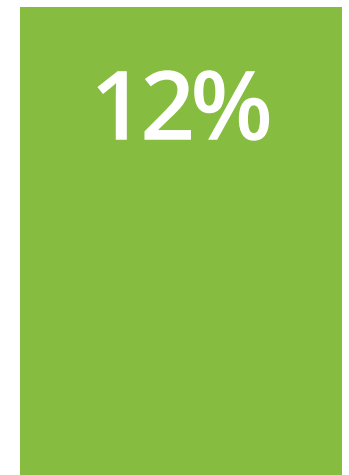


\* *Collective Disconnect Days are in addition to PTO and allow all professionals to rest and recover at the same time.*

**Voluntary turnover rate**



FY2023



FY2024



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# Message from leadership

December 2024

To the clients and stakeholders of Deloitte & Touche LLP:

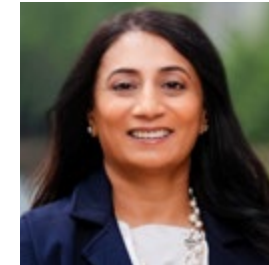
As independent auditors, fulfilling our purpose and responsibility to strengthen trust and transparency in the capital markets with integrity and ethical leadership is our top priority. Our quality-first culture demands the highest levels of professional excellence to enhance the quality of our audits for the investing public.

Our integrated transformation strategy combines technology and talent to enhance the audit experience. Our approach is designed to address a variety of challenges, from marketplace uncertainties and increasing regulatory demands to the continuously evolving needs of our clients, while also taking into account the rapid pace of technological advancements and other substantial macro influences.

Our Deloitte Omnia audit platform's suite of capabilities enables our professionals to deliver more agile, responsive, and high-quality audits through a seamless digital audit methodology that is risk-based and adaptable. Continually evolving, Omnia now combines multiple generative artificial intelligence (GenAI) capabilities to streamline time-consuming but critical tasks that empower our professionals to enhance audit quality on a global scale.

Our people are the driving force bringing our integrated strategy to life. We prioritize investing in building their skill sets and empowering career growth through continuous learning and apprenticeship. By providing our professionals a purpose-driven talent experience that aligns with their subject matter knowledge, interests, and skill sets, we are enabling intentional professional development with the delivery of high-quality audit and assurance services.

Across our Audit & Assurance leadership team and throughout our business, we continue to strengthen our culture of quality and strive to set the standard of excellence for our profession. This report examines the many ways we're transforming the audit experience, redesigning the way we work, and further enhancing the quality of our audits.



A handwritten signature in black ink that reads "Dipti S. Gulati".

**Dipti S. Gulati**  
Chair and Chief  
Executive Officer  
Deloitte & Touche LLP



A handwritten signature in black ink that reads "Jason M. Girzadas".

**Jason M. Girzadas**  
Chief Executive Officer  
Deloitte US

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# Commitment to quality—our highest priority



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*“Our quality-first culture is core to who we are and embedded in everything we do. Through our commitment to ethical leadership, we hold our people accountable to conducting themselves with the highest levels of integrity and objectivity and uphold the trust that our clients, regulators, and the investing public place in our audits.”*

— **Dipti Gulati**, Chair and Chief Executive Officer, Deloitte & Touche LLP

Quality informs every aspect of our Audit & Assurance business and is the bedrock of our strategy. Our pursuit of audit quality is at the center of our culture of continuous improvement, as we seek to make our best work today even better tomorrow. The marketplace and our society are undergoing substantial changes. Our commitment to maintain the highest standards of audit quality while responding to the changing needs of the capital markets and investors demonstrates our ability to lead and raise the standards across our global network and the profession.

### Reinforcing trust and transparency in the capital markets

As auditors, we play a vital role in strengthening confidence in the capital markets. In an environment of increasing complexity and an accelerated pace of technology-driven change, it is our responsibility to deliver high-quality audits with integrity and professionalism and uphold our vital role in the effective functioning of the capital markets.

At Deloitte, ethical leadership is a shared commitment across our organization that calls for placing quality and integrity first in all that we do each day and is the cornerstone upon which our culture is built. By acting ethically and with integrity, we have earned the trust of our stakeholders. Upholding that trust is our single most important responsibility. Our commitment starts with transparency, accountability, and unwavering adherence to ethical principles. It's about leading by example, inspiring a culture where doing the right thing is second nature, and instilling in every member of our team that dedication to ethics is not just a compliance checkbox, but an integral part of our identity.

We do this by setting a tone at the top that supports this commitment through our communications, learning curriculum, and performance management process.

In today's dynamic business landscape, an ethical culture is our compass, guiding us

through everyday challenges. By embedding ethics into our DNA, we not only meet regulatory requirements, but also build a sustainable and resilient organization where our professionals feel empowered to speak up and where the values of our organization align with those of our people.

Our work helps the markets to operate with trust and confidence. As of November 2024, the companies we audit represent approximately **\$15.7 trillion** in market capitalization.

Well-established channels for reporting are available to all professionals and are easily accessible. We actively encourage our professionals to speak with their supervisors or contact the Ethics Office on any ethics-related matter. Furthermore, our Integrity Helpline, administered by a third party, is accessible 24 hours a day, 365 days a year and allows for anonymous reporting. Deloitte's Global Principles of Business Conduct and Shared Values are embedded in Deloitte's US Code of Ethics and Professional Conduct (the "Code"), which provides a framework of principles and expectations that reinforces the rigorous commitment we have made historically—and continue to make—to sustain public trust. All professionals are expected to read, understand, and uphold the Code and Shared Values.

Our results from the latest Audit & Assurance Culture of Quality survey showed 98% of survey respondents agreed or strongly agreed that Audit & Assurance leadership values

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quality and the importance of Deloitte’s role in serving the public interest as the most important aspects of our business, as substantiated in leadership’s actions and behaviors.

Performing high-quality audits requires independence, objectivity, and professional skepticism. In essence, this means defining the investing public as the ultimate stakeholder, creating a culture in which doing the right thing is foundational, and managing our Audit & Assurance business such that short-term financial and operational considerations do not override fidelity to professional standards or serving the public interest. In today’s dynamic business landscape, an ethical culture is our compass, guiding us through everyday challenges.

Our reputation is one of our most cherished assets. It distinguishes us in the marketplace, differentiating and enabling us to attract world-class clients who recognize our hallmark of attracting top-tier talent. We work diligently and proactively to continually advance the culture of quality and integrity across the organization.

Professionals are reminded through periodic communications that our business requires them to act honestly, with transparency, in accordance with the highest professional standards—and that our reputation starts with them.

We use a variety of communication channels and approaches to promote and reinforce Deloitte’s ethical leadership—and our expectations for placing quality and integrity first.

These communication channels include intranet sites, newsletters, email communication campaigns across the Deloitte US entities, leadership messages, mandatory training, and embedded messaging in various career milestone learning programs.



Additionally, every Deloitte professional, upon joining our organization, is introduced to Deloitte’s standards and expectations for foundational subject areas that include, but are not limited to, ethics and integrity, independence, confidentiality, data privacy, and compliance. Periodic training for our professionals on these and other related topics continues throughout their career journey.

Through annual surveys and other programming, we measure the effectiveness and perceptions of our culture of integrity, trust, and ethics.

Each year, our professionals (senior manager and below) are asked to sign our Audit Quality Affirmation confirming their commitment to professional excellence and exercising professional skepticism. In FY2024 (fiscal year ended June 1, 2024), 100% of our professionals (senior manager and below) signed our Audit Quality Affirmation. Our professionals perform high-quality professional services that help reinforce public trust in capital markets, allowing our clients to transform and thrive, and lead the way toward a stronger economy.



*“Quality, integrity, and honesty are foundational elements of Deloitte’s ethical leadership and are integral to Deloitte’s brand and legacy. Our professionals understand their responsibility to support Deloitte’s culture of integrity, conducting business with transparency and the upmost professionalism—preserving trust with our people, clients, and the capital markets—and setting the standard of excellence for our profession.”*

— **Lori Pressler**, Chief Ethics Officer, Deloitte LLP



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**Audit quality** is the consistent delivery of audits that promote public trust and confidence in the capital markets.

*Our system of quality control is the foundation of a high-quality audit that encompasses:*

### **Tone at the Top**

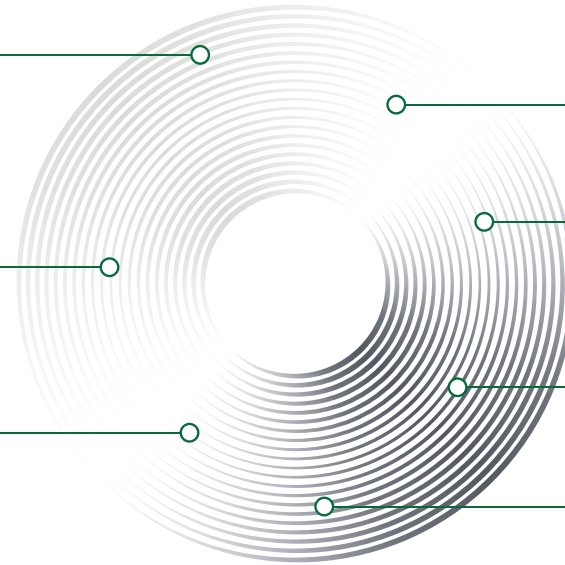
Leadership that demands accountability for the highest standards of independence, objectivity, ethics, and integrity across all levels of the organization

### **Continuous Improvement**

Cultivating a culture of continuous improvement to enhance audit quality

### **Compliance with Professional Standards**

Adhering to professional standards and exercising due professional care and skepticism



### **Profession Leadership**

Engaging proactively on emerging matters to shape the future of the profession

### **Qualified Teams**

Deploying diverse and multidisciplinary teams with the appropriate skills and experience

### **Innovative Technology**

Leveraging advanced technologies and data analytics to enhance audit processes

### **Training and Resources**

Providing comprehensive training, resources, and support to audit teams

### **System of Quality Control**

We believe an effective system of quality control is crucial for the consistent performance of high-quality audits, and we continue to make significant investments in the people, processes, and technologies that underlie Deloitte’s System of Quality Control (SQC). Our SQC includes all of our business processes that contribute to quality and the underlying policies, procedures, and controls designed and operating effectively to meet our SQC quality objectives.

