

Deloitte.



2023 Audit Transparency Report

Deloitte & Touche Nigeria
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Preface

This report sets out the practices and processes that are employed by Deloitte & Touche Nigeria for the period 1 June 2022 to 31 May 2023.

The report has been prepared in accordance with the requirements of the Financial Reporting Council's Rule 12: Audit Transparency Report.

Throughout this report:

- The Deloitte Pan African Trust is referred to as "Deloitte Africa"
- Deloitte & Touche Nigeria is referred to as "Deloitte Nigeria" or "the Firm"
- The terms "Deloitte, we, us, and our" refer to one or more of one or more of Deloitte Touche Tohmatsu Limited, its network member firms, and their related entities. For more information about the Deloitte network, please see page 3 c <https://www2.deloitte.com/global/en/pages/about-deloitte/articles/about-the-network.html>

Deloitte West Africa CEO Message



“We stand firm in our commitment to helping and inspiring organisations to thrive. We recognize the important role that Audit plays in contributing to market confidence and integrity and we look forward to providing continued excellent service to all our clients, Industries, and the economy alike.”

Fatai Folarin

A handwritten signature in black ink, appearing to read 'Fatai', with a horizontal line extending to the right.

Chief Executive
West Africa Leader

At Deloitte Nigeria, we are a people motivated by purpose - which is to make an impact that matters. Our Purpose recognises that we exist because businesses and governments respect us, capital markets trust us, people want to work with us, and society benefits from the value we add. As a firm, we understand the required approach to the Auditing process and how the role of Auditors has become more of being trusted advisors to organisations.

Our annual Transparency Report is an opportunity to demonstrate the importance we place on this role, and how we continue to invest in our business to ensure we perform to the highest standards. Although we provide Audit and Assurance services to several major companies across all industries in West Africa, we continue to seek to add value by anticipating problems and providing constructive and realistic solutions. In this report, we present the most important areas of our Audit and Assurance practice amidst all the complexity and change in our current economic realities.

For this year’s Audit and Transparency report, we present to you a myriad of topical and niche areas from our Audit practice – from the information about our External and Internal Audit quality processes, professional and performance management, to ESG reporting amongst others.

ESG matters are now becoming a key focus for everyone across the globe. With the IFRS S1, IFRS S2, and other Sustainability Reporting Standards that have now required that organisations generate and disclose detailed and verified ESG information at the end of every financial year, we are positioned to providing advisory services to our clients and all organisations within West Africa about their sustainability strategies, which would enable them to provide comparable and robust reports in this regard. Our Sustainability Practice provides well-equipped innovative approaches and solutions that will empower organisations to contribute to a sustainable and prosperous future for all.

We also approach talent management and professional development as an investment that delivers a measurable return in improved business performance. For the past few years, our Audit practice has continually had the highest number of new intakes of Partners and Staff because of our desire to meet the expectations of our clients and earn their trust concerning the quality of Audits that we provide.

Leveraging our team of experts, evolving technology, and data, to conduct audits of all sizes and complexity, we deliver deeper insights to create more consistent, transparent, and valuable audit and assurance services. We automate, simplify, and standardise processes, and use advanced data to look into the future and see the broader perspective for clients instead of only analysing the past. We advise within compliance, regulatory, finance, and tech and see it as our finest task to deliver audit and assurance of market-leading quality that establishes trust, solves for now, and builds for the next.

This is why we are happy to share our progress with our clients and other stakeholders. We stand firm in our commitment to helping and inspiring organisations to thrive. We recognize the important role that Audit plays in contributing to market confidence and integrity and we look forward to providing continued excellent service to all our clients, Industries, and the economy alike.

Thank you.

Deloitte Nigeria Audit & Assurance leadership message



“Our firm strives to build trust through transparency and commitment to quality.”

A handwritten signature in blue ink, appearing to read 'Michael Daudu', written in a cursive style.

