Integrity is our purpose. Quality is our brand.

2021 US Audit Quality Report
For the fiscal year ended May 31, 2021
Our brand

At Deloitte, our brand is defined by the high-quality audit and assurance services we deliver, in the US and across our global network. As independent auditors, our purpose is profound and impactful—we enhance the integrity of the capital markets. Quality is the foundation of our profession and the bedrock of our strategy. Our relentless pursuit of quality and commitment to advance the profession defines not just what we do, but who we are.

Quality Core Principles

- Acting with integrity, ethics, and professionalism
- Recognizing the important role of our profession
- Always learning
- Continually improving
- Living audit quality

Making an impact since 1845
The DNA of Deloitte, dating back to our founder, William Welch Deloitte, is rooted in identifying innovative service offerings in times of change. Throughout our history, we have been agile, resilient, and relevant; responding to changes in the capital markets and blazing new trails to continue to add value for our clients, their investors, and the broader public interest.

Our work helps the markets to trade with trust and confidence—the companies we audit represent approximately $12.3 trillion of market capitalization.

Our independent, outside-in perspective delivers insightful audits that help drive economic growth, job creation, and innovation in the broader economy.
Making an impact that matters
Committed to leading the profession, we are transforming the audit to deliver enhanced quality, value, and insights while investing in our greatest asset—our people.

INVESTING IN OUR PEOPLE

Established **Deloitte Cares**, putting the well-being needs of our professionals and their families first, which established benefit programs to provide virtual work enhancements, dependent care support, virtual learning, increased flexibility, and well-being resources to meet the unique needs of our people.

Providing our people opportunities to connect, belong, and grow through **60+ inclusion councils** across the country that hosted **700+ DEI-related events** engaging **40,000 Deloitte professionals**

Audit & Assurance professionals logged nearly **850,000** hours of learning in 2020—**46%** virtually facilitated and **54%** digitally interactive.

More than **4,500** highly skilled professionals operating across **FOUR** centers of excellence including the **FIRST** US-based location.

**>50%** New partners and managing directors in last six years are women and/or racially or ethnically diverse.

Audit & Assurance professionals

- 13,310
- 28%
- 23%
- 9%
- 40%

- Partners & Managing Directors
- Senior Managers & Managers
- Seniors
- Staff

LEADING THE PROFESSION

2020 & 2021 Fortune 100 **Best Places to Work**

Three time “Audit Innovation of the Year” award recipient and industry recognition for transformative technologies DNAV, Cortex, and Argus.

DIGITIZING THE AUDIT

**Hundreds of millions of dollars** invested in advanced technologies, analytics, and process transformation.

**Deloitte Omnia**

Boldly paving the way as the enabler of our methodology and transformation, Deloitte Omnia is the first end-to-end, data-driven, globally integrated audit platform in the profession designed for and hosted in the cloud.

Over **600,000** of our professionals and clients globally access Omnia through our connect portal for digital engagement, project transparency, and data sharing.

Largest file extracted by Cortex included **over 1 billion** records in one data request.

QUALITY IS OUR BRAND

Leading in the profession to promote standardization and enhancing trust in Environmental, Social, and Governance disclosure.

**NINE** years of sustained positive PCAOB inspection results.

Commitment to continuous improvement as demonstrated by purpose-driven investments in technology and our people.

Collaborating across eminent stakeholders

- Audit committees
- Business leaders
- Academia
- Investors
- Audit Quality Advisory Council

Established a **Global Center of Excellence for Audit Quality** to support Deloitte network member firms in promoting, enabling, and continuously enhancing the quality and consistency of PCAOB audits delivered across the globe.

**100%** of our professionals signed our Audit Quality Affirmation, confirming their commitment to professional excellence.

Deloitte Way Workflows provide a global approach to audit execution that integrates all elements of audit quality and transformation.
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A message from leadership</td>
<td>1</td>
</tr>
<tr>
<td>Integrity is our purpose. Quality is our brand.</td>
<td>2</td>
</tr>
<tr>
<td>Digitizing the audit</td>
<td>3</td>
</tr>
<tr>
<td>The future of talent is now</td>
<td>8</td>
</tr>
<tr>
<td>Shaping the future of the profession</td>
<td>19</td>
</tr>
<tr>
<td>Understanding the needs of our stakeholders</td>
<td>23</td>
</tr>
<tr>
<td>Monitoring our business and holding ourselves accountable</td>
<td>27</td>
</tr>
<tr>
<td>Excellence, every day</td>
<td>31</td>
</tr>
</tbody>
</table>
A message from leadership

To the clients and stakeholders of Deloitte & Touche LLP:
While we set in motion the digital transformation of our practice more than a decade ago, our journey to provide the highest quality audit and assurance services is far from over. In fact, it is a never-ending journey. Market dynamics, together with the changing needs of our clients and investors, and the uncertainties that arise with unpredictable events—like a global pandemic—require us to remain agile and unrelenting in our pursuit of quality.

We are not immune to the many challenges arising from the COVID-19 pandemic. We pivoted to serving our clients in a virtual environment quickly and with little disruption. The strength of our advanced technology platforms clearly made this possible, but what was truly inspiring was how our professionals rose to the challenge—prioritizing their responsibilities to the investing public, serving our clients with distinction, and caring for one another and our communities with compassion. The resilience shown by our professionals through their seamless shift to a virtual-first work environment has enriched our vision of what the future of work looks like for our profession. Throughout the pandemic, we have provided our professionals with flexibility, alternative career paths, diversity in experiences early in their career, and the opportunity to network and gain experiences across a variety of clients and industries all while operating in a virtual-first environment.

There’s no doubt that technology is at the core of that vision, with Deloitte Omnia, our cloud-based global audit platform, delivering a truly digital experience. Omnia puts artificial intelligence, analytics, and other advanced technologies at our professionals’ fingertips, allowing them to provide high-quality digital audits that are tailored to a specific client. But we’re not relying on technology alone to drive our success moving forward.

It’s been clear for some time that boosting our professionals’ tech savviness and industry knowledge were essential steps into the future. Now we’re exploring the ways that data scientists, technologists, and professionals with other nontraditional backgrounds and experiences will be blended into our engagement teams. They will bring unique insights that a high-quality audit of the future will require.

As investor and capital market needs and expectations expand beyond historical financial statements, we’ve provided a clear and consistent voice in promoting standards for the delivery of high-quality and consistent reporting of nonfinancial metrics. This market transformation provides emerging assurance opportunities such as those related to environmental, social, and governance performance, and we’ve expanded our offering capabilities so that our clients may enhance trust and confidence with their stakeholders when using these alternative metrics to portray enterprise value.

Every step of our journey is propelled forward by the unmatched technical skills, tireless commitment to quality, and dedication of our professionals. Through our commitments to diversity, equity, and inclusion, we’re strengthening our culture so that all of our professionals may connect, belong, and grow. We understand that only when we share a common purpose and work together to achieve it, can we perform at our very best.

To lend transparency to our work, throughout the pages of this report, you’ll find details on our efforts to achieve high quality through an unparalleled talent experience; our consistent interactions with business leaders, investors, leaders in academia, and regulators; our ongoing investments in technology and methodologies; and our internal controls for maintaining accountability for achieving the highest standards every day.

We’re leading boldly into the future. Inspired by our imagination and sparked by innovation, we are reshaping the audit profession to deliver even more value to the markets and more rewarding careers for our professionals. We are confident that the future of our profession is very bright.

Lara Abrash
Chair and Chief Executive Officer
Deloitte & Touche LLP

Joseph B. Ucuzoglu
Chief Executive Officer
Deloitte

Integrity is our purpose. Quality is our brand.
Integrity is our purpose. Quality is our brand.

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 and innovation, as we seek to make our best work today even better tomorrow. The marketplace and our society have recently experienced many challenges. Our ability to maintain the highest standards of audit quality while responding to the changing needs of the market and society demonstrated our commitment to lead and raise the standards across the profession and our global firm.

This report focuses on the steps we have taken to adjust to operating in a primarily virtual-first environment as a result of the global pandemic. It highlights our efforts to further enhance audit quality; the investments we are making to transform the audit and enhance the skillsets of our people; how we are holding ourselves accountable for delivering high-quality audit and assurance services; and our commitment to embracing a bold, new mindset as we navigate an evolving landscape to continue shaping the future of the audit and assurance profession.

Reinforcing trust and integrity in the capital markets
As auditors, we play a vital role in providing confidence in the capital markets. Especially in uncertain times, it is our responsibility to keep quality consistently high across all of our audit and assurance services. We are dedicated to continuous improvement at every level of our organization and unwavering in our efforts to deepen accountability at every step of the audit process.

Our culture of continuous improvement is firmly rooted in accountability. Our leaders set the tone, holding themselves accountable and clearly communicating our commitment to audit quality. This tone and messaging cascades through our local offices and engagement team leaders. Our focus on audit quality is evident through the direct involvement of leaders at all levels in audit quality activities and consistent dissemination of quality-empowering messages through the various communication channels that exist in our business. Our professionals are accountable for demonstrating high levels of integrity and professionalism at all times.

We invest in the development of our professionals. Ultimately, audit quality comes down to the work they do every day. And their commitment to excellence even when operating in a virtual-first environment demonstrated their resiliency during periods of intense change. Our support efforts during the pandemic coupled with learning, development, strong performance management, and setting expectations, metrics, and incentives are tightly aligned with achieving high-quality objectives. In 2021, 100 percent of our professionals (senior managers and below) signed our Audit Quality Affirmation, confirming their commitment to professional excellence and our quality core principles.

We have also made substantial, comprehensive investments to improve the consistency of audit execution and respond to evolving investor demands. Further, the use of our advanced technologies enabled us to quickly pivot to a virtual-first environment at the onset of COVID-19. With emerging capabilities and technologies, we continue to accelerate our progress, including leveraging technology to strengthen our system of quality control through enabling a more proactive approach to managing and responding to audit quality risks. Through the implementation of International Standard of Quality Management 1 (ISQM 1) and consistent with our culture of continuous improvement and innovation, we are embracing the opportunity to examine those areas where we can further support and transform our system of quality control. Our investments also include working collaboratively across our global network to drive improvements in multinational audits with the goal of enhancing audit quality globally to achieve consistent execution of high-quality audits around the world. Our clients and the investing public will benefit directly from these advancements.

