

Manager talent standard

Audit

Building a *globally uniform level of quality and capability* in our core services so that our clients experience a *consistent, exceptional Deloitte* is critical to become the undisputed leader in professional services. The following standard defines the capabilities required at the Manager level for our Audit service.

Leadership capabilities

We expect practitioners at all levels to embrace and live our purpose by challenging themselves to identify issues that the most important for our clients, our people, and for society and *make an impact that matters*. There are five Leadership capabilities that we require from all Managers across the organization, regardless of service. Behavioral anchors for each capability are described below.

Capability	Description	Behavioral anchors
Living Our Purpose	Acts as a role model, embracing and living our purpose and values, and recognizing others for the impact they make	<ul style="list-style-type: none"> • Holds self and others accountable for living our values • Challenges self and others to make an impact that matters for our clients, our colleagues and our communities • Recognizes colleagues and teams for the impact they make, and helps connect their contributions with our broader purpose
Talent Development	Develops high-performing people and teams through challenging and meaningful opportunities	<ul style="list-style-type: none"> • Looks for challenges and opportunities to grow team members' expertise and talents – encourages people to stretch their capabilities • Supports team members' development needs through formal and informal coaching and knowledge sharing • Actively supports the attraction and development of top talent
Performance Drive	Delivers exceptional client service; maximizes results and drives high performance from people while fostering collaboration across businesses and borders	<ul style="list-style-type: none"> • Sets expectations for the team, aligns their strengths to tasks, and challenges them to raise the bar while providing support • Encourages teams to collaborate within and across businesses and borders, proactively helps make connections • Provides timely feedback to team members to drive high performance
Influence	Influences clients, teams, and individuals positively, leading by example and establishing confident relationships with increasingly senior people	<ul style="list-style-type: none"> • Builds productive, long-term relationships with clients and colleagues, across a broad network, based on mutual respect • Demonstrates an understanding of others' needs and interests, and sensitivity to the organizational and political climate • Adapts influencing approach to take account of individual and organizational sensitivities
Strategic Direction	Understands key objectives for clients and Deloitte, aligns people to objectives and sets priorities and direction	<ul style="list-style-type: none"> • Demonstrates an understanding of Global, Business and Member Firm strategies • Communicates the big picture – drives engagement by connecting the contributions of junior practitioners to broader Deloitte / client objectives

Technical and Professional capabilities

Below are the Technical and Professional capabilities for Audit Managers:

Capability	Definition	Behavioral anchors
Stakeholder Focus	Leverages a deep understanding of audit and risk advisory services and stakeholder needs to deliver high quality engagements	<ul style="list-style-type: none"> • Builds trust and credibility by focusing on how to meet multiple stakeholder needs whilst providing constructive challenge on engagement issues • Offers insightful recommendations about a broad range of complex issues related to business processes and controls by leveraging expertise and experience in the entity's sector

Become experts in risk assessments and audit responses

Audit professionals are required to obtain an understanding of the entity and its environment, including the entity's internal control. This is a continuous dynamic process of gathering, updating and analysing information throughout the audit. Audit professionals are also required to have knowledge of relevant accounting standards applicable to the entity. Auditors are required to perform risk assessment procedures to provide a basis for the identification and assessments of the risks of material misstatement

- Includes a discussion of how a change in materiality would affect the scope of the audit in the audit planning meeting and documents the results
- Reviews documentation of flows of transactions and tests of relevant controls early in the audit cycle to allow for timely assessment of (a) the planned audit approach and (b) the entity's control environment
- Determines that appropriate evidence has been obtained where we intend to rely in the operating effectiveness
- Suggests mitigating testing when controls are found to be ineffective, without always having to consult with the senior manager or partner. Applies professional scepticism to consider the broader impact (e.g. fraud risks, communication with those charged with governance) on our audit when significant controls are found to be ineffective or other conditions may indicate possible misstatements
- Challenges whether the risk assessment and planned audit responses are sufficiently tailored and have been sufficiently updated from the prior year (e.g. by asking teams to describe changes made to improve application of risk assessment procedures)
- Able to leverage industry content/benchmarking of entities in similar industry to identify audit risks and control recommendations. Keeps abreast of significant events affecting the entity's business during and between audits
- Drafts audit risks detailed within the Enhanced Audit Report and Audit Committee Paper that are consistent and specific to the engagement
- Considers messaging from the National Office and peer reporting when drafting reports and presents risk and key audit matters in a concise and stimulating way for the reader
- Stays abreast of changes in relevant accounting and auditing standards and identifies early areas of increased focus required

Integrate engagement teams and manage referred work

Involving internal specialists early and often in audits leads to cohesive, well integrated engagement teams. As auditors we have a responsibility to understand the scope of work performed by the experts and specialists, supervise their procedures, review their working papers and understand the conclusions that they reach. Supervision, communication and review in relation to the work performed by component auditors are important activities to determine appropriate identification and response to assessed risks of material misstatement to the group financial statements and, more broadly, adherence to the DTTL Audit Approach Manual

- Demonstrates collaboration across Deloitte functions with specialists by leveraging specialist skills, unique industry insights and innovation expertise to deliver a seamless audit that is responsive to stakeholder needs
 - Recognises opportunities to add value, extend knowledge, increase impact and to provide exceptional stakeholder value through drawing expertise from across the firm and integrating specialists where appropriate as part of the core audit engagement team
 - Performs joint activities with specialists early in the audit to identify risks, understand relevant controls and substantive procedures, agree on the division of responsibilities, including planned tests of IPE, and prepare scoping memos
 - Discuss the specialists' or experts' findings and how they impact work performed by other members of the engagement team, including substantive testing and tests of internal control
 - Communicates effectively with onshore or offshore Centres of Excellence and USI team, including: establishing regular dialogue, setting timetables for delivery, giving timely feedback & review points and managing work to completion in order to conclude
 - Determines that audit procedures are designed and performed to test the completeness and accuracy of IPE used by specialists or experts, and that the responsibilities for this are well understood
 - Is able to recognise and feedback specialist findings to the entity's management team with ineffective internal IT systems
 - Actively participates in the group risk assessment scoping of work to be performed by component auditors. Prepares and reviews referral instructions on a timely basis that clearly set up the group auditor's expectations and evaluates responses from component auditors
 - Considers and shares ideas with the wider audit team at the team planning meeting including taking an active involvement in how to best develop and deliver insights to be impactful. Is able to articulate why each idea would be of interest to the entity's management team and other key stakeholders
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Delivery of high quality audits via a number of enablers:

Make appropriate use of tools, guidance and methodology

- Global Audit Imperatives: Fundamental tenets applicable for all audits to drive the pursuit of professional excellence and quality audits
- Professional Excellence: Tools and resources for audit practitioners that focus on behaviours required to deliver the highest professional excellence
- Methodology, content, guidance, learning and tools: Enhancement and supplementation to existing resources to reflect changing standards and expectations, which continue to provide the foundational elements in performing a quality audit
- DA/EMS: Continued roll out of Deloitte Audit across the Deloitte network

- Runs file check regularly throughout the audit, checks all points have been cleared at the end of each audit
- Chooses an appropriate file structure for each engagement, including group engagements, for example, utilising the 100% audits OAP, the wholly owned subsidiaries OAP, and content for small audits where applicable. Understands when it is appropriate to include group content for an engagement file
- Is aware of content changes to EMS and uses the Mid-Engagement Content Update tool at the planning, testing and reporting stages of the audit so that appropriate updates are reflected in their audit working papers. Understands when it is appropriate to update content when creating a new EMS file from an existing or old one
- Is familiar with requirements of ISA 700 and explains the implications to their team bringing to life key messages with examples of best practice

Manage project plans to optimize engagements

Development and management of a project plan is a critical component to executing high quality audits. A robust project plan includes key activities, milestones, deadlines, and priorities for all engagement team members, including P/P/Ds, professionals, component auditors and specialists

- Engages early with scheduling and the extended engagement team. Clearly communicates expectations regarding responsibilities and deadlines to all members of the engagement team, including specialists, component auditors, the EQCR and Centres of Excellence
- Communicates the project plan and any entity-related dependencies with the entity's management team so that they are aware, at the beginning of the audit, of any repercussions (e.g., deadlines, fees) due to deviations from this plan. Reconfirms their understanding with the entity's management team in advance of key deadlines
- Anticipates changes in the audit plan, for example, by requesting early primary or overriding reviews of audit areas where the results of testing may indicate a need for further audit procedures, or where there is uncertainty regarding the appropriate conclusion
- Monitors compliance with the project plan by maintaining dialogue on work and results so that that key activities are completed and key milestones are achieved by the intended deadline, and those responsible are held accountable
- Facilitates timely archiving of working papers after report issuance by: preparing and filing documentation contemporaneously with testing, resolving conflicts on a timely basis, performing and clearing file checks. Understands and manages the EMS implications of multiple opinions relating to the same engagement. Understands the triggers for when a file is registered as archived in Deloitte's systems
- Identifies early the audit approach to be taken and checks that adequate resources are identified that have the required skills, knowledge and experience to perform the work
- Tracks and reports actual hours of performance, captures accurate and timely estimates to complete and document explanations of variations from budget. Considers whether changes in the audit plan or staff allocation may improve engagement economics in the following year without compromising quality
- Identifies areas of the audit plan which could be executed in a different, more efficient, or more innovative way than on prior audits, including through the use of Centres of Excellence and analytics and other innovation tools. Gathers feedback from the entity's management team and shares good practice examples with the firm
- Understands clearly how the audit plan links to the engagement budget and checks that both consider the use of Centres of Excellence, changes in technology and changes in methodology, and have a contingency allowance where new approaches are being used
- Evaluates the urgency and importance of assigned tasks on a daily and/or weekly basis. Prioritises appropriately and makes or implements contingency plans where necessary. Guides more junior members of the team in their prioritisation

Formulate reasonable judgements and conclusions in order to deliver informative and timely outputs	<p>Making reasonable judgements involves:</p> <ul style="list-style-type: none"> identifying the issue applying knowledge of business, financial accounting and reporting and information technology researching the topic and considering different perspectives evaluating alternatives in the light of the relevant facts and circumstances considering whether a suitable process was followed in reaching a conclusion and whether sufficient appropriate audit evidence exists to support it consulting as appropriate documenting the conclusion and the rationale for it 	<ul style="list-style-type: none"> Performs reviews with professional scepticism considering whether the results of testing sufficiently assess, test and objectively challenge the appropriateness and reliability of the assumptions and data used to support management's assertions. Checks documentation reflects guidance in key areas (e.g., revenue guide, IPE guide) Recognises areas of significant judgement and leverages consultation network to deal with complex matters and apply an appropriate level of professional scepticism. Discusses key audit and accounting judgements on a timely basis with the engagement partner When performing reviews, identifies significant judgements and considers whether working papers demonstrate that professional scepticism has been applied and sufficiently describe the basis for conclusions reached, including analysis of reasonable alternatives, consideration of the relevant underlying principles and consideration of related issues After discussion with the partner, facilitates consultation with the Engagement Quality Control Reviewer and/or others in areas involving difficult judgments or subjectivity, documents accurately on file all outcomes of discussions and conclusions reached Drafts the audit committee document ensuring that all relevant risks and control issues are included through discussion with the engagement team
Apply Ethical and Professional Standards	<p>Compliance with auditing and accounting standards, relevant laws and regulations (including specific local laws and regulations), ethical standards, independence requirements and the audit firm's quality control procedures</p>	<ul style="list-style-type: none"> Methodically checks that all audit services provided are covered by an appropriate engagement letter; updates existing engagement letters as appropriate. Drafts appropriate engagement letters for non-recurring assignments with reference to the firm's policies and procedures. Keeps RED/ARM updated on a timely basis Is alert to DPM requirements regarding circumstances where we identify or suspect non-compliance with laws and regulations, fraud and money-laundering offences. Has demonstrable understanding of the firm's anti-money laundering procedures Arranges and engages with quality control reviews. Checks that points raised by EQC Reviewers and relevant specialist resources are cleared down with sufficient rigor when working to deadlines. Discusses complex or judgement areas and how professional scepticism has been applied with the engagement partner as appropriate prior to resolution Commits to audit quality by driving improvement of prior year testing or documentation in their work and the work of their team, discussing responsibilities and leading discussion of how the Audit Imperatives will be implemented to resolution Commits to professional competence by reading and discussing with the engagement team and the entity's management team, technical pronouncements such as SORPs, and UITF abstracts as they apply to the entity. Remains alert to industry group assurance activities and debates Understands their business security responsibilities, models best practice and actively encourages appropriate behaviours of engagement teams Completes compliance training and responds promptly to compliance requests by deadlines. Understands their personal independence responsibilities and complies with them