



2024 Transparency Report

Deloitte US

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As used in the document, “Deloitte” or the “Deloitte US entities” means one or more of Deloitte & Touche LLP, Deloitte LLP (and its other subsidiaries) and Deloitte USA LLP. Please see [www.deloitte.com/us/about](http://www.deloitte.com/us/about) for a detailed description of our legal structure. Certain services may not be available to attest clients under the rules and regulations of public accounting.

The Deloitte US 2024 Transparency Report is published in accordance with the requirement set forth in the Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 (EU Audit Regulation), for our fiscal year ended June 1, 2024.



# A message from leadership

To our clients and stakeholders:

Delivering high-quality audit and assurance services with integrity and ethical behavior remains our top priority. We take pride in our quality-first culture and dedication to professional excellence as we fulfill our purpose to strengthen trust and transparency in the capital markets.



The significance of the role we play in protecting the investing public has intensified in the face of evolving regulations, technology advancements, and macroeconomic influences. In response, we remain committed to continuously improving and transforming our business to further enhance quality, achieve client service excellence, and provide a talent experience that offers opportunities for our people to grow their skills and capabilities.

Our teams embody our strategy by leveraging a risk-based and data-driven approach to auditing paired with cutting-edge technology. Deloitte Omnia, our cloud-based audit delivery platform, has a suite of capabilities designed to be future-focused, meeting the evolving needs of our teams and clients. By incorporating advanced technologies, such as Generative AI, we are able to accelerate processes and empower our people to focus on high-value activities that drive quality.

The Deloitte US 2024 Transparency Report provides an in-depth look at our structure, governance, and approach to delivering high-quality audit and assurance services—all of which is supported by our robust system of quality control. We publish this report annually to provide disclosure on certain categories of information identified in the United States and European Union standards related to corporate governance and transparency. We welcome the opportunity to share this information about our business and how we are protecting the public interest with integrity and ethical leadership.

Thank you for your interest in learning more about the ways we are strengthening our culture of quality, sustaining our commitment to ethics and integrity, and continuing to set the standard of excellence for our profession.

Sincerely,

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

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



# Our commitment to quality

Our commitment to audit quality permeates everything we do—including our culture and business priorities, professional development and performance management, and the resources and processes through which we design and execute our audits.

In conjunction with other key elements of the financial reporting ecosystem, including management’s control environment and audit committee oversight, the independent audit provides reasonable assurance about whether the financial statements are free of material misstatement, and (if applicable) whether management maintained effective internal control over financial reporting, and thus helps to enhance investor confidence and promote the effective functioning and integrity of the capital markets. Making sure audit quality keeps pace with emerging economic, business, financial, and regulatory conditions, as well as advancements in technology, is crucial to continuously enhancing the overall strength and integrity of the financial reporting system.

We are keenly aware of our obligation to deliver audit services that meet the challenges and complexities of the current macroeconomic environment and that comply with professional and regulatory standards. For the financial reporting system to function as intended, it is vital that the auditor’s role be executed effectively.

We are committed to doing more than simply meeting requirements and conforming to expectations. Our desire is to set the standard of excellence for the profession. In keeping with that objective, our commitment to audit quality is unequivocal.

## Commitment to ethical leadership

We believe a key element of professional excellence is setting the right tone at the top. Effective tone at the top begins with senior leadership and continues through to our engagement teams. Our focus on audit quality and our commitment to integrity and ethical behavior are evident through the direct involvement of leaders at all levels and are consistently emphasized through role model behavior, leadership communications, leadership on engagement teams, our learning curriculum, and our performance management processes. Exercising professional skepticism and acting with integrity are core to our quality principles and are shared responsibilities for which all our professionals, including our partners, principals, managing directors, and other professional staff (collectively, “professionals”), are held accountable. We understand our unique role in helping to enhance trust in the capital

markets, which includes holding ourselves to the highest standards of integrity.

## Independence, objectivity, and professional skepticism

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 (A&A) business such that short-term financial and operational considerations do not override fidelity to professional standards or serving the public interest.

Internal messaging to our professionals emphasizes that we, as auditors, are evaluators who must maintain a mindset of professional skepticism throughout the conduct of our work. This approach to the audit is reflected in all aspects of our policies, methods, procedures, and training, and is reinforced through robust quality control and accountability measures.

## Capability for high-quality audits

Aligning the appropriate competencies and resources in the conduct of our audits is one way in which we achieve our objective of a high-quality audit. Developing our professionals includes a focus on recruitment, training, and deployment. Our objective is to have a full complement of professionals who understand and apply the standards, policies, and procedures that constitute the audit, including professionals with deep technical, subject matter, and industry knowledge.

Other resources include the proprietary tools, guidance materials, and practice aids that are used in conducting audits, which are available to all our professionals in an extensive online library. Access to the latest information, including industry, marketplace, and news data, is critical to the effectiveness of our audit teams; we regularly issue accounting and auditing guidance to audit professionals and communicate developments that may affect audit quality.

Various other required processes also assist in achieving high-quality audits. Among these are activities for making client acceptance and continuance decisions, agreeing on the scope and terms of the engagement, maintaining independence, staffing the engagement team, planning and performing the audit, managing engagements, conducting consultations on complex issues, evaluating performance, implementing improvements, and communicating with the audit committee.



## Audit engagement acceptance and continuance

To evaluate whether to accept or to continue an audit engagement, we assess the risks associated with performing the audit and the risk that we will be exposed to adverse consequences as a result of association with the entity; the results of our assessment are one of many inputs that inform decisions about the planning and performance of the audit.

Our procedures for assessing whether to accept a new audit engagement or to continue an existing engagement are rigorous and encompass many considerations, including:

- Independence and conflict-of-interest assessments and considerations.
- The reputation and integrity of the audit committee and management, including the results of background checks and searches for regulatory sanctions.
- The management culture of the company, including management's commitment to the appropriate application of accounting standards (e.g., generally accepted accounting principles in the United States of America (US GAAP)) and to implementing and maintaining effective internal control over financial reporting.
- The evaluation of certain risk factors relative to the engagement as well as the nature of the services we are requested to perform.
- The nature of the business, with special focus on emerging or unusual businesses where association may impair our brand or reputation.
- The apparent financial viability of the entity at the time of our assessment.

Our assessment of audit engagement risk begins during the acceptance or continuance process and lasts throughout the engagement. It influences the nature, timing, and extent of audit procedures we perform, as well as the resources within the Deloitte network that we involve in the performance of our audit services.

## Audit approach

Our approach to a high-quality audit involves an audit methodology, common across the global Deloitte network, driven by Deloitte Omnia, our cloud-based audit delivery platform, that includes a suite of audit tools used by our professionals to plan, perform, supervise, review, document, conclude, and communicate the results of each audit. Our audit approach is underpinned by professional standards.

Our audit methodology is dynamic—it evolves to keep pace with the changing demands of companies, investors, regulators, and other stakeholders. It recognizes that

advances in the availability and management of large data sets and in statistical science are relevant to continuing to enhance the quality of our audits.