Regulators and standard-setters in the United States and globally are focused on driving further improvements in firms’ system of quality control. As part of our culture of continuous improvement, we embraced the opportunity to enhance our robust SQC through the implementation of International Standard on Quality Management (ISQM) 1 (effective December 15, 2022). This global standard, issued by the International Auditing and Assurance Standards Board (IAASB), introduced a risk-based approach to further strengthen our SQC with an ongoing focus on transparency and accountability in the consistent delivery of high-quality audit and assurance engagements worldwide. In May 2024, the Public Company Accounting Oversight Board (PCAOB) adopted a new quality control standard, QC 1000, A Firm’s System of Quality Control (QC 1000), which is effective December 15, 2025. QC 1000 is an integrated, risk-based standard with several commonalities with ISQM 1, and in certain areas it introduces more specific requirements, including regarding firm governance, monitoring and remediation, and the evaluation of a firm’s quality control system. We are in the process of performing an assessment of our SQC against the requirements of QC 1000 to determine the changes or enhancements needed.



Annually, firm leaders with operational responsibility for aspects of our SQC certify that, within their areas of responsibility, the firm's SQC is appropriately designed, implemented, and operating effectively. Our leaders are responsible for quality and held accountable for meeting such responsibilities. The Audit & Assurance CEO considers those certifications, along with other information, such as monitoring results, when performing the annual evaluation to determine if the objectives of the SQC are being achieved, on behalf of the firm.

Our Audit and Assurance Oversight Committee (AAOC) supports the governance of audit quality and continuous improvement within the SQC by overseeing critical elements of SQC design and operation, including annual monitoring plans and results, matters related to independence, ethics and compliance that affect quality, talent and learning topics related to quality, as well as ad hoc matters and regulatory standard-setting activities impacting the SQC. The AAOC provides meaningful input and shares insights on these matters to drive enhancements to quality. The AAOC consists of experienced partners with no operational responsibilities for aspects of the SQC, allowing them to provide objective oversight and balanced judgment regarding the performance of the SQC.

We leverage a global technology platform to facilitate and enhance the design and maintenance of our SQC and support integrated SQC monitoring. This technology platform allows us to efficiently manage data across our SQC, enables identification of business processes and responses where enhancements can be made, and allows for self-reporting of significant changes or findings, if any, in the design or operation of our SQC.

The SQC monitoring group performs a continuous review to evaluate whether the SQC has been appropriately designed and is operating effectively. The most recent annual evaluation confirmed that our SQC is designed appropriately and operating effectively to provide reasonable assurance that the quality objectives prescribed by ISQM 1 have been achieved. Our annual evaluation of our SQC performed under ISQM 1 is reported in our [Transparency Report](#).

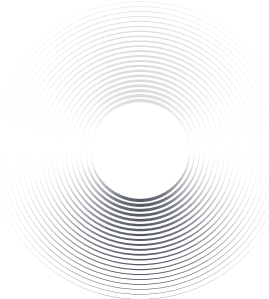
**Quality principles**



**Leading with ethics and integrity**



**Serving the public interest**



**Investing in learning and development**



**Driving continuous improvement**



**Cultivating a quality-first culture**

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# Ongoing dedication to excellence

Our success transforming the audit and advancing audit quality is affirmed by our position in the marketplace.



## Our multidisciplinary business model

Our Audit & Assurance strategy aligns to Deloitte's global multidisciplinary strategy, which calls for us to make an impact that matters. Foundational to this strategy is strengthening trust and transparency in the marketplace by powering our services with innovative technology that enhances the value provided by our professionals all while being the most recognized brand for audit quality.

Deloitte's unrivaled breadth of experience within our multidisciplinary model is central to our ability to deliver upon this strategy and is something to which we are deeply committed.

Our robust multidisciplinary business model consisting of our Audit & Assurance, Risk & Financial Advisory, Tax, and Consulting businesses is a significant asset that contributes to performing high-quality audits. It allows us to deliver an impact that matters across many different stakeholders; our clients value the breadth of our capabilities, our people value the diversity of career paths, the markets value the quality we deliver, and our communities value the impact that we make on societal issues. We are positioned with an array of capabilities in a world where interdisciplinary thinking and diversity of thought is critical for future success. The following are among the many benefits of our multidisciplinary business model:

- Immediate access to specialized, market-leading resources and experience that are crucial to performing high-quality audits;
- Strength, capabilities, and experience to make significant investments in audit quality, particularly as we invest in technology-enabled delivery of our services;
- Industry insights through multiple lenses that enhance our understanding of business risks;
- Intellectual capital from other service lines that is deployed back into our audit processes; and
- A thriving multidisciplinary organization that attracts top-caliber talent from universities and the experienced talent market.

We recognize that there are complexities that we have to manage with this model, and we invest significantly in proactively managing risks with controls and safeguards to ensure that the fulfillment of our public-interest mandate remains the bedrock of our professional services organization. We employ comprehensive independence-monitoring systems and processes to maintain compliance with all applicable regulations. Culture, leadership, and tone at the top are all critical components of managing our multidisciplinary business model to the benefit of our clients, our professionals, and the investing public. We have demonstrated that, when appropriately managed, having a robust multidisciplinary business model and executing high-quality audits are complementary to one another.





*“Remaining objective, impartial, and free from conflicts of interest is fundamental to performing high-quality audits while maintaining our trust with stakeholders and the capital markets. Our culture of placing quality and integrity first supports our commitment to the highest standards and expectations for independence and professional responsibilities in the constantly changing business and regulatory environment.”*

— **Kristine Obrecht**, National Managing Partner—Independence & Conflicts Network, Deloitte LLP

## Independence

We must remain unbiased and free from conflicts of interest with our clients, in fact and appearance. Our independence requirements are governed by specific sets of policies and external rules and regulations, and apply to all partners, principals, managing directors, and professionals, whether they are directly or indirectly involved in delivering audits. Internal messaging to our professionals emphasizes that we, as auditors, are independent and objective evaluators who must maintain a mindset of professional skepticism throughout the conduct of our work. This approach is ingrained in our policies, methods, procedures, and training and is reinforced by quality control and accountability measures.

The national managing partner for the Independence & Conflicts Network is responsible for:

- Managing the independence policies and related training;
- Organizing and staffing of the independence consultation function, including overseeing more than 500 professionals who work in our independence group;
- Monitoring firm, personal, and audit engagement-related independence compliance;
- Overseeing the Deloitte US Entities' independence systems; and
- Ensuring the appropriate consequences for noncompliance are applied in accordance with independence policy and regulations.

The importance of independence is a part of our culture, and our professionals are introduced to our standards and expectations for independence during their onboarding process as new hires and additional trainings during the first 60 days of employment.

We also conduct periodic mandatory training for our partners, principals, managing directors, and professionals related to specific independence-related topics. In addition to trainings, our readily accessible tools and resources support our professionals in meeting their independence and compliance requirements.

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## Personal independence and monitoring

To help our professionals maintain their personal independence, we provide our professionals access to integrated systems that contain continuously updated information about companies that are restricted for independence reasons (restricted entities). In addition to periodic personal compliance audits, we have developed state-of-the-art systems, processes, and technology platforms to comply with independence-related regulatory and policy requirements, which enable early identification of possible instances of noncompliance. These include:



### Tracking & Trading System

Designed for professionals to track and monitor compliance related to personal and immediate family members' investments and financial relationships, which includes real-time automated monitoring functions. For more than 12 years, we have required professionals to automatically import their financial interests with this tool.



### Daily reconciliations

Reconciliations of professionals' client service hours reported in our time reporting system to the personal holdings of our professionals included in our Tracking & Trading System, which identifies potential independence conflicts on a real-time basis.



### Quarterly independence representations

We obtain quarterly representations on the completeness and accuracy of financial interests reported. Semi-annually, we require professionals to upload to our systems account statements for financial interests held in accounts that cannot be reported automatically in our Tracking & Trading System.



### Service center

Reconciles professionals' uploaded account statements for financial interests held in accounts that cannot be automatically imported to their reported financial relationships in our Tracking & Trading System to validate completeness and accuracy of reporting.



### Check Your Assets tool

Designed for professionals to be proactive and compliant with independence rules. Professionals use the tool to check for independence conflicts before working on a client engagement by comparing the professional's financial holdings to the future client engagement.



### Artificial intelligence (AI)

Technology solution that identifies the potential unreported holdings of our professionals included in accounts that cannot be automatically imported into our Tracking & Trading System.

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## Engagement independence and monitoring

**Non-audit services:** The partner, principal, or managing director for each potential engagement undertakes a process that determines whether independence must be maintained with respect to the client, even if the client is not an attest client. If independence from the client is required, the partner, principal, or managing director must verify, prior to beginning the engagement, that the services to be provided are permissible and have been preapproved.

