

2020 Transparency Report

Deloitte Touche Tohmatsu

October 2020



This Transparency Report is prepared in accordance with the requirements of Section 332 of the *Corporations Act 2001* (Corporations Act). The Transparency Reporting Year is from 1 July 2019 to 30 June 2020.

Deloitte Australia refers to the Australian partnership of Deloitte Touche Tohmatsu.



Contents

Leadership message	2
Deloitte network	3
What Deloitte Audit & Assurance brings to capital markets	8
External and internal audit quality monitoring	24
Independence, ethics, and additional disclosures	35
Appendix A Financial information	40
Appendix B Public interest entities	41
Contact us	44



Leadership message

Deloitte's¹ continued commitment to quality helps us serve the public interest and deliver confidence, as we make an impact that matters for clients, investors, capital markets and regulators.

Responding to coronavirus disease 2019 (COVID-19)

COVID-19 has spread across the globe, bringing immediate disruption and continued uncertainty. Recognising this impact, we have acted quickly to engage with stakeholders in the financial reporting ecosystem.

For many of the entities we audit, COVID-19 has significantly impacted ongoing operations, creating new or elevated risks and the need for additional disclosures as circumstances continue to shift. We have been agile in our response, demonstrating our unwavering commitment to high-quality audits in even the most challenging of environments.

We recognise our critical public interest role is heightened at this time. We have actively engaged with the Australian Securities and Investment Commission (ASIC) to contribute to their and our response to the evolving impacts of COVID-19 on our profession and stakeholders.

The future of the audit profession

We acknowledge that the audit profession in Australia should continually seek to evolve and improve. We are supportive of the recommendations made by the Parliamentary Joint Committee on Corporations and Financial Services into the Regulation of Auditing in Australia in its interim report. The resulting changes will

act as a catalyst to enhance transparency, audit quality and trust in financial reporting and corporate governance in Australia.

Our commitment to audit quality

At Deloitte, we are doing our own part to build on the trust and confidence we earn from our stakeholders and make an impact that matters. Audit quality is our key priority, and we are deeply committed to investing in capabilities and continuous improvement to deliver high-quality audit services.

At the heart of this investment is The Deloitte Way, which establishes a globally consistent approach to performing audits. It allows our auditors to deliver audits with clarity, confidence and a greater focus on higher risk areas, while increasing the opportunity to apply professional judgment and critical thinking.

We use leading-edge tools and capabilities to work more effectively and deliver deeper insight. Not only does this empower our professionals to provide value in more areas, but as we enhance capabilities and skillsets, we become ever-better evaluators of risk.

This report provides you with an insight into our Firm and sets out our practices and processes, demonstrating our continued investment in audit quality.

Richard Deutsch

Chief Executive Officer
Deloitte Australia

Tom Imbesi

Chairman
Deloitte Australia

Joanne Gorton

Managing Partner
Audit & Assurance

¹ Throughout this report, the terms "Deloitte", "we", "us", and "our" refer to one or more of Deloitte Touche Tohmatsu Limited, its network of member firms, and their related affiliates. For more information about the Deloitte network, please see p. 3 of this document.



Deloitte network

Deloitte Australia: legal structure and ownership

The Australian partnership of Deloitte Touche Tohmatsu is a member of Deloitte Asia Pacific Limited and part of the Deloitte global network. Deloitte Touche Tohmatsu is referred throughout this report as Deloitte Australia or the Firm, and provides (through the Firm or one of its affiliates) professional services using the Deloitte name within Australia, Papua New Guinea, the Solomon Islands and Timor-Leste.

For the purposes of transparency reporting, this report contains information about Deloitte Australia, which is relevant to the Audit & Assurance business.

Network description

The Deloitte network

The Deloitte network is a globally connected network of member firms and their affiliates operating in more than 150 countries and territories across the world. These separate and independent member firms operate under a common brand.

Deloitte Asia Pacific Limited

Deloitte Australia, along with members in China, Japan, Korea, New Zealand, Southeast Asia, and Taiwan comprise Deloitte Asia Pacific Limited, the DTTL member firm in this region.

Deloitte Asia Pacific Limited is a UK private company limited by guarantee incorporated in England. Deloitte Asia Pacific Limited does not provide professional services to clients and its members, and their related entities are separate and independent legal entities.

The purpose of Deloitte Asia Pacific Limited is to facilitate alignment and collaboration between its members as part of the Deloitte Network in the Asia Pacific region. Through the Deloitte Asia Pacific member firm, Deloitte Australia (together with the other members) is making a significant investment in building capabilities across the region, to enhance our services to clients and create the best development opportunities for our people.

The Deloitte Asia Pacific Limited Board is the highest governing body of the Deloitte Asia Pacific member firm. Deloitte Australia has three representatives on the Board, including the Chairman of Deloitte Australia's Board of Partners, Tom Imbesi. The Deloitte Asia Pacific Executive is led by Asia Pacific Chief Executive Officer (CEO), Cindy Hook.





Deloitte Touche Tohmatsu Limited (DTTL or Deloitte Global)

Deloitte Touche Tohmatsu Limited is a UK private company limited by guarantee incorporated in England and Wales. DTTL serves a coordinating role for its member firms and their affiliates by requiring adherence to policies and protocols with the objective of promoting a consistently high level of quality, professional conduct and service across the Deloitte network. DTTL does not provide professional services to clients, or direct, manage, control or own any interest in any member firm or any member firm's affiliated entities.

"Deloitte" is the brand under which approximately 312,000 dedicated professionals in independent firms throughout the world collaborate to provide audit and assurance, consulting, financial advisory, risk advisory, tax and related services to select clients. These firms are members of DTTL. DTTL, these member firms and each of their respective related entities form the "Deloitte organisation". Each DTTL member firm and/or its related entities provides services in particular geographic areas and is subject to the laws and professional regulations of the particular country or countries in which it operates. Each DTTL member firm is structured in accordance with national laws, regulations, customary practice, and other factors, and may secure the provision of professional services in its respective territories through related entities. Not every DTTL member firm or its related entities provides all services, and certain services may not be available to attest clients under the rules and regulations of public accounting. DTTL, and each DTTL member firm and each of its related entities, are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm, and their respective related entities, are liable only for their own acts and omissions, and not those of each other. The Deloitte organisation is a global network of independent firms and not a partnership or a single firm.

The Deloitte Global Board is the highest governing body of Deloitte Global. On 1 June 2020, the Chairman of Deloitte Australia's Board of Partners, Tom Imbesi, became a member of the Deloitte Global Board, the Global Finance & Audit Committee and the Global Risk & Ethics Committee. From 1 July 2019 to 31 May 2020, Deloitte Australia's Chief Strategy & Innovation Officer, Rob Hillard, was a member of the Deloitte Global Board. Other key Deloitte Global governance bodies are the Deloitte Global Executive, which is led by the Global CEO and the Deloitte Global Operating Committee, led by the Global Chief Operating Officer (COO). The CEO of Deloitte Asia Pacific Limited, Cindy Hook, is a member of the Deloitte Global Executive.

Deloitte Australia: governance – leadership in action

Underpinning the leadership and management of Deloitte Australia are strong governance structures that provide accountability across our operations.

The Board of Partners

Deloitte Australia's Board of Partners (the Board) is responsible for protecting the interests and reputation of the Firm and its partners, and for overseeing management and operations at a strategic level. The Board ensures Deloitte Australia has an appropriate structure for corporate governance and has specific oversight of quality and risk.

The Board comprises the elected CEO and between seven and 10 elected partners. Our governance structure includes specific terms around the length of service and representation, including a provision that at least 40 percent of seats are held by women and at least 40 percent are held by men. In addition, the separation between the roles of Chairman and the CEO provides a strong measure of accountability.

Chief Executive Officer

Our CEO, Richard Deutsch, has full executive authority for managing the Firm. A Board-appointed committee of between four and eight equity partners nominate the CEO who is elected for a four-year term. Unless approved by an ordinary resolution of partners, the maximum overall period for the CEO is eight years.

The National Executive

The CEO appoints the National Executive, which manages the Firm's day-to-day activities. The National Executive comprises the CEO; COO; Chief Strategy & Innovation Officer; Managing Partner Market & Relationships (who is also the National Leader Middle and Private Markets); Managing Partner Clients, Industries & Markets; Chief Financial Officer; Chief Risk Officer (CRO); Chief Transformation Officer; National Leader Public Sector & Public Policy; Deloitte Private Market Leader; and the five business managing partners for Audit & Assurance, Consulting, Financial Advisory, Risk Advisory and Tax & Legal.

The CEO has overall responsibility for developing, implementing and monitoring quality policies and procedures, and risk-related matters. Day-to-day responsibility is delegated as follows:

- CRO – Enterprise risk framework; ethics; independence and conflicts; business resilience; compliance including regulatory compliance; client and engagement acceptance; engagement risk; quality control; data security, confidentiality and privacy; risk culture and complaints handling
- COO – People and performance; legal and professional indemnity insurance.



Audit & Assurance Leadership

The responsibility for developing and implementing the strategy for the Audit & Assurance practice – including related policies and procedures – rests with the Managing Partner Audit & Assurance (Joanne Gorton since October 2020; previously held by Jamie Gatt), the Audit Leader, and the Audit & Assurance Executive. In all their activities, Deloitte Australia's senior leaders are responsible for the overarching objective of audit quality, including compliance with applicable professional standards and regulatory requirements. The Deloitte Australia Audit & Assurance strategy is developed in alignment with the overall strategic direction established for the Deloitte network.