Our audit process is fueled by innovation. Our investments in cloud technology and digital solutions are bringing artificial intelligence (AI), automated workflow processes, and advanced analytics into the audit process.

Our audit methodology is risk-based, focusing on those financial statement account balances, disclosures, and underlying assertions that have a reasonable possibility of being materially misstated. During the planning phase of the audit, we identify risks of material misstatement and then tailor the audit to respond to such risks. Our risk assessment process draws on our understanding of the entity and its environment, including internal control. As an iterative process, we reevaluate risks of material misstatement throughout the audit and revise our audit plan, as needed.

The engagement team tailors and executes procedures to address the assessed risks of material misstatement, focusing on gathering sufficient, appropriate audit evidence. If we perform an integrated audit—i.e., an audit of both the financial statements and the effectiveness of the entity's internal control over financial reporting—our identification and testing of internal controls that address those assessed risks of material misstatement become a required part of our audit.

In addition, high-quality audits are associated with appropriate sequencing of audit activities, including the timely review of work performed and the resolution of matters identified. Audit Quality Milestones (AQMs) drive consistent project management, including timely resolution of matters identified; timing of audit work; and a focus on engagement staffing, including the sufficiency of staff and the skills, knowledge, and experience of assigned resources. In support of our culture of continuous improvement, AQMs also include engagement team-based discussions which are partner-led and focus on specific topics that are important to performing high-quality audits. Select engagement teams are further supported by an engagement coaching program that focuses on changes in standards and methodology and areas for continuous improvement. The engagement team coaching program, which includes both a risk-based and representative selection of engagements, occurs prior to issuance of our audit opinion and focuses on engagement team execution throughout the audit cycle.

## The engagement team

The selection of the engagement team is important to the execution of an effective and efficient audit. An audit partner or a managing director has leadership responsibilities for the audit. In the case of public company audits, a partner is required to lead the engagement team. In this report, we use



“engagement partner” to describe the partner or managing director responsible for the overall quality of each audit. The engagement team may also include other partners or managing directors and typically includes one or more of the following professionals: audit senior manager, audit manager, audit senior, audit senior assistant, and audit assistant, as well as relevant internal specialists. The engagement team’s composition varies depending on the size, nature, and complexity of the company’s operations.

**Rotation of key audit partners and professionals**—The periodic rotation of partners on audit engagement teams helps us maintain our objectivity and professional skepticism. It is also an opportunity to develop leaders.

We have a deliberate and objective succession planning process that identifies leaders to fill engagement partner roles and other senior leadership positions on the engagement team.

We rotate our partners on audit engagements following applicable regulatory requirements and professional guidelines. For example, the US Securities and Exchange Commission (SEC) requires that the engagement partner and the partner serving as the engagement quality reviewer (EQR) for public companies may not serve in those capacities for more than five consecutive years. A time-out period of at least five years is required before either partner may return to the engagement. Certain other partners who provide audit services must rotate every seven years and are subject to a two-year time-out period. In addition to the rotation requirements for partners, consideration is given to potential long association risks of other professionals on audit engagements.

**Engagement direction, supervision and review**—The engagement partner leads the overall planning and conduct of the audit. More experienced team members supervise less experienced members so that professionals at all levels receive guidance to help perform their work effectively. Audit documentation is prepared and reviewed to ensure the work was performed and documented, the objectives of the procedures were achieved, and the results of the work support the conclusions reached.

**Audit documentation**—Audit documentation is the record of our audit engagement. It demonstrates that the work performed complies with professional standards, provides evidence of the basis for our conclusions, and shows that the underlying accounting records agree or reconcile with the financial statements. We have clearly articulated policies and practice aids that assist our professionals in understanding and complying with documentation and archiving processes

and requirements. The engagement partner is ultimately responsible for the timely assembly and archiving of the audit documentation.

**Engagement quality review**—In addition to the engagement partner review, 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 and Professional Practice Network (“Quality Network”). The EQR 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 a concurring approval of issuance.

**Consultation**—Quality and risk management considerations are integral to our audit business and at times may require consultation with the Quality Network. We view consultation as an essential, collaborative process—one that helps determine the most appropriate answers to complex questions. Our consultation policies require that conclusions are documented, understood, and implemented. Further, our consultation policies establish a process for resolving differences of opinion, demonstrating our commitment to open exchange and appropriate resolution when there are differing views. In addition to consultations, whenever partners and managing directors need additional information or perspectives, they are encouraged to seek assistance from the Quality Network or others in the organization with specialized knowledge.

## The Quality and Professional Practice Network

The Quality Network’s primary responsibilities are to provide consultation resources with deep technical knowledge in accounting, auditing, industry, and risk; to design, operate, and monitor our System of Quality Control<sup>1</sup> (SQC), including monitoring and inspecting our audits; to provide oversight, leadership, and direction on US quality activities; to maintain audit manuals, policies, and guidance used by our professionals; to develop internal and external resources covering a variety of accounting and financial reporting topics; to assist with the development and delivery of learning courses; and to engage with regulators and standard setters.

Through consultation and collaboration, this Quality Network provides our engagement teams with access to knowledgeable, competent, and objective professionals who provide authoritative insights that are essential to delivering high-quality audits.

<sup>1</sup> The International Auditing & Assurance Standards Board uses the term “quality management” in place of “quality control”. The Public Company Accounting Oversight Board uses the term “quality control,” consistent with the Sarbanes-Oxley Act of 2002. The PCAOB has stated that firms would be free to refer to either quality control or quality management. We have used “quality control” for purposes of describing our processes.



## System of quality control

We believe an effective SQC is crucial for the consistent performance of high-quality audit engagements, and we continue to make significant investments in the people, processes, and technologies that underlie our SQC. Our SQC incorporates quality activities across our business that are designed and implemented to respond to identified quality risks.

Regulators and standard setters globally and in the United States are focused on driving further improvement in a firms' SQC. We have implemented the International Auditing & Assurance Standards Board (IAASB) International Standard on Quality Management 1 (ISQM 1), *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*. ISQM 1 provides for a risk-based approach to the SQC that requires firms to design, implement, and operate an SQC focused on eight integrated components:

- The firm's risk assessment process
- Governance and leadership
- Relevant ethical requirements
- Acceptance and continuance of client relationships and specific engagements
- Engagement performance
- Resources
- Information and communication
- The monitoring and remediation process

We leverage a globally consistent technology platform to facilitate the design and maintenance of our SQC, facilitate

triannual assessments, and support the required annual evaluation.

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*. This standard will be effective on December 15, 2025, and requires firms to perform an annual assessment of their SQC as of September 30. PCAOB QC 1000 is an integrated, risk-based standard, that mandates quality objectives and key processes for firms' SQC. QC 1000 has commonalities with ISQM 1, but in certain areas, such as firm governance, monitoring and remediation, and the evaluation of the SQC, it introduces more specific requirements. We are in the process of performing a review of our SQC against the requirements of QC 1000 to determine the changes and enhancements needed.