**Marketplace business relationships:** New marketplace business relationships require reviews by the lead relationship partner and the Independence & Conflicts Network Business Relationship team. A third-party risk management database of approved marketplace business relationships is maintained, and continuing relationships undergo an independence update at least annually. In addition, all vendor business relationships are assessed for compliance with established policies and procedures.

**Systems and monitoring:** Our global independence systems contain regularly updated information about entities restricted for independence reasons as well as global tracking of service requests for entities. Each year, our Independence Monitoring team conducts:

- 1) Engagement independence inspections of selected audit clients for appropriate scope-of-service approvals and review of the non-audit services for permissibility, and
- 2) Reviews of marketplace and vendor business relationships for permissibility and compliance with policies.

## Compliance

We conduct a thorough internal review of our SQC for independence each year, including robust causal factor analysis of noncompliance. The results are reported to leadership and our regulators and provide reasonable assurance that our partners, principals, managing directors, and professionals are compliant with the requisite independence policies and procedures. In the event of noncompliance, we address each matter on a case-by-case basis, providing additional training, guidance, or consequence for noncompliance as appropriate.

During the 10-month PCAOB 2023 inspection period ended June 30, 2023, and the 12-month PCAOB 2022 inspection period ended August 31, 2022, our SQC identified 83 instances across 50 issuers and 129 instances across 78 issuers, representing approximately 2% and 3% of our issuer audits, of noncompliance with Securities and Exchange Commission (SEC) or PCAOB independence rules, respectively. The most common instances of noncompliance among the approximately 146,000 professionals monitored related to financial and employment relationships. These instances of noncompliance were promptly reported to company management and those charged with governance and did not have an impact on our objectivity or impartiality, nor on our ability to continue as the auditor of record.

We have an unwavering commitment to continuous improvement and maintaining our independence and objectivity as that is essential to audit quality and upholding the trust that investors place in us.

Our annual [Transparency Report](#) includes additional detailed information regarding our independence policies and processes.



# Executing high-quality audit engagements



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*“Our professionals take great pride in strengthening our culture of quality, delivering high-quality audits, and serving the public interest. Our purpose drives our quality-first culture, where each of our professionals acts with integrity and upholds the highest ethical standards. The continued transformation of our digital audit demonstrates our unwavering commitment to provide an unrivaled talent experience, enhance audit quality, and meet the evolving needs of the capital markets.”*

— **Trevor Barton**, Managing Partner—Quality, Risk & Regulatory, Deloitte & Touche LLP

Delivering high-quality audit and assurance services remains our highest priority. By setting the right tone within our engagement teams and committing to a relentless focus on professional excellence—sound judgment, objectivity, and professional skepticism—we continue to raise the standard across the profession. We take pride in cultivating our quality-first culture and prioritize ethics and integrity in all that we do. In order to drive continuous improvements in quality, we are continuing to digitize the audit, transforming the way we work, and fostering the development of our people. Our quality is underpinned by a strong SQC to fulfill our role as independent auditors to strengthen trust and transparency in the capital markets.

### **Audit engagement acceptance and continuance**

The decision to accept or continue an audit or other attest engagement involves a thorough risk assessment. Key considerations include independence and conflict of interest; the reputation and integrity of management and those charged with governance; the nature of the business—including whether it is a group audit, the industry in which it operates, and the applicable financial reporting framework; the company’s financial viability; specific risk factors related to the engagement; and the nature of the services we are requested to perform. This assessment begins during the acceptance and continuance process and lasts throughout the engagement. It influences the nature, timing, and extent of audit or attestation procedures we perform, as well as the resources within the Deloitte network that we involve in the performance of our audit or attest services.

### **Audit approach**

Our approach to high quality is underpinned by professional standards, and it combines qualified people, consistent processes, and innovative technologies. This includes our next-generation cloud-based audit delivery platform, [Deloitte Omnia](#), which enables a differentiated, digital audit experience and integrates cognitive technologies, automated workflows, and advanced data analytics for a more streamlined and insightful audit. Through Deloitte Omnia, we deliver a flexible audit experience that promotes high quality through data-driven risk identification and transparent and collaborative workflows.

Our audit process is dynamic; it is ever-evolving to keep pace with the changing demands of companies, investors, and other stakeholders. It recognizes that advances in the availability and management of large datasets and in statistical science are relevant to continuing to enhance the quality of our audits. It is fueled by innovation, as our investments in cloud technology and digital solutions are bringing artificial intelligence, automated workflow processes, and advanced analytics into the audit.

Our global audit methodology is risk-based and adaptable, focused on what matters most. During the planning phase of the audit, we focus on the company’s business operations (including the financial reporting and internal control structures) and identify risks through consideration of changes in the industry, business, control environment, company personnel, complexity factors, and regulatory environment and then tailor the audit to respond to such risks. As an iterative process, we reevaluate risks of material misstatement throughout the audit and revise our audit plan as needed. Our methodology is complemented by our unique guided risk assessments, which are designed to help our professionals focus on what matters.





Our methodology is also designed to enhance how work is performed; indicate when to apply our suite of innovative technologies and advanced data analytics capabilities; recommend how to leverage our audit distributed teams within Audit & Assurance; and demonstrate delivery of value through insights. This enables us to confidently drive high quality into audit execution through global consistency, standardization by industry, and greater insights to inform our risk-based methodology.

We provide our audit teams with the training, direction, resources, and assistance they require to evaluate and respond to pertinent audit risks. As matters arise or evolve that affect the audit process, we respond swiftly with guidance and training to our audit teams. We continue to address a variety of emerging auditing and accounting matters including the integration of AI in business processes; addressing auditing and tax implications for new tax regulations and disclosures, segment reporting, and IT controls and cybersecurity risks; and identifying and responding to specific industry-related risks.

Every public company audit engagement is subject to an independent engagement quality review. This review is performed by a partner designated by the leadership in our Quality & Professional Practice Network. The engagement quality reviewer evaluates the engagement team’s significant judgments and related conclusions regarding both the overall engagement and the preparation of the audit report(s) and determines whether to provide an approval of issuance.

**Audit Quality Milestones**

In addition, proper timing and sequencing of audit activities, including timely direction, supervision, and review of work performed and the resolution of matters identified, are closely associated with high-quality audits. Audit Quality Milestones are established centrally to drive consistency of engagement teams in project management and the timing of when work is planned, prepared, supervised, and reviewed. The timely guidance and evaluation of audit work performed helps ensure the auditing standards are appropriately followed and the audit file is complete. The Audit Quality Milestones include activities, such as Engagement Team Based Discussions, to timely focus on the relevant skills and knowledge for our engagement teams to adequately fulfill their professional responsibilities.

dynamic artificial intelligence  
advanced analytics relevant advances innovative  
automated workflow process  
tailored ever-evolving risk-based adaptable iterative  
enhanced audit quality

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## Audit teams

The deployment of resources on our engagement teams is important to the execution of a high-quality audit. The engagement team's composition varies depending on the size, nature, and complexity of the company's operations to strike an appropriate balance of technical capabilities and industry experience. An Audit & Assurance partner or managing director has leadership responsibilities for the engagement and the engagement team. The engagement team may also include other partners or managing directors and typically includes one or more of the following professionals: Audit & Assurance senior manager, Audit & Assurance manager, Audit & Assurance senior, Audit & Assurance staff, and relevant internal specialists and other distributed teams within Audit & Assurance.

## Leverage ratios of Audit & Assurance headcount

Partners, principals, and managing directors to all other Audit & Assurance professionals

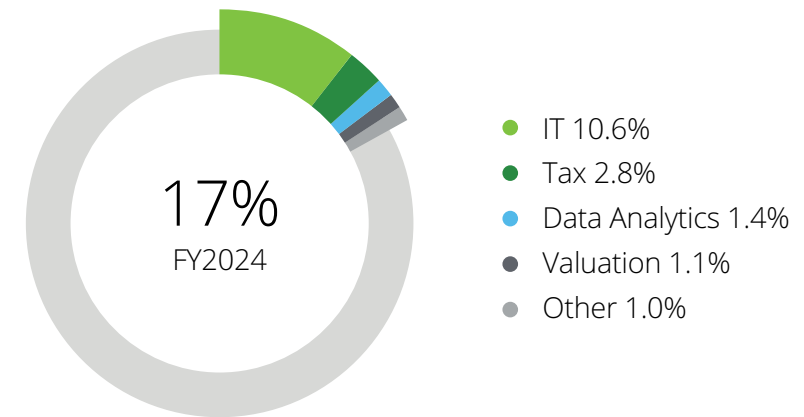
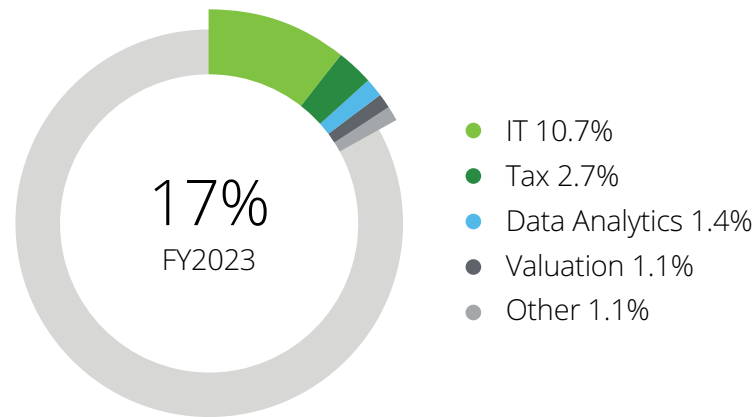


Partners, principals, managing directors, senior managers, and managers to seniors and staff



## Use of specialists

Percentage of specialist hours on public company audits



In order to audit the most challenging and complex areas of a company, we bring a wide range of specialization to our audits in areas such as income tax, information technology (including cybersecurity), data analytics, fraud risks and forensic investigations, valuation, actuarial estimates, and environmental-related matters. Involving engagement team members with specialized skills and knowledge to assist in assessing risk and designing and performing responsive audit procedures drives the execution of high-quality audits.