Deloitte Australia Audit & Assurance leaders participate in external and Deloitte network groups that set and monitor quality standards, and from which a number of audit quality initiatives emanate.

Audit & Assurance Quality & Risk and Accounting Technical functions

Caithlin Mc Cabe is Deloitte Australia's Audit & Assurance Risk Leader. The Audit & Assurance Risk Leader has operational responsibility for the system of quality control, reputation and risk management, and is a member of the Audit & Assurance Executive.

The Audit & Assurance Quality & Risk and Accounting Technical functions are led by National Professional Practice Director (NPPD), Gary McLean. The NPPD is responsible for all decisions relating to the interpretation of accounting and auditing matters.

The Audit & Assurance Quality & Risk team is responsible for implementing the quality agenda, establishing function-specific policies and procedures, audit and assurance technical training, monitoring and risk mitigation, and supporting engagement teams on audit technical and risk matters.

The Accounting Technical team is responsible for providing accounting technical support, including training to the Audit & Assurance practice and clients. It specialises in accounting standards and interpretations, including Australian International Financial Reporting Standards, and the financial reporting requirements of the Corporations Act.

Audit Quality Network

We have an Audit Quality Network of partners and staff within the geographic and market segments of our Audit & Assurance practice. The network helps the Audit & Assurance Quality & Risk team reinforce key messages, raise awareness of quality and risk matters and be more agile in responding to new developments.

Leadership commitment to audit quality

We conduct staff surveys at least annually to assess perceptions of the leadership tone within Deloitte Australia and the importance placed on audit quality. The results of the 2020 survey demonstrate Deloitte Australia's continued commitment to providing high-quality audits.

External, DTTL and Deloitte Asia Pacific contribution

Richard Deutsch

CEO
Deloitte Asia Pacific Executive Team

Tom Imbesi

Chairman Deloitte Australia
Deloitte Global Board (from 1 June 2020)
Deloitte Global Finance & Audit Committee (from 1 June 2020)
Deloitte Global Risk & Ethics Committee (from 1 June 2020)
Deloitte Asia Pacific Board

Joanne Gorton

Managing Partner, Audit & Assurance (from October 2020)
Accounting & Auditing Standing Committee (from October 2020)
Deloitte Asia Pacific Audit & Assurance Leadership Team (from October 2020)

Jamie Gatt

Managing Partner, Audit & Assurance (until September 2020)
Accounting & Auditing Standing Committee (until September 2020)
Deloitte Global Audit & Assurance Leadership Team (until September 2020)
Deloitte Asia Pacific Audit & Assurance Leadership Team (until September 2020)

John Leotta

Audit Leader (from October 2020)
International Accounting Standards Board's Consultative Group for Rate Regulation

Caithlin Mc Cabe

Audit & Assurance Risk Leader
DTTL Regulatory Leadership Advisory Board

Gary McLean

National Professional Practice Director, Ethics Officer
Deloitte Global Audit Quality Board

Sneza Pelusi

Managing Partner, Markets & Relationships
National Leader Middle and Private Markets
Deloitte Asia Pacific Board

Gareth Bird

Partner Audit & Assurance Quality & Risk
Australian Auditing & Assurance Standards Board

Julie Breden

Partner Audit & Assurance Quality & Risk
Deloitte Asia Pacific Audit Quality Monitoring & Measurement Leader (from October 2019)
Deloitte Asia Pacific Practice Review Director (from October 2019)

Jody Burton

CRO
Deloitte Global Risk Executive
Deloitte Asia Pacific Risk Executive

Alison White

Accounting Technical Leader
Australian Accounting Standards Board

Anna Crawford

Partner Accounting Technical
Deloitte Global IFRS Leadership Team

Marisa Orbea

Director of Independence
Deloitte Global Independence Leadership Team

Peter Rupp

Audit Partner
President of Chartered Accountants Australia and New Zealand (from 1 January 2020)
Vice President of Chartered Accountants Australia and New Zealand (until 1 January 2020)



Our purpose and commitment: instilling trust and confidence

At Deloitte Australia, our purpose is to make an impact that matters for our clients, people and communities. For Audit & Assurance, this means a focus on delivering independent high-quality audits and instilling confidence and trust in the capital markets through the services we deliver. This requires us to continuously build capabilities to support the delivery of high-quality audits and make leading contributions to shaping the future of the audit profession.





What Deloitte Audit & Assurance brings to capital markets

Audit & Assurance Transformation

Being a relevant profession of the future and a sustainable practice that evolves with the pace of change in technology and society is critical. Driving this goal is the Deloitte Audit & Assurance Transformation initiative, which is currently being developed and deployed across the Deloitte network, including Deloitte Australia.

Audit & Assurance Transformation is an important shift across the network in the way Deloitte professionals work and includes:

The Deloitte Way: standardisation of audit processes supported by our global technology suite

Real-time audit quality monitoring

Enhanced talent model which includes learning, rewards and recognition, centres of excellence, and delivery centres

Agile deployment of tools and technologies to respond to changing environments

Deloitte Global leadership

The Deloitte Global Audit & Assurance Leadership Team is led by Jean-Marc Mickeler, Deloitte Global Audit & Assurance Business Leader. Deloitte Global Audit & Assurance responsibilities include:

- Developing and driving the Deloitte Global Audit & Assurance strategy
- Setting audit methodology standards and approving audit policy and methodology changes with the objective of enhancing audit quality across the Deloitte network
- Driving key audit quality initiatives and policies across the Deloitte network.





Audit innovation²

With The Deloitte Way, Deloitte is bringing innovation into the core of how we audit: with automation that improves routine tasks, analytics that yield a deeper and more insightful view into data, and Artificial Intelligence (AI) that enhances human discovery and problem-solving. As a result, clients get an experience that is less burdensome, with more transparency and deeper insight.

Innovation is an expectation in today's fast-changing business environment, and this holds true for the audit profession as well. Today's complex business environment requires that the audit be dynamic, multidimensional, and insightful. There is demand for real-time, relevant information, and clients expect audits to evolve as they innovate their businesses and processes. While traditional procedures still have a place in auditing, Deloitte Australia auditors are enhancing procedures by making more use of technology-based analytics, AI, and cognitive and cloud-based technologies. This is due in part to the increased automation and effectiveness such data analytics and other tools may provide, but also the need for Deloitte Australia to stay in front of technological advances used by the entities that we audit.

Innovation is an integral part of the entire audit delivery process. Deloitte is committed to the continued investment in emerging technologies and diversity of thought that enables the delivery of enhanced quality, insights, and value to our clients and the markets. This includes Illumia, our global analytics platform, as well as an integrated suite of enabling innovation tools all connected in the cloud. We are also developing our next-generation cloud-based audit delivery platform – Omnia – in addition to Levvia, a solution to support our very small audits.

Deloitte Australia has also implemented the following innovation initiatives and cloud-hosted solutions:

- Deloitte Connect – online communication, information sharing, and progress tracking
- Reveal – sophisticated regression analysis
- InsightBox – self-service analytics
- Signal – comprehensive risk analytics
- Audit Online – interface with delivery centres and support of guided risk assessments
- Technology & Controls Team – supporting audits with technology assurance
- Regional Audit Delivery Centres and Centres of Excellence – specialist teams enhancing quality and consistency of audit delivery.

Audit engagement acceptance and continuance

As part of our transformation efforts, global initiatives are underway to foster a standard approach to audit engagement acceptance across the Deloitte network, resulting in consistent decisions and consideration of risks.

Deloitte Australia established the Australian Audit Acceptance Committee in July 2019 to augment existing detailed policies and procedures for accepting prospective clients and engagements, and assessing risk. The objective of these policies and procedures is to ensure Deloitte Australia only accepts engagements where:

- It is able to perform the engagement and has the capabilities to do so, including adequate time and resources
- It can comply with all relevant ethical requirements and professional standards, including independence and conflict of interest assessments and considerations
- It has considered the integrity of the potential client's management team
- The proposed audit fee is appropriate given the risk profile of the engagement.

We perform a continuance assessment to determine if Deloitte Australia should continue providing services, both annually and any time an entity changes significantly (e.g., a change in ownership).

² For more information about Deloitte audit innovation, please refer to Deloitte's [Global Impact Report](#)

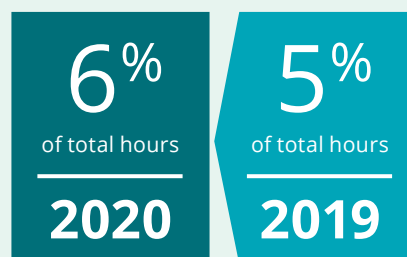


Engagement team selection and expertise

The selection of the engagement team is key to developing and executing a high-quality audit. Every audit is led by an engagement partner who has responsibility for ensuring that assigned professionals have the required competencies and experience, and meet independence requirements.

For higher risk engagements, additional measures are in place such as assigning a more experienced Engagement Quality Control Reviewer (EQCR), assigning a Special Review Partner in addition to the EQCR for much greater than normal risk engagements, and additional consultations with specialists or a national panel of experienced partners.

Specialist hours on audit engagements accounted for:



Focus on professional scepticism

We believe the right culture, right mindset and right practices are key to achieving high-quality audits. Demonstrating professional scepticism is fundamental to achieving this and delivering on stakeholder expectations. We continually emphasise the importance of our role as evaluators and this is reflected in many aspects of our methodology, processes, procedures and training.

Engagement supervision and review

Our audit approach requires that audit engagements are adequately planned, supervised and managed so that the work performed provides reasonable assurance that it complies with our policies and professional standards. The overall supervision of each audit engagement is the responsibility of the engagement partner.