“We are the sustained quality leader of the audit and assurance profession. With quality as our foundation, we embrace innovation and technology to position the audit and ourselves at the leading edge. Our ability to perform high-quality audits in a virtual environment while navigating through uncertain times and maintaining outstanding quality results serve as a true testament to our culture and what we stand for.”

—Christine Davine, National Managing Partner, Quality, Risk & Regulatory, Deloitte & Touche LLP
Digitizing the audit

We began our transformation journey many years ago by establishing a vision and strategy focused on the digital audit. Today, we deliver a truly digital experience, one that features advanced technology and data analytics, is grounded by our risk-based methodology and standardized workflows, and showcases our professionals’ skills and experience. As a result, we continue to elevate quality, provide objective insights, and deliver a differentiated audit experience.

We have invested hundreds of millions of dollars to transform the audit. Further, hundreds of US and global professionals comprise our dedicated audit transformation team, bringing the resources and best thinking from across Deloitte’s multidisciplinary organization, as well as our global network of member firms. The audit transformation team collaborates with technical and quality specialists, developers, designers, consultants, data scientists, and strategists to create innovative solutions and approaches that are transforming the way we deliver the audit.

Transformative technologies
Throughout our transformation journey, our innovations have been leading us to full digitization. Today, we 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.

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

- Enhanced workflows and sharing, automation, predictive data analytics, and artificial intelligence.
- Transparent engagement status through real-time monitoring, including a central monitoring dashboard to monitor global statutory 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 efficiency and effectiveness of our testing and enables our professionals and our clients to focus efforts and skills on audit quality and what matters most.
- Scaled use of powerful proprietary algorithms that build “One Deloitte Price” (ODP) pricing valuations for over 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, and collaborative process that benefits everyone involved in conducting the audit by focusing on what matters.
We are committed to continued investment in emerging technologies that enable enhanced audit quality, insights, and value to our clients and capital markets. Because Deloitte Omnia is cloud-based, it has the flexibility to seamlessly incorporate new innovations and be responsive to changes in our clients’ needs and regulatory developments. Our robust investments in a technology-driven future are complemented by our commitment to data protection, confidentiality, and maintaining cybersecurity defenses that are aligned to industry leading practices.

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 centers of excellence, 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 efficiency.

Data analytics
Data analytics are integral to our execution of high-quality, insightful audits. Embedded directly into our methodology, the use of data analytics is consistent and supported by our secure, effective, and repeatable processes, thereby reducing the burden on engagement teams and the client. 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 the audit process. Our auditors are trained to leverage analytics throughout the audit 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.

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 audit decision making and add value to the audit; and
• Explore data in real-time through dynamic data visualizations.

Accelerator program
Through our Accelerator program, we promote digital consistency in our audit procedures and thus maximize our impact on 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.

Transformative approaches
Our transformation is not just about technology, it's also about our processes and professionals. Through Deloitte Omnia, we are able to enhance audit quality by consistently applying our global audit methodology and audit procedures.

Audit methodology and workflows
Our risk-based global audit methodology is the foundation of our audit approach, providing the scalability necessary to meet the unique needs of our clients across all market segments and the flexibility for our professionals to tailor their audit procedures in response to the assessed level of risk. Our methodology is complemented by our unique guided risk assessments which are designed to help our professionals focus on the highest areas of risk.
Integrated with our Deloitte Omnia platform, Connect provides clients across the globe with the ability to communicate and share information seamlessly with the Deloitte audit team and to effectively monitor and manage requests related to the audit via a secure, online site. Connect is used globally by more than 600,000 Deloitte professionals and clients to share millions of documents in real time.

New in 2020, Omnia|Connect now provides a central location for group engagement teams to monitor statutory audits, manage component auditor deliverables, track real-time status, and review performance dashboards with robust filtering capabilities to provide real-time transparency to client management about statutory audit status.

**Fostering a culture of innovation**

We continue to empower professionals to engage in our annual crowdsourcing Audit & Assurance Innovation Challenge (the “Challenge”) where competing teams of professionals develop and pitch bold ideas to transform aspects of our audit and assurance strategy.

Together with the Deloitte Foundation, we host the annual National Audit Innovation Campus Challenge to better prepare students for careers, while engaging academia in our culture of innovation. Students are invited to challenge their thinking and put their research and technology skills to the test by presenting their ideas to a panel of Deloitte judges. The 2020 challenge focused on the Future of Work – how work, the workforce, and workplaces will progress and look different based on advances in technology and changes in society. Teams representing 52 US colleges and universities participated in the virtual regional competition and 12 advanced to the virtually-held finals event where they competed for scholarships and institutional awards.

**Centers of Excellence**

Our centers of excellence are expanding to drive audit consistency and execute high-quality audit procedures. With more than 4,500 highly skilled and experienced professionals operating across multiple locations, our centers of excellence focus on audit matters unique to key industries, as well as on audit areas that are applied across multiple industries, such as goodwill, security pricing, and employee benefit plans. Professionals in our centers of excellence receive similar training, supervision, and review of their work as our audit professionals working on-site with clients.

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 lifecycle. Further, our project management specialists are skilled in leveraging processes and resources to assist engagement teams in standing up first-year audits in a most effective and efficient manner.

As we continue to advance our audit and assurance services, our professionals are generating the next big ideas to transform the profession for the future. The 2020 Audit & Assurance Innovation Challenge brought together virtually-competing teams of professionals to develop and pitch bold ideas to transform how we approach and deliver audit and assurance services.

More than 1,075 ideas received from nearly 1,700 professionals

29 finalist teams have traveled to Deloitte University to present their ideas and 5 have presented virtually

115 professionals have presented to Audit & Assurance senior leaders

Since launching the Challenge in 2015, more than 1,075 ideas have been submitted, and we are committed to investing each year in the winning ideas. Since inception, winning ideas have included our award-winning data analytics platform—Cortex, blockchain, a center of excellence for robotics process automation, digital transformation, and more.
Like most organizations, the COVID-19 crisis necessitated our professionals to pivot to remote working overnight. Deloitte Omnia is designed to enable professionals to work from any location across the globe – and thus facilitated our ability to effectively and seamlessly transition to a virtual-first work environment.

One of our engagement teams was three weeks away from the client’s 10-K filing deadline. Moving to a virtual-first audit was a new, unexpected challenge; however, the transition was seamless. The team quickly established open lines of communication and an agile-working approach, with daily prioritization stand-up video calls in the morning and monitoring of Omnia based progress updates throughout the day. The team’s use of Omnia and flexible ingenuity to establish creative virtual teaming techniques enabled them to deliver a high-quality audit.

“At Deloitte, the audit of the future is now. Through focus, flexibility, and advanced audit technology, Deloitte Omnia and our professionals are delivering a differentiated experience that our clients benefit from today—enhanced quality, reduced audit burden, and the power of data to refine insights that can make a difference and add value. Deloitte leads the profession in audit transformation. Our success is affirmed by the experiences of our clients, awards, recognition, and our position in the marketplace.”

—Jon Raphael, National Managing Partner, Transformation & Digital Innovation, Deloitte & Touche LLP

Cortex—our data analytics platform—enables audit teams to perform data-driven risk assessments on account balances and automate substantive audit procedures across multiple testing areas by extracting and analyzing entire populations.

Cortex enhances audit quality through its ability to extract and analyze an entire revenue population and conduct a 3-way match. This results in the ability to better assess areas with a lower risk of material misstatement and target our efforts on higher risk areas.

Cortex automates disbursement testing by using the entire Accounts Payable population and then prioritizing and testing any exceptions identified. This results in a focus on those exception areas that matter most through a thorough investigation, which results in a higher quality audit.

Accounting Today named Deloitte US Audit & Assurance one of the “12 Best Firms for Tech in 2020.” Accounting Today highlighted how Deloitte seamlessly transitioned to remote delivery, and specifically cited our remote auditing capabilities during COVID-19 and how we are helping clients navigate their work digitally in the article “Deloitte and its clients adjust to coronavirus accounting and auditing.”
The Deloitte network’s steadfast commitment to leading the profession in audit quality and innovation has garnered international accolades. Omnia DNAV, a digital, cloud-based solution that revolutionizes the audit of securities and investments, was named “Audit Innovation of the Year” in 2020 by *The Accountant and International Accounting Bulletin*. Built for solving significant audit challenges, Omnia DNAV uses sophisticated algorithms to instantly execute investment valuations and automate procedures.

This prestigious award recognizes our dedication to innovation and transformation of the audit. Deloitte received this top honor in 2018 for our data analytics functionality, and in 2015, our functionality for document interrogation and analysis that leverages artificial intelligence and natural language processing received this coveted award.

Other functionality currently in Omnia was a finalist for the award in previous years, including our blockchain digital asset functionality in 2019.
The future of talent is now

The most significant contributor to audit quality is our people and we take pride in fostering an environment where individuals can thrive. Deloitte consistently ranks as one of the best places to work—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, explore new career paths, become trusted service providers, and continue delivering audit and assurance services of the highest quality.

The impact of COVID-19 created both opportunities and challenges for our people. Deloitte quickly pivoted to help our professionals navigate the complexities of working in a virtual-first environment by providing continuous access to leaders, resources, and support. A resource site was created to support teams as they planned for high-quality audit delivery in a virtual-first environment. We offered an individualized support network to assist with helping our professionals understand the benefits and programs available, and how one—or a combination of programs—could help mitigate both individual and engagement team specific challenges. Throughout it all, we continued to build on our existing programs and successes all while maintaining transparency and communication.