Michael Daudu
West Africa Audit & Assurance Leader

I am pleased to present our Audit Transparency Report for the year ended 31 May 2023. The Audit and Assurance leadership team is excited at the opportunity that this report affords us to connect our stakeholders to the Deloitte Nigeria story, our passion for excellence, our purpose to our client that transcends profit, and how we continue to thrive in a rapidly evolving regulatory market, without compromising on the quality of services we render to our clients.

Our firm strives to build trust through transparency and commitment to quality. Our Audit Transparency Report for 2023 shows our policies, systems, and processes to ensure quality in our audit work. We continuously invest in the development of our people so that they can provide quality service to our clients. As a leading professional services firm, we walk the journey with our people and clients to make a positive impact, igniting meaningful change for our clients and the society in which we operate.

Deloitte Nigeria remains committed to upholding audit quality and public trust as top priorities despite unprecedented market challenges. We are proud of our resilience and agility in navigating a challenging economic landscape and achieving success as a firm. We prioritise continuous improvement and accountability in audits, digitising our processes to provide high-quality services and adapting to changing economic and regulatory conditions to respond to the dynamics of our market such as the Internal Control over Financial Reporting (ICFR) Implementation, which is effective for publicly listed entities from the 2023 financial year-end. We continue to invest in our people to enable them to respond appropriately. Our Audit Transparency Report underscores our dedication to quality, ethical principles, and professional standards, providing you with a deeper understanding of our commitment to excellent service delivery.

We are globally aligned with the firm’s multidisciplinary model approach to our audit and assurance service delivery. Our goal is to create an impact that matters for our clients and stakeholders through harnessing experience across professionals in different fields within the firm. We achieve this by utilising our wide range of expertise to assist the firms we work with. Our multidisciplinary model is essential in helping our clients address the complexity of their business issues, not only in the challenges they face today but also to help them remain relevant and competitive in the future across their business.

As we look forward, we are enthused at the impact we can create. Our ability to adapt to change and our unwavering commitment to our purpose which transcends profit. We recognize the significant responsibility we hold for our people, clients, communities, and capital markets, and we are dedicated to upholding the highest standards of quality in all our daily decisions and actions. Just as we believe that profit and purpose are achievable without compromising one for the other, we commit to be intentional about both. We welcome you to explore these topics further in the following pages, and we express our gratitude for the opportunity to showcase our progress, actions, and aspirations as we continue our journey to enhance audit quality not just within our network but across the entire profession.

Deloitte Network

Deloitte Nigeria: legal structure and ownership

Deloitte & Touche is connected to the Deloitte network through Deloitte Pan Africa Trust, a member firm of Deloitte Touche Tohmatsu Limited. Deloitte Africa holds practice rights to provide professional services using the “Deloitte” name which it extends to Deloitte entities within its territory (comprised of Nigeria, Botswana, Ghana, Kenya, Malawi, Namibia, South Africa, Tanzania, Uganda, Zimbabwe, and Zambia and territorial rights over Ethiopia, Lesotho, Rwanda, Burundi, and Swaziland). Deloitte Nigeria is authorised to serve as an auditor for clients in Nigeria.

Deloitte Nigeria is a partnership registered with the Corporate Affairs Commission as a business name. The firm is also registered with the Financial Reporting Council of Nigeria with the number FRC/2022/COY/091021. Deloitte Nigeria is owned by the partners and the audit Partners are authorised to serve as auditors for clients in Nigeria with practising licenses granted to each of them (Audit partners) by the Institute of Chartered Accountants of Nigeria (ICAN). Our audit firm operates as a limited liability partnership and is established under Nigerian law, with the head office at Civic Towers, Plot GA1 Ozumba Mbadiwe Avenue, Victoria Island, Lagos. Deloitte Nigeria also operates an office in Abuja, Nigeria.

Network Description

The Deloitte network

The Deloitte network (also known as the Deloitte organisation) is a globally connected network of member firms and their respective related entities operating in more than 150 countries and territories across the world. These separate and independent member firms operate under a common brand.