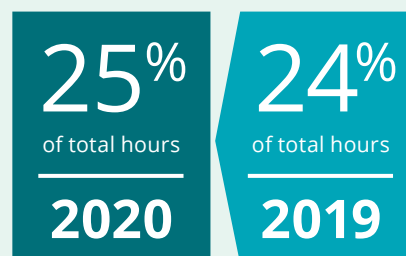
Consultation

While each partner is empowered to make appropriate decisions for their engagements, we encourage our engagement teams to consult whenever they need additional information, perspectives or specialised knowledge on accounting, auditing, legal, regulatory, or other issues.

The management, visibility and consistency of these consultations is enhanced by our query management portal, which facilitates the consultation process with specialists including the Audit & Assurance Quality & Risk and Accounting Technical teams.

In addition to formal consultations, we have an internal crowd support platform where staff can ask and answer general questions about auditing, helping to build a culture of shared solutions and best practice.

Audit partner, principal, director, senior manager and manager hours on audit engagements accounted for:



The table on page 11 summarises Deloitte Australia's policies in relation to engagement reviews.



Review policies

Working paper review

Performed by more senior members of the engagement team, including an overriding review by the engagement partner, to consider whether:

- The work has been performed in accordance with Deloitte audit methodology, professional standards and applicable legal and regulatory requirements
- Any significant matters have been raised for further consideration
- Appropriate consultations have taken place and the resulting conclusions have been properly documented
- There is a need to revise the nature, timing and extent of planned audit procedures
- The work performed supports the conclusions reached and is appropriately documented
- The evidence obtained is sufficient and appropriate to support the auditor's report
- The objectives of the engagement procedures have been achieved.

Engagement quality control review

Performed by a partner for public interest entities and high risk entities, or partner, principal or director for other entities based on a predetermined criteria, to consider whether:

- The conclusions reached on significant judgements made by the engagement team are appropriate
- The audit documentation selected for review in relation to significant judgements supports the conclusions reached
- Appropriate consultations have taken place and the resulting conclusions have been properly documented
- The engagement team has made an appropriate evaluation of independence
- The report is appropriate after reviewing the financial statements
- Appropriate matters have been considered for reporting to those charged with governance.

Special review

Performed by an experienced partner for entities assessed as much greater than normal risk, to provide substantive challenge to key elements of the engagement giving rise to the higher risk. These may include:

- Engagement acceptance or continuance
- Overall engagement approach and detailed plan
- Scope and quality of work in high-risk areas
- Appropriateness and implementation of consultation and resolution of significant issues
- Adequacy of audit evidence documented in the working papers
- Client communication or reports.

Key audit matters (KAMs)

Enhanced auditor's reports for listed entities are reviewed by an Audit & Assurance Quality & Risk partner and/or Accounting Technical Partner to consider the determination of KAMs and how they are reported in the auditor's report.

Panel review

Performed by at least two partners (from May 2020, previously, at least one partner) who are not involved in the engagement, for all engagements where we are considering a modified report, material uncertainty related to going concern, an emphasis of matter, a restatement, or where the client is reliant on a letter of financial support (from May 2020). A panel review considers the appropriateness of the proposed report and the wording of the modification, material uncertainty related to going concern, emphasis of matter, restatement or letter of support disclosure.



COVID-19

Deloitte's highest priority is the safety and well-being of its professionals. As the impact of COVID-19 unfolds, investors and stakeholders are looking to auditors to provide an independent opinion on entities' financial statements more than ever. Deloitte remains committed to this critical role and delivering the highest quality audits.

Entity management and auditors have both been affected by limits on movement and stay-at-home requirements. With travel restrictions affecting entities' personnel and auditors, companies have needed to obtain information in new or different ways. In addition, entity management is faced with significant uncertainty in making judgments to project future operating results and cash flows, going concern, and developing valuation analysis, etc. The financial reporting process likely requires careful analysis and further considerations of impact from management and auditors given the current environment.

All stakeholders of the financial reporting ecosystem must exercise significant judgment in this unprecedented and uncertain environment—governments, when projecting the length of closures; bankers, when deciding if a loan can be repaid in full; management, when evaluating if a company can continue operating as a going concern and audit committees providing oversight of management; auditors, when assessing these judgments; and investors, when analysing the available financial information in light of these unprecedented uncertainties.

Although the existing accounting frameworks have provisions for uncertainties, it is important for financial statement users and regulators to expect a higher degree of market and economic volatility in the near future.

Deloitte welcomes the public statements and guidance issued by regulators that recognise the current uncertainties and emphasise the importance of high-quality, forward-looking corporate disclosures. Deloitte seeks to raise awareness about the areas that pose challenges and require more scrutiny, context-specific judgment, and increased scepticism and documentation. There is benefit to the public for greater transparency from various financial reporting ecosystem stakeholders raising awareness about these issues. This includes providing more clarity on the responsibilities of management, audit committees, companies, auditors, regulators, and other stakeholders.

Deloitte's global technology and infrastructure has allowed for an agile and rapid response to the various impacts of COVID-19. We have prepared for various contingencies in order to support changing client needs and to keep Deloitte professionals informed while working remotely. Deloitte's business continuity plans have been updated and we have affirmed that Audit & Assurance products and solutions have the necessary bandwidth to ensure continuity. We have launched the Deloitte Global Audit & Assurance Technical Delivery Resource Center—a central location for globally relevant and locally adaptable Audit &

Assurance COVID-19 related resources. In addition, COVID-19 industry example disclosures have been provided across several areas, including risk factors, subsequent events, and management's discussion and analysis.

Deloitte Australia established a COVID-19 task force to manage our response across the firm on an ongoing basis. A dedicated COVID-19 hub provides information to our staff about working remotely and maintaining health and wellbeing.

The Deloitte Australia Audit & Assurance Executive team met regularly to support the adoption of the Firms' national response to COVID-19 in Audit & Assurance and to evaluate the impact on our people, clients and operations. All relevant COVID-19 supporting materials for Deloitte Australia – including publications, practice aids, enhanced work programs (e.g., for subsequent events and going concern), presentations and links to external sites – are stored in a central location. This provides ongoing and up-to-date guidance to Deloitte Australia staff on how COVID-19 may impact the entities we audit and how to respond while performing audit work.



Multidisciplinary model (MDM)

MDM is an important contributor to high-quality audits. Auditors increasingly use the work of specialists in a number of areas, including to assist in their evaluation of accounting estimates and fair value measurements, when auditing financial statements that are increasingly complex as a result of COVID-19. Further, as big data utilisation becomes more pervasive in line with other digital advances, the demand for data analysts and IT specialists will grow accordingly. Among the benefits of the MDM are:

- It is possible to develop industry insights through multiple lenses, which enhances auditors' understanding of business risks relevant to conducting audits.
- The audit practice has immediate access to specialised resources and expertise in other business lines. It promotes audit quality because auditors can tap into the expertise of advisory professionals who are skilled in subjects that may not be native to auditors.
- A diverse organisation helps attract and retain premium talent, to sustain high-quality audits for capital markets of the future.
- Intellectual capital is available within the network to innovate audit processes, technologies, etc.
- Different parts of our business grow at different rates during different time periods in different markets. Our MDM provides a hedge against market volatility that is important to the long-term viability of the network and makes significant investments in audit quality and innovation possible, even in times of financial pressures on the audit business.

Deloitte's response to COVID-19 demonstrates both resilience in putting audit quality and the public interest first and the significant benefits of the MDM which work to deliver high quality audits in a changing environment. Negative quality events have the potential to impact the Deloitte brand as a whole. As such, each non-audit Deloitte business has a shared and vested interest in supporting audit quality initiatives.



The organisational capabilities we build

Deloitte's culture and the design of our learning programs place our people at the forefront. Deloitte professionals are technically proficient with high levels of ethics, integrity, professional scepticism, and objectivity, and are continuously enhancing their skillset and experience.

We are committed to delivering an unrivalled talent experience, developing our professionals, and furthering their careers by creating a life-long learning environment. We are also advancing audit education, skillsets, and flexible career options that appeal to future auditors.

Deloitte professionals bring diverse backgrounds, knowledge, and skillsets that enhance our capability as an organisation in delivering the highest quality audits.

In addition, operational discipline, effective management of our business, and the development of a singular approach to doing audits known as The Deloitte Way, provide the foundation for our commitment to bring consistency to our audits.

We are driving a sustainable audit and assurance business that recognises and rewards its people and funds ongoing investment in our business.





Learning and development initiatives

Deloitte's transformed approach to audit delivery is changing the audit experience for our professionals. Audit teams are empowered by more advanced tools and technologies and more extensive use of data analytics within a guided workflow to execute the end-to-end audit cycle. For our professionals, this means focusing on how the engagement is planned, executed, and managed consistently across the globe, using forward-looking techniques and capabilities.

It also offers opportunities to enhance their technical and professional skillsets and capabilities. For example, the following skills become more important – enhanced data analytics, project management, critical thinking, communication, enhanced professional judgment, and the application of accounting and auditing principles to work more effectively and deliver high-quality engagements.

Not only do we deliver value in more areas, but as we enhance capabilities and skillsets, we build greater confidence and become improved evaluators of risk.