## Quality & Professional Practice Network

Our Quality & Professional Practice Network (the “Quality Network”) is composed of national partners, principals, managing directors (PPMDs), and other professionals. This national team, which includes approximately 150 PPMDs, is supplemented by experienced regional and local professionals and supporting technology. The Quality Network’s primary activities include:

- Providing oversight, leadership, and direction on US and global quality activities;
- Designing, operating, and monitoring our SQC, including monitoring and inspecting our audits;
- Providing consultation resources with deep technical knowledge in accounting, auditing, industry, and risk;
- Maintaining audit manuals, policies, and guidance used by our professionals;
- Developing publications, webcasts, and videos covering a variety of accounting and financial reporting topics;
- Assisting with the development and delivery of learning courses; and
- Engaging with regulators and standard-setters.

### Technical professional practice leadership ratio

PPMDs in technical roles to total PPMDs

FY2023: 1 to 10.4



FY2024: 1 to 10



*There are more than 370 PPMDs, senior managers, managers, and support staff in professional practice roles (as of FY2024).*

## Industry Professional Practice Directors Network

Our Industry Professional Practice Directors Network (the “IPPD Network”) provides our audit teams with support in the field focused on advancing quality and specialization across an industry sector. The IPPD Network is composed of nearly 40 PPMDs and is supported by senior managers and managers who leverage in-depth knowledge and their industry-specific auditing experience to discuss industry-specific accounting or auditing matters, provide industry-focused training, and proactively address emerging topics.



### Elevating industry

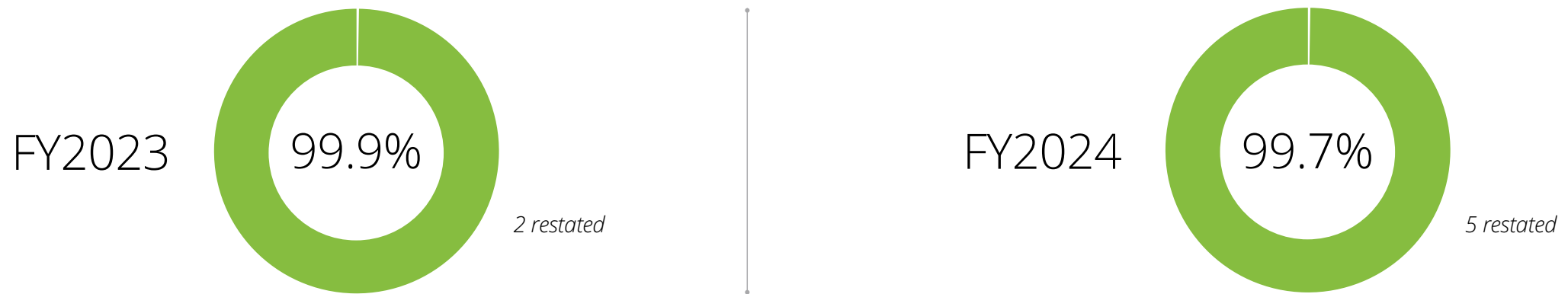
In addition to our IPPD Network practice, we have a team of dedicated industry PPMDs focused on elevating industry to deliver high-quality audits and client service excellence. By leveraging industry insights and deep understanding of unique sector trends, our professionals can consistently differentiate our brand in the marketplace, delivering impact through industry knowledge that supports quality in the audit and provides tailored insights to clients.

To execute on these efforts, we identified learning opportunities to provide all professional levels with technical skills and business acumen grounded in industry proficiency, with an emphasis on quality. Additionally, we have focused on building vibrant industry communities, ensuring practice offices—large and small—have access to the industry resources and experience needed to bring industry perspective to our clients with confidence.

### Monitoring our business for continuous improvement

Our dedication to delivering high-quality audits requires us to develop techniques to centrally monitor the progress of audits on a real-time basis, effectively analyze results, understand the root causes related to audit deficiencies identified through practice reviews and PCAOB inspections, and be rigorous in our evaluation of both financial statement and internal control report restatements.

#### Percentage of issuer audit clients' (SEC registrants and registered investment companies) annual financial statements that were not materially restated:



We have implemented quality support programs with oversight by various groups within the Quality Network focused on the performance of engagements in progress to provide feedback to engagement teams in real time throughout the audit cycle, which can be incorporated into the audit prior to the issuance of the opinion. These programs also help inform whether the actions taken to continuously improve audit quality are having the intended effect, or whether we need further actions, such as communications, training, or changes to our methodology, guidance, or tools. We leverage information obtained from these programs to continuously monitor audit quality and proactively identify issues for timely resolution.



## Assurance Insight & Analysis

Our commitment to quality requires that we develop an in-depth understanding of factors that cause or contribute to audit quality outcomes. For engagements with unfavorable quality outcomes (e.g., inspection comments, material restatements of financial statements, reports on internal control over financial reporting reissued or withdrawn), we interview engagement teams, review workpapers, and analyze a wide range of quantitative and qualitative information to obtain a greater understanding of the engagement-specific circumstances that contributed to these outcomes. We perform similar procedures for engagement teams that exhibit an extraordinarily high level of audit quality. We analyze this information collectively to identify common trends or themes that are then considered in determining opportunities to continuously improve audit quality and defining leading practices.

We leverage data analytics to assess the quantitative and qualitative information pertaining to audit engagements, which informs our monitoring of potential outliers. While no single metric alone can determine quality, we have made strides in identifying our own internal metrics that assist us in the monitoring of audit quality through data analytics.

## Practice review

We perform approximately 200 inspections of completed audits annually. The actual number of inspections we perform may vary due to various factors such as overlap with external regulatory inspections.

## External inspections

Regulatory inspections and outside perspectives are also critical to raising standards and achieving quality outcomes. We value the feedback received through the external inspection process, including peer reviews, and utilize input from various sources to continually improve the quality of our audits.

## Peer review

For non-SEC issuer engagements, the American Institute of Certified Public Accountants (AICPA) triennial peer review process is conducted to assess whether Deloitte's quality control systems are appropriately designed and in compliance with applicable professional standards. Firms can receive a rating of pass, pass with deficiency(ies), or fail. We received a pass rating on our most recent peer review completed in November 2023. Our next peer review will be in 2026.

## Public portion of PCAOB inspection reports (Part I)

For SEC issuer engagements, the PCAOB performs rigorous inspections of public company audits. PCAOB inspections of audit engagements can result in observations that are made public through:

**Part I.A**—Deficiencies that are of such significance that it was determined that the firm had not obtained sufficient appropriate audit evidence to support the audit opinion(s) on the issuer's financial statements and/or internal control over financial reporting.

**Part I.B**—Deficiencies that do not relate directly to the sufficiency or appropriateness of evidence the firm obtained to support its opinion(s) but nevertheless relate to instances of noncompliance with PCAOB standards or rules.

**Part I.C**—Instances of potential noncompliance with SEC rules or noncompliance with PCAOB rules related to maintaining independence.

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## Recent inspection results

In August 2024, the PCAOB issued our 2023 inspection report covering audits of issuers with fiscal years generally ending in 2022. The charts below reflect our historical results of Part I.A deficiencies identified by the PCAOB in its inspection of issuer audits.<sup>1</sup> These comments did not result in the reissuance of our audit reports or the restatements of issuer financial statements.



53 total audits inspected

2020



54 total audits inspected

2021



53 total audits inspected

2022



56 total audits inspected

2023

<sup>1</sup> As stated within the PCAOB's most recent inspection report, its "selection of audits for review does not constitute a representative sample of the firm's total population of issuer audits. Additionally, our [the PCAOB's] inspection findings are specific to the particular portions of the issuer audits reviewed. They are not an assessment of all of the firm's audit work nor of all of the audit procedures performed for the audits reviewed."

## Continuous improvement

We have a relentless focus on professional excellence and continuous improvement, and we take all inspection observations very seriously. In addition to holding our professionals accountable for inspection findings, we seize opportunities to enhance the quality of our audits and have taken the constructive feedback from past inspections to make changes that will yield desired improvements in audit quality. We analyze and perform remedial procedures relative to each written inspection comment in which the PCAOB questions the sufficiency of audit procedures to support our audit opinion. In addition, we perform analyses to identify the root causes behind our written inspection comments, and we develop action plans accordingly to continuously enhance audit quality. Furthermore, we assess whether corrective actions to our SQC may also be appropriate and, if so, such actions are designed, implemented, and monitored.

Continuous improvement activities that are responsive to these recent inspection themes include:

- An enhanced learning and development program with an emphasis on in-person learning activities at both the office and engagement team level to further enhance our professionals' understanding of the PCAOB auditing standards and emerging practice areas.
- An engagement team coaching program that occurs prior to issuance of our audit opinion and focuses on engagement team execution of continuous improvement activities throughout the audit cycle.
- An increased emphasis on proactive engagement project management that drives more timely direction, supervision and review, and enhanced resource management and allocation.

A significant aspect of our culture of continuous improvement is our consideration of learnings from the engagement team coaching program and our root cause analyses to inform whether aspects of our SQC may need enhancements.