Deloitte Touche Tohmatsu Limited (DTTL or Deloitte Global)

Deloitte Touche Tohmatsu Limited is a private company, limited by guarantee, incorporated in England and Wales. DTTL serves a coordinating role for its member firms and their

Related entities by requiring adherence to policies and protocols, to promote 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 related entities.

“Deloitte” is the brand under which approximately 457,000 dedicated professionals and practitioners 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 to 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 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. DTTL does not provide services to clients.

The specific details of professionals for West Africa and Nigeria are given below-

		Partners		Professional staff		Total
		Audit	Non-Audit	Audit	Non-Audit	
Nigeria	FY23	16	24	315	521	876
Ghana	FY23	4	8	131	166	309
West Africa	FY23	20	32	446	687	1,185



Deloitte Africa: governance – leadership in action.






Deloitte Nigeria and other practicing firms within Deloitte Africa are governed by the Deloitte Africa Board, comprised of Independent Non-Executive Directors, Ex-Officio Executives, and a cross-representation of partners of the firm. On the Board are two representatives from Nigeria, Yemi Saka, Deputy Chair Africa, and Oduware Uwadiae.

The Board provides oversight on key matters including governance, strategy, alignment to the Global firm,

transformation, risk issues, regulatory matters, and the Public Interest Council.

The Board of Partners and Directors is constituted in terms of the partnership agreement and is elected by partners and directors every three years. The partnership agreement provides a basis for election, which is designed to ensure that the interests of all partners and directors are represented on the Board and that provision is made for external viewpoints, with appropriate emphasis on current strategic initiatives.

Deloitte Africa Board

<p>11 Elected members</p>  <ul style="list-style-type: none"> Delia Ndlovu, Chair Yemi Saka, Deputy Chair West Africa Eshak Harunani, East Africa Doreen Mbogho, East Africa Oduware Uwadiae, West Africa Wesley Govender, Risk Advisory & Financial Advisory Southern Africa Alex Gwala, Tax & Legal Southern Africa Cassim Saleem, Consulting Southern Africa Alice Tembo, Non-RSA Southern Africa Carrike Nel, Non-Gauteng Practice Office in South Africa Penny Binnie, Southern Africa 				<p>2 Specialist members</p>  <ul style="list-style-type: none"> Zama Dlamini, Specialist Member Fatima Abba, Specialist Member 		<p>2 Ex-officio members</p>  <ul style="list-style-type: none"> Ruwayda Redfearn, CEO Ex-officio Graeme Berry, COO Ex-officio 	
				<p>2 Independent Non-Executive members</p>  <ul style="list-style-type: none"> Nikiwe Bikitsha, Independent Non-Executive Ory Okolloh, Independent Non-Executive 		<p>1 DTTL Observer</p>  <ul style="list-style-type: none"> Ron Sonenthal, DTTL Observer 	










Africa governance include Africa Executive (Africa Exco) with executive role for Deloitte Africa. The Nigerian Chief Executive officer, Fatai Folarin is a member of the Africa Exco representing the West Africa region.

						
Ruwayda Redfearn Chief Executive Officer	Graeme Berry Chief Operating Officer	Joe Eshun Managing Director Businesses	Lungile Mahluza Chief People Officer	Navin Sing Chief Risk Officer/ Capability Centre Lead	Ashleigh Theophanides Chief Sustainability Officer	Nina le Riche Chief Growth Officer
						
Eric Tshabalala Audit & Assurance Managing Partner	Arun Babu Consulting Managing Director	Temitope Odukoya Financial Advisory Managing Partner	Gregory Rammego Risk Advisory Managing Director	Itireleng Kubeka Tax & Legal Managing Director	Fatai Folarin West Africa Managing Partner	Anne Muraya East Africa Managing Partner

Deloitte Nigeria: governance – leadership in action.