#DeloitteWFH

To highlight our professionals’ ingenuity, creativity, and virtual collaboration as we continued to serve our clients with excellence, support each other’s success, and maintain our commitment to well-being, we collected stories, photos, videos, and anecdotes on social media platforms with the tag #DeloitteWFH. This along with other social media campaigns throughout the year provided one of many opportunities to highlight the resilience of our people and provide a bit of connection in a virtual-first environment.

Learning and Development

We have continued to invest in the development of our people amid the pandemic through a learning curriculum that supports delivery of high-quality audits. We invest in our people and give them opportunities to grow and thrive. Through technical, targeted, and innovative learning programs and experiences, we drive audit quality and develop professionals who are prepared to embrace the audit of the future. This collaborative and high-performance culture drives us to invest in our people, giving them opportunities to grow, thrive, and achieve their professional goals. We offer a variety of internal and external learning programs, in addition to development programs and global mobility opportunities. These programs build deep specialization and facilitate direct interaction between professionals and senior, national, and global leadership, as well as support the sharing of knowledge and culture across the Deloitte network.
In addition to these learning and development programs, our transformed approach to audit delivery is enabling our professionals to broaden their skillset. Investing in our people aids them in developing specialized, relevant skill sets, such as data analytics and project management, affording them the ability to work across a diversified team of professionals with differing capabilities and interests. Providing them with ongoing development, our professionals utilize more advanced data analytics and technologies on the audit, apply more critical thinking, spend more time applying professional judgment, and gain a deep understanding of a client’s business and industry.

Structured technical curriculum
While we quickly pivoted to a virtual delivery method of our learnings due to the impact of COVID-19, our agile curriculum and skilled learning development and delivery specialists quickly adapted to the changing environment. At the core of our learning curriculum, we have a mandatory curriculum that targets learners by level of experience and equips them to bring lessons back to the engagement team where they can be applied in the field. The mandatory curriculum is evaluated annually to enhance content, method, and approach of delivery so that professionals receive the technical information necessary for performing quality audits. Additional learning hours are completed through individual selections from a curated list of technical, professional, and leadership courses. All client service professionals of Deloitte & Touche LLP are required to complete at least 40 hours of continuing professional education each year. Professionals who spend more than 25 percent of their time on audits or other attest engagements, or who have partner, managing director, or manager responsibilities for such engagements, must devote at least 16 hours annually to accounting and auditing courses. We monitor extensively for compliance.

We continue to evolve and innovate our professionals’ learning experiences each year by making learning more agile and providing increased opportunities for our professionals to create self-directed, customized learning plans. With this in mind, we strive to create modernized learning opportunities that are:

- Grounded in relevant technical, leadership, and professional concepts that bring to life core building blocks of an agile and highly skilled workforce
- Evolved to focus on the shifting digital landscape and the advanced technologies relevant to our profession and our client’s businesses
- Tailored based on individual capabilities and role expectations
- Accessed at the point of need and in the flow of audit work for immediate application, creating a hybrid of traditional training and experiential learning
- Created to accelerate development through deliberate on-the-job tasks, responsibilities, and a broad professional network
- Designed to reflect the diversity of our people and our inclusive culture

Curriculum to Support High-Quality Audits
With the onset of COVID-19, Deloitte shifted all learning activities to virtual. Our team of learning specialists were able to quickly and successfully pivot to a “virtual-first” delivery method of our agile curriculum.

Continuing Professional Education (CPE)
All client service professionals of Deloitte & Touche LLP are required to complete at least 40 hours of CPE each year.

Experience level specific curriculum supporting execution of high-quality audits

Personalized plans to facilitate learning and career development, and progress discussions between professionals and their coaches

Risk & Brand
Mandatory courses that meet regulatory requirements and create a culture of compliance and risk management by encouraging behaviors in ethics and independence

Individual coursework selected from a curated list of technical, professional, and leadership courses supporting business strategy

On-the-job activities used to apply lessons across engagement teams and in fieldwork

* Some professionals may be required to complete coursework beyond mandatory core curriculum and/or additional learning hours to meet their annual CPE requirement.
Virtualization for the present and the future

In the past, approximately 76% of our curriculum was delivered using live in-person formats; live virtual learning was rarely used. The COVID-19 pandemic forced a pivot to a 100% virtual mandatory curriculum (digital and virtual) for the entirety of 2020 and much of 2021.

Maintaining a quality learner experience while still delivering the technical information necessary for performing quality audits was critical to making this pivot successful. We applied leading practices for virtualization of live in-person to live virtual content, breaking-up multi-day live in-person programs into a mix of digital and virtually facilitated courses. Additionally, all facilitators completed the Deloitte Faculty Excellence program – becoming certified in leading practices for virtual facilitation.

<table>
<thead>
<tr>
<th>Technical Excellence</th>
<th>Tech Savvy</th>
<th>Audit Analytics Fellowship Program</th>
<th>The Relationship Mastery Series</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Technical Excellence program serves as the core mandatory curriculum for managers, senior managers, managing directors, and partners. The program focuses on technical hot topics and includes leadership plenaries and classroom breakout sessions. This 2021 virtualized program included a mix of digital and virtually facilitated modules that focused on Tech Savvy (Cyber Risk, Cloud, Blockchain, Data Analytics), accounting estimates, audit evidence, other accounting and reporting hot topics, and the audit in a digital world. The program was further supplemented by creating pre-/post-program activities for learners.</td>
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<td>As the technology landscape continues to evolve, the launch of our Tech Savvy learning programs focused on educating our professionals on the transformative technologies that are most relevant to our profession and clients’ businesses. We are upskilling our professionals to be educated in topics like data analytics, robotics, cognitive technology, artificial intelligence, cloud, blockchain, and many areas rapidly evolving and shaping the marketplace.</td>
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<td>The Audit Analytics Fellowship Program (AAFP) which is designed as a week-long intensive in-person training program for Audit &amp; Assurance seniors to develop advanced skills in audit analytics, was delayed in 2020, due to the nature of the program and impacts from the pandemic. The Analytics Excellence Program which provides in-depth learning on analytics comprehension, utilizing analytics tools, and communicating data visualizations through the use of case studies, was converted to a fully virtual experience, offering a combination of virtual instructor-led and on demand learning. To date, more than 270 professionals have completed the Audit Analytics Fellowship Program and Analytics Excellence Program, applying their new skills to their audit engagements.</td>
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<td>The Relationship Mastery Series are courses available to all Deloitte managers, senior managers, and partners and managing directors targeted at creating deep relationships, engaging in insightful conversations, making memorable connections, and building high-performing teams through the art of empathy, inquiry, story, and engagement. More than 1,200 managers and above have attended one or more Relationship Mastery sessions.</td>
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Initial learner impressions of their virtual curriculum experience were highly favorable in their immediate feedback responses—rating multiple dimensions of their experience favorably. Their responses also showed how important in-person learning is for certain “high-touch” skills. These skills are top priorities as we plan and prepare for an eventual return to classroom learning, where it drives the most impact for our people.

As we look toward a post-COVID future and re-opening of Deloitte University, creating a learning environment that includes a more balanced and intentional mix of live in-person, virtual, and digital learning becomes an additional focus of our modernized learning approach.
2021 US Audit Quality Report | The future of talent is now

Annual Talent Survey

Our commitment to a high impact working culture
Best in class is higher than 80 score and Strong result is 70-80

Best-in-class

Supportive Management
and Collaboration & Communication categories

Strong results

All other employee engagement model indices

Professionals have access to individualized learning opportunities they can pursue on their own time that best fits their needs and schedule.

The below six indices comprise the Simply Irresistible Organization employee engagement model which are used to calculate results for the Annual Talent Survey:

- Supportive management
- Collaboration & communication
- Meaningful work
- Trust in leadership
- Positive work environment
- Growth opportunity

Our Audit & Assurance professionals logged nearly 850,000 hours of learning in 2021 or an average of almost 67 hours per professional.

2021 Required learning hours

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<thead>
<tr>
<th>Role</th>
<th>Hours</th>
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<tbody>
<tr>
<td>Staff</td>
<td>40-63</td>
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<td>Seniors</td>
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</tr>
<tr>
<td>Senior Manager/Managers</td>
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</tr>
<tr>
<td>Partners/Managing Directors</td>
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</tr>
</tbody>
</table>

Brandon Hall’s Excellence in Learning and Leadership Development Awards

Our Audit & Assurance Learning Team was recognized for the work they are doing to advance the future vision of our learning programs. Our Analyzing, Visualizing, and Interpreting Data (AVI) was awarded BRONZE for Best Unique or Innovative Learning and Development Program. AVI is a simulation-based learning program targeted at developing staff, seniors, and managers capabilities in gathering data and understanding how it needs to be collected, formatted, and prepared.

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, flexibility options, and engages leadership at all levels in open and honest discussions on the well-being needs of our professionals.

In 2020, our professionals were faced with the unprecedented challenges of the global pandemic. To help limit the spread of COVID-19, like many, virtual work became our primary method of operating. In response to the unique challenges our professionals experienced, particularly the added pressures of working from home and the increased demands driven by the uncertainties around virtual learning for children and other dependent care needs, we launched the Deloitte Cares suite of benefits. Included in this support was an additional 30 days of dependent care coverage through December 31, 2020, additional work from home financial support for all of our eligible US professionals, and our Individualized Support Network consisting of a team of Talent specialists trained to help our professionals navigate their individual work from home and caregiving needs. Additionally, we developed well-being communications and resources designed to help support well-being in a virtual-first environment, such as
our Well-being Straight Talk webcast series, The Doc is In Q&A series, and our Well-being Playbook. To date, our Audit & Assurance Straight Talk series has included eleven webcasts, averaging 1,500 A&A professionals from all levels joining each event. The discussions have focused on topics top of mind for our professionals encompassing mental health, physical well-being, diversity, equity, and inclusion, productivity, resiliency, and relationships.