Our Audit and Assurance Oversight Committee (AAOC) supports the governance of audit quality and continuous improvement within the SQC by overseeing critical elements of the SQC design and operation. The AAOC consists of experienced partners with no operational responsibilities for aspects of the SQC, allowing them to provide objective oversight and balanced judgments regarding the performance of the SQC, as well as share insights to drive enhancements on quality.

Consistent with Deloitte's culture of continuous improvement and innovation, we embrace the opportunity to challenge ourselves—examining those areas where we can further support and transform our SQC. Audit quality is always front and center, and robust audit quality monitoring and measurement processes play an integral role in our ability to continually improve.

## Statement on the effectiveness of the system of quality control

Deloitte & Touche LLP is responsible for designing, implementing, and operating a system of quality control for audits or reviews of financial statements, or other assurance or related services engagements performed by the firm, that provides the firm with reasonable assurance that the objectives of the system of quality control are being achieved. The objectives are:

- The firm and its personnel fulfill their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements and
- Engagement reports issued by the firm or engagement partners are appropriate in the circumstances.

Deloitte & Touche LLP conducted its evaluation in accordance with the International Standard on Quality Management 1.

Deloitte & Touche LLP concluded that the system of quality control provides the firm with reasonable assurance that objectives of the system of quality control are being achieved as of June 1, 2024.

Reasonable assurance is obtained when the system of quality control reduces to an acceptably low level the risk that the objectives of the system of quality control are not achieved. Reasonable assurance is not an absolute level of assurance, because there are inherent limitations of a system of quality control.



## Audit transformation

Innovation and technology enablement are expected in today's fast-changing business environment, and this expectation holds true for the audit profession as well. Today's complex business environment requires the audit to be dynamic, multidimensional, and insightful. There is a demand for real-time, relevant information, and an expectation that audit firms will evolve as they innovate and digitize their businesses and processes.

The current landscape and evolving expectations of our business, people, and clients also requires us to create new ways of executing audit and assurance services. We have continued to redefine the flow of work to support having the right people in the right place at the right time and equipped with the technologies, processes, and skillsets necessary to deliver an elevated client experience, rooted in our continued commitment to quality.

We are reimagining how and where our people are deployed to deliver high-quality work that aligns with their subject matter knowledge, industry experience, interests, and skillsets—and delivers more intentional professional development.

We are also nurturing continuous learning by exploring innovative ways to deliver development opportunities through generative artificial intelligence (GenAI), learning in the flow of work technologies, skills-based deployment efforts, and cross-skilling experiences, while building an apprenticeship culture with on-the-job training.

With Deloitte Omnia, our cloud-based audit delivery platform that is the foundation of our technology suite, Deloitte is embedding agile innovation into the core of how we audit, including automation that simplifies routine tasks, analytics that yield a deeper and more insightful view into data, and AI with workflow automation that enhances human discovery and problem solving.

Audit quality is at the center of our culture of innovation. Deloitte is committed to the continued investment in emerging technologies that enable the delivery of quality, insights, and value. This includes our integrated suite of enhanced innovation features all connected through the cloud, such as:

- GenAI to power an internal chatbot providing real-time guidance, answering queries, and assisting professionals in navigating complex accounting questions and easing access to research materials.
- AI and natural language processing for document interrogation, analysis, and financial statement version management.

## Audit and assurance—the future, today

Our commitment to quality, integrity, and to serving the public interest expands beyond financial statement audits, to all assurance we provide in the areas that matter most.

What does this look like? A constantly evolving A&A business that leverages bright minds, effective processes, and world-class technologies, while drawing on our years of experience. We deliver high-quality services in an efficient and effective way that upholds integrity, builds confidence, and drives value by focusing on what really matters.

We have deep experience connecting enterprises to the AI ecosystem. Informed by that experience, Trustworthy AI™ is our approach to managing AI risks and guiding us as we develop solutions for our digital audit.

AI, block chain and digital assets, cloud, digital acceleration, and other enablers are driving change in how businesses operate and areas for which stakeholders are seeking third-party assurance services. At the same time, companies are pressing forward with adopting more sustainable business practices and responding to a rapidly evolving regulatory and standard-setting environment, which has also led to an increased demand for assurance on sustainability-related matters. Regardless of the subject matter, our purpose remains the same—to provide services that instill trust and confidence to our clients, stakeholders, and society.

- Sophisticated predictive analytics to assist audit teams in performing enhanced risk assessment and substantive analytical procedures.
- A cloud-based valuation solution that revolutionizes the audit of securities and investments by using sophisticated algorithms to instantly execute investment valuations and automate procedures.

Through integrating talent transformation and technology, we are enhancing the experience for both our clients and our people with a cohesive strategy that brings together our people, processes, and technologies to facilitate high-quality audits, provide enhanced insights, and reduce administrative tasks.

## Multidisciplinary business model

Our robust multidisciplinary business model is an indispensable asset that contributes to performing high-quality audits. In order to audit the most difficult and complex areas of a company's business, it is essential for us to have a vibrant multidisciplinary organization where leading





functional and industry subject matter resources across a range of disciplines reside under one umbrella. Among the benefits of our multidisciplinary business model are:

- Immediate access to specialized resources and experience that is crucial to performing high-quality audits.
- Strengths, capabilities, and experience to make significant investments in audit and assurance quality, particularly as we invest in technology-enabled delivery of our services.
- Industry insights through multiple lenses enhance our understanding of business risks.
- Intellectual capital from other service lines is deployed back into our audit processes.

A thriving multidisciplinary organization attracts top-caliber individuals from universities and the experienced talent market.

We recognize there are risks inherent to this model and we proactively manage these risks with controls and safeguards to ensure that the fulfillment of our public interest mandate—performing high-quality audits—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 managed well, having a robust multidisciplinary business model and executing high-quality audits are complementary to one another.

## Environmental, social, and governance reporting

We have observed that the demand for disclosure by companies in the areas of environmental, social, and governance (ESG)—especially climate—has continued to accelerate in part because of the continued focus by investors and other stakeholders on the importance of this information to assess companies' performance and societal impact.

This focus has led to continued discussions about potential ways for companies to strengthen the quality of the information being disclosed, including through enhanced IT systems, processes, controls, and governance, as well as independent external assurance over ESG information.

It has also contributed to developments in the standards for disclosure by companies around the world, including climate disclosure requirements in the US adopted by the SEC (currently stayed, pending judicial review), and the European Union's (EU) Corporate Sustainability Reporting Directive, which will require reporting of climate- and sustainability-related information by US-based companies with significant operations in the EU. Additionally, the International Sustainability Standards Board has adopted standards on corporate sustainability disclosures that a number of jurisdictions have adopted or are considering adopting.

To ensure we are prepared to meet the evolving needs of the capital markets and developing regulatory requirements, we have continued to invest in our professional capabilities and specialist experience to enable us to deliver expanded assurance on ESG in tandem with financial statement audits. To this end, we have deployed climate-related learning curriculum, enhanced guidance to deliver limited and reasonable ESG assurance, and technology-enabled tools to equip our professionals with the resources needed to execute high-quality assurance in this area.