Deloitte Nigeria is a partnership registered with the Corporate Affairs Commission as a business name. Deloitte Nigeria is owned by the Partners, and it has a partnership agreement that sets out the governance framework. Deloitte Nigeria has an Executive Committee comprising the Chief Executive Officer, Chief Operating Officer, Chief Risk Officer, Business Unit Leaders, Talent Partner.









The Nigeria Executive Committee (Exco) members

	Fatal Folarin West Africa CEO ffolarin@deloitte.com.ng +234 1 904 1732		Anthony Olukoju West Africa COO aolukoju@deloitte.com.ng +234 1 904 1739		Michael Daudu Audit & Assurance Leader mdaudu@deloitte.com.ng +234 1 904 1722
	Yomi Olugbenro Tax & Regulatory Leader yolugbenro@deloitte.com.ng +234 1 904 1724		Yemi Saka Consulting Leader ysaka@deloitte.com.ng +234 817 8803 740		Temitope Odukoya Financial Advisory Leader todukoya@deloitte.com.ng +234 1 904 1748
	Tope Aladenusi Risk Advisory Leader taladenusi@deloitte.com.ng +234 1 904 1730		Oluseye Arowolo QIRR/OGC Leader oarowolo@deloitte.com.ng +234 1 904 1723		Yetunde Odetayo Talent Partner yodetayo@deloitte.com.ng +234 1 904 2129

The Audit leadership comprises of Audit Leadco which is made of the Audit industry and operations leaders.

The Audit Leadco executes audit and assurance business strategy for the Nigerian practice. The members also provide direction on operational, quality, growth and talent matters within the audit and assurance business.

The Nigeria Audit Leadership Committee (Leadco)

	Michael Daudu Audit & Assurance Leader		Oduware Uwadiae Assurance Leader		Michael Osinloye Audit Talent Partner
	David Achugamonu Financial Service Industry Audit Unit Leader		Hunga Folorunso Consumer Business Industry Audit Unit Leader		Chigozie Okoro Audit Operations Leader
	Abraham Udenani Energy, Resources & Industrial Audit Unit Leader		Hassan Lawal Audit Quality & Risk Leader		

Auditing in Disruptive Times

Global complexity and economic uncertainty

In the wake of tremendous global disruption marked by public health, political, and social uncertainties over the past few years, the profession, along with all corporate reporting ecosystem stakeholders, has been affected. Deloitte's response to the uncertainties and disruptions has included efforts to continue advancing the profession while prioritising the well-being of its people.

Particularly in the current environment, a sharpened awareness regarding the heightened risk of fraud, the presence of emerging or evolving risk factors, and the need for effective internal control environments remain critical. Although the existing accounting frameworks have provisions for uncertainties, financial statement users and regulators should continue to expect a higher degree of market and economic volatility in the near term.

Deloitte has consistently welcomed public statements and guidance issued by regulators that recognise uncertainties and emphasise the importance of high-quality, forward-looking corporate disclosures. Greater transparency benefits the public, just as raising awareness about these issues, especially when all corporate reporting ecosystem stakeholders participate. More clarity about the unique and complementary responsibilities of management, audit committees, entities, auditors, regulators, and other stakeholders enables the investing public to hold these parties accountable in a way that effectively serves the public interest.

The value of high-quality audit and assurance services is not diminished amid global unrest. Rather, investors and other stakeholders continue to call for professional services based on independence and objectivity-based principles and practices, to engender trust and inspire confidence in the capital markets—and Deloitte is committed to leading the way.

Deloitte Nigeria's commitment to serving the public interest—especially as it relates to behaving according to the highest standards of ethics, integrity, independence, and transparency is steadfast. Deloitte is keenly aware of the gravity of responsibility that comes with meeting professional obligations and discharging its role as auditors within the corporate reporting ecosystem globally. The following principles remain at the forefront and are continuously reinforced by Audit & Assurance practitioners:

- Exercise professional scepticism and due professional care
- Critically evaluate the quality of audit evidence obtained and determine whether it is sufficient and appropriate to address relevant risks
- Make well-reasoned professional judgments supported by clear documentation
- Foster a culture of excellence and consultation
- Demonstrate commitment to integrity and ethical behaviour, including compliance with regulatory and professional obligations
- Stay connected and support one another.