Deloitte has made substantial investments in talent and learning strategies and transformed the technical audit curriculum to build the refreshed skillsets and proficiency required by level:

- At the core, we have a single, global mandatory audit technical learning curriculum for auditors (supplemented for Australian requirements as needed), targeting learning by level, using a dynamic blend of live instructor-led, digital on-demand courses, and on-the-job activities

- All client service professionals are required to complete at least 20 hours of continuing professional education (CPE) each year and at least 120 hours every three years (i.e., an average of 40 hours per year), through structured, formal learning programs, such as internal or external courses, seminars, or e-learning covering all areas of the competency model (e.g., shared competencies, function-specific technical competencies, and competencies in areas of specialisation)
- All client service professionals have clearly defined role expectations and our global Talent Standards outline the capabilities that are required of practitioners at each level.

Deloitte has also established specific learning opportunities for specialists working on audit engagements to support their knowledge and understanding of the audit process.

Enhanced project management, a key capability for executing audit engagements, has been included in annual development programs, providing a blend of technical and soft skill learning development. The objective of the Deloitte Australia professional development program is to help partners and practitioners maintain and enhance their professional competence and leverage from the consistency of audit execution. To supplement on-the-job development, Deloitte Australia provides formal continuing professional development programs in relevant subject areas consistent with the Deloitte Global Audit & Assurance curriculum.

In response to the evolving impact of COVID-19, our Audit & Assurance Quality & Risk and Accounting Technical teams, led by the NPPD, presented weekly updates to the partner, principal, director, senior manager and manager (PPDM) group on changes to regulatory, accounting and auditing methodologies that may apply to COVID-19 impacted clients. In addition, changes to policies and increased consultation requirements were included in these updates. The mandatory webinars occurred weekly between April and July 2020 and will continue on a regular basis due to the ongoing impact of COVID-19 on the operations of entities we audit.

In addition, we redesigned the instructor-led audit technical learning programs planned for the second half of the Transparency Reporting Year to a virtual learning approach, allowing our professionals to complete the required learning in a timely manner.



Partner remuneration

In accordance with global policies, Deloitte Australia's partners are evaluated on an annual basis and, depending on the outcome of the evaluation, the remuneration of partners may increase or decrease.

Audit quality is a key consideration in determining partner compensation, with our global and local policies requiring that both positive and negative quality outcomes be factored into compensation decisions.

Specifically, partner evaluations take the following factors into account:

- Demonstrating a strong commitment to quality, risk management and the stewardship of our reputation
- Achieving performance and living our culture, personally and in teams
- Serving our clients with distinction
- Recruiting, motivating, inspiring and developing our people
- Developing personal networks that are shared with colleagues
- Supporting and contributing to firm-wide initiatives.

Metrics related to the sale of non-audit services are prohibited by Deloitte policies when evaluating or compensating audit partners.

Our partner performance management and remuneration process creates a strong link between audit quality and partner remuneration. Partners receive a quality and risk rating ('Quality Rating') as part of their performance management, which includes granular feedback relating to audit quality.

Findings from ASIC inspections are an important input into a partner's Quality Rating and are considered amongst a variety of other quality measures. In considering ASIC inspections findings we have regard to the nature and severity of the ASIC findings. We also consider whether the findings are indicative of an issue which requires a broader firm response or whether they are unique to the engagement or partner.

Over the past five years there have been financial consequences for partners in relation to poor Quality Ratings. Financial penalties have included reduction in base remuneration, reduction of annual adjustments, and removal of annual adjustments. We have also imposed non-financial penalties in relation to poor Quality Ratings.

We have many other formal and informal disciplinary options available. There are multiple inputs to any such actions depending on severity, including internal and external inputs (which may include regulatory findings).

Partner remuneration is approved by the CEO and the Board to validate that our processes have been followed, contributions are properly recognised and our values have been maintained.



The role of company directors in achieving high-quality financial reporting

In an environment of increasing scrutiny, we recognise that company directors are primarily responsible for the quality of financial reporting and play an important role in supporting the audit process. Company directors can meet these responsibilities by:

- Challenging whether the company has systems, processes and controls, as well as appropriately skilled personnel responsible for financial reporting and a culture that values quality and transparency
- Having the requisite skill mix and a thorough understanding of the business model to be able to critically evaluate information, anticipate and manage risks, and engage in frank and open dialogue with the auditor
- Challenging the appropriateness of the accounting policies and judgements exercised by management in preparing the financial statements and making disclosures in financial reports
- Maintaining an open dialogue with the auditor on matters affecting the financial report, the audit and audit quality
- Understanding the cause of observations and findings from the auditor and ensuring management responds appropriately
- Setting audit fees that support the delivery of a high-quality audit
- Considering the independence and effectiveness of the external audit process.

Guidance on the role of company directors in financial reporting is provided by ASIC in Information Sheet 183 *Directors and financial reporting* and Information Sheet 196 *Audit quality - The role of directors and audit committees*.



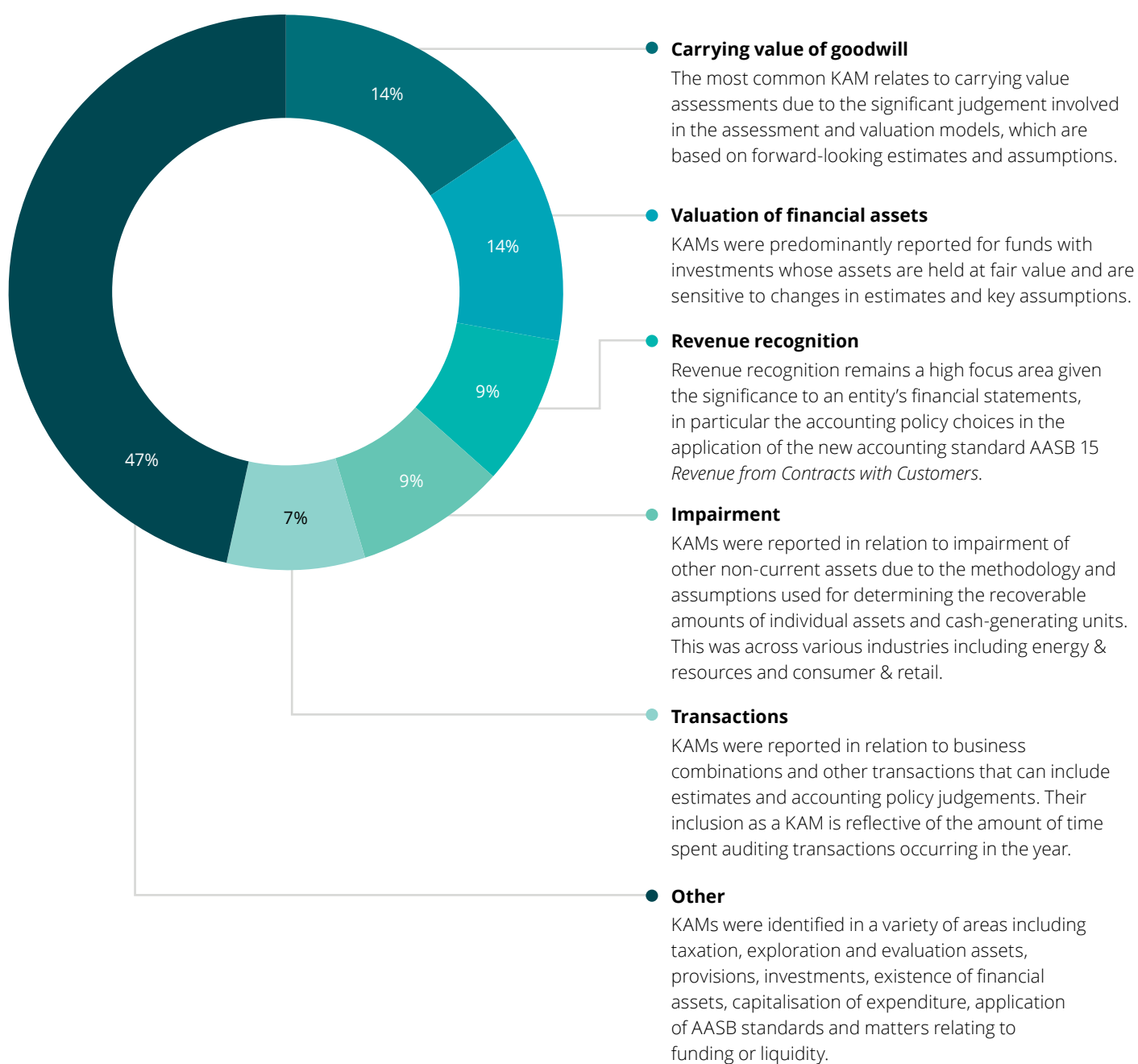
Key Audit Matters

The inclusion of KAMs in audit reports of listed entities provides an understanding of the matters that, in the auditor's professional judgement, were of most significance in the audit of the financial report. The reporting of KAMs is of value to investors and companies alike.

On average, Deloitte Australia reported 1.8 KAMs per audit report (2019: 1.7) issued during the Transparency Reporting Year.

The top five reported KAMs are consistent with the focus areas identified by ASIC:

Key Audit Matters by topic







Other reporting matters

In addition to highlighting KAMs in our audit reports for listed entities, the following statistics relating to year-end audits of listed entities performed during the Transparency Reporting Year, reinforce the commitment by Deloitte Australia to protect the interests of capital markets and the investing community:

1

audit report (2019: 0) contained a disclaimer of opinion

3

audit reports (2019: 1) contained a qualified audit opinion

21

audit reports (2019: 14) contained a "Material Uncertainty Related to Going Concern" paragraph and an additional 25 annual reports (2019: 10) included additional going concern disclosures

5

reports (2019: 4) were made to ASIC in accordance with section 311 of the Corporations Act.