Deloitte also continues to actively engage with regulators and standard setters, with the goal of supporting improvements in the usefulness, reliability, and comparability of ESG disclosures. We look forward to continuing a robust dialogue with relevant stakeholders on this topic.



# Audit quality monitoring

A continued focus on audit quality is of paramount importance to the Deloitte brand. It is critical that a Deloitte audit is consistently executed and of high quality.

The objective of monitoring and remediation processes is to provide relevant, reliable, and timely information about the design, implementation, and operation of the SQC to leadership in order to enable appropriate and timely actions to be taken to respond to identified deficiencies. This includes the identification of deficiencies and leading practices in the SQC and the assessment of the effectiveness of remedial actions in driving improvements in audit quality.

## Internal engagement reviews

Our internal inspections group evaluates the work performed for a sample of audit engagements to assess compliance with the relevant body of audit standards (predominantly, those of the PCAOB and American Institute of Certified Public Accountants (AICPA)). The scope of an internal inspection includes an evaluation of the quality of the audit work performed on the selected audit and a review of certain practices, policies, and procedures related to audit quality and performance.

An engagement partner ordinarily has a sample of his or her engagements reviewed at intervals generally not to exceed four years. This approach provides a representative cross-section of engagements of both public and nonpublic companies selected for inspection each year. Additionally, certain risk-based selections are made each year, which adds a level of unpredictability to the selection process.

A dedicated group of audit partners and managing directors make up our core inspection team and lead, or are reviewers for, a portion of the inspections. Other partners, managing directors, and senior managers, including those with industry or other specialized knowledge, lead and perform inspections with oversight from our core inspection team.

Our internal inspectors share their findings on a specific audit engagement with the engagement team, the Audit Professional Practice Director for the applicable office, and the National Professional Practice Director. Remediation of inspection findings is undertaken, when necessary, on individual engagements and the learning is used to enhance audit quality, including through communication with the A&A business and integration with the learning curriculum.

Our monitoring of in-process engagements provides timely visibility into the effectiveness of updates or changes to the audit methodology and tools resulting from new standards or in response to feedback from internal and external monitoring activities. In-process monitoring results are

evaluated overall to determine whether additional communication and support to the engagement team are needed.

## External inspections

In addition to reviews conducted by our own internal inspections group, our public company audits are subject to inspection by the PCAOB, and our nonpublic engagements are subject to inspection triennially by another accounting firm as part of the AICPA peer review program.

Annual PCAOB inspections are required for registered public accounting firms that perform more than 100 US public company audits annually. We are supportive of the role the PCAOB plays in strengthening confidence in the integrity of the independent audit process. The PCAOB's rigorous inspection process is an important element in achieving our shared objectives, and we are committed to the consistent execution of high-quality audits for the benefit of the investing public. The scope of the inspections includes an evaluation of the quality of the audit work performed on selected audits as well as a review of the firm's SQC. The [inspections page](#) of the PCAOB website and the [Guide to PCAOB Inspections](#), published by the Center for Audit Quality, provide more information about the PCAOB's process for inspecting public company auditing firms.

The annual PCAOB inspection report for audit firms includes a public portion and a nonpublic portion.

**Public portion of inspection reports**—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.

For any auditing deficiencies or instances of noncompliance identified during the inspection process, PCAOB standards require that the firm under inspection assess whether the PCAOB findings affect its ability to support previously



expressed audit opinions and, accordingly, whether corrective actions are needed. Corrective actions generally include remediating omitted procedures by performing additional or enhanced audit procedures and, if necessary, reissuance of an audit report.

The report on the 2023 Inspection of Deloitte & Touche LLP<sup>2</sup>, dated May 23, 2024, is the PCAOB's most recent inspection report on our audit business. The full text of the public portion of the PCAOB's 2023 inspection report is available on the PCAOB's [website](#).

**Nonpublic portion of inspection reports**—The nonpublic portion of each PCAOB inspection report contains certain observations about the firm's audit performance and SQC. The Sarbanes-Oxley Act of 2002 requires that the PCAOB's observations on the firm's quality control procedures not be made public by the PCAOB provided that, within 12 months of the date of the inspection report, the firm addresses those observations to the PCAOB's satisfaction. This is evidenced by the PCAOB communicating its acceptance of the firm's response to the report.

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, other professionals, and their immediate family members resulting in noncompliance with firm policy were not sufficient, and the PCAOB made that quality control criticism public. Consistent with our intense focus on quality, we have taken actions to strengthen and improve the timely and accurate reporting of personal financial holdings disclosures, which are discussed in more detail below, under *Ethics, integrity, and independence*.

As of publication, our remediation responses to the findings in Part II of the PCAOB's 2021 inspection report of Deloitte & Touche LLP have been submitted, and the PCAOB is currently reviewing these responses.

**Peer review—audits of nonpublic entities**—In addition to the PCAOB inspections of public company audits, professional requirements of the AICPA and many state

accountancy boards require that public accounting firms undergo a peer review of their accounting and auditing practices related to nonpublic entities. Another public accounting firm conducts the peer review every three years.

Our most recent completed peer review of our SQC for the year ended March 31, 2023, was completed in December 2023. The peer review was primarily related to audit engagements for the year ended December 31, 2022. Our 2023 report, with the highest rating of "pass," is posted to the AICPA [website](#).

## Root cause analysis and remediation

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, and the results of our own analyses, to make changes that are yielding desired improvements in audit quality. We are committed to constructive engagement with the PCAOB, and we analyze the root cause 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 of our positive inspection outcomes to identify opportunities 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.

We are managing our A&A business with audit quality as our number one priority, using consistent and nationally driven policies. We have made substantial and comprehensive investments in our A&A business to enhance the consistency of our audit execution in an increasingly dynamic economic environment and to respond to the evolving requirements of capital markets.

## System of quality control monitoring

SQC monitoring is an integral part of our monitoring activities and considers relevant requirements within the professional standards, as well as evaluating the design, implementation, and operating effectiveness of responses that address the quality risks that have been identified for the firm as outlined in our *System of quality control* earlier in this report.

<sup>2</sup> Deloitte & Touche LLP is the Deloitte US entity that provides audit, assurance, and other attest and advisory services, and is registered with the PCAOB to perform audits of US public companies. For more information regarding the legal structure and governance mechanisms of the Deloitte US entities, see the *Legal structure of the Deloitte network and the Deloitte US entities* section of this report.



# Ethics, integrity, and independence

## Ethics and integrity

At Deloitte, ethical leadership is a shared commitment across our organization that calls for placing integrity and quality 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 is 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. Our focus on ethics and integrity empowers our professionals to speak up.