## Nonpublic portion of PCAOB inspection reports (Part II)

While we are proud of the quality of our work, we are focused on emphasizing continuous improvement. We carefully analyze inspection themes, identify root causes, and design responsive remedial actions to PCAOB findings. Under the Sarbanes-Oxley Act of 2002, quality control criticisms contained in Part II of PCAOB inspection reports are publicly released only if the PCAOB determines that satisfactory remedial actions have not been taken within 12 months of the report's issuance. Once the PCAOB determines that remediation activities have addressed quality control deficiencies cited in that year's inspection report, or determines that portions will be publicly released because certain matters have not been addressed to its satisfaction, that inspection year is "closed."

In July 2024, in closing our PCAOB 2020 inspection report, the PCAOB determined that the remedial actions we took in response to one or more of the quality control observations in Part II of that report had been addressed to its satisfaction. However, the PCAOB also determined that the remedial actions we took to address a finding related to instances of incomplete reporting of personal financial holdings in our platform that tracks and monitors the personal investments and financial relationships of partners, principals, managing directors, professionals, and their immediate family members resulting in noncompliance with firm policy were not sufficient, and the PCAOB made that quality control criticism public.

We are intensely focused on quality matters that we observe in our internal reviews and that the PCAOB raises in its inspection reports. Specific to strengthening and improving the timely and accurate reporting of personal financial holdings disclosures, we have undertaken the continuous improvement activities discussed within the [Independence section](#).

Our remediation responses to Part II of the 2021 and 2022 inspection reports have been submitted, and the PCAOB is currently reviewing the remediation responses.

## Quality across the global Deloitte network

"Deloitte" is the brand under which approximately 457,000 dedicated professionals in independent firms throughout the world collaborate to provide audit and assurance, consulting, financial advisory, risk advisory, tax, and related services to select clients. The Deloitte network operates in more than 150 countries and territories across the world. Quality is the bedrock of our mission across the Deloitte global network, underpinning our dedication to consistently provide unparalleled value and transformative insights for our clients. The Deloitte network adheres to policies and protocols with the objective of promoting a consistently high level of quality, professional conduct, and service. We have access to a global network of experience that transcends borders and allows for consistent performance of high-quality audit and assurance engagements.

## Global Center of Excellence

The Global Center of Excellence (GCOE) for Audit Quality aims to support Deloitte network member firms in promoting, enabling, and continuously enhancing the quality and consistency of PCAOB audits delivered across the globe. The GCOE activities support member firms in improving audit quality, overcoming barriers to consistent execution, and demonstrating Deloitte's commitment to quality to our regulators and the marketplace. These efforts have contributed to a significant improvement in PCAOB inspection results for Deloitte network firms outside of the United States over the past few years.



# Investing in our people



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*“We invest in diverse teams to meet the dynamic needs of our clients and provide our professionals with exciting, experiential opportunities tailored to their interests and skills. By nurturing a culture of curiosity, apprenticeship, and development, team members build deep industry experience, engage in varied assignments, and evolve along with current business trends and emerging technologies. We celebrate authenticity, all while delivering high-quality audit and assurance services.”*

— **Robert Hollingsworth**, Chief Talent Officer, Deloitte & Touche LLP

The most significant contributor to audit quality is our people, and we take pride in fostering an environment where individuals can advance their careers. Our collaborative and high-performance culture drives us to invest in our people, giving them opportunities to grow, thrive, and achieve their professional goals. Deloitte is consistently recognized as a top place to work by multiple sources—known as an employer of choice for our commitment to diversity, equity, inclusion, development, and empowered well-being. We are committed to meeting the needs that people value today, and into the future, by delivering unparalleled experiences to our professionals that allow them to enhance their existing capabilities, gain new skills, and explore new career paths.

Our hybrid workplace model delivers on our commitment to provide an exceptional talent experience while delivering value to our clients and the capital markets and continuing to provide high-quality audits. In our hybrid workplace model, work is performed at client sites, at Deloitte offices, and virtually—and is designed to foster professional development and connections, while sustaining the advantages of flexibility in how, when, and where work is performed.

### **Our culture and retention**

Our professionals take pride in their mission to make an impact that matters. They bring ethics, professional skepticism, and objectivity to their work, applying their judgment and experience with passion and a drive to deliver beyond the expected. As leaders in the profession, we support and empower our people to achieve their full potential by valuing and demonstrating diversity, equity, inclusion, and well-being. We are committed to providing an unrivaled talent experience—one that fosters innovation and makes ongoing investments in the growth and development of our professionals.



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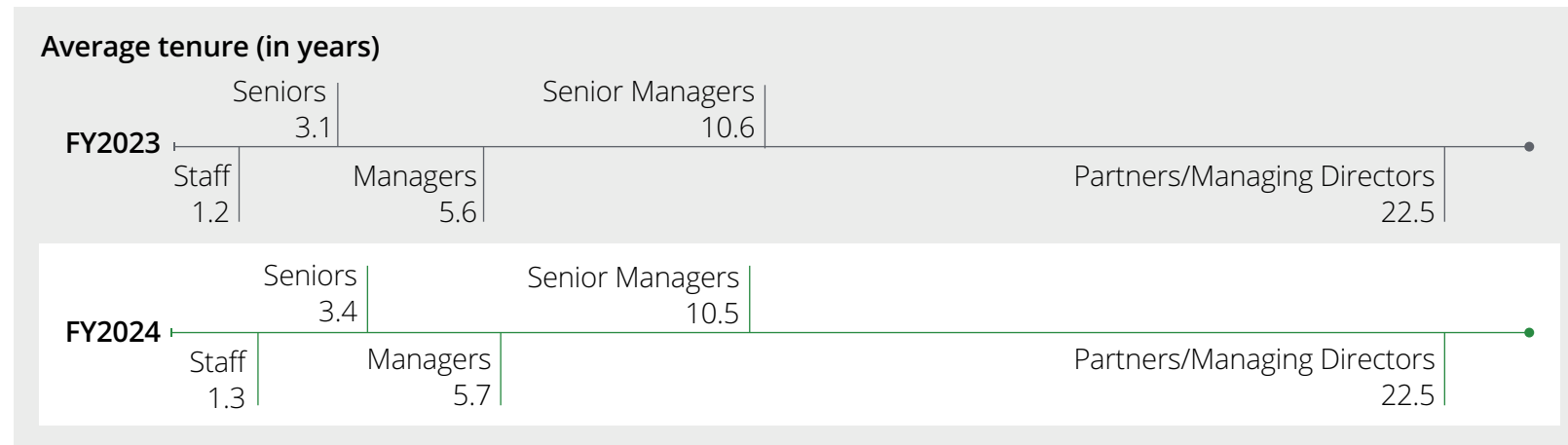


## Our commitment to a 'high-impact' working culture

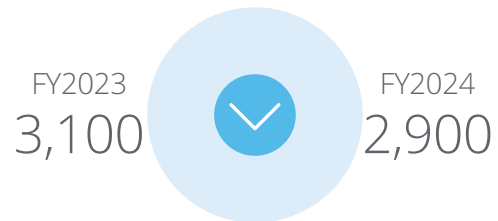
In our most recent annual talent survey, our overall engagement was at an all-time high of 84%. We have updated our survey to measure a professional's experience across 12 factors, which impacts their level of engagement. Out of the 12 factors, nine scored above 80%. The factors that scored above 85% and were considered "best in class" were technology, network, belonging, and team leader.

## Retention

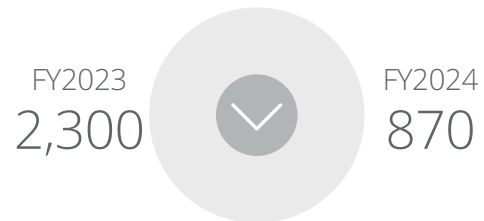
It is vital to retain professionals with specialized skills in order to execute high-quality audits amid an increasingly complex business environment. We have made several investments to decrease our voluntary turnover and continue to hire exceptional professionals. Our low voluntary turnover rates can be attributed, in part, to significantly higher compensation levels for most of our client service professionals and our investment in a best-in-class talent experience with unique and alternative career pathways and a hybrid working model. We hired approximately 2,900 professionals from college and university campuses in FY2024, which is down slightly from 3,100 in FY2023. We also hired nearly 900 non-entry level professionals in FY2024, returning to pre-pandemic levels. In FY2023, non-entry hires were higher due to growth and market shifts.



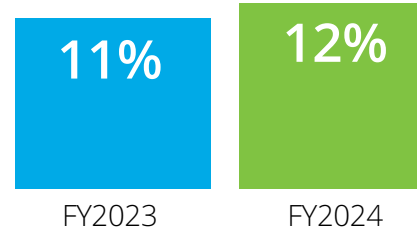
## College and university campus hires



## Non-entry-level hires



## Voluntary turnover rate



■ Scored above 80%

\*My leaders encompasses both team leader and senior leader factors.



## Learning and development

Project 120, a \$1.4 billion investment in growth and development in 2022, was the catalyst that initiated the transformation of how we design, deliver, and experience learning at Deloitte. We continue to invest in the development of our people to attract and retain top talent through a learning curriculum that supports delivery of high-quality audits as well as thriving in an environment of increasing complexity and an accelerated pace of technology-driven change.