The high-quality audits we deliver

The experience of a high-quality audit, delivered well, will provide audit committees, investors, and other stakeholders of companies with (but not limited to):

- An audit report that is appropriate to the circumstances
- Innovation in how we audit
- More insights about their company than they had at the outset of the process.

Deloitte is proud of its role supporting capital markets and protecting investors and the public trust.





External and internal audit quality monitoring

Audit Quality Monitoring & Measurement (AQMM)

A continued focus on audit quality is of key importance to the Deloitte brand. It is critical that a Deloitte audit is consistently executed and of high quality, wherever in the world it is performed.

The objectives of the Deloitte Global AQMM program are to:

- Transform the way audit quality is monitored and measured and audit deficiencies are resolved
- Enhance the internal system of quality control which all Deloitte network firms follow.

The AQMM program is focused on driving:

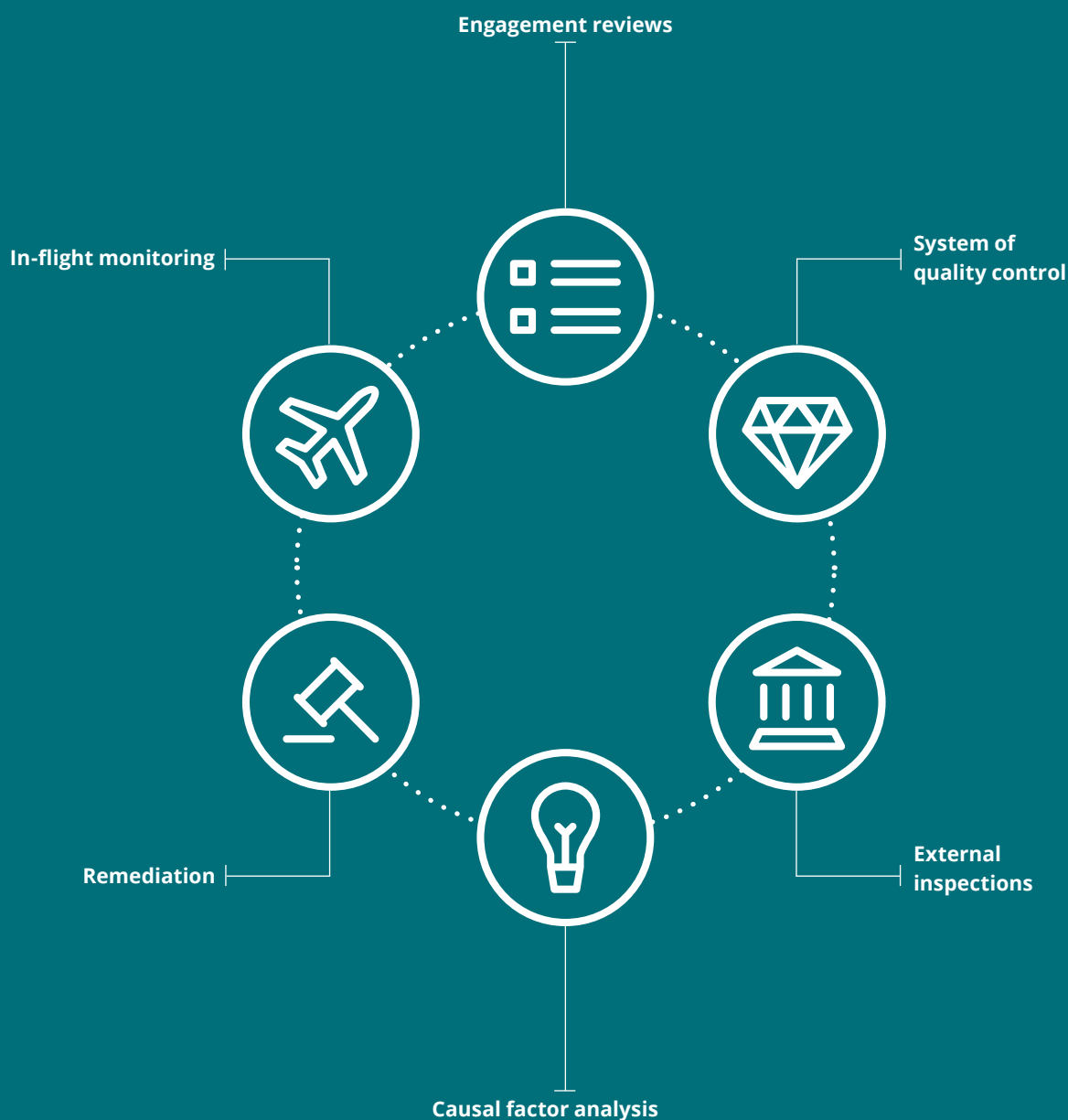
- Continuous, consistent, and robust monitoring of completed and in-flight engagements
- Fundamental understanding of deficiencies and timely execution of corrective actions by all member firms consistently
- Greater transparency and consistency in reporting key measures of audit quality.

Deloitte Australia's leadership promotes an internal culture that recognises quality as a key priority, through their actions, communication and the maintenance of policies and procedures. Deloitte Australia focuses on professional excellence as the foundation for achieving audit quality on a consistent basis.

Our ongoing risk-sensing activities include analysis by Audit & Assurance Quality & Risk to identify audit engagements with an elevated risk and to ensure appropriate mitigating strategies are implemented. In this Transparency Reporting Year, specific risk-sensing activities were also conducted to identify engagements which required an escalation of risk classification due to the impact of COVID-19. In addition, an annual portfolio risk review is performed.



Audit Quality Monitoring & Measurement

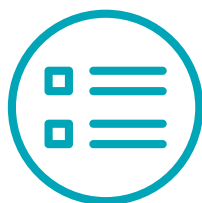




In-flight monitoring

Continuous audit quality monitoring by Deloitte Australia drives a faster response to audit issues on in-flight engagements, driving identification, timely solutions, and real-time corrective actions achieved by:

- Deployment and monitoring of a series of core diagnostics, enabling engagement partners and teams, as well as Deloitte Australia audit quality leaders, to continuously monitor audit quality and take immediate action
- A program of subject matter specific 'health checks' to assist Deloitte Australia audit quality leaders in assessing progress and identifying potential issues on in-flight engagements.



Engagement reviews

Key components of engagement reviews (internal practice reviews) include:

- Risk-based engagement selection and consideration of all major industries served by Deloitte Australia
- Assessment by a moderation panel to drive consistency in findings and engagement ratings
- External partners and deputies who oversee practice reviews to increase global consistency
- Identifying appropriate resources (from within Deloitte Australia as well as from other Deloitte geographies) with the right experience and industry expertise, including establishing central review teams.

Every audit partner is reviewed at least once every three years. In addition, partner candidates are reviewed prior to their promotion to partner. Engagements files of 32 percent (2019: 37) of our audit partners were subject to review in the 2020 practice reviews.

A total of 7,000 hours (2019: 6,205) were spent performing the 2020 practice reviews and we continue to uplift our expectation of what is expected beyond the International Standards on Auditing.

The most recent practice review program was completed in September 2020.

Partners with an engagement file that receives a non-compliant rating are subject to review in the next practice review period and consideration of whether additional quality measures, including specific training, coaching and supervision, are required.



System of Quality Control (SQC)

SQC includes numerous elements such as documenting key areas of the SQC processes and controls and performing procedures to test the operating effectiveness of the SQC, including execution of a comprehensive SQC testing program. During 2020, 820 hours (2019: 1,157) were spent completing the SQC testing program. Consistent with 2019, key areas were selected for testing, including several impacted by COVID-19, rather than testing all SQC processes and controls.

Used in conjunction with other metrics, Audit Quality Indicators (AQIs) further assist Deloitte Australia in developing and monitoring audit quality action plans and reporting on our progress in the audit quality journey. AQIs are integrated with ongoing AQMM activities.

In addition, proper timing and sequencing of audit activities, including timely reviews of work performed and the resolution of matters identified, are closely associated with high-quality audits. Audit Quality Milestones (AQMs) are intended to drive consistency of engagement teams in project management, timing of when work is done, and necessary focus on engagement staffing, including sufficiency and expertise of assigned resources. AQMs are applicable to audits of public interest entities and engagement teams are monitored and measured on their compliance with AQM requirements.

Deloitte Australia's SQC complies with the Australian Standard of Quality Control issued by the Australian Auditing and Assurance Standards Board. We are preparing to implement the requirements of the revised International Standard on Quality Management when approved by the International Audit and Assurance Standards Board.



Causal factor analysis and remediation

A focus on continuous improvement is fundamental in enhancing audit quality. Understanding the cause of audit deficiencies – as well as positive quality outcomes – is essential to the design of effective actions to remediate findings. Further, actions are taken when audit deficiencies in the performance of an audit engagement are identified, including an approved plan to address the deficiencies, and the retrospective or prospective remediation of audit documentation where required. Engagement level remediation is imperative to drive continuous improvement in audit quality and avoid future similar findings.

An Audit Quality Plan (AQP) is prepared by Deloitte Australia and provides for effective implementation and monitoring of key audit quality priorities. The governance framework for the AQP was strengthened in 2019 with the establishment of the Deloitte Australia Audit Quality Steering Committee, responsible for the implementation of the Audit Quality Plan, and the Audit Quality Oversight Committee, which provides governing oversight.



External inspections

In addition to Deloitte Australia's own monitoring of audit quality, we are subject to external reviews by regulators. We recognise the important role of regulators and we share a common goal of achieving high-quality external audits of financial reports in order to protect the public interest and support the capital markets.