All professionals of the Deloitte US entities are expected to place integrity and quality first in accordance with high ethical standards as presented in our [US Code of Ethics and Professional Conduct](#) (the “Code”), which is aligned to Deloitte’s *Global Principles of Business Conduct* and *Shared Values*. The Code provides a framework that reinforces Deloitte’s rigorous, long-standing commitment to sustaining the public trust and empowers us to conduct business honorably, ethically, and professionally. All Deloitte professionals are expected to read, understand, and uphold the Code. Our high ethical standards are reflected in policies and programs that function across all of the Deloitte US entities. As with their peers across our organization, our A&A professionals are accountable for demonstrating high levels of integrity and professionalism at all times.

We actively encourage our professionals to speak with their supervisors or contact the Ethics Office, which is led by our Chief Ethics Officer, 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. Each reported incident is investigated thoroughly to resolution.

**Part of our culture from the beginning**—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. After successfully participating in our onboarding program, we require all new professionals to complete several additional trainings covering these areas in greater detail within the first 60 days with our organization. We also conduct periodic mandatory training for all

professionals related to specific ethics-related topics. Moreover, there are mandatory ethics trainings for those professionals promoted to a new level.

### **Communications to our professionals**—

Professionals are reminded through periodic communications that our business requires them to act honestly, with transparency, and 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 integrity and quality first. Topics include, but are not limited to, the importance of ethical behavior, independence, compliance with laws and professional standards and responsibilities, and compliance with policies across the Deloitte US entities. These communications and channels include our intranet site, newsletters, email communication campaigns, leadership messages, mandatory training, and embedded messaging in various career milestone learning programs (including prehire and onboarding).

## Independence

We must remain unbiased and free from conflicts of interest with our clients, in fact and appearance. Our auditor independence requirements are governed by specific policies and external rules and regulations, and apply to all partners, principals, managing directors, and other 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 ICN is responsible for:

- Managing the independence policies and related training;
- 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. 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 compliance with independence requirements.

**Individual compliance and internal monitoring**—To help all of our professionals maintain their personal independence, the Deloitte US entities provide access to integrated systems that contain regularly updated information about companies that are restricted for independence reasons (“restricted entities”). We have developed state-of-the-art systems, processes, and technology solutions to comply with independence-related regulatory and policy requirements which enable early identification of possible instances of noncompliance. These include:

- A Tracking & Trading System, designed for professionals to track and monitor compliance related to their personal and their immediate family members’ investments and financial relationships, which includes real-time automated monitoring functions. This system is also used to track and monitor firm financial relationships.
- For more than a decade, we have required professionals to utilize our broker data import program, which enables them to authorize their brokerage account holdings to be automatically imported into their Deloitte Tracking & Trading System portfolio.
- Daily automated reconciliations of our professionals’ client service hours reported in our time reporting system to personal holdings of our professionals included in our Tracking & Trading System, which identifies potential independence conflicts on a real-time basis.
- A Tracking & Trading Service Center to assist professionals with their compliance of maintaining a timely and accurate Tracking & Trading portfolio with a specific focus on their financial relationships that cannot be automatically imported into the Tracking & Trading system.
- An AI technology solution that identifies the unreported holdings of our professionals included in accounts that cannot be automatically imported into the Tracking & Trading System.
- To monitor the accuracy and completeness of information reported in the Tracking & Trading System, the Independence Monitoring team performs audits of selected professionals across all levels within the Deloitte US entities.

**Personal representations and reporting of potential noncompliance with independence**—US professionals are required to submit a semiannual “Representation on Independence, Ethics, and Compliance” to confirm they have read, understood, and complied with our Code, as

well as independence policies and guidance. US professionals who have a Tracking & Trading portfolio are required to complete an additional representation twice a year focused solely on maintaining a timely and accurate Tracking & Trading portfolio. As part of this representation professionals are required to upload to our systems account statements for financial holdings held in accounts that cannot be imported automatically into Tracking & Trading. All representations in which professionals make self-disclosures of potential noncompliance with Deloitte policy are reviewed by the Independence Monitoring team.

Professionals are required to report potential noncompliance with independence involving themselves, their spouses/spousal equivalents, or dependents when they are identified. The ICN is informed of potential noncompliance with independence to determine the appropriateness of the corrective actions and the need for communications and/or actions with respect to the clients involved. The ICN Compliance Review team considers the need for any disciplinary measures, and the National Managing Partner for ICN regularly reports to Deloitte’s senior leadership regarding noncompliance with Deloitte policy or regulatory requirements, including any disciplinary actions taken.

**Scope of services for attest clients**—Our engagement acceptance policies for non-attest services require that 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.

Because of limitations on the permissible services for attest clients and their affiliates, independence is considered as part of the engagement acceptance process described above. 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 by the lead client service partner and, where necessary, the audit committee or its equivalent.

Each year, the Independence Monitoring team conducts engagement independence inspections of selected restricted entity audit clients for review of scope-of-service approvals and related documentation, including documentation of communications and discussions with those charged with governance (e.g., audit committee) and the permissibility of the services. The results of the inspections are communicated to the engagement partner as well as A&A leadership.

**Business relationships**—A marketplace business relationship is one where a Deloitte US entity engages with a third party to provide services to clients or to promote one another in the marketplace. All new marketplace business relationships require reviews by the lead relationship partner and the ICN 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.



Vendor business relationships are relationships wherein a Deloitte US entity or its personnel purchases goods or services for Deloitte's use in the ordinary course of business. All such relationships are assessed for compliance with established policies and procedures.

The Independence Monitoring team conducts annual reviews of the processes used by, and the controls in place for, each Deloitte US entity to ascertain whether marketplace business relationships are identified and submitted for review and approval in a timely manner and in compliance with established policies. It also evaluates a sample of all vendor business relationships, including those with restricted entities, to assess whether they have been through the appropriate processes and protocols and comply with established policies.

**Internal review of independence practices**—The Deloitte US entities have conducted a thorough internal review of our independence practices, including robust root cause analysis of noncompliance. The results have been reported to leadership and provide reasonable assurance that our professionals are compliant with the requisite independence policies and procedures. In the event of noncompliance, we have addressed each matter on a case-by-case basis at a programmatic and individual level, providing additional training, guidance, or disciplinary action as appropriate. Our SQC identified, for the 10-month PCAOB 2023 inspection period ended June 30, 2023, 54 instances of noncompliance with SEC and PCAOB independence standards and rules related to financial holdings and employment matters of

approximately 146,000 professionals monitored and 29 instances of noncompliance related to non-attest services and business and firm relationships, which are inconsequential to the number of our public company audits. These were promptly reported to our clients and those charged with governance. These instances of noncompliance did not impact our objectivity or impartiality, or our ability to continue as the auditor of record.

We also take the findings from these reviews as well as PCAOB inspections of our independence practices as an opportunity to consider ways to strengthen and improve our SQC. We have an unwavering commitment to continuously evolve and identify meaningful changes to support continuous improvement in the ways that we safeguard our independence and uphold the trust investors place in us.

**Results of noncompliance**—Our policies include expectations concerning independence policies and the consequences of noncompliance. Such actions may involve written reprimands, additional required training, counseling by applicable leadership, additional independence audits, monetary penalties, reductions in performance ratings, restrictions on the professional from providing services, changing the professional's job responsibilities, and termination/separation from the Deloitte US entities. A national independence compliance review committee composed of senior leaders addresses more serious noncompliance with independence policies by partners, principals, and managing directors.