### Learning approach

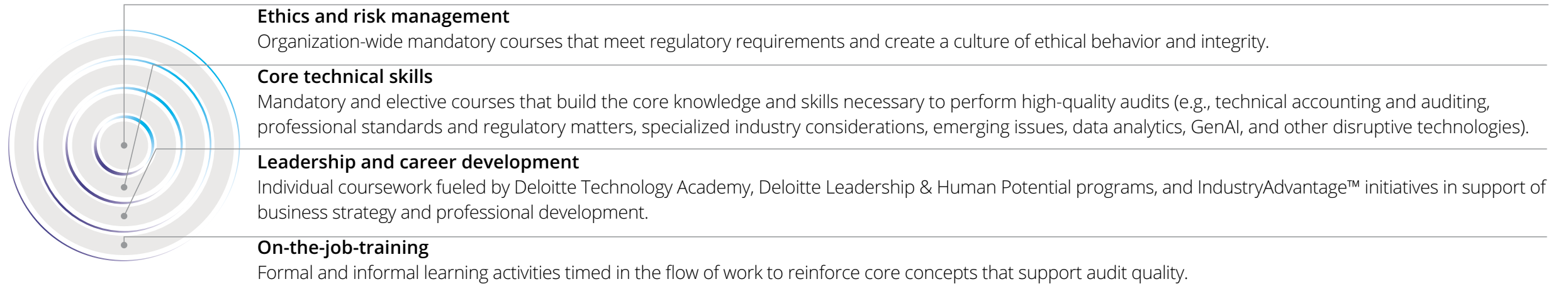
Our learning philosophy incorporates formal learning with reinforcement of critical concepts on the job. Our training and education programs enhance the knowledge and skills of PPMDs and staff, equipping them for high-quality audit delivery and preparing them for future business needs. Additionally, these programs ensure the completion of mandatory learning for compliance purposes, while fostering the sharing of knowledge and culture across the Deloitte network.

### Curriculum framework

Our aim is to support the evolving audit profession by providing an agile and technology-enabled learning experience that is timed in the flow of work and maximizes skill development to sustain audit quality.

### Continuing professional education (CPE)

All professionals must complete at least 40 CPE credits by December 31 every calendar year. For professionals performing audit and attest services, at least 16 of the required 40 CPE credits must be in the subject areas of accounting and/or auditing.



### 2024 continuing education hours

Average by level: Staff **154** | Seniors **145** | Managers/Senior Managers **122** | Managing Directors/Partners **82**

**2.6 million**  
continuing education hours

Average continuing education hours per person  
**139**



## Moving toward the future

Our learning approach brings modern elements to the learner experience through engaging instructional techniques such as case studies, facilitated discussions, simulations/role-plays, videos, and adaptive pathing for a customized experience. Examples of how we continually innovate our learning to strengthen auditors' capabilities include:

- Attending in-person multiday onboarding, milestone, and leadership programs at Deloitte University; our leadership and learning centers in Westlake, Texas; and Hyderabad, India.
- Completing adaptive e-learning that tailors technical content to each learner until the desired level of proficiency is demonstrated.
- Engaging in immersive digital experiential simulations that provide realistic skills practice on demand.
- Using various assessment strategies to measure and reinforce learner knowledge over time.
- Referencing guided in-application support to enable learning in the flow of work.
- Participating in programs specifically designed for hybrid (a combination of virtual and in-person) delivery.
- Reinforcing key concepts from formal learning through leader-led webcasts and local office or engagement team-focused discussions.
- Interacting with chatbots to remind learners about their learning commitments and help schedule time on calendars as well as answer frequently asked questions.

## Recognized leader in learning

Deloitte is committed to empowering our professionals' pursuit of success with a breadth of career development resources. Our Deloitte Learning Team was recognized in 2024 with a total of 62 Brandon Hall Group Human Capital Management (HCM) Excellence Awards, 9 specifically for Audit & Assurance Learning. It is our 16th year on the list and the largest number of wins to date. This recognition underscores Deloitte's commitment to innovation and belief that our people are our greatest asset.

### Gold



- **Best Team Development Program**
  - Deloitte A&A Learning Development Days
- **Best Use of Performance Support**
  - Test Writing Toolkit's Performance Support

### Silver



- **Best University Development Program**
  - A&A Executive Leadership Program
- **Best Learning Measurement**
  - Measuring Learning Retention
  - Audit and Assurance Learning Item Analysis Program
  - Impact Measurement Report
- **Best Custom Content**
  - Audit@Deloitte Adaptive Course Conversion
- **Best Advance in Learning Technology Implementation**
  - Microlearning Capstone
- **Best Use of Games or Simulations for Learning**
  - Introduction to a Data-Driven Audit



## Empowered well-being

We have made significant strides exemplifying and building a culture of well-being at Deloitte by providing opportunities for our professionals to enhance their holistic self in body, mind, and purpose. Our empowered well-being strategy provides benefits and programs, educational offerings, expert-led guided meditations, and flexibility options, and it engages leadership at all levels in open and honest discussions on the well-being needs of our professionals.

As we think about service delivery and talent transformation, we recognize that the nature of work, workforce, and workplace have fundamentally shifted. Our professionals want a variety of options in the way they work that allow for personal choice, flexibility, and predictability. Most of our professionals operate in a hybrid workplace model that optimizes a combination of virtual and in-person interactions. We are intentional about when we co-locate with each other and our clients for maximum impact while empowering our people to preserve the flexibility that they desire.

## Purpose and diversity, equity, and inclusion

Deloitte continues to lead with our commitment toward a diverse workforce and inclusive culture to make an impact that matters. We evolve our approach to meet the changing needs of our workforce and drive new ways of thinking for the greatest impact. Our ambition is to set the standard for diversity, equity, and inclusion (DEI) by creating the culture and systems that empower our workforce to thrive as their exceptional selves and reach their full potential, and to advance equity across our organization and in our communities.

We continuously evaluate our systems and processes through an equity lens and promote a culture of transparency and accountability. Recognizing that the heart of our progress lies in individual action, we are setting expectations for inclusive behavior, allyship, and advocacy of all Deloitte leaders and professionals. Together, we are a powerful force for progress.

**Throughout fiscal year 2024, we continued to invest in well-being benefits, which included:**



**\$1,000**

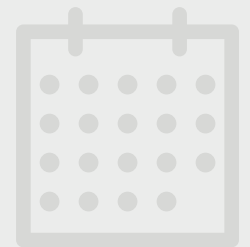
annual well-being subsidy with a reimbursement percentage of

**100%**

with eligible purchases.

**More time to recharge through Collective Disconnect Days.\***

*\* Collective Disconnect Days are in addition to PTO and allow all professionals to rest and recover at the same time.*



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**Internally, we continue to drive more equitable outcomes by:**

Seeking greater parity in our retention and advancement rates.


 **Where we stand today: Progress and the work ahead**

Working to embed DEI more deeply in all our talent and business practices.

 **Advancing equity through systemic change**

Strengthening our culture of inclusion and allyship.

 **The Art of Allyship**


 **2023 Deloitte DEI Transparency Report | Progress with Purpose, Transparency in Action**

**Externally we are making an impact in our communities by:**

Disrupting the talent pipeline to improve outcomes for our communities, clients, and ourselves.


 **WorldClass: Empowering 100 million people**

 **MADE: Making Accounting Diverse and Equitable**

 **RightStep™: Helping students overcome obstacles they face on their path to college readiness**


 **OneTen: Working together to advance a shared vision of prosperity**

Inspiring and equipping organizations to take bold actions for equitable outcomes.

 **Deloitte's Diversity, Equity, and Inclusion (DEI) Institute**

 **The equity imperative: The need for business to take bold action now**

Leveraging ecosystem actions and leadership to promote health equity, financial inclusion, and access to technology.

 **Deloitte Health Equity Institute**

 **Deloitte AI Institute**

 **Deloitte Foundation**



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# Transforming audit and assurance services



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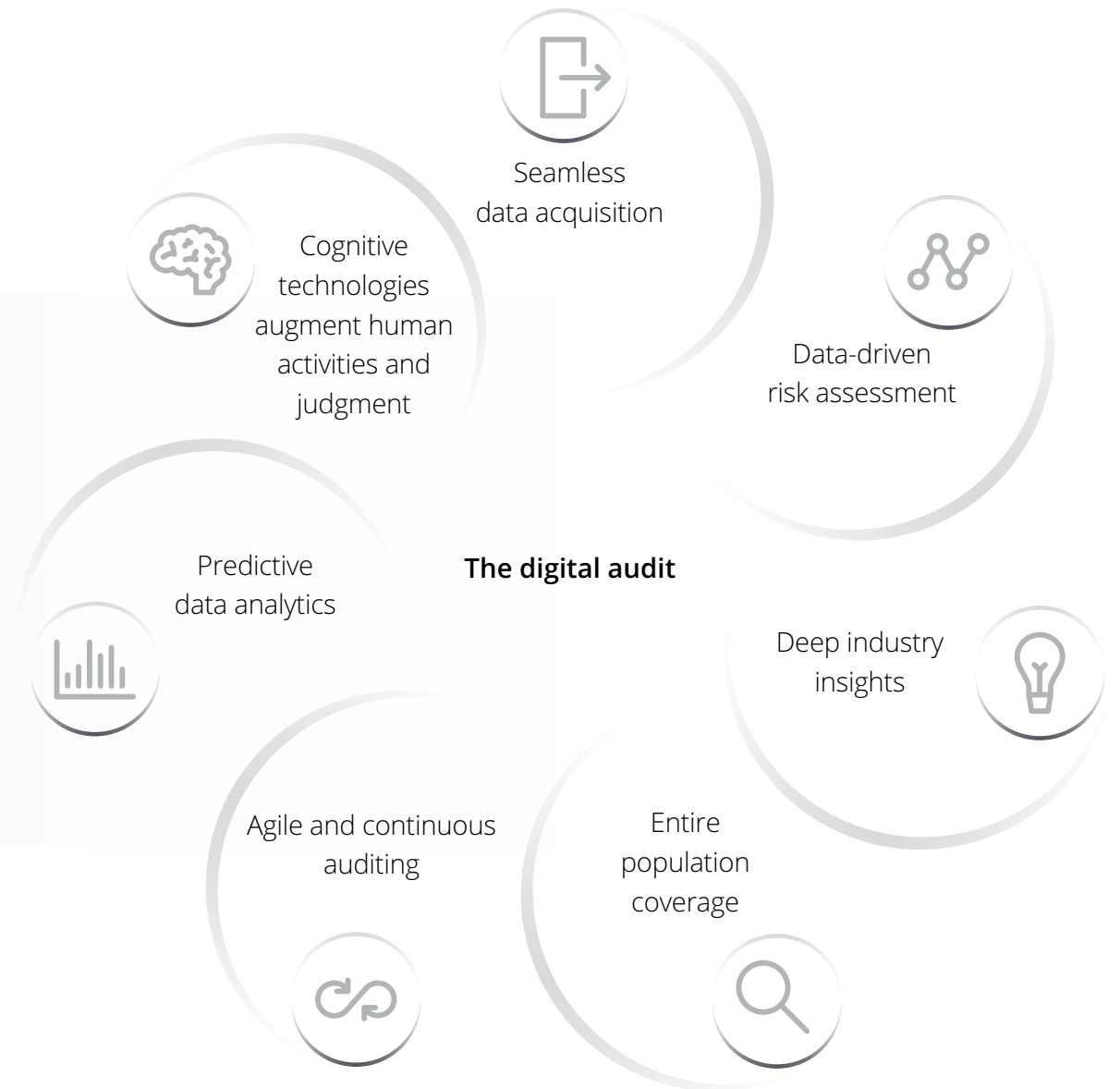