A recognized leader in the workplace

This year we teamed with our colleagues across businesses to hold the first fully virtual Deloitte Empowered Well-being Week, which included daily messaging with virtual exercises, mindfulness/yoga, and nutrition sessions, and resource tools. This initiative was supported by our over 900 ambassadors across Deloitte who led well-being events, promoted internal resources, piloted new programs, and provided feedback on national Empowered Well-being initiatives. We concluded 2020 with our annual collective disconnect the last week in December and announced additional collective disconnect days around the fourth of July and the Thanksgiving holiday. These days help serve as an opportunity for all Deloitte professionals to relax and recharge.

In addition, we have continued our focus on holistic health and well-being to address not just generalized stress, but mental health and mental illness as well. Beginning in 2020, we expanded our Mental Health @ Work offerings to include “Introduction to Mental Health,” a primer with the intention of promoting courageous conversations around mental illness. During May’s Mental Health Awareness Month, we encouraged open dialogue focused on mental health through learning, communications, tools, and resources that engaged, educated, and inspired our people. We also engaged with Life XT by Mindful to offer our professionals well-being training through coaching and advanced digital resources to build mindfulness-based habits to help navigate the challenges of life with a greater sense of calm and resilience. The WorkWell app makes well-being tips and information more accessible and convenient for our professionals, and we continued sharing content in our WorkWell podcast series.

We continue to support our professionals and their families impacted by a range of life events—from celebrating the arrival of a new child, to caring for a spouse or significant other, to supporting aging parents, by offering a 16-week, fully paid family leave program. Since its implementation in 2016, more than 12,600 Deloitte professionals have benefited from the family leave program.

We remain committed to our professionals’ well-being and to supporting them throughout their life journey.

Our commitment to diversity, equity, and inclusion

Over the years, we’ve overcome obstacles, bridged gaps, and aligned to new ways of thinking. As the momentous events of 2020 reshaped how we live and work—and the depth and breadth of systemic inequalities were emphasized more than ever before—we have continued to evolve our strategy.

As an organization powered by our people, we aim to improve our talent experience by focusing on three priority areas:

- **Diversity and Equity**: Continued focus on a meaningful talent experience for all professionals, striving for a diverse, representative workforce, and promoting processes that provide opportunities for all professionals.
- **Inclusion and Belonging**: Strengthen our inclusive culture empowering people to be their authentic selves, create a sense of belonging, engage in courageous and respectful conversations, and develop genuine relationships.
- **External Impact**: Make an impact that matters in our communities by promoting inclusive economic prosperity, addressing gaps in education, and increasing access to employment opportunities.
As we explore ways to make a greater impact, we reinforce our commitment to the long term. We are focusing on embedding diversity, equity, and inclusion into every aspect of the way we operate and inspiring inclusive prosperity within communities by examining and taking action to impact societal systems that perpetuate inequities.

Being a data-driven enterprise means conducting a comprehensive analysis of our current state, gathering both quantitative and qualitative data, identifying our biggest opportunity areas, and charting a measurable path forward. With the launch of our inaugural Diversity, Equity, and Inclusion Transparency Report, we are providing greater transparency and insight into these findings, which is valued both within and outside Deloitte.

Addressing representation is not about a single program or initiative. Diversity, equity, and inclusion (DEI) is embedded in all that we do—particularly in our recruitment, development, advancement, and retention strategies. Our efforts across these phases are aimed at refining processes, cultivating future talent, and sustaining our workforce.

### Racial Equity
While we have always focused on providing an inclusive experience to those of all races and ethnicities, we are placing a renewed emphasis on improving the experiences of our Black professionals, with the understanding that this improves the experiences of all professionals. Deloitte’s 2021 DEI Transparency Report and The Racial Equity Imperative publications reflect our collective aspirations—to strive for a diverse and representative workforce, promote inclusive economic prosperity, increase access to employment opportunities, and lead and advocate for a better shared future.

To further accelerate our progress, we launched the Black Action Council in June 2020. The Council’s mission is to architect and execute Deloitte’s long-term strategy to support the advancement of Black professionals.

Some steps we’re taking to address racial inequities include:

- **MADE**: In June 2021, we established MADE, a commitment to generate more career opportunities and leadership pathways for the next generation of accountants. One key highlight is over the next six years, Deloitte expects to fund $30 million in scholarships to over 800 students pursuing a fifth-year master’s program in accounting from an accredited college/university program in the United States, with priority given to racially and ethnically diverse students.

- **Education and understanding**: Engaging with premier thought leaders in the social justice space to help educate our leaders and professionals on race, racial identity, allyship, and anti-racism through moderated discussions.

- **Community investment**: We are taking on pro bono projects, volunteering in our local communities, and donating more than $10 million to organizations focused on social justice, employment, wealth equality, and equal educational opportunities.

- **Pro bono impact**: In addition to the $4 million in pro bono services we delivered in response to the global pandemic, we have invested 9,000 pro bono hours across 20 projects to continue to support COVID-19 response and recovery efforts, prioritizing communities disproportionately affected by the pandemic.

- **Additional considerations**: Some additional action we have taken includes providing our professionals the opportunity to further self-identify (including gender, race, ethnicity, sexual orientation, disability, veteran status, and other attributes) due to the vast richness of the various cultures. This will provide us the opportunity to better understand the variances of the talent experiences and take targeted intervention if and where needed. We also separated ethnicity from race in our data collection to allow our professionals to self-identify based on both their race and ethnicity.

### Inclusion & Belonging
Inclusion is an inherent part of our purpose as highlighted in our global shared values, our approach to serving clients, and to our continuous efforts to build the culture we want. We’ve embedded inclusion throughout every milestone of the career journey at Deloitte, so that from the moment our people walk through the door through each development opportunity, they continue to support COVID-19 response and recovery efforts, prioritizing communities disproportionately affected by the pandemic.

We continue to transform and strengthen our inclusivity by empowering our people with actionable guidance on how they can personalize, identify, model, and advance inclusive behaviors. Our efforts start, but don’t end, at the top.
• Nearly all our firm leadership (96%) has completed or enrolled in our **Inclusive Leadership Experience**, an immersive development opportunity for partners and managing directors that explores how they can personally advance our inclusive culture.

• We provide our people with a variety of opportunities to enhance their inclusive leadership skills through **trainings and self-guided learnings** focused on topics such as authenticity, unconscious bias, collaboration, anti-racism, empathy, and courage.

One of the primary goals of our inclusion strategy is to provide a variety of ways for our people to meaningfully connect both nationally and locally, share their unique experiences, and find their place at Deloitte.

• **Inclusion councils**: Our inclusion councils are a popular way for people from different business areas, backgrounds, identities, and experiences to engage in events related to inclusion, well-being, development, and community impact. Events are created around common passions and interests and take many forms—participation in local Pride celebrations, mental health awareness, anti-racism book clubs, and tutoring/mentorship in schools.

• **Business resource groups (BRGs)**: Inclusion councils work hand in hand with local business resource group (BRG) chapters, which include formal chapters like the Black Employee Network, GLOBE & Allies (LGBT+), Asian BRG, Hispanic Employee Network (HNET), Armed Forces BRG, Ability First, Deloitte Parents Network, Women’s Network (WIN), International BRG, and additional informal chapters.

• **Inclusion Summit**: In fall 2019, we hosted our first-ever Inclusion Summit at Deloitte University for our professionals. This much-anticipated gathering brought together 800+ Deloitte professionals and leaders to engage in courageous conversations, learn from one another, and connect with colleagues for a transformative event. Once it’s safe to resume in-person gatherings, we plan to host the summit annually.

**External impact**

As an organization and as individuals, we are active in the community, collaborating with our clients and working closely with other organizations to support our collective commitment of inclusive prosperity.

Creating sustainable change and driving social and economic prosperity requires coordination across many levels of government and business. For Deloitte, this means working with clients and industry leaders to drive workforce initiatives and creating multiple opportunities to engage, support, and invest in diverse talent. We do this through training, credentialing, and providing education opportunities focused on the skills needed for success in the workplace of the future.

As part of our global network’s **WorldClass** ambition to impact 50 million futures, the US firm is committed to help 10 million individuals develop job skills, improve educational outcomes, and access work opportunities in the changing economy by 2030. We work to help change lives and build stronger systems in the following ways:

• **Supporting nonprofits**: We work with nonprofit and community organizations at the national and local level to help increase their impact in the education and workforce development sectors.

• **Our pro bono engagements**: Totaling 935,000 hours over the past 12 years, we have deployed full-time teams that leverage our service capabilities to help address organizations’ most pressing issues.

• **Our volunteer efforts**: Deloitte professionals have volunteered more than 350,000 hours annually, leveraging their skills, experience, and time to help nonprofits in a variety of ways, from virtually mentoring high school students to serving on nonprofit boards.

“Similar to our recognition of quality as a business imperative, there is a collective recognition that we need to do more to ensure our organization embraces diversity, equity, and inclusion as foundational to everything we do and to ensure it is embedded within our culture. This is a business imperative—one that each of us owns through our actions and how we lead our people. This is not just about the actions that we’re taking, but truly a step toward a cultural change within our business and profession, just as it is in the community at large.”

—Tim Gillam, National Managing Partner, Talent Transformation, PPMD Talent & Inclusion, Deloitte & Touche LLP
Connecting education and the profession
The Deloitte Foundation (the “Foundation”), a not-for-profit organization celebrating more than 90 years of education innovation, supports education in the United States through a variety of initiatives that help develop the next generation of diverse business leaders and their influencers, and promote excellence in teaching, research, and curriculum innovation.

The Foundation offers resources that educators can incorporate into their curricula, experiential learning for students to gain real-world insight into the audit profession, and development and financial support to top accounting PhD candidates to strengthen the faculty pipeline. The Foundation also raises awareness of the profession and promotes ethical leadership, while sponsoring an array of national programs benefiting undergraduate and graduate students, educators, and high school students.

Higher education programs engage students across the professional services spectrum. The Foundation’s annual case competitions provide students from a variety of colleges and universities, including Historically Black Colleges and Universities (HBCUs) and Hispanic-Serving Institutions (HSIs), with an educational experience that engages them in envisioning the possibilities of a professional services career and helps develop the profession’s future workforce by introducing them to real-world challenges. The competitions provide students with the opportunity to not only build technical competency and explore the types of practical issues that our professionals encounter every day, but also to experience aspects of the professional working environment, including collaboration, communication, and interpersonal skills.