## Deloitte Global Independence



Sets **independence policies and procedural expectations** based upon the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and, where applicable, the independence rules of the SEC and the PCAOB.



Supports network services that a firm uses in the design, implementation, and operation of its system of quality management, including:

**Technical resources:** Global systems to provide its people with entity information to support compliance with personal and professional independence requirements, including financial interests, and scope of services approvals.

**Intellectual resources:** Independence policy; e-learning; confirmation templates; monitoring instructions; and other tools, templates, and guidance.

**Human resources:** Technical independence expertise, as required, which also informs potential enhancements to intellectual resources.



Participates in various elements of a firm's **system of quality management** monitoring and remediation process, as determined to be appropriate.



Promotes **independence awareness** across the Deloitte network through active engagement with independence and business leadership groups and periodic communications and alerts.



# Professional development and performance management

## Attraction and retention

The current environment for talent is extremely competitive, making attraction and retention of our people a strategic priority for Deloitte. With our full transition to a hybrid work mode, we recognize the importance of fostering a collaborative environment. We are committed to supporting meaningful connections among our professionals to enhance their work experience.

We are focused on transforming the A&A talent experience, including reimagining the ways of working to improve retention and further advance the diversity, equity, and inclusion (DEI) and well-being of our people. An example of our DEI-driven initiatives includes our commitment to generate more career opportunities and leadership pathways for the next generation of certified public accountants (CPAs). MADE—Making Accounting Diverse and Equitable—represents a bold vision for the accounting profession, both in terms of increasing racial and ethnic diversity and helping racially and ethnically diverse students see and realize their future in business through the prism and possibilities of accounting.

We are always looking at opportunities to collectively enhance the talent experience. This focus on our people and retention of top talent enhances our ability to deliver high-quality audit and assurance services.

## Learning and development programs

Deloitte A&A professionals completed nearly 1.3 million hours of formal learning programs during the fiscal year 2024.

Our A&A professionals have rigorous continuing professional education (CPE) requirements. All professionals must complete at least 40 CPE credits by December 31 every calendar year. For professionals performing attest services, at least 16 of the required 40 CPE credits must be in the subject areas of accounting and/or auditing. Deloitte both facilitates and monitors compliance with CPE requirements.

Our learning philosophy considers formal learning with reinforcement of critical concepts on the job. We use our learning programs to build the knowledge and skills essential for performing high-quality audits and evolve our strategy by addressing emerging quality and regulatory needs. This approach to learning 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. The training and education we provide enables partners, principals, managing directors, and all professionals to complete mandatory learning that prepares them for the future.

Key topic areas covered by our learning programs:

- Technical accounting and auditing topics like professional skepticism and judgment, fraud, and direction, supervision, and review
- Professional standards and regulatory matters
- Professional ethics and independence
- Specialized industry considerations
- Emerging issues, such as the impact of climate risk on financial statements
- Data analytics, innovative tools, GenAI, and other disruptive technologies
- Leadership and human potential topics, including purpose, well-being, and DEI

Our learning programs also include opportunities for specialists working on audit engagements to support their knowledge and understanding of the audit process.

All professionals must comply with *Deloitte's Code of Ethics and Professional Conduct* and *Shared Values* when engaging in learning, including when completing final assessments that confirm knowledge transfer from our learning programs to our professionals. Additionally, across the organization, we systematically and proactively reinforce the application of ethics and integrity in our learning environment through required learning, visibility into ethical learning requirements, and frequent messaging.

Our culture of learning is key to attracting, developing, and retaining top talent in the profession. Deloitte University, our leadership centers in Westlake, Texas, USA and Hyderabad, India, continues to be an investment priority for our professionals' development. Audit professionals attend onboarding, leadership, and milestone programs at Deloitte University.

We evaluate our learning programs annually to enhance content, instructional method, and delivery approach. 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.

## Performance management and earnings allocation

The annual performance management and earnings allocation practices of the Deloitte US entities emphasize shared values and promote the attainment of our top priorities.

Clear expectations are set out for partners, principals, and managing directors engaged in the delivery of audit and assurance services that indicate they must be committed to professional excellence, which includes exhibiting a high level of audit mastery/proficiency.

At the start of the fiscal year, partners, principals, and managing directors set goals based on expectations of their peer group, roles, responsibilities, and organizational strategic objectives. Goals are subject to review and input by their career development advisor and leadership, and progress is assessed throughout the performance year, including at the performance year-end.

Each partner, principal, and managing director is evaluated based on the contributions they make to the business. Quality considerations are the foundation of the assessment for audit partners, principals, and managing directors and are central to the deployment, peer grouping, and unit/earnings allocation/compensation processes. For those who do not meet quality expectations, this is reflected in their performance evaluations. Customized performance improvement and development plans are then designed to address specific areas of need and support their professional growth. These plans address the many aspects of quality and provide leadership support and, in some cases, oversight of work or limitations on assignments. Supervisory partners typically review, support, and monitor these plans.

The partner/principal performance management and earnings allocation practices of the Deloitte US entities focus on the following critical components:

- Emphasis on shared values of integrity, outstanding value to markets and clients, quality, commitment to each other, and strength from cultural diversity.
- Compliance with applicable independence requirements.
- Support for professional development and succession.
- Assessment of the expectations and skills outlined in our performance criteria for deployment, goal setting, performance feedback, and peering purposes.

For partners and principals, an earnings allocation process is employed. In general, every year, the applicable partnership allocates interests to partners and principals. These interests are referred to as units. Units are assigned to partners and principals based on an overall assessment of their performance, impact, and contribution in accordance with their peering group. At the end of the fiscal year, unit value is set based on the performance of the Deloitte US entities. The earnings of partners and principals are determined by their number of units.

To reinforce our focus on their primary responsibility—providing high-quality audit and assurance services—the audit policies of the Deloitte US entities, consistent with federal regulations, forbid audit partners, principals, and managing directors from receiving compensation, bonuses, or other direct financial incentives for selling to their audit clients products or services other than audit, review, or attest services.





# Legal structure of the Deloitte network and the Deloitte US entities

## Network description

### The Deloitte network

The Deloitte network (also known as the Deloitte organization) is Deloitte Touche Tohmatsu Limited (DTTL or “Deloitte Global”), a globally connected network of DTTL member firms and their respective related entities operating in more than 150 countries and territories across the world. These separate and independent member firms operate under a common brand.

### Deloitte Touche Tohmatsu Limited

DTTL is a private company limited by guarantee incorporated in England and Wales. DTTL serves a coordinating role for its member firms and their respective related entities and establishes policies and protocols with the objective of promoting a consistently high level of quality, professional conduct, and service across the Deloitte network. DTTL does not provide services to clients and does not direct, manage, or control any member firm or any of their respective related entities.