*“Our transformation journey is fueled by innovation and elevating the talent experience. As we integrate our talent and digital strategies, we’re harmonizing our people, processes, and technologies to uncover a new standard of excellence. By empowering professionals to harness Deloitte Omnia’s capabilities and advanced solutions such as Generative AI—while strategically assigning opportunities to optimize the unique skills and interests of our people—we’re not just adapting; we’re redefining audit and assurance services and our approach to delivering differentiated, high-quality audits.”*

— **Chris Griffin**, Managing Partner—Transformation & Technology, Deloitte & Touche LLP

We’ve been on a journey to transform and digitize our audits and have invested more than \$1 billion on this journey over the past five years. This transformation is driven by a vision and strategy utilizing advanced technology and data analytics; is grounded by our risk-based methodology and standardized workflows; and showcases our professionals’ skills and experience. We have more than 1,000 US and global professionals that comprise our dedicated audit transformation and technology teams, bringing resources and the best thinking from across Deloitte’s multidisciplinary organization, as well as our global network of member firms. Our team collaborates with technical and quality specialists, developers, designers, consultants, data scientists, and strategists to create innovative solutions. Our transformative technology and audit approach delivers high-quality, objective insights, and allows for a unique and tailored audit experience for our clients and our people.



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## Transformative technologies



### Generative AI

We are actively working to incorporate Generative Artificial Intelligence (GenAI) into our own platforms to optimize and enhance the way we deliver services to take full advantage of this transformative technology.

For example, we released “DARTbot,” an advanced internal chatbot powered by cutting-edge GenAI. DARTbot can generate intelligent responses and provide valuable insights to support more than 35,000 of Deloitte’s US Audit & Assurance professionals in their daily tasks and decision-making processes.

Additionally, we have expanded our specialist teams to include AI specialists to assist auditors when AI is used in financial reporting activities.

### Omnia

Our audits are enabled by Deloitte Omnia, the first end-to-end, data-driven, globally integrated audit platform in the profession designed, built, and hosted in the cloud. Deloitte Omnia is deployed to 100% of audits performed under PCAOB standards.

Through Deloitte Omnia, which includes a multitude of next-generation audit functionalities, we deliver a flexible experience that promotes high quality through data-driven risk identification and transparent and collaborative workflows, such as:

- Enhanced workflows and collaboration, automation, predictive data analytics, and artificial intelligence.
- Transparent engagement status through real-time monitoring, including a central monitoring dashboard to monitor multi-location audits.
- Innovative entity and account-based risk engines that leverage industry data and prediction models to detect key entity risks and account balance-specific risk levels. This enables the early identification of risk and adaptation of scope, while being directly connected to our methodology and audit outcomes.
- Industry and account-specific analytic suites that can securely acquire data from client systems or personnel to audit full populations, where appropriate.
- Automation that improves effectiveness and efficiency of our testing and enables our professionals and our clients to focus efforts and skills on high quality and what matters most.
- Scaled use of powerful proprietary algorithms that build “One Deloitte Price” pricing valuations for tens of thousands of pricing valuations daily, in minutes.
- Securely centralizing data flows, communications, and consolidation of audit requests to provide a simple, flexible workflow that creates a transparent, real-time, collaborative process that benefits everyone involved in conducting the audit by focusing on what matters.
- Digital asset audit tool that enables auditors to effectively analyze multiple types of digital assets and verify the integrity of private key material.

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## Award-winning audit innovation



### **Deloitte Omnia GenAI capabilities**

In 2024, Deloitte's Omnia GenAI capabilities, which leverage GenAI technology to streamline audit workflows and expedite technical updates, won the "AI Innovation Initiative of the Year" award at the International Accounting Forum and Awards.

### **Omnia ESG capabilities**

In 2022, Deloitte's Omnia ESG capabilities, which use advanced technology to effectively bring together four key phases of the environmental, social, and governance (ESG) reporting and assurance process (materiality assessment, topic mapping, disclosure management, and benchmarking), won the "Digital Innovation of the Year" award by the International Accounting Bulletin at the International Accounting Forum and Awards. Marking the third consecutive year, and fifth year overall, that Deloitte has won the award.

At Enterprise Asia's 2022 International Innovation Awards (IIA), Deloitte won top honors in the "Product" category for its Omnia ESG capabilities. IIA recognized Omnia ESG as a comprehensive and structured framework, powered by artificial intelligence and machine learning to help address multiple standards, dueling disclosure frameworks, and rising regulator expectations.

### **Omnia Trustworthy AI Module**

Deloitte's Omnia Trustworthy AI Module was named the 2021 "Digital Innovation of the Year" by the *International Accounting Bulletin* at the International Accounting Forum and Awards. The module identifies model biases and cyber vulnerabilities to advise organizations in their assessment as to whether their AI meets ethical, trustworthy, and fairness standards.

### **Omnia DNAV**

Omnia DNAV, a digital, cloud-based technology that revolutionizes the audit of securities and investments, was named "Audit Innovation of the Year" in 2020 by the *International Accounting Bulletin* at the International Accounting Forum and Awards. It combines digital technologies, automation, data science, and artificial intelligence with auditor judgment to drastically reduce manual effort and allow for 100% coverage of a client's securities transaction records.

## Data analytics



Data analytics are integral to our execution of high-quality, insightful engagements. Embedded directly into our methodology, the consistent use of data analytics is supported by our secure, effective, and repeatable processes. We treat data as the currency of quality in a digital audit. We are executing a global data management strategy to promote data security and quality in all aspects of our process. Our auditors are trained to leverage analytics throughout the process as well as work with a team of specialists with access to our robust library of industry-tailored analytics. Our engagement teams prepare, interpret, and apply analytics to audit procedures across the audit process.

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The use of data analytics enables us to:

- See the full picture by examining entire populations of data;
- Identify trends and anomalies for more precise risk assessments and to direct our focus to what matters most;
- Utilize data analysis in each phase of the audit as valuable evidence for a high-quality audit;
- Unlock insights to enhance decision-making and add value; and
- Explore data in real time through dynamic data visualizations.

### Accelerator program



Through our Accelerator program, we promote digital consistency in our audit procedures to drive high audit quality. Our Accelerators include partners, managing directors, and senior managers with deep experience in our audit methodology and with our transformation tools and techniques. Each Accelerator works with our engagement teams, acting as a catalyst to drive change, advise, and enable continuous improvement. Our Accelerators work in tandem with our Audit Analytics and Project Management professionals to support and educate engagement teams on their use of data, analytics, and automation to further promote audit quality.

### Centers of Excellence



Our Centers of Excellence are expanding to drive audit consistency and execute high-quality audit procedures. With more than 8,000 highly skilled and experienced professionals operating across multiple locations in the United States and India, our Centers of Excellence focus on audit matters unique to key industries, as well as on audit areas that are applicable across multiple industries, such as goodwill, security pricing, and employee benefit plans. They leverage our global audit workflows to enhance consistency across certain audit tasks. Professionals in our Centers of Excellence receive similar training, supervision, and review of their work as our audit professionals working on the core engagement teams. Project management is also critical to audit quality. Our highly specialized project managers provide leading project management support to our engagement teams throughout the audit life cycle.

### Fostering a culture of innovation



We host a National Audit Innovation Campus Challenge, which engages students and faculty from campuses across the United States, providing students an opportunity to leverage their skills and experience through practical application by responding to a reality-based challenge statement while sharing the culture of innovation at Deloitte with academia and future professionals. Most recently, the challenge statement asked teams to consider the role of the accounting profession as the ESG landscape continues to rapidly evolve.

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# Shaping the future of the profession



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As the largest professional services organization in the world, we have a responsibility to the profession to be forward-looking and committed to building a vibrant future. We are engaged in raising awareness and helping investors and companies, as well as the general public, appreciate and understand the auditor's role. To that end, we are constructively engaged in the dialogue around accounting and auditing standard-setting, emerging market issues, assurance services, and other topics critical to shaping the future of the profession.