Australian Securities & Investment Commission

ASIC has responsibility for the oversight of auditors in Australia. ASIC monitors compliance with the requirements of the Corporations Act as it relates to auditor independence and audit quality. In 2014, ASIC introduced a continuous inspection process for the largest firms. Deloitte has been subject to ongoing engagement file reviews throughout the Transparency Reporting Year.

Periodically, ASIC publicly reports on its audit inspection program, summarising the scope and overall findings of inspections (see www.asic.gov.au for the report covering the 12 months to 30 June 2019, issued on 12 December 2019).

ASIC's reviews of audit files of the largest six firms completed in the twelve months to 30 June 2019 found that, in its opinion, in 26 percent of the key audit areas it reviewed the relevant auditor did not obtain reasonable assurance that the financial report as a whole was free from material misstatement (compared to 20 percent in the 18-month period to 30 June 2018).



ASIC's inspection of six Deloitte audit files in this period included findings in six of the 19 key audit areas inspected (or 32 percent). This is compared with the 12 audit files inspected in the 18-month period to 30 June 2018, which included findings in 14 of the 44 key audit areas inspected (or 32 percent). ASIC adopts a risk-based approach to its inspections, which means they select to review listed and other public interest entities with complex issues, which often require significant judgement.

ASIC also completed risk-based reviews of 43 financial reports audited by Deloitte in this period as part of the ASIC financial reporting surveillance program and no material changes to net assets or profits were required. This is compared with 60 financial reports reviewed by ASIC in the 18-month period to 30 June 2018, which resulted in two financial reports (3.3 percent) requiring material changes to net assets or profits.

The Deloitte Australia Audit Inspection Report for 2018-19 issued in December 2019 is available on our website.³

ASIC has stated a need for audit firms to continue to work on "improving audit quality and the consistency of audit execution".⁴ We agree with this wholeheartedly.

We continue to invest heavily in audit quality. We also note ASIC's Audit quality measures, indicators and other information 2018-19 report, which outlines a range of metrics that assist in a broader evaluation of audit quality. We are pleased that ASIC has introduced a range of metrics of quality and will consult with the profession on its continued evolution. Our balanced scorecard is available on our website.⁵

We value the ASIC inspection and financial reporting surveillance programs, and benefit from the extensive dialogue we have with ASIC during, and as a result of, both processes. We believe that the inspection process serves an important role in improving audit quality, and we value the insights it brings to both entities and the audit profession. We continue to engage with ASIC on measures to improve audit quality and will play our part to enhance confidence in financial reporting even further.

We consider all of ASIC's findings in relation to each audit they review. Our response to each finding is dependent on the nature and significance of the ASIC inspection finding. Depending on the nature and severity of the ASIC finding and our assessment of the casual factors, we will consider if there is a need to revise our policies, processes and guidance or to deliver additional training to our audit practitioners. Where we consider it necessary, we remediate our audit engagement files.

We seek to ensure our audit partners and staff learn from these interactions by incorporating ASIC's feedback into continuous improvement and audit quality programs. A senior member of the Audit & Assurance Quality & Risk team participates in meetings with ASIC on the findings from each file review undertaken by ASIC to ensure we have detailed knowledge of the nature and severity of each ASIC finding. Our objective is to ensure that the audit partner and team learn from the ASIC inspection process, consider what they could have done differently (including a root cause analysis) and, where appropriate, revise their approach on subsequent audits.

During the Transparency Reporting Year, ASIC also reviewed aspects of our quality control systems on governance, conflicts of interests, and accountability as they relate to the provision of financial statement audit services. ASIC has provided better practice recommendations that we have considered and have incorporated into our AQP.

³ See [Inspection report 2019](#).

⁴ Australian Securities and Investments Commission, Regulation of Auditing in Australia: Submission 16, p.11

⁵ See [Our balanced scorecard](#).



Chartered Accountants Australia and New Zealand (CAANZ)

CAANZ has a Quality Review Program to monitor whether its members have quality-control policies and procedures in place to comply with professional standards and legal requirements.

The most recent review of Deloitte involved using an online quantitative audit quality survey to assess partner and staff perceptions of our commitment to audit quality. The survey was conducted in the year to 30 June 2012.

Each year, CAANZ summarises its overall findings on its Quality Review Program in a public report (see www.charteredaccountantsanz.com).

Foreign regulators

As we are registered to audit entities that are publicly accountable in foreign jurisdictions, a number of foreign regulators are also authorised to inspect Deloitte (when applicable) as outlined below:

Regulator	Date and comment
Public Company Accounting Oversight Board (PCAOB), United States	The PCAOB inspected Deloitte in October 2020 and we are awaiting the final report. The previous inspection was in November 2011. The PCAOB publishes a report on its website in relation to each firm inspected (see www.pcaobus.org).
Financial Reporting Council (FRC), United Kingdom	No inspection to date. The FRC publishes an annual report on its website in relation to its audit inspection findings (see www.frc.org.uk).
Canadian Public Accountability Board (CPAB)	No inspection to date. CPAB publishes an annual report on its website in relation to its audit inspection findings (see www.cpab-ccrc.ca).
Financial Markets Authority (FMA), New Zealand	No inspection to date. The FMA publishes an annual report on its website in relation to its audit inspection findings (see www.fma.govt.nz).



Shaping the future of the audit profession

Management teams, audit committees, investors, regulators, and standard setters all play critical roles in shaping the environment in which audits are performed. We strive to engage with these parties, both formally and informally, to share, offer and debate ideas with the objective of ensuring the relevance of audit and assurance to the capital markets.





Our role in shaping the future of the audit profession

We welcomed the opportunity to provide our submission to the Parliamentary Joint Committee on Corporations and Financial Services - Regulation of Auditing in Australia (PJC) in October 2019,⁶ as well as discussion and participation in the inquiry.

We support the work of the PJC to enhance informed transparency and to enable strong, effective regulation of audit.

We are deeply committed to maintaining trust in capital markets as the bedrock of our national economic stability and prosperity, and we are proud of the role Deloitte plays to help protect investors, stakeholders and the public trust. Audit, as one component of the broader financial reporting ecosystem, is critical to this. We have a long history of delivering audit services globally and in Australia. It is core to our purpose, strategy and heritage as a leading professional services firm, now and into the future.

Our submission focused on the terms of reference that were most applicable and to which we could best contribute. An overview of our submission and key points is set out below:

Our commitment to improving audit quality

Australia continues to have effective, efficient and reliable audit services of good quality. At the same time, we acknowledge that audit in Australia can and should continually seek to evolve and improve. We are investing in audit transformation both in Australia and globally, and we prioritise continuous audit quality improvement.

Competition for the largest audits in the audit market in Australia is fierce, and we are deeply committed to our audit business. Competition results in appropriate pricing, and the level of pricing does not currently compromise quality.

Shifts that are challenging the role and scope of audit

Technology disruption, new business models and a growing expectations gap are driving change in traditional audit and demanding greater transparency in financial reporting, business performance and changes to accounting and auditing standards.

Audit remains a highly valued service but must adapt to address new and increasingly complex businesses. Our regulator, our stakeholders and the audit profession (including Deloitte) need to constantly evolve because the entities we audit are changing along with the markets and industries in which they operate.

The opportunities for technology to improve audit quality are significant. For example, we recognise and support the opportunity to enhance overall financial reporting quality, increase transparency, drive regulator efficiencies and lower information processing costs through the widespread adoption of eXtensible Business Reporting Language and digital reporting technology.

The increasing need for specialist skills in quality audit

An increasing range and depth of skills and expertise are required in order to undertake a complex audit. Audit is no longer just about the numbers. It includes an understanding and examination of complex risks and drivers that can impact an entity's long-term value. We believe multidisciplinary firms – firms that provide a range of services beyond audit – are best placed to deliver high-quality audits that address the increasing complexity and scale of modern business.

Multidisciplinary firms are equipped to challenge complex companies, attract and retain specialist talent and develop the skills, expertise and global consistency needed for good quality audits.

⁶ See [Deloitte Australia, Regulation of Auditing in Australia: Submission 28](#)



Audit's role in the financial reporting ecosystem

We support open discussions as a basis for understanding what a broad range of stakeholders need from audit and the wider financial reporting ecosystem – and we welcome change that will enhance audit quality and competition, improve trust in financial reporting and corporate governance, and strengthen the independence of the auditor.

Financial reporting ecosystem

All stakeholders of the financial reporting ecosystem play a critical role in ensuring complete, accurate, and transparent financial reporting in order to serve the public interest.



Addressing perceived conflicts of interest between audit and 'consulting services'

Audit remains a critical component of our business and a source of significant investment and leadership focus. Audit is a valuable and profitable business for our firm – other services are not required to 'subsidise' our audit business line, nor do we use audit services as a 'loss leader' to generate revenue from other services to the entities we audit.

We recognise that there can be perceptions of conflicts of interest and compromised auditor independence. Deloitte takes this issue very seriously, and we have robust independence and conflicts policies and systems in place that are, in many cases, more stringent than what professional standards or regulations dictate. These policies are requirements of all of our partners and staff.

Enhancing accountability through regulation

We are open to evaluating regulatory frameworks that have a proven impact in ensuring the integrity of the financial reporting ecosystem and driving measurable improvements in audit quality.

To that end, we believe that there have been improvements in financial reporting and improved audit quality following the adoption of the Sarbanes-Oxley Act in the United States and we support discussion on how similar regulatory frameworks can enable enhanced accountability, greater transparency and audit quality across the ecosystem in Australia.