“Deloitte” is the brand under which approximately 460,000 dedicated professionals and practitioners in independent member firms (or their respective related entities) throughout the world collaborate to provide audit and assurance, consulting, financial advisory, risk advisory, tax, and related services to select clients. These member firms are members of DTTL. DTTL, these member firms, and each of their respective related entities form the Deloitte organization. Each DTTL member firm and/or its related entities provides services in particular geographic areas and is subject to the laws and professional regulations of the country or countries in which it operates. Each DTTL member firm is structured in accordance with national laws, regulations, customary practice, and other factors, and may secure the provision of professional services in its respective territories through related entities. Not every DTTL member firm or its related entities provides all services, and certain services may not be available to audit and assurance clients under the rules and regulations applicable to audit firms. DTTL, and each DTTL member firm and each of its related

entities, are legally separate and independent, cannot obligate or bind any other, and are liable only for their own acts and omissions, and not those of each other. The Deloitte organization is a global network of independent firms and not a partnership or a single firm. DTTL does not provide services to clients.

### Deloitte US: legal structure and ownership

In the United States, Deloitte LLP and Deloitte USA LLP are the member firms of DTTL. Deloitte USA LLP holds the rights to the “Deloitte” name, licenses the right to use the name to the Deloitte US entities, and has certain responsibilities for the cross-business coordination and oversight of the Deloitte US entities to protect and enhance the Deloitte brand. Deloitte USA LLP has no ownership interest in Deloitte LLP or its subsidiaries. Services to clients are provided by subsidiaries of Deloitte LLP, including:

- Deloitte & Touche LLP
- Deloitte Consulting LLP
- Deloitte Financial Advisory Services LLP
- Deloitte Tax LLP
- Deloitte Transactions and Business Analytics LLP

Deloitte USA LLP, Deloitte LLP, and the subsidiaries of Deloitte LLP are each separate and distinct legal entities. Each of the subsidiaries listed above is organized under the laws of the State of Delaware; separately capitalized; has its own Chair, CEO, and Board of Directors; and these subsidiaries provide a complementary array of services, including audit and assurance, advisory, tax, and consulting services.

Deloitte & Touche LLP provides audit, assurance, and risk and financial advisory services to clients and is registered with the PCAOB to perform audits of US public companies. Deloitte & Touche LLP is a private partnership registered under the laws of the State of Delaware as a limited liability partnership and is owned by Deloitte LLP and its individual partners and principals who actively participate in its business.<sup>3</sup>

<sup>3</sup> Deloitte LLP also is a private partnership registered under the laws of the State of Delaware as a limited liability partnership and is owned by its partners and principals who actively participate in its business or the business of its primary subsidiaries.



Deloitte & Touche LLP is licensed to practice public accountancy in 51 states and US jurisdictions. In addition, where required by state accountancy laws, Deloitte LLP, Deloitte Tax LLP, and Deloitte Financial Advisory Services LLP also are licensed to practice public accountancy in various jurisdictions. These partnerships are subject to state law requirements regarding the licensing of CPAs. All professional practice matters are solely within the control and authority of the entities that are licensed to practice public accountancy in the United States.

Deloitte & Touche LLP is focused on providing high-quality audit and assurance services to all of our clients, including US-based multinational audit clients, through a globally consistent methodology executed locally across

our member firm network. Performing audits of multinational companies with subsidiaries around the world involves complexities regarding scoping, coordinating, and executing audit work, whether performed by the US-lead engagement team or component auditors in non-US locations.

Given these complexities, the direction, supervision, and review of work performed by other member firms that are relevant to the audit opinions on the consolidated financial statements and internal control over financial reporting (if applicable) of US-based multinational audit clients are highly coordinated and managed elements of these engagements.



# Deloitte & Touche LLP

## governance – leadership in action

Deloitte & Touche LLP is the Deloitte US entity that provides audit, assurance, and advisory services, and is registered with the PCAOB to perform audits of US public companies.<sup>4</sup> The Chair and CEO of Deloitte & Touche LLP appoints members to the Deloitte & Touche LLP Board of Directors, subject to periodic ratification by a vote of the partners and principals of Deloitte & Touche LLP.

The Deloitte & Touche LLP Board of Directors is responsible for the governance and oversight of the Deloitte & Touche LLP A&A and Risk & Financial Advisory businesses. Specific responsibilities include approving the admission of partners and principals, approving the allocation of units and earnings to partners and principals, approving certain partner and principal transactions (e.g., retirements, resignations, and leaves of absence), and approving the financial aspects of business plans.

Senior management of Deloitte & Touche LLP develops and implements the strategy for the Deloitte & Touche LLP A&A and Risk & Financial Advisory businesses, including related policies, procedures, other professional practice matters, and leadership appointments. The Deloitte & Touche LLP strategy is developed in alignment with the overall strategic direction established for the Deloitte US entities. In all their activities, Deloitte & Touche LLP senior leaders are responsible for the overarching objective of audit quality, including compliance with applicable professional standards and regulatory requirements.

The Chair and CEO of Deloitte & Touche LLP has established a governance model that includes the Deloitte & Touche LLP Board of Directors, A&A Executive Leadership Team, and Risk & Financial Advisory Executive Committee.

The Chair and CEO of Deloitte & Touche LLP supervises the A&A Executive Leadership Team, which includes:

### Deloitte & Touche LLP – Audit & Assurance Executive Leadership Team<sup>5</sup>

Dipti Gulati, Chair and Chief Executive Officer
Trevor Barton, Managing Partner–Quality, Risk & Regulatory
Christine Davine, Vice Chair–Regulatory
Mohana Dissanayake, Regional Managing Partner–West
George Fackler, Chief Operating Officer
Chris Griffin, Managing Partner–Transformation & Technology
Claudine Hollack, Chief Purpose & DEI Officer
Robert Hollingsworth, Chief Talent Officer
Eric Johnson, Chief Strategy Officer
Susan Klink, Managing Partner–Client Excellence & Markets
Rich Paul, Regional Managing Partner–East
Chris Rogers, Managing Partner–Accounting & Reporting Advisory (ARA)
Amber Stack, Regional Managing Partner–Central
Matt Wangard, Managing Partner–A&A

The following are the members of the Deloitte & Touche LLP Board of Directors:

### Deloitte & Touche LLP – Board of Directors<sup>5</sup>

Dipti Gulati, Chair	Dave Berrey, Vice Chair
Ellen Basilico	Avery Munnings
Brian Clark	Carey Oven
Jay Cochran	John Peirson
Carrie Cristinzio	Justin Silber
Kate Ferrara	

<sup>4</sup> For more information regarding the legal structure and governance mechanisms of the Deloitte US entities, see the *Legal structure of the Deloitte network and the Deloitte US entities* section of this report.

<sup>5</sup> The members of the Deloitte & Touche LLP A&A Executive Leadership Team and Board of Directors are as of September 2024. All members of the A&A Executive Leadership Team and the majority of the members of the Board of Directors are CPAs.