### Thought leadership

We issued more than 115 publications, webcasts, and videos with 533,000+ downloads of publications, 2.3 million online views, and 16,600+ views of our 23 videos in FY2024. Publications include more than 30 volumes in our [Roadmap series](#), which provides in-depth analyses of accounting and financial reporting issues, as well as [On the Radar](#), which addresses current issues associated with topics covered in the Roadmap publications.

Other publications issued and webcasts held during the year focused on emerging topics including crypto assets, climate legislation, and guidance released by the Financial Accounting Standards Board (FASB) and SEC. A dedicated [ESG financial reporting resource page](#) was created to address climate-related and other ESG matters.

We launched DART by Deloitte, a mobile app of an accounting and financial reporting research library. Offered both internally for Audit & Assurance professionals and externally, the app allows users to view current events related to accounting and financial reporting on the go and works seamlessly between their desktop and mobile device. Additionally, we released [DARTbot](#), an advanced internal chatbot.

### Engaging with regulators and standard-setters

Consistent with our desire to set the standard of excellence for the profession, we are committed to engaging in the regulatory and standard-setting processes and do so through our professionals' participation. We also provide a Deloitte point of view in public discussions on key topics, including in our own responses to requests for comment by regulators and standard-setters, as well as by contributing to profession-wide responses. The goal of our engagement is both to contribute to the quality of regulations and standards by providing our technical experience and perspectives and to support our own understanding and compliance with new standards and rules. Our engagement aligns with our focus on audit quality and is a demonstration of our commitment to doing more than simply meeting professional and regulatory standards.

### Working together as a profession

Mindful of our duty to the investing public and our responsibility to promote the effective functioning of the capital markets, we work constructively with a range of stakeholders to enhance the effectiveness of audit quality. We believe that elevating audit quality in the profession benefits the capital markets, and we take a leadership role in activities designed to elevate audit quality across the profession through the exchange of leading practices and active participation on issues relevant to audit quality.

Deloitte encourages and supports our leaders engaging with various external key stakeholders, including all of the following:

- Center for Audit Quality (CAQ)
- Individual State Boards of Accountancy
- Individual State CPA Society Boards and State Society Foundation Boards
- National Association of State Boards of Accountancy (NASBA)
- American Institute of Certified Public Accountants (AICPA)
- National Association of Black Accountants (NABA)





*“Around the world, policymakers, regulators, and standard-setters are continuing to integrate ESG factors into reporting requirements. The risks associated with poor quality reporting can result in compliance issues, assurance challenges, and reputational damage. Deloitte brings an independent and objective mindset that provides deep insights into organizational sustainability and resilience while also building investor confidence.”*

— **Kristen Sullivan**, Audit & Assurance Partner, US Sustainability and ESG Marketplace Leader, Deloitte & Touche LLP

## Environmental, social, and governance

We continue to expand our service offering capabilities to deliver assurance in response to complex and evolving market demands and trends. One way we’re adapting to the capital markets’ needs is through responding to both our clients and their stakeholders as they navigate an ever evolving set of ESG topics—specifically climate—in the face of increasing global regulation and a dynamic political environment around the globe. As ESG matters evolve they continue to receive focus from boards, audit committees, and regulators, with investors and other stakeholders increasingly requesting more detailed and reliable ESG information. We are well positioned to provide our audit clients with ESG assurance services as they work to meet the needs of the capital markets.

### ESG information helps users of reporting understand:



**Enterprise value creation** (for investors), to gain insights into the resilience of organizations’ business models and supply chains, as well as the broader risks they face.



**Sustainable development** (for broader stakeholders), to understand the impact organizations have on people, profit, the planet, and their contributions to achieving the Sustainable Development Goals (SDGs) set out by the United Nations.

### Benefits of embedding the ESG principles

Reporting on ESG can contribute to the following:



#### Access to capital

Better access to capital, as it can increase business resilience and improve overall performance.



#### Trust to investors

Trust to investors and can illustrate the organization’s desire to invest into green initiatives, disclose the impact on the people involved, and provide transparent governance.



#### Consumer preference

Consumers are increasingly willing to buy from organizations that have integrated sustainability matters and considerations into their product or services.

Our objective role as an independent auditor, with our commitment to quality, positions us well to provide assurance on ESG metrics, which can be used to portray enterprise value. Our professional capabilities and industry experience allow us to deliver expanded assurance in tandem with financial statement audits and bring a potentially new level of service to our clients.

Our Audit & Assurance professionals are supported by an ESG team that is composed of CPAs, climate scientists, greenhouse gas specialists, and industry leaders. We have been recognized for our leading-edge technology and innovative culture, with Omnia ESG capabilities receiving recognition as a data-fueled solution that helps transform ESG information into insights for our clients and deliver greater quality, effectiveness, and perspective.



# Understanding the needs of our stakeholders



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## Audit Quality Advisory Council

Our Audit Quality Advisory Council (AQAC) comprises eminent representatives from a cross-section of disciplines. The members of our AQAC bring perspectives based on their current and prior leadership roles and experiences, including as academics, regulators, investors, standard-setters, auditors, audit committee members, and public company executives. Our senior leadership regularly meets with our AQAC throughout the year to discuss a wide range of current issues relevant to audit quality and the future of the profession. Current members of our AQAC are noted below. We are pleased to welcome Jim Kroeker, who joined the Council effective September 1. The terms of Council members Dan Goelzer and Jon Lukomnik will end on December 31, 2024. We are thankful for the years of service of our departing members and look forward to our continued engagement with the Council.



### Daniel Goelzer, Chair

Mr. Goelzer is a retired partner of the law firm Baker McKenzie LLP where he practiced securities law. He is a founding board member and former acting chair of the PCAOB. He also served for seven years as general counsel of the US SEC. He was a member of the Sustainability Accounting Standards Board and vice chair of the International Forum of Independent Audit Regulators. Mr. Goelzer has served on several nonprofit organization boards.



### Jim Kroeker

Mr. Kroeker is a former member and vice chair of the FASB where he participated in the standard-setting process and assisted the chair in representing the FASB to external stakeholders and in conducting its internal operations. Prior to joining the FASB in 2013, he served as the chief accountant of the SEC. He is also a former partner in Deloitte's Quality & Professional Practice Network.



### Jon Lukomnik

Mr. Lukomnik is a managing partner of Sinclair Capital LLC, serves on the board of a mutual fund, and serves as an adjunct professor of International and Public Affairs and a Brandmeyer Fellow for Impact and Sustainable Investing at Columbia University. He is a member of the PCAOB Standing and Emerging Issues Advisory Group (SEIAG) and previously served as executive director of the Investor Responsibility Research Center Institute. Mr. Lukomnik has been the investment advisor or a trustee for more than \$100 billion in institutional investments in his career.



### Laura Phillips

Ms. Phillips is an advisory member of Financial Executives International's Committee on Corporate Reporting. She has more than 30 years of diverse business experience, including senior leadership roles at GM and Google. She is a former deputy chief auditor of the PCAOB. Ms. Phillips began her career with Ernst & Young as an auditor, including four years in the firm's national office.



### Kecia Williams Smith

Dr. Smith is associate professor and director of the Master of Accountancy Program in the Department of Accounting and Finance at North Carolina A&T State University. She also serves on the PCAOB SEIAG and the North Carolina State Board of CPA Examiners. Prior to entering academia, she was an associate director at the PCAOB within the Division of Registration and Inspections and an audit senior manager.

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## Engaging with audit committees

As auditors, we take our reporting relationship to each company's audit committee seriously, embracing the opportunity to have candid, two-way conversations that strengthen audit quality and help the audit committee execute its fiduciary responsibilities. Our commitment to audit committees goes far beyond the individual engagement—it extends to being at the forefront of conversations across the audit committee community. We strive to contribute to strong governance by bringing thought leadership, industry knowledge, and business insights to every conversation, drawing on the vast pool of research and hands-on audit experience that Deloitte offers.

As part of our [Center for Board Effectiveness](#), we offer a portfolio of insights, experiences, and educational programs that can help audit committee members and board members fulfill their responsibilities. Whether an individual is aspiring to board service or has extensive governance experience, our resources cover a range of focus areas, such as audit, strategy, risk, innovation, compensation, technology, succession, and more.

## Marketplace insights

We proactively seek perspective from key stakeholders and follow third-party research to help us stay current on the latest trends and insights across industries. Throughout the year, we engage with stakeholders and conduct surveys and online polls in addition to leveraging third-party information to help guide our thinking and inform our work.

- [Investor Outreach Program](#)—The investor community is a key stakeholder for our Audit & Assurance business. As part of our efforts to foster increased dialogue with investors and better understand their perspectives, our investor engagement initiatives include regular outreach and interaction with a number of institutional investors.
- [CFO Signals™](#)—Deloitte's CFO Program conducts a quarterly "pulse survey" to provide CFOs with information regarding peers' thinking across a variety of topics. Respondents include CFOs from public and private companies that predominantly have more than US\$3 billion in annual revenues, and participation is open to all sectors.
- [Deloitte Dbriefs](#)—Deloitte Dbriefs are informative, interactive, and convenient webcasts that cover a spectrum of issues and important developments affecting businesses. Each Dbriefs webcast provides an opportunity to poll attendees on the topics discussed during the Dbriefs, which provides further insights into these topics. Reviewing the data from the online polls taken during these webcasts provides our professionals critical insights related to the challenges and obstacles facing organizations.

We also leverage these insights to provide timely, objective, and thought-provoking research developed for the benefit of boards of directors, audit committee members, C-suite executives, investors, and other governance leaders through various channels, including resources from our Center for Board Effectiveness and different forms of thought leadership.

- [Heads Up Newsletter](#)
- [Roadmap Series](#)
- [On the Radar Series](#)
- [Other resources available for subscription](#)

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