Building Better Futures

Environmental, social, and governance (ESG) reporting¹

The foundations of businesses are changing rapidly—long-term resilience and the ability to create enduring value is directly linked to alignment with the values and expectations of society. Market participants and other stakeholders are calling for greater insight into how organisations are building, protecting, and enhancing enterprise value over time, and are specifically demanding enhanced transparency around climate-related and broader ESG impacts and the dependencies of an entity's business model and strategy.

Specifically, Deloitte recognises that climate change poses a risk to financial stability and impacts businesses in many sectors with increased disclosure and reporting expectations from various stakeholders.

Deloitte is taking strategic actions to educate our people on climate change and the potential impact on audited entities to support the execution of high-quality audits, thereby considering climate-related risks and opportunities. This includes the deployment of materials such as a climate learning curriculum, as well as a framework and related guidance to consider climate-related matters as part of the audit.

Broader corporate reporting

Traditional financial reporting is beginning to evolve into broader corporate reporting. To support this evolution, there are standard-setting and rulemaking efforts regarding sustainability by the International Sustainability Standards Board (ISSB) and others around the world. The ISSB standards include General Requirements for Disclosures of Sustainability-Related Financial Information (IFRS S1) and the Climate-Related Disclosures (IFRS S2). IFRS S1 and S2 were launched globally on the 26th of June 2023.

These standards emphasise the need for better connectivity between financial and non-financial reporting and will help users of corporate disclosures better understand and compare information about entities. Further, these standards will enable greater transparency, consistency, and comparability globally,

as well as shift the requirements for climate-related reporting from voluntary to mandatory.

To be effective, the standards need to be adopted globally in a consistent manner to deliver corporate reporting that is comparable, based on the global baseline, and supplemented by local considerations where warranted. These standards will also need to be brought into regulation around the world, together with associated enforcement, monitoring, governance and controls, assurance, and training. The developments in standard-setting and rulemaking are intended not only to create transparency and consistency in global baseline reporting but also to make clear that information in financial reporting and information contained in sustainability reporting are essential inputs to inform a stakeholder's view of an entity's value.

Nigerian regulators are giving due attention to ESG issues. There are various ESG-related regulations in Nigeria, for example:

- The Nigerian Stock Exchange's ("NSE") Sustainability Disclosure Guidelines for publicly listed companies. The Guidelines mandate ESG reporting for companies listed on the NSE;
- The Nigerian Code of Corporate Governance ("NCCG") applies to all companies incorporated in Nigeria. It contains 28 corporate governance principles, with recommended practices under each principle. One such principle is aimed at improving sustainability. Companies are expressly required to pay sufficient attention to sustainability issues such as environmental, social, occupational, and community health and safety issues; and
- The Companies and Allied Matters Act, 2020 ("CAMA") mandates directors of Nigerian companies to consider the impact of their company's operations on the environment in the community where the company carries out its business operations.

The Financial Reporting Council of Nigeria (FRC) has launched the Adoption Readiness Working Group for sustainability reporting in Nigeria. The adoption of both standards (IFRS S1 & S2) will commence on January 1, 2024. Nigeria will be the first country in Africa and one of the earliest adopters in the world. There is a growing demand for companies to integrate climate-related and other ESG considerations into internal control policies

¹ For more information about Deloitte's alignment with ESG, please refer to Deloitte [Global Impact Report](#).

and procedures, enhancing the maturity of systems, processes, and governance over climate-related and other ESG information. As a result, those charged with governance (e.g., audit committees, boards) are increasingly incorporating ESG considerations in their oversight responsibilities of an organisation's management, its reporting, and its data-collection processes and controls.