# Appendices



# Appendix A | EU EEA audit firms

## Disclosure in accordance with Article 13.2 (b)(ii)-(iv) of the EU Audit Regulation

The following is a list of the firms in the Deloitte network that perform statutory audits in an EU or European Economic Area (EEA) member state.

EU/EEA member state	Name of audit firms carrying out statutory audits in each member state
Austria	Deloitte Audit Wirtschaftsprüfungs GmbH
	Deloitte Niederösterreich Wirtschaftsprüfungs GmbH
	Deloitte Oberösterreich Wirtschaftsprüfungs GmbH
	Deloitte Salzburg Wirtschaftsprüfungs GmbH
	Deloitte Tirol Wirtschaftsprüfungs GmbH
	Deloitte Wirtschaftsprüfung Styria GmbH
Belgium	Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL
Bulgaria	Deloitte Audit OOD
Croatia	Deloitte d.o.o. za usluge revizije
Cyprus	Deloitte Limited
Czech Republic	Deloitte Audit s.r.o.
	Deloitte Assurance s.r.o.
Denmark	Deloitte Statsautoriseret Revisionspartnerselskab
Estonia	AS Deloitte Audit Eesti
Finland	Deloitte Oy
France	Deloitte & Associés
	Deloitte Marque & Gendrot
	Deloitte Audit Holding
	BEAS
	Constantin Associés
	Pierre-Henri Scacchi et Associés
	Revi Conseil
Germany	Deloitte GmbH Wirtschaftsprüfungsgesellschaft
	Deutsche Baurevision GmbH Wirtschaftsprüfungsgesellschaft
	SüdTreu Süddeutsche Treuhand GmbH Wirtschaftsprüfungsgesellschaft
Greece	Deloitte Certified Public Accountants S.A.
Hungary	Deloitte Könyvvizsgáló és Tanácsadó Kft.
Iceland	Deloitte ehf.



EU/EEA member state	Name of audit firms carrying out statutory audits in each member state
Ireland	Deloitte Ireland LLP
Italy	Deloitte & Touche S.p.A.
Latvia	Deloitte Audits Latvia SIA
Liechtenstein	Deloitte (Liechtenstein) AG
Lithuania	Deloitte Lietuva UAB
Luxembourg	Deloitte Audit
Malta	Deloitte Audit Limited
Netherlands	Deloitte Accountants B.V.
Norway	Deloitte AS
Poland	Deloitte Audyt spółka z ograniczoną odpowiedzialnością spółka komandytowa
	Deloitte Audyt spółka z ograniczoną odpowiedzialnością
	Deloitte Assurance spółka z ograniczoną odpowiedzialnością
Portugal	Deloitte & Associados, SROC S.A.
Romania	Deloitte Audit SRL
Slovakia	Deloitte Audit s.r.o.
Slovenia	Deloitte Revizija d.o.o.
Spain	Deloitte Auditores, S.L.
Sweden	Deloitte AB

### Disclosure in accordance with Article 13.2 (b)(iv) of the EU Audit Regulation

The total turnover achieved by the audit firms that are members of the network, resulting from the statutory audit of annual and consolidated financial statements: € 1.9 billion.<sup>6</sup>

<sup>6</sup> Amount represents an estimate determined based upon best efforts to collect this data. Certain Deloitte audit firms registered to perform statutory audits in respective member states provide statutory audit services as well as other audit, assurance, and non-attest services. While Deloitte endeavored to collect specific statutory audit turnover for each EU/EEA Deloitte audit firm, in certain cases turnover from other services has been included. The turnover amounts included herein are as of May 31, 2024, except for a limited number of instances where a Deloitte audit firm has different financial year-end or has not finalized its reporting for such period. In these cases, turnover amounts are for the relevant financial year or preceding financial year. Where currency other than the Euro is used in the member state, the amount in Euros was translated using an average exchange rate in effect for the period June 1, 2023, to May 31, 2024.



# Appendix B | Financial information

We provide information on revenue and earnings by service, employee compensation, and benefits as a percentage of revenue and our capital structure. The following table summarizes the revenue and other statistics of the Deloitte US entities on a combined basis:<sup>7</sup>

Fiscal year end	2024	2023	2022
<b>Revenues (US \$ in millions)</b>	\$33,045	\$32,669	\$27,936
	<p><b>Revenue</b></p>	<p><b>Revenue</b></p>	<p><b>Revenue</b></p>
	<p><b>Earnings</b></p>	<p><b>Earnings</b></p>	<p><b>Earnings</b></p>
	<p>■ Deloitte &amp; Touche LLP ■ Deloitte Tax LLP ■ Deloitte Consulting LLP ■ Deloitte Financial Advisory Services LLP</p>		
<b>Employee compensation and benefits as a percentage of revenue</b>	54.8%	55.4%	54.8%
<b>Capital structure</b>	<p>The majority of our capital structure consists of capital contributed by our partners and principals. In addition to this paid-in capital, the other portion of our capital structure consists of long-term privately placed debt. The debt carries an NAIC 1 designation, NAIC's highest designation, which is comparable to an A or better rating from one of the nationally recognized rating agencies.</p>		

Note: The accounting records of each Deloitte US entity are prepared on an accrual basis and in a manner that reflects the way the businesses are operated. The financial information shown above is not prepared in accordance with US GAAP. The revenue amounts shown include reimbursable expenses billed to clients. Earnings for each entity include direct costs and expenses, as well as allocated amounts of shared costs and expenses.

<sup>7</sup> Information is as of the fiscal years ended June 1, 2024, June 3, 2023, and May 28, 2022.



# Appendix C | Public interest entities

## US public audit clients as reported to the PCAOB

The PCAOB requires all registered firms to file annual reports on Form 2 each year, covering a 12-month period from April 1 through March 31. In compliance with PCAOB rules, Deloitte & Touche LLP filed an annual report on June 27, 2024, listing all audit reports issued for issuers, as defined under US law, for the 12-month reporting period ended March 31, 2024. Information on such audits is available electronically. To view the list of our issuer audit clients, please refer to our Form 2, Item 4.1 on the PCAOB [website](#).

## Public audit clients as reported in EU member states

Below is a list of public audit clients for which Deloitte & Touche LLP completed an audit during our fiscal year ended June 1, 2024<sup>8</sup>, that had issued transferable securities on a regulated market in EU member states<sup>9</sup>:

- Coty, Inc.
- General Electric Company
- Morgan Stanley
- Morgan Stanley Finance LLC

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<sup>8</sup> The aggregate audit and related fees earned as of June 1, 2024, for these companies totaled approximately \$150 million. The aggregate other fees earned as of June 1, 2024, for these companies totaled approximately \$3 million.

<sup>9</sup> Relevant audit clients generally include companies incorporated outside the EU/EEA whose transferable securities are admitted to trading on a regulated market of any member state of the EU/EEA, with certain exceptions, as described in the frequently asked questions annexes to the Forms A and B (EU) Common Application Forms. Each of the EU member states in which Deloitte & Touche LLP is registered defines relevant audit client in a similar manner.



# Deloitte.

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