Connecting with Educators

More than 2,400 faculty have attended the Deloitte Foundation sponsored Robert M. Trueblood Seminars for Professors, which present reality-based cases for the classroom covering emerging financial accounting and auditing issues to help prepare the next generation for the jobs of tomorrow. The Deloitte Foundation also offers 50 cases as part of the Trueblood Case Study Series, which more than 2,400 accounting professors across the country have downloaded to capture the richness and complexity of the audit profession.

The University of Illinois-Deloitte Foundation Center for Business Analytics was launched through a grant from the Deloitte Foundation to advance business analytics education. With curriculum designed by faculty from the University of Illinois Gies School of Business, the Center provides students with the data knowledge, skills, and abilities needed to become highly trained business leaders of tomorrow. The courses and case studies are free, online, and accessible to anyone who wants to leverage it for their educational mission.
The Foundation Matching Gifts Program encourages partners, managing directors, and professionals of the Deloitte US Firms to support higher education through contributions to US colleges and universities, including HBCUs and HSIs to fund curriculum, scholarships, and other critical needs.

Our educator programs enhance learning by offering key insights and curriculum for the classroom. The University of Illinois-Deloitte Foundation Center for Business Analytics was launched through a grant from the Foundation to advance business analytics education. In addition, our annual Tax Faculty Symposium provides key insights and perspectives on the changing tax landscape, and the Robert M. Trueblood Seminars for Professors and Trueblood Case Study Series offer professors access to reality-based client scenarios that can help prepare the next generation for the jobs of tomorrow.

High school programs focus on college readiness and STEM. To help racially and ethnically diverse students and young women be better positioned for a range of STEM-related college and professional possibilities, the Foundation is collaborating with nonprofits, education institutions, and industry to support the growth of inclusive pipelines of STEM-enabled future leaders. Programs help students navigate career pathways, while building STEM and STEM-adjacent competencies through curriculum designed to help students identify interest in, and pathways to, professional services careers in computer science and analytics. The Virtual Mentoring Program, funded by the Foundation, engages Deloitte professionals as mentors to help students navigate the college application process.

We have an opportunity to transform the entry points into our profession, and Deloitte businesses, with the goal of increasing the number of students with minority backgrounds enrolling and graduating from accounting programs. Through HBCU/HSI partnerships, internships, and other academic-focused programs, including providing support through faculty and administration engagement, we can grow the pipeline of students graduating with an accounting degree and entering the profession. We can further support the profession by creating a forum, for professionals and leaders to network and develop, that continues to bring awareness and best thinking to enhance diversity and inclusion.

The Deloitte Foundation – helping to prepare the next generation of diverse leaders

The 93-year-old nonprofit supports education initiatives to help develop future talent contributing more than $88 million over the last decade.

General Education Support
$16 million in annual Foundation match and Deloitte personnel gifts
Supporting approximately 400 schools
Established nearly 60 professorships, and multiple scholarships, curriculum, and innovative learning spaces with active campaigns at ~140 schools

Educator development and support
1,000+ PhDs supported by Doctoral Fellowship Program, teaching millions of students over time
3,100+ faculty downloaded the new University of Illinois-Deloitte Foundation Center for Business Analytics courses and case studies
3,000+ faculty used our Trueblood and Forensic Accounting cases (benefiting thousands of students each year)

Student development
3,000+ students participate in student competitions annually
Deloitte professionals and retired partners and managing directors have mentored more than 7,600 underserved students from under-resourced communities through the Foundation-funded Virtual Mentoring Program
1,100+ students from diverse, under-resourced communities have participated in our high school STEM courses

In response to the extraordinary disruption to student learning due to the pandemic, the Foundation donated a total of $600,000 to 18 nonprofit organizations in eight original COVID-19 hotspot locations across the country. These grants helped more than 100,000 students from racially and ethnically diverse backgrounds and under-resourced communities—primarily students of color—persist on pathways to college and career success.
Preparing future leaders for a world of opportunity

Virtual Mentoring Program
Deloitte’s commitment, fueled by the Deloitte Foundation Education Fund, to mentor and help students from under resourced communities to overcome the obstacles they face on their path to college readiness.

Skilling the workforce for the future
Deloitte’s commitment to help prepare youth, the workforce, and employers for the changing workforce needs and a successful, inclusive workforce of the future.

Social Impact

Making an Impact Every Day
We believe human connection can help create innovative solutions and lasting impact on pressing issues of our time. By harnessing the collective power of Deloitte’s network of people, clients, nonprofits, and communities, we aim to achieve lasting social impact for the greater good.

Helping build bridges between education, skills training, and employment
Our purpose is brought to life every day through our commitment to help build bridges between education, skills training, and employment as part of Deloitte’s global WorldClass ambition to impact 50 million futures. We’re using the power of the Deloitte community to help young people prepare for college, as well as close the skills gap, and create pathways to employment to help improve social and economic opportunities.

Helping to build a culture of racial equity
Deloitte is committed to advance racial equity and to help eradicate systemic bias that continues to plague our communities. We take seriously our responsibility to listen, learn, and lead change with concrete actions. As a purpose-driven enterprise focused on diversity, equity, and inclusion, we believe we have a responsibility to take a stand and make a difference on important societal issues, which includes championing social justice and racial equality.

Taking action against climate change
One of the most important societal challenges of our time is addressing climate change. For the health and safety of all people and future generations, as well as a prosperous economy, we are committed to bold action for a healthy planet. As part of WorldClimate, we are committed to drive responsible climate choices including a commitment to achieve net-zero greenhouse gas (GHG) emissions by 2030 for our own operations.
Retention

As accounting standards, regulations, and needs of the marketplace evolve accountants are in greater demand, which can lead to higher turnover. In 2021, tenure and voluntary turnover remained flat as the pandemic impacted many professions. COVID-19 coupled with our increased efforts to support our people during challenging times are highlighted in the statistics below.

Average tenure (in years)¹

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<tr>
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<tr>
<td>Seniors</td>
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<td>3.4</td>
</tr>
<tr>
<td>Staff</td>
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¹ Data includes US and USI Audit & Assurance client service professionals

Voluntary turnover rate²

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<thead>
<tr>
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<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>14%</td>
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</table>

² Data includes non-client facing and USI professionals
Shaping the future of the profession

As the largest professional services organization in the world, we have a responsibility to be forward looking and committed to building a vibrant future for auditors and the profession. We are engaged in raising standards and helping investors and companies, as well as the general public and policymakers, appreciate and understand the auditor’s role. To that end, we are constructively engaged in the dialogue around significant audit reforms, quality standards, market transparency, education, assurance services, and other topics critical to shaping the future of the profession.

Advancing standards and improving the transparency of audits

In recent years, investors and other financial statement users have sought more information about the conduct of an audit in general, as well as specific to a particular audit. We value this focus because our view is that additional transparency makes audits more valuable to the capital markets and enhances investor confidence in the rigor of the audit process.

With recent events and the impact of COVID-19, Deloitte has welcomed the public statements and guidance issued by regulators that recognize the current uncertainties and emphasize the importance of high-quality, forward-looking corporate disclosures. Deloitte seeks to raise awareness with our clients, regulators, and investors about the areas that pose challenges and require more scrutiny, context-specific judgment, and increased skepticism and documentation. Raising awareness about these issues provides benefit to the public through greater financial transparency. This includes providing more clarity on the responsibilities of management, audit committees, companies, auditors, regulators, and other stakeholders.

For example, we have supported the exploration and development of audit quality indicators (AQIs), metrics intended to provide meaningful insight into audit quality, as we believe they have the potential to be a useful tool in helping audit committees increase their understanding of the audit process, the firm engaged to conduct the audit, and considerations for assessing audit quality.

While no one metric alone can determine quality, we have made strides in identifying our own internal AQIs that assist us in the monitoring of audit quality. We support the efforts by regulators and standard setters to increase transparency of the audit and welcome the opportunity to demonstrate our commitment to quality.

We believe an effective system of quality control is crucial for the consistent performance of high-quality audit engagements and have and will continue to make significant investments in the people, processes, and technologies that underlie our quality control processes.

Regulators and standard setters in the US and globally are also focused on driving further improvements in firms’ systems of quality control. In December 2020, the International Auditing and Assurance Standards Board released its new, revised suite of quality management standards, including ISQM 1. Effective December 15, 2022, ISQM 1 is focused on the firm’s system for managing the quality of engagements performed. Our ISQM 1 implementation activities are well underway, working with leaders across our US organization, as well as the broader Deloitte network, to further enable a proactive approach to identifying and addressing risks to audit quality — driving continued advancements in our quality control processes.

Quality control also remains a key focus of the American Institute of Certified Public Accountants (AICPA) Auditing Standards Board and the Public Company Accounting Oversight Board (PCAOB) standard-setting agendas. Consistent with our culture of continuous improvement and innovation, these standard setting activities provide the opportunity to challenge ourselves – examining those areas where we can further support and transform our system of quality control.

We remain committed to strengthening our system of quality control through enabling a more proactive approach to identifying and addressing risks to audit quality. Our monitoring activities continue to serve as a feedback mechanism, driving continued advancements in our quality control processes. Real-time approaches to managing audit teams, such as that available in the Deloitte Omnia audit
platform, allow for further identification and development of engagement and portfolio level diagnostics and monitoring.

**Demonstrating commitment to integrity and independence**

All professionals at Deloitte are expected to act with integrity in accordance with high ethical standards as presented in our US Code of Ethics and Professional Conduct (the “Code”), which includes our network’s [Global Principles of Business Conduct](https://www2.deloitte.com/us/en/insights/leadership/business-principles.html). The Code specifies expectations for all partners, managing directors, and professionals of the Deloitte US Entities regarding ethics and compliance standards, as well as explaining each individual’s responsibilities to the public, clients, and colleagues. Partners, managing directors, and professionals receive a variety of communications and training promoting ethical behavior. Channels for discussing issues regarding ethics and compliance are well established and used regularly.

High ethical standards within our Audit & Assurance business are maintained through a set of policies and programs that function across all Deloitte. Our professionals are accountable for demonstrating high levels of integrity and professionalism at all times.

Our independence requirements apply to all Deloitte partners, managing directors, and professionals, whether they are directly or indirectly involved in delivering audit and assurance services. The national managing partner for the Independence & Conflicts Network is responsible for overseeing more than 300 professionals working in the network and managing the independence policies and related training, organizing, and staffing of the independence consultation function, monitoring firm, personal and audit engagement-related independence compliance, and overseeing the Deloitte US Entities’ independence systems. The Chief Ethics and Compliance Officer is responsible for making sure appropriate disciplinary action is taken when policy or regulatory violations occur.

**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 shape proposals aimed at enhancing the effectiveness of audits. Because we believe that elevating audit quality in the profession benefits the capital markets, we take a leadership role in activities designed to elevate audit quality across the profession through the exchange of leading practices and informed advocacy on issues relevant to audit quality.

Deloitte is an active participant in the Center for Audit Quality (CAQ), which was established in 2007 to foster high-quality performance by public company auditors and advocate for policies and standards that promote public company auditors’ objectivity, effectiveness, and responsiveness to dynamic market conditions. The CAQ serves as a convening body for the public company audit profession and provides thought leadership on proposed rules and standards, resources for the profession and other members of the financial reporting supply chain and engages in stakeholder outreach on behalf of the profession.

Deloitte also actively participates in the activities of the National Association of State Boards of Accountancy, individual state boards, and the AICPA. The AICPA, among other things, develops standards for audits of private companies, develops the Uniform CPA Examination, and monitors and enforces compliance with the AICPA’s code of professional conduct. A former Deloitte partner is the current Chair of the AICPA, and we have numerous professionals who participate in activities of the AICPA as chairs and members of task forces, expert panels, and working group committees.

Deloitte also engages with other standard setters and our regulators on issues relevant to the future of the profession. We believe that significant investment in innovating the audit through technology and analytics is critical to the future of the profession. For example, we participate in the PCAOB Data and Technology Task Force. This task force was established to assist the PCAOB in obtaining insights into the use of data analytics and certain emerging technologies. The information obtained through the task force will inform the PCAOB as to what additional guidance is needed, if any, to support the use of data analytics and technology in the audit.

**Emerging assurance opportunities**

Exponential increases in the quantity and types of available data, revolutionary changes in technology, and evolving views of the role of business in society are dramatically impacting the current business environment. These changes are transforming how companies track, record, and process data; consider value creation; and communicate in response to changing needs of investors. Further, these changes have and will continue to drive demand for different value metrics and societal impact as well as transform existing business models and foster entirely new industries. The needs and expectations of investors and other stakeholders continue to expand beyond the contents of historical financial statements.

We continue to expand our service offering capabilities to deliver assurance in response to evolving market demands...
and trends and to validate the alternative metrics used to portray enterprise value. Our objective role as an independent auditor, with a proven track record of quality, positions us well to opine on information outside the historical financial statements (e.g., non-Generally Accepted Accounting Principles measures, other nonfinancial key performance indicators). Our professional capabilities and industry experience allow us to deliver expanded assurance in tandem with financial statement audits and bring a new level of value to the markets.

The nature of value creation is changing in response to global trends—whether related to technology, the role of business in society, or planetary limits, including the effects of climate change. There are a number of forces affecting business, including how investors’ information needs are changing in response to these developments. Companies are increasingly taking a wider view of risks and opportunities associated with their business, particularly those related to the interdependent nature of business and how companies rely on people and natural resources to sustain their business value while also affecting society and the environment.

Investor attention has increased rapidly around understanding how management and boards are contemplating risks emerging from environmental and societal trends into corporate strategy. It has also increased how they are identifying and managing these risks, allocating capital, and measuring and disclosing environmental, social, and governance (ESG) performance. Given the importance of standards in promoting higher quality, Deloitte has played an active role in leading the profession with several of the ESG standard setting and reporting initiatives as well as continued leadership of profession and business groups advocating for high-quality disclosure under a common framework. We also recognize the value of assurance for this information to enhance trust and meet the evolving needs of stakeholders. There is increased attention by Congress, the new Administration, and the US Securities and Exchange Commission (SEC) and we remain focused on our engagement with them to support targeted, transparent, and consistent disclosures by companies as well as the value of independent assurance to the reliability of those disclosures.

We have developed a global Deloitte sustainability assurance methodology to promote high-quality and consistent execution of assurance on nonfinancial or ESG subject matter in accordance with professional standards. We also played a significant role in development of the AICPA Guide: Attestation Engagements on Sustainability Information (including Greenhouse Gas Emissions information) that helps to drive greater awareness around how professional attestation standards are applied to nonfinancial information to enhance quality and confidence.

Deloitte continues to be the first of the Big 4 audit firms to perform an examination on ESG subject matter that was included in an ESG report furnished to the SEC through Form 8-K filings in April 2019, 2020, and 2021. This leadership role is an illustration of our investment and commitment to assisting our clients in providing high-quality, consistent, and comparable ESG disclosure in accordance with recognized standards. Rigorous governance, processes, and controls are central to our public interest role in delivering confidence in nonfinancial disclosure to the capital markets.

The explosion of data has contributed to the development of increasingly effective technologies to track and record data through blockchain, process data through automation, and harness data through algorithms and artificial intelligence. Companies are leveraging these technologies to develop new businesses and to transform existing business processes and are increasing their investments in technology. As these technologies become more prevalent and sophisticated, stakeholders will have additional needs and expectations regarding the governance and controls over companies’ uses of these technologies in addition to the related outputs. We are exploring providing additional attestation services related to algorithms, artificial intelligence, and blockchain to address those needs. In addition, we are leveraging these same technologies in our audit processes to expand our abilities to execute effective assurance engagements and potentially transform how we deliver and communicate assurance in the future through continuous assurance and evergreen audit reports.

As society changes, our profession is changing with it. Externally, we view the expansion of our assurance offerings as an opportunity to better serve the capital markets and investors. We are adding value to our clients beyond solely financial reporting and internal control over financial reporting. Internally, our growth in expanded assurance fuels reinvestment in the development of our people and innovation of our practice. We can harness this dynamic to elevate engagement levels to yield higher-quality outputs.

These expanded offerings have the potential to reframe how our people think as they will need to contemplate new attributes and scenarios, which broaden their skillsets; this will help our people stay relevant with changing business models and market trends, and, as a result, grow our future potential as an audit and assurance business.
“The stakes are rising as the COVID-19 pandemic served to accelerate attention to company preparedness to societal and environmental disruptors. Additionally, a shifting view of corporate purpose and a recognition that there is clear value derived when companies manage their relevant environmental and social-related issues has led to unprecedented stakeholder demand for transparency as a means to understanding long-term business viability. As the new administration continues to take shape, we expect to see greater attention to ESG and climate topics in the policy and regulatory agenda and stand ready to deliver on our public interest role supporting our clients in delivering high-quality and reliable ESG performance information.”

— Ellen Basilico, National Managing Partner, US Growth & Offerings, Deloitte & Touche LLP

The power of a multidisciplinary organization

Our audit and 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 integrity and trust by powering the capital markets with innovative solutions that enhance the value provided by our profession all while being the most recognized brand for audit quality. The power of a multidisciplinary organization is central to our ability to deliver upon this strategy, and something to which we are deeply committed.

In certain jurisdictions, questions have been raised as to whether firms should be narrowly focused on providing only core audit services. Some refer to this concept as an “audit-only firm.” At Deloitte, we see our robust multidisciplinary model—consisting of our audit and assurance, risk and financial advisory, tax, and consulting services—as an indispensable asset that contributes to the quality of our audits. Our vibrant, multidisciplinary organization composed of leading functional and industry subject matter resources across a range of disciplines is a critical element supporting our audits of the most difficult and complex areas of a company’s business. By bringing the full breadth and depth of resources at Deloitte, we are able to tackle more complex issues with a broader spectrum of experience, knowledge, and technology that lends itself to higher audit quality.

The importance of having a robust multidisciplinary organization is increasing as the technological landscape shifts and more companies are incorporating advanced technologies into their businesses. Having access to specialists at the forefront of the technological evolution is critical when providing expertise to the traditional audit. With a wide range of skill sets and access to a broad range of resources, we are able to provide opportunity for expanded assurance over relevant information used by investors and their ecosystems.

We recognize that risks are inherent in a multidisciplinary practice. This is why culture, leadership, tone at the top, and a robust system of quality control are critical to the performance of high-quality audits. We maintain governance structures to ensure that the fulfillment of our public interest mandate—performing high-quality audits—remains the bedrock of our professional services organization. We are intensely focused on safeguarding our independence, which forms the core of the public trust that the markets place in the external audit function. We have and continue to make significant investments in people, processes, and supporting technology in the design of a world-class system of quality control related to the independence professional standards.
Understanding the needs of our stakeholders

As we continue to transform the audit, we believe it is imperative that our actions are informed by outside perspectives and stakeholder expectations. Ongoing collaboration with key stakeholders helps guide our efforts to improve audit quality. Leveraging insights and experience from across our multidisciplinary organization, we engage with audit committees, collaborate across the profession, and bring investors into the dialogue. We are committed to sharing our latest and best thinking to help make an enduring impact on the capital markets.

Audit Quality Advisory Council

Our Audit Quality Advisory Council (AQAC), formed in 2013, was one of the first of its kind. AQAC comprises eminent representatives from a cross-section of disciplines.

The members of the AQAC bring perspectives based on their current and prior leadership roles and experiences, including as academics, regulators, investors, standards setters, auditors, audit committee members, and public company executives.

The Chairman and CEO of Deloitte & Touche LLP and leaders from our quality network hold regular meetings with the AQAC throughout the year to discuss a wide range of current issues relevant to audit quality and the future of the profession. Recent meeting topics include our audit innovation and transformation initiatives, our system of quality control, talent strategy, and response to the COVID-19 pandemic. Outside of these formal meetings, the AQAC members regularly engage with other leaders and subject matter specialists throughout the firm on various topics.

Engaging with audit committees and business leaders

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. We are encouraged by recent trends in audit committee reporting, with many committees voluntarily enhancing the disclosure provided to investors around the rigorous oversight the committees provide of our audit services.

Members of our AQAC include:

Daniel Goelzer, Chair

Mr. Goelzer is a retired partner of the law firm Baker McKenzie LLP. He is a founding board member and former acting chair of the PCAOB and served as general counsel of the SEC. He is a member of the Sustainability Accounting Standards Board.

Arnold Hanish

Mr. Hanish retired from Eli Lilly and Company, where he was vice president and chief accounting officer. He is a former member of the PCAOB Standing Advisory Group and currently serves as a board member and audit committee chair at two public companies, as well as on the board of a municipality. Mr. Hanish is a member of the Financial Executives International Hall of Fame.

Jon Lukomnik

Mr. Lukomnik is a managing partner of Sinclair Capital LLC and on the board of a mutual fund. He previously served as executive director of the Investor Responsibility Research Center Institute and was a visiting professor at Cambridge University (UK). He is a former member of the PCAOB Standing Advisory Group and has been honored by the National Association of Corporate Directors, the International Corporate Governance Network, Ethisphere, and Global Proxy Watch, among others. Mr. Lukomnik has been the investment advisor or a trustee for more than $100 billion in institutional investments in his career.

Zoe-Vonna Palmrose

Dr. Palmrose is Professor Emerita of Accounting at the University of Southern California. She is a member of the Research Advisory Board at the Center for Audit Quality. She served as the deputy chief accountant for professional practice in the Office of the Chief Accountant at the SEC and was a member of the Public Oversight Board’s Panel on Audit Effectiveness and the AICPA Auditing Standards Board Fraud Task Force. Dr. Palmrose is a member of the American Accounting Association Accounting Hall of Fame.

Phil Wedemeyer

Mr. Wedemeyer is a board member at a not-for-profit and has served as a board and audit committee member at public and private companies. He served at the PCAOB as director of the Office of Research and Analysis and as a deputy director in the Division of Registrations and Inspections. He was also a member of the AICPA Auditing Standards Board. Mr. Wedemeyer retired from Grant Thornton LLP and was a partner for many years at Arthur Andersen LLP.
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. We also recognize the unique insights, resources, and perspectives we can offer to business leaders across the C-suite. Our Center for Board Effectiveness provides executives, boards of directors, and others active in governance with resources pertaining to current boardroom issues and governance trends.

Audit committee and board programs

We have developed several programs and resources that help audit committee and board members fulfill their responsibilities.

Audit committee and board symposiums

These annual multi-day events cover topics that are top of mind for audit committee and board members and give attendees the opportunity to share insights and engage in lively discussions with peers. In 2020, 292 audit committee members, representing 664 company and board affiliations, attended our virtual Audit Committee Symposium and 180 board members, representing approximately 411 board or executive roles, attended our virtual Board Symposium.

Audit committee and board labs and education programs

Unique, customized experiences designed to help boards and audit committees explore their responsibilities, priorities, and practices, these half-to one-day sessions focus on enhancing the performance of audit committee and board members, both as individuals and as part of a high-functioning team, especially during times of transition. The facilitated programs incorporate leading practices from our research, extensive experience with audit committees and boards, and advance input from the participants’ key stakeholders. In addition, tailored director development education programs are offered to audit committees and boards seeking to better understand their role and responsibilities, and to assess whether their topics of focus are well aligned with their respective organization’s strategy and objectives.

Board governance dialogue

These board-level events provide insights on timely business and governance topics and the opportunity to engage with peers. Featured topics may include innovation and disruption; culture, brand, and reputation; tech-savvy board; ESG; and the board’s oversight role in cyber.

Board-Readiness programs

These educational and networking programs are offered to highly skilled active and retired executives who have an interest—and the experience—to be considered for nomination to a public or large private company board or directorship, but who might not have a playbook for starting the journey. The program agenda may include current board members, board and committee chairs, and search firms, sharing their experiences and insight into becoming a board-viable candidate, as well as subject matter specialists on the topics of cyber and technology, shareholder engagement, culture, and ESG. A select number of senior executives are invited to each session, which makes for an intimate and in-depth exchange of ideas. Of the nearly 7,600 executives who have been through the Board-Readiness program since its inception in 2016, nearly 550 executives have been placed on more than 700 public and/or large private company boards.
Delivering research and insights

We also 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. To access these and other resources, visit www.deloitte.com/us/boardeffectiveness. You may also opt to access and subscribe to many of Deloitte’s articles, newsletters, webcasts, and more at https://my.deloitte.com.

Audit Committee Resource Guide
An audit committee resource that provides an overview of the requirements, common practices, and considerations for US public company audit committees.

Audit committee disclosure in proxy statements
An annual analysis of the S&P 100 companies’ proxy statement disclosures—including the rate at which companies are voluntarily disclosing information.

Audit Committee Brief
A monthly publication that provides audit committee members with overviews of corporate governance resources, regulatory and legislative environment outlooks, and technical updates. The Audit Committee Brief has approximately 25,000 subscribers.

On the Audit Committee agenda
A series of periodic audit committee-focused publications launched in October 2020, this series examines topics impacting the audit committee’s responsibilities and priorities.

Missing Pieces Report
Deloitte’s Center for Board Effectiveness and the Alliance for Board Diversity unveiled new analyses of data from the Missing Pieces Report, looking at boardroom diversity with an industry lens. The sixth edition of the report was published in June 2021. The original Missing Pieces report, based on 2018 data and published in January 2019, is a multiyear study published by the Alliance for Board Diversity, in collaboration with Deloitte for the 2016 and 2018 censuses, which provides powerful metrics on the slow change of diversity in the boardroom, and may help encourage corporate boards to continue to embrace the benefits of diverse board composition.

Board Practices Report
The 11th edition of the Board Practices Report, a biennial collaborative effort between Deloitte’s Center for Board Effectiveness and the Society for Corporate Governance, presents findings from a survey distributed to the public company members of the Society during the fourth quarter of 2018. The report’s theme, “Common threads across boardrooms,” illustrates a focus on the threads—or board and board committee practices and oversight motifs—that are woven together to create what governance is today, such as culture, talent, strategy, risk, technology, innovation, and board governance.
Gaining insights from the marketplace and investors
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 dialog with investors and better understand their perspectives, our investor engagement initiatives include regular outreach and interaction with a number of institutional investors. We engage with them through participation in third party conferences, panel discussions, direct and specific investor engagement and outreach as well as hosting webinars for the investor community. Further, we seek to include investors as part of firm-sponsored programs to allow our client boards of directors and other governance professionals to hear their perspective.

CFO Signals™
Each quarter since 2010, the CFO Signals™ survey has tracked the thinking and actions of leading CFOs representing North America’s largest and most influential companies across four areas: business environment, company priorities and expectations, finance priorities, and personal priorities. Deloitte’s CFO Program conducts this 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 are predominantly over $3 billion (USD) 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. Individuals can register on the website to join Dbriefs at no cost and are eligible for Continuing Professional Education (CPE) credit. Each Dbriefs 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.

2020 Deloitte Global Audit Value Pulse Survey
COVID-19 exacerbated the existing challenges facing businesses now and into the future and exposed unforeseen risks. To better understand these challenges, Deloitte Global conducted a survey with 351 key stakeholders from around the world in April and May 2020 during the height of the initial global COVID-19 lockdown. Through this survey, we sought to better understand the value that C-Suite, finance, audit committee executives, investors, shareholders, and board members place on audit as a result of COVID-19. The results highlighted some of the most pressing COVID-19 concerns, many of which are still relevant today, as well as executives’ changing perceptions about the role of auditors in approaching these challenges.

Quality in Action

Impact of COVID-19 in the marketplace
As companies addressed the challenges created by COVID-19—from supply chain disruptions, government-ordered shutdowns, virtual workforces, and the CARES Act—they constantly had to dynamically react to and adjust their strategic priorities. Deloitte’s COVID-19 Financial Reporting Alert publications captured and communicated the complexities associated with the myriad of pervasive financial and accounting challenges like forecasting, internal controls, and stakeholder communications. No matter where an organization is on the respond, recover, and thrive spectrum, our strategic insight into the financial reporting and accounting challenges that are top of mind for many companies, as well as trending and ongoing issues, assist companies in charting a path forward.
Monitoring our business and holding ourselves accountable

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, and understand the causal factors 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. We leverage information obtained from our Assurance Insight & Analysis group and in-flight monitoring programs to continuously monitor audit quality and identify issues for timely resolution.

We are our own toughest critic, and our practice reviews and monitoring processes aim to swiftly identify and course-correct practice deficiencies. Our monitoring programs are critical to achieving our continuous improvement objectives and enable us to ascertain the effectiveness of the actions we take to enhance audit quality.

The onset of the of COVID-19 pandemic impacted how practice reviews, PCAOB inspections, peer review and other monitoring activities, were conducted in 2020. The PCAOB announced in March 2020 that their reviews would be conducted remotely. The pandemic briefly interrupted the beginning of our practice review and all practice reviews and other monitoring activities, including the execution of our peer review, were conducted virtually in 2020.

Setting the standard
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 and utilize input from various sources to continually improve the quality of our audits. These sources include:

- For SEC issuer engagements, rigorous inspections by the PCAOB of public company audits. We act upon learnings from those inspections to help guide our continuous improvement efforts.
- For non-SEC issuer engagements, the AICPA triennial Peer Review process is conducted to provide additional observations concerning quality. Our most recent Peer review was completed in 2020.
- Ongoing dialogue between Deloitte leadership and our external and independent AQAC to help us better understand third-party needs and help us elevate quality for the benefit of the capital markets.
- Evaluating our audit work through the lens of external and independent parties, regulators, and peers orients us in our pursuit of quality, providing meaningful feedback upon which we strive to continuously improve in a manner that is thorough, detailed, and uncompromising.

External Inspections, Practice Review, and Monitoring
We are subject to various external and internal inspection processes and monitoring programs.

Public portion of PCAOB inspection reports (Part I)
PCAOB inspections of audit engagements can result in observations that are made public through:

- Part I.A—Deficiencies that relate to the significance and appropriateness by which the audit firm gathered enough and appropriate audit evidence to support the audit opinion; and
- 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 non-compliance with PCAOB standards or rules.

Recent inspection results
Our commitment to the capital markets is reflected in Part I.A of the most recent PCAOB inspection report, which demonstrates our sustained focus on audit quality.
Part I.A of our 2020 PCAOB Inspection Report identified deficiencies in two audit engagements. These comments did not result in the reissuance of our audit reports or the restatement of issuer financial statements.

Part I.B of our 2020 PCAOB Inspection Report includes the following areas of non-compliance with PCAOB standards or rules: (1) matters that were communicated, or required to be communicated, to the issuer’s audit committee and related to accounts or disclosures that were material to the financial statements were not included as part of our analysis of critical audit matters; (2) required communications related to the issuer’s critical accounting policies and practices or critical accounting estimates were not communicated to the issuer’s audit committee; and (3) certain work papers required were not included in the final set of audit documentation.

While we are proud of the most recent PCAOB inspection results, we are focused on continuous improvement. We carefully analyze inspection themes, identify causal factors, 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 September 2019, the PCAOB determined that the remedial actions we took in response to Part II of the 2016 report addressed the quality control observations to the satisfaction of the PCAOB for the purposes of Section 104(g)(2) of the Sarbanes-Oxley Act of 2002, which closes the 2016 inspection cycle and represents our eighth consecutive year of PCAOB Part II acceptances. Our response to Part II of the 2017 inspection report was submitted on November 12, 2019 and our response to Part II of the 2018 report was submitted on April 23, 2021.

We are committed to thoroughly addressing the quality control matters that the PCAOB raises in its inspection reports.

Peer review
Having recently received a Pass rating on our most recent report from our peer reviewer in 2020, we are confident in the path we are pursuing to drive continued enhancements in quality in our non-issuer practice. We continue to focus on non-issuer audit quality through our audit transformation and innovation efforts. A rating of Pass means that Deloitte’s system of quality control is determined to be appropriately designed and we are complying with that system.

Practice Review
Our Practice Review themes are consistent with those identified by the PCAOB and peer reviewers, and we are continuously looking to improve our monitoring efforts. We generally plan to perform approximately 200 inspections of completed and archived audits annually in addition to procedures designed to test compliance with our policies. Due to the disruption caused by the onset of the COVID-19 pandemic we delayed and curtailed the scope of our practice review by approximately 20% in 2020.

Monitoring
We have implemented quality monitoring programs with oversight by various groups within the Quality & Professional Practice Network (Network) focused on the performance of engagements in progress to assess the implementation of our quality priorities. These programs are designed to provide feedback to engagement teams, which can be incorporated into the audit prior to the issuance of the opinion. These programs, which are applied to approximately 50 engagements a year, also help inform whether the actions taken under our quality initiatives 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. Each year, we reassess the scope and focus of our quality monitoring programs based on feedback from our Practice Review and external inspection results and enhancements to our audit approach and methodology, including from the adoption of new audit and accounting standards.
Selected resource metrics we use to continuously monitor audit quality

Sufficient engagement management capacity is critically important to allowing experienced professionals to challenge management judgments appropriately and to provide on-the-job guidance and development of more junior members of the engagement team. While there are many engagement-specific considerations that must be evaluated when determining appropriate leverage models, our quality monitoring has identified the proportion of engagement management to total engagement personnel as an important factor in relation to audit quality.

In addition to the audit engagement partner review, every public company audit engagement is subject to an independent engagement quality control review. This review is performed by a partner designated by the leadership in our Network. As required by PCAOB Auditing Standard No. 1220, Engagement Quality Review, for public company engagements, the Engagement Quality Control 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 a concurring approval of issuance.

Our Network is composed of national partners, managing directors, and other professionals. This national team is supplemented by experienced regional and local professionals and supporting technology. The Network’s primary goals are to provide consultation resources with deep technical knowledge in accounting and auditing; to design, operate, and monitor our quality control system; to provide oversight, leadership, and direction on quality activities; to maintain audit manuals, policies, and guidance used by our professionals; and to assist in addressing questions from engagement teams.

Leverage ratios of Audit & Assurance headcount

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<tr>
<th>Ratio</th>
<th>2021</th>
<th>2020</th>
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<tr>
<td>Partners and managing directors to all other Audit &amp; Assurance professionals</td>
<td>1 to 9.5</td>
<td>1 to 8.8</td>
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<tr>
<td>Partners, managing directors, senior managers, and managers to seniors and staff</td>
<td>1 to 2.2</td>
<td>1 to 2.2</td>
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Technical professional practice leadership ratio

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<tr>
<th>Ratio</th>
<th>2021</th>
<th>2020</th>
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<tr>
<td>Partners and managing directors serving in technical professional practice roles to all partners and managing directors*</td>
<td>1 to 8.5</td>
<td>1 to 7.8</td>
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</table>

*There are over 300 partners, managing directors, senior managers, managers, and support staff serving in professional practice roles.

Percentage of total audit hours performed by specialists

During the 2021 audit cycle, approximately 14 percent of total audit hours were performed by more than 6,700 specialists working alongside engagement teams, including specialists in tax, information technology, data analytics, and financial transactions, among others. This percentage can vary from year to year depending on specialized issues impacting the financial reporting processes of our clients. We consistently deploy resources with the appropriate specialized skills to execute our audit procedures at a high level of quality.

<table>
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<tr>
<th>Percentage of total audit hours performed by specialists</th>
<th>2021</th>
<th>2020</th>
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<tr>
<td></td>
<td>14%</td>
<td>15%</td>
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Quality across the global Deloitte network

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax, and related services. With more than 330,000 professionals around the world, including more than 120,000 in the United States, in more than 150 countries and territories, Deloitte has unmatched scale to deliver.

As part of our commitment to lead the profession in audit quality, we are leveraging the experience of our US Audit & Assurance business to advance audit quality and build consistency throughout the global Deloitte network, sharing insights, action plans, and learnings from our ongoing audit quality journey in the United States.

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.

Since the inception of the GCOE, approximately 810 US resources have worked to align global policies and guidance, deliver audit quality and regulatory updates, perform practice reviews, provide PCAOB inspection and remediation support, and develop and deliver focused learning. The GCOE provides support to many Deloitte network member firms around the globe, including emerging markets. For example, the GCOE supports member firms through the GCOE Global Focused Learning Program (GFLP) by supporting engagement teams with real-time training, educational learning, leading practices, and audit quality feedback that is directly applicable to improving the technical skills of the individuals performing and executing quality audit engagements. Focused learning facilitators bring learning, insights, and experience to engagement teams. Additionally, the GCOE supports many member firms in emerging markets and elsewhere in developing and delivering learning modules on audit-related hot topics and areas that have led to inspection and practice review findings. The GCOE enables support to Deloitte network member firms by identifying opportunities to enhance their systems of quality control in areas where deficiencies were identified during internal reviews and external inspections. The GCOE assists in identifying highly skilled audit practitioners and coordinating their deployment from the US member firm to other Deloitte member firms to support those member firms with their most complex audit engagements as well as various audit quality activities. The consistent delivery of high-quality audits for all audit engagements across the Deloitte network continues to be a top priority of the GCOE with an emphasis on audit transformation and use of globally available audit tools. These efforts have contributed to a significant improvement in PCAOB inspections results for Deloitte network firms outside of the US over the last few years. The number of engagements with a PCAOB comment decreased 44% since 2012 and the average number of comment forms per engagement with a comment form decreased 54% since that same time.

The Deloitte network has also invested in programs to transform the way audit quality is monitored and measured. The Deloitte network’s Audit Quality Monitoring & Measurement (AQMM) program is part of a comprehensive strategy to continuously improve audit quality through transforming the way the Deloitte network monitors and measures audit quality and remediates audit deficiencies. A critical aspect of the AQMM program is a shift to more real-time quality monitoring to drive early identification and responsive actions to potential audit quality issues. Our commitment to improve audit quality across the Deloitte network is unwavering.

Quality is our brand. Our shared global purpose defines who we are. We deliver high-quality audit and assurance services with integrity that provide confidence to the investing public, never losing sight of the important role the capital markets have entrusted us to uphold. As the quality leader, we are setting the standard and committed to continually evolving who, what, and how we deliver.
Excellence, every day

Our relentless pursuit of quality and commitment to advancing our profession defines not just what we do, but who we are. Our unique perspective, objectivity, diversity of thought, and focus on innovation enhances trust in the companies we audit, ultimately protecting and powering the capital markets.

“Throughout 2020 and 2021, our professionals rose to meet each challenge with resilience, strength, and agility. They applied their deep technical skills and subject matter expertise in a virtual-first environment; never wavering in their commitment to deliver high-quality audit and assurance services. Even against what seemed like insurmountable odds, we continued to take giant strides forward in our journey to provide our clients with a digital audit experience while never losing sight of our essential role in providing confidence to investors and strengthening the integrity of the capital markets. We’re excited for the future and continuing to evolve the ways we serve our clients, meet the needs of our capital markets, and offer a differentiated talent experience to our people.”

—Lara Abrash, Chair and Chief Executive Officer, Deloitte & Touche LLP
Anually, we publish a Transparency Report that outlines in detail our legal structure, governance, and the system of quality control we employ within our audit practice. That report can be accessed at https://www.deloitte.com/us/transparency. The detail provided in the Transparency Report is not repeated in this document.