Deloitte understands that given the increased risks associated with climate change, it is important for climate-related factors to be properly incorporated into corporate reporting. Today some stakeholders' expectations may not be met by financial statements prepared following current accounting frameworks. As corporate reporting continues to evolve and stakeholders accommodate and adapt to market shifts and public sentiment, it is important to allow for appropriate due process to develop robust standards applied consistently across the globe, and to drive reporting that is responsive to the growing asks of investors and other stakeholders.

Deloitte remains committed to engaging in meaningful and transparent conversations with investors, standard-setters, regulators, and other relevant stakeholders. We also look forward to supporting reduced standards, regulatory fragmentation, and to greater market confidence, as consistency in standards is realised globally.

Assurance

With the increased focus and scrutiny of ESG reporting also comes the increased need for confidence over the quality of disclosures and increasing calls for assurance requirements. Individual jurisdictions, such as the European Union and the United States, are moving to introduce or strengthen regulations around sustainability reporting. Assurance requirements are increasingly becoming mandatory.

Providing assurance on ESG information should be expected to follow a professional framework including competence, independence, a system of quality management, and be subject to oversight and inspection as well as professional liability mechanisms to ensure that credible assurance is delivered to the market.

Below are specific actions that Deloitte is undertaking to support the execution of high-quality assurance that appropriately addresses ESG voluntary reporting and regulatory requirements:

- Engaging in shaping the capital market infrastructure for sustainability reporting, tied to enterprise value through collaboration on climate and ESG standard-setting reporting, and assurance initiatives, such as the IFRS Foundation, the International Auditing and Assurance Standards Board, and the International Ethics Standards Board for Accountants.

- Dedicated professionals with ESG experience within the firm provide specialist support to audit teams to ensure identification of ESG risks and advise on the appropriate approach and execution of related procedures.
- Actively participating in various global platforms such as the World Economic Forum and the 2022 UN Framework Convention on Climate Change (COP27).
- Deployment of enhanced guidance to deliver limited and reasonable ESG assurance through Deloitte's global sustainability assurance methodology. Building capacity through global and localized learning focused on ESG.
- Developing technology-enabled tools, including a tool to evaluate a company's sustainability disclosures against common ESG standards.

Deloitte supports the continued collaboration of all participants in the corporate reporting ecosystem, working together to develop and implement common standards upon which to measure, disclose, and ultimately assure ESG information.

Professional Development and Performance Management

Deloitte’s culture of excellence and the design of learning programs place people at the forefront. Deloitte practitioners are technically proficient with high levels of ethics, integrity, professional scepticism, and objectivity, applying their judgment and experience with passion and commitment. We are continuously enhancing our skill sets, knowledge, and experience to go beyond the expected and deliver meaningful impact.

Deloitte’s commitment

Deloitte is committed to delivering an unrivalled talent experience, developing practitioners, and furthering their careers by creating a life-long learning environment—advancing audit education, skillsets, and flexible career options that appeal to audit and assurance practitioners and professionals of today and tomorrow.

Deloitte practitioners bring diverse backgrounds, knowledge, and skills that enhance the capabilities of an organisation in delivering the highest quality audits. We support and empower our people to achieve their full potential by valuing and demonstrating diversity, equity, inclusion, and well-being. In addition, operational discipline, effective management of the business, and our singular approach to doing audits known as The Deloitte Way provide global consistency to our audits.

Deloitte recognises and rewards its Audit & Assurance practitioners and professionals, and makes meaningful investments in their futures.



Learning and development initiatives

Deloitte's transformed approach to audit delivery is changing the audit experience for practitioners. Audit teams are empowered by advanced tools and technologies and more extensive use of data and analytics within a guided workflow to execute the end-to-end audit. For Deloitte practitioners, this means focusing on how the engagement is planned, executed, and managed