Our commitment to an effective regulator and regulatory regime

We support a capable and well-resourced regulator and are committed to continuing to engage with ASIC to support ongoing audit quality improvement in Australia.

The interim report from the inquiry was released in March 2020 and provided 10 recommendations to improve confidence in audit services. We support these recommendations as a way to enhance transparency, audit quality and trust in financial reporting and corporate governance in Australia.

The final report is expected to be released in December 2020. We will continue to contribute to the work of the PJC and look forward to further positive steps for our profession.



Statement on the effectiveness of the functioning of the internal quality control system

We confirm that we are satisfied that our internal quality controls and systems are robust, operate effectively, and allow us to readily identify any areas of potential enhancement. We continually seek to refine all aspects of our business and we use the findings of the practice review, other internal reviews and external regulatory reviews to enhance our system of quality control.



Independence, ethics, and additional disclosures

Deloitte Global independence



Sets **independence policies and procedures** based upon the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and, where applicable, the independence standards of other jurisdictions such as the US Securities and Exchange Commission and the PCAOB.

Performs full reviews of independence quality controls on a three-year cycle; provides an annual focused review program to be performed by member firms as part of their Audit Practice Review for the off-cycle years; and performs in-depth follow-up reviews as needed.



Performs **ongoing monitoring** activities of firms—enabling continuous enhancements to global policies, quality controls, tools, and practice support activities.



Delivers **global systems** to provide professionals with entity information to support compliance with personal and professional independence requirements, including financial interests and scope of service approvals.



Supports **independence awareness** across the Deloitte network through active engagement with independence and business leadership groups, periodic communications and alerts, and development of guidance, learning and instructions.



Deloitte Australia independence

Deloitte Australia has policies and procedures designed to address compliance with applicable professional standards that relate to independence. These policies and procedures are based on the Deloitte Global Independence policy and are supplemented, as appropriate, to reflect additional national or regional requirements that may be more restrictive than Deloitte Global policies.

Deloitte Australia's leadership team reinforce the importance of compliance with independence and related quality control standards, setting the appropriate tone at the top and instilling its importance into the professional values and culture of Deloitte Australia. Strategies and procedures to communicate the importance of independence to partners, other professionals and support staff have been adopted, emphasising each individual's responsibility to understand and meet independence requirements. The Director of Independence is responsible for overseeing independence matters within the member firm, including the design, implementation, operation, monitoring, and maintenance of the system of quality control related to independence.

The key elements of the system of quality control that Deloitte Australia has implemented in accordance with global independence policies include the following:

- Engagement acceptance and monitoring
- Monitoring long association of partners and professionals with audited entities
- Business relationship assessments and monitoring
- Use of independence business process tools, including the Deloitte Entity Search and Compliance (DESC) system and the Global Independence Monitoring System (GIMS)
- Procedures to identify and analyse non-compliance with independence requirements and apply related disciplinary measures and actions
- Independence-related learning and communications
- An Inspection & Testing program, annual and special purpose independence confirmations, and consultation procedures to monitor individual compliance with independence requirements. During 2019, 41 percent of partners were selected for independence compliance testing.



DESC

Deloitte Entity Search and Compliance

Global, searchable database containing specific entity information relevant in determining personal and professional independence restrictions.



GIMS

Global Independence Monitoring System

Application that contains financial relationship data with relevant independence compliance indicators.



Long association requirements of audit partners and professionals

Rotation of engagement partners, EQCRs and other key audit partners helps provide a fresh perspective and to reduce familiarity and self-interest threats to independence.

Our rotation policies require the engagement partner and the EQCR for the audits of listed entities and Australian Prudential Regulation Authority (APRA)-regulated entities to be rotated after five consecutive years of service. For other key audit partners involved in the audits of listed entities and other public interest entities, the rotation requirement is seven years. Following rotation, these audit partners are not permitted to be involved in the audit engagement or undertake other client-specific roles for a period of two, three or five years, depending on their role.

Engagement teams record the years of service of engagement partners, EQCRs and other key audit partners. This is validated against a database maintained by Audit & Assurance Quality & Risk that tracks the number of years of audit partner involvement, to facilitate succession planning and monitor compliance with rotation requirements.

Ethics

All Deloitte professionals are expected to act with integrity in accordance with the high ethical standards described in the Deloitte Global Principles of Business Conduct ('Global Code'). The Global Code is embedded into each member firm's Code of Conduct and defines the commitments that all Deloitte professionals make regarding ethical standards, as well as explaining each individual's responsibilities to their clients, colleagues, and society.

In addition to the Global Code, other foundational elements of Deloitte's ethics program include global policies, a program of training and communications, and established reporting channels supported by defined incident management protocols. For continuous improvement, regular program assessments and reviews are conducted, and feedback is collected from our professionals through an annual ethics survey.

Ethics at Deloitte is led by the Deloitte Global Chief Ethics Officer at the global level, and locally by member firm Ethics Officers; experienced partners with direct access to the member firm's CEO and governing body. The Ethics Officer for Deloitte Australia is Gary McLean. Deloitte Global and member firm ethics leaders work together to continually monitor risk and to reinforce compliance with the Global Code.

Deloitte Australia maintains policies and procedures that build on global policies and are designed to provide reasonable assurance that its professionals comply with relevant ethical requirements.

The ethical requirements for audit and related assurance services provided by Deloitte Australia are set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (APES 110) issued by the Accounting Professional & Ethical Standards Board.

Deloitte Australia also complies with Deloitte Global policies and procedures, which align with the requirements and guidance set out in the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, a standard-setting body of the International Federation of Accountants. When APES 110 is more restrictive than the Deloitte Global policies and procedures, Deloitte Australia follows APES 110.

Deloitte Australia reinforces its commitment to ethics and integrity through communication tools, learning programs (including onboarding for all new starters, e-learning for all levels, additional leadership training for managers and above, and ethics and integrity training for partners), compliance processes, and measurement systems. In addition, Deloitte Australia requires all partners, other professionals and support staff to confirm annually that they have read and comprehended the member firm's Code of Conduct and understand that it is their responsibility to comply with it.

Highlights of the 2019 Deloitte Australia Audit & Assurance Ethics Survey as it relates to the responses for Audit & Assurance:

98%

of Audit & Assurance staff understand their responsibility to report unethical conduct

95%

believe their member firm's commitment to integrity has been clearly communicated

95%

believe Deloitte is an ethical place to work



Privacy and confidentiality

Maintaining privacy and client confidentiality is of the utmost importance to Deloitte. The Deloitte Policy Manual includes specific requirements in relation to client confidentiality, privacy, insider trading and information security. In addition, access to individual client engagement files is restricted to engagement team members.

Deloitte Australia maintains and regularly updates a privacy policy that sets out how we handle the personal information that we collect, both from our clients and from our staff. We have a Privacy Officer, supported by a dedicated privacy team, who work together to handle any privacy inquiries or complaints and promote privacy awareness.

Client service assessment and complaints

Providing feedback mechanisms for our clients is part of our commitment to professional excellence.

Client service assessment and complaints

Deloitte is committed to providing excellent client service. An essential part of delivering, sustaining and improving our service is obtaining regular and structured feedback from our clients.

Following the completion of select engagements, Deloitte partners who are independent of the engagement and/or client relationship conduct structured face-to-face interviews with key contacts at the client organisation. The engagement team is given specific feedback from these interviews and takes action to continuously improve service delivery.

Complaints policy

To allow the Firm to retain its strong reputation, we have a publicly available Complaints Handling Policy.⁷ This provides guidance on the manner in which Deloitte Australia receives and manages complaints made against the Firm, its partners and its employees. The policy is supported by a procedures manual to help staff resolve complaints in an efficient, effective and professional manner.

Our process includes appointing a Complaints Officer and designating communication channels to manage complaints. Complaints are documented and analysed by the Complaints Officer to determine if any action, including changes to the system of quality control, should be taken to address specific problems.

⁷ See [Complaints Handling Policy](#).



Deloitte Global Ethics

Deloitte is committed to conducting business with honesty, distinctive quality, and high standards of professional behaviour.

The Global Code outlines Deloitte's ethical commitments as a network and expectations for Deloitte's approximately 312,000 people, giving a strong, principled foundation. The foundations of the network's ethics program is comprised of the following elements:





Appendix A:

Financial information

The breakdown of the Deloitte Australia's revenue for the year ended 30 June 2020 (A\$m):

Revenue	2020	2019
Audits of financial statements ⁸	305	288
Non-audit services to audit clients	126	122
Non-audit services to non-audit clients	2,071	1,883
Total	2,502	2,293

⁸ Includes revenue derived from audits of financial statements. Other related assurance services are classified as non-audit services.



Appendix B:

Public interest entities

Deloitte Australia completed audits⁹ of the following entities during the year ended 30 June 2020.

Listed companies and registered schemes

Accent Group Limited	Blackmores Limited	Electro Optic Systems Holdings Limited
Accent Resources NL	Bluechip Limited	Elixinol Global Limited
AGL Energy Limited	Boart Longyear Limited	Elmo Software Limited
Andromeda Metals Limited	Boyuan Holdings Limited	Embelton Limited
APA Group (Stapled Securities)	BSA Limited	Emeco Holdings Limited
APN Convenience Retail REIT (Stapled Securities)	BTC Health Ltd	EML Payments Limited
APN Industria REIT (Stapled Securities)	Bubs Australia Limited	Emperor Energy Limited
APN Property Group Limited	Byron Energy Limited	Energy Metals Ltd
Apollo Consolidated Limited	Capitol Health Limited	EQT Holdings Limited
Apollo Minerals Limited	Capral Limited	ERM Power Limited
Ariadne Australia Limited	Carbon Revolution Limited	Essential Metals Limited
Aspen Group (Stapled Securities)	Cash Converters International Limited	Evans & Partners Asia Fund
Atomos Limited	Centrepont Alliance Limited	Evans & Partners Global Disruption Fund
Audinate Group Limited	CIMIC Group Limited	Evans Dixon Limited
Audio Pixels Holdings Limited	City Chic Collective Limited	FAR Ltd
Austal Limited	Clearview Wealth Limited	Fidelity Global Emerging Markets Fund (Managed Fund)
Australian Finance Group Ltd	Concentrated Leaders Fund Limited	Fitzroy River Corporation Ltd
Australian Masters Yield Fund No 4 Limited	Cordish Dixon Private Equity Fund I	Freedom Foods Group Limited
Australian Masters Yield Fund No 5 Limited	Cordish Dixon Private Equity Fund II	Frontier Digital Ventures Ltd
Australian Vintage Ltd	Cordish Dixon Private Equity Fund III	Gale Pacific Limited
Auswide Bank Ltd	Cromwell Property Group (Stapled Securities)	Global Value Fund Limited
Autosports Group Limited	CSR Limited	Golden Rim Resources Ltd
Bass Oil Limited	Domino's Pizza Enterprises Limited	GR Engineering Services Ltd
Big River Gold Ltd	Duxton Broadacre Farms Limited	Greenland Minerals Limited
Big River Industries Ltd	Eagers Automotive Limited	Havilah Resources Limited
Bingo Industries Limited	Elanor Commercial Property Fund (Stapled Securities)	HGL Limited
Bionomics Ltd	Elanor Investors Group (Stapled Securities)	HUB24 Limited
Black Rock Mining Limited	Elanor Retail Property Fund (Stapled Securities)	IDP Education Limited

⁹ Audit means an audit conducted for the purpose of the Corporations Act and includes a half-year review of a financial report.



Listed companies and registered schemes *continued*

IDT Australia Limited	iShares S&P/ASX 20 ETF	QANTM Intellectual Property Limited
Ignite Limited	iShares S&P/ASX Dividend Opportunities ETF	Ramelius Resources Limited
Imdex Ltd	iShares S&P/ASX Small Ordinaries ETF	ReadyTech Holdings Limited
Incitec Pivot Limited	iShares Treasury ETF	Reckon Limited
Infomedia Ltd	JB Hi-Fi Limited	Regional Express Holdings Limited
Invitroque Limited	Kelly Partners Group Holdings Limited	Resimac Group Ltd
IPH Limited	Keybridge Capital Limited	RMA Global Limited
IRESS Limited	KKR Credit Income Fund	RoyalCo Resources Ltd
iSentia Group Limited	Lark Distilling Co. Ltd	Saunders International Limited
iShares Asia 50 ETF	Little Green Pharma Ltd	SDI Limited
iShares China Large-Cap ETF	Matrix Composites & Engineering Ltd	Seafarms Group Limited
iShares Core Cash ETF	Medical Developments International Limited	Servcorp Limited
iShares Core Composite Bond ETF	Megaport Limited	Seven Group Holdings Limited
iShares Core Global Corporate Bond (AUD Hedged) ETF	Mincor Resources NL	Shopping Centres Australasia Property Group (Stapled Securities)
iShares Core MSCI World All Cap (AUD Hedged) ETF	MMA Offshore Limited	Shriro Holdings Limited
iShares Core MSCI World All Cap ETF	Moelis Australia Limited	Sigma Healthcare Limited
iShares Core S&P/ASX 200 ETF	MoneyMe Limited	Simonds Group Limited
iShares Edge MSCI Australia Minimum Volatility ETF	Mortgage Choice Limited	SIMS Limited
iShares Edge MSCI Australia Multifactor ETF	MPower Group Limited	Sovereign Metals Limited
iShares Edge MSCI World Minimum Volatility ETF	Multiplex SITES Trust	Spark Infrastructure Group (Stapled Securities)
iShares Edge MSCI World Multifactor ETF	NAOS Emerging Opportunities Company Limited	Stellar Resources Limited
iShares Enhanced Cash ETF	NAOS Ex-50 Opportunities Company Limited	Stone Resources Australia Limited
iShares Europe ETF	NAOS Small Cap Opportunities Company Limited	Strike Energy Limited
iShares Global 100 (AUD Hedged) ETF	Neometals Ltd	Sundance Energy Australia Limited
iShares Global 100 ETF	Netwealth Group Limited	Sundance Resources Limited
iShares Global Consumer Staples ETF	New Century Resources Limited	Superloop Limited
iShares Global Healthcare ETF	New Energy Solar Limited	Tap Oil Limited
iShares Global High Yield Bond (AUD Hedged) ETF	New Hope Corporation Limited	Tassal Group Limited
iShares Government Inflation ETF	Northern Star Resources Ltd	Terragen Holdings Ltd
iShares J.P. Morgan USD Emerging Markets Bond (AUD Hedged) ETF	NRW Holdings Limited	The PAS Group Limited
iShares MSCI EAFE ETF	Odyssey Energy Limited	Tigers Realm Coal Limited
iShares MSCI Emerging Markets ETF	Onevue Holdings Limited	Trimantium GrowthOps Limited
iShares MSCI Japan ETF	Opthea Limited	Uniti Group Limited
iShares MSCI South Korea ETF	OreCorp Limited	US Masters Residential Property Fund
iShares MSCI Taiwan ETF	Ovato Limited	VGI Partners Limited
iShares S&P 500 (AUD Hedged) ETF	P2P Transport Limited	VitalHarvest Freehold Trust
iShares S&P 500 ETF	Pacific Current Group Limited	Wameja Limited
iShares S&P Mid-Cap ETF	Paringa Resources Limited	Webjet Limited
iShares S&P Small-Cap ETF	Pental Limited	Woolworths Group Limited
	Piedmont Lithium Ltd	WPP AUNZ Ltd
	Pioneer Credit Limited	Yowie Group Ltd
	Powerwrap Limited	Zip Co Limited
	Prosopa Group Limited	



Authorised deposit-taking institutions

Australian Settlements Limited	Defence Bank Limited
Auswide Bank Ltd	Members Equity Bank Limited
Bank of Sydney Ltd	Volt Bank Limited
Cuscal Limited	

General insurance and life insurance entities regulated by APRA¹⁰

Ansvar Insurance Limited	Compagnie Francaise D'Assurance Pour	MetLife General Insurance Limited
AssetInsure Holdings Pty Limited	Le Commerce Exterieur	MetLife Insurance Limited
AssetInsure Pty Limited	Futurity Investment Group Limited	NobleOak Life Limited
Avant Insurance Limited	General Reinsurance Australia Ltd	Pacific Life Re (Australia) Pty Limited
Berkshire Hathaway Specialty	General Reinsurance Life Australia Ltd	QInsure Limited
Insurance Company	Hollard Holdings Australia Pty Ltd	RGA Reinsurance Company of
ClearView Life Assurance Limited	Integrity Group Holdings Limited	Australia Limited
ClearView Wealth Limited	Integrity Life Australia Limited	The Hollard Insurance Company Pty Ltd

¹⁰ Includes the following bodies regulated by APRA: A general insurer, authorised non-operating holding company (NOHC) or subsidiary of a general insurer or authorised NOHC, within the meaning of the *Insurance Act 1973* and a life company that is registered under section 21 of the *Life Insurance Act 1995* or a registered NOHC within the meaning of the Act.



Contact us



Joanne Gorton

Managing Partner
Audit & Assurance
+61 2 9322 3406
jogorton@deloitte.com.au



John Leotta

Audit Leader
+61 2 9322 7401
jleotta@deloitte.com.au



Caithlin McCabe

Audit & Assurance Risk Leader
+61 2 9322 7288
cmccabe@deloitte.com.au



Gary McLean

National Professional Practice Director
and Ethics Officer
+61 2 9322 3855
gmclean@deloitte.com.au



Gareth Bird

Partner
Audit & Assurance Quality & Risk
+61 2 9322 3434
gbird@deloitte.com.au



Kelly Wenske

Director
Audit & Assurance Quality & Risk
+61 8 8407 7102
kwenske@deloitte.com.au



Deloitte.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organisation”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our Deloitte organisation serves four out of five Fortune Global 500® companies. Learn how Deloitte’s approximately 312,000 people make an impact that matters at www.deloitte.com.

About Deloitte Asia Pacific

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which are separate and independent legal entities, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

About Deloitte Australia

The Australian partnership of Deloitte Touche Tohmatsu is a member of Deloitte Asia Pacific Limited and the Deloitte organisation. As one of Australia’s leading professional services firms, Deloitte Touche Tohmatsu and its affiliates provide audit, tax, consulting, risk advisory, and financial advisory services through approximately 8000 people across the country. Focused on the creation of value and growth, and known as an employer of choice for innovative human resources programs, we are dedicated to helping our clients and our people excel. For more information, please visit our web site at <https://www2.deloitte.com/au/en.html>

Liability limited by a scheme approved under Professional Standards Legislation.

This communication contains general information only, and none of the Deloitte organisation is, by means of this communication, rendering professional advice or services. None of the communication in this document should be relied upon without the Deloitte organisation’s consent. Before making any decision, relying upon the information in this document, or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

© 2020 Deloitte Touche Tohmatsu.

MCBD_SYD_09/20_527165861