

Annexure E

Our commitment to quality

Our commitment to quality

Our commitment to quality is unequivocal.

The responsibility for delivering audit quality resides with the audit firm. Consistent with our commitment to professional excellence, we are guided by a disciplined approach to audit quality that encompasses the entire scope of organisational motivations and behaviours, from our culture and business priorities to the resources and processes through which we define and carry out the Deloitte Audit.

Trust in the capital markets depends on the audit profession providing a high-quality service. Audit is a significant and core business of Deloitte and in many respects defines our brand. To be the most trusted audit provider and the undisputed leader of the profession and to meet the ever-increasing demands of the markets, clients and regulators, we strive for continuous quality improvements and consistent high-quality audit execution.

Importance of audit quality

The independent audit is a central element of the financial reporting system in place to protect investors and to promote the effective functioning of the capital markets. Ensuring that audit quality keeps pace with emerging economic, business and financial conditions is a crucial part of the effort to continuously enhance the overall strength and integrity of the financial reporting system.

At Deloitte, we are keenly aware of our obligation to deliver auditing services that meet the challenges and complexities of the current environment and that comply with professional and regulatory standards. We are committed to doing more than simply meeting challenges and conforming to expectations, and our desire is to be seen as the standard of excellence for the profession while executing our audits effectively. In keeping with that objective, our commitment to audit quality is unequivocal. We focus on professional excellence as the foundation for achieving outstanding audit quality on a consistent basis.

While the firm's leadership assumes ultimate responsibility for the system of quality control, the Audit Risk Leader is assigned with operational responsibility for the firm's quality control system and has sufficient and appropriate experience and ability, as well as the necessary authority to assume the operational responsibility.

Management statement on effectiveness of internal quality control system

As we strive to be the standard of professional excellence, we are committed to continuous improvement to ensure audits of the highest quality. We therefore continuously monitor and review our system of internal quality control to ensure that it is operating effectively, as this allows us to identify areas in need of potential improvement – now or in the future. The results of these activities are communicated to leadership on a regular basis. Our Africa audit imperatives are essential in executing highest-quality audits. They are fundamental tenets that apply to all our audits, and they drive the pursuit of professional excellence. The imperatives are updated, as necessary, in order to appropriately respond to results of practice reviews and external inspections. In the spirit of continuous improvement, the imperatives remain top of mind, are embraced by all audit practitioners and are implemented on all audit engagements.

We share our regulator's mission to protect the interests of investors and to further the public interest through the preparation of informative, accurate and independent audit reports. Our firm is supportive of the inspection process and is committed to using the regulator's observations to achieve our shared goal of improving audit quality. We have used the observations from our two recent inspections by the Independent Regulatory Board for Auditors (IRBA) and the Public Company Accounting Oversight Board (PCAOB), in conjunction with our own monitoring efforts to improve our quality control process and procedures and take actions as appropriate in order to achieve that shared goal. The actions to address the observations include enhanced focus, tools to support and monitor our engagement quality control reviewers and the adoption of a centralised approach to managing and reporting reportable irregularities, including the formation of a central panel to ensure consistency thereof.

Perspective on auditing as a professional service

Adopting the proper perspective on the auditor's role is a prerequisite for achieving outstanding audit quality. In all our businesses, we strive to provide superior service to the clients we serve. This is true in our audit practice, yet the audit is unlike any of our other Deloitte services, in several significant ways:

- The auditor's primary responsibility is to serve as an independent, objective and sceptical evaluator.
- The ultimate stakeholder is the investing public and capital markets, rather than the company itself.
- We perform our audit services pursuant to the guidelines provided by, and under the supervision of, external regulators.

We take these responsibilities seriously. They are the basis for how we define, instil and maintain quality in our audit practice.

A culture of professional excellence

A key element of professional excellence is the right tone at the top. This begins with the CEO of Deloitte Africa and senior management throughout the organisation. The focus of our leadership on audit quality is evident through its direct involvement in audit quality activities, the establishment of an Africa Audit Quality Board and its consistent dissemination of messages emphasising quality through a variety of communications channels. Our philosophy calls for embedding professional excellence into our definition of what it takes to be an auditor and what it means to conduct an audit. Acting honourably and with integrity is a shared responsibility, for which all personnel of Deloitte Africa are held accountable

Independence, objectivity and professional scepticism

Outstanding audit quality also requires independence, objectivity and professional scepticism. In essence, this means defining the investing public as the ultimate stakeholder; ensuring that doing the right thing is valued, invested in and rewarded; and managing our practice in such a way that financial and operational considerations do not override fidelity to professional standards and that the public interest be served.

Our internal messaging constantly emphasises that we as auditors are evaluators who must maintain a mindset of professional scepticism throughout the conduct of our work. This approach to the audit is reflected in many aspects of our policies, methods, procedures and training and is reinforced through quality control and accountability measures.

Partner accountability

In support of our Africa audit imperatives, we hold partners accountable for improving audit quality. Audit quality is an important determinant in partner evaluation requirements, for which the key criteria include quality, ethics and independence, and professional competency. Negative results in the practice review or external inspections negatively affect an individual partner's evaluations and, in some cases, remuneration. Across our firm, a leading practice is to prepare a performance dashboard to support the performance evaluation of partners, in which audit quality is a prominent factor.

Deloitte Audit

The Deloitte Audit (DA) is a strategic initiative that presents an opportunity to drive a shift in our practitioners' mindset through greater emphasis on the use of professional judgement. The DA allows the approach for each engagement to be customised, with less reliance on mechanical form filling. This change in mindset also promotes several other key activities to further drive improvement in audit quality, including:

- Challenges to the norm and continuous improvement
- Increased visibility of partners into the issues
- More effective collaboration with engagement experts

In addition, the DA technology platform represents a fundamental shift in core technology to deliver high-quality audits across the Deloitte Africa network. The platform:

- Includes a suite of new tools for our practitioners that allows the practitioner to adjust to specific business needs, processes and organisational structures of the engagement, through the use of scalable and flexible content
- Allows for efficient real-time audit engagement assignments, tasks, progress and status updates
- Provides transparent, integrated views of risks and synchronised findings with flexible dashboard reports to foster enhanced partner oversight
- Uses data analytics to leverage engagement information to help manage risk and gain insights into potential quality concerns, as well as specialised functionality to analyse information provided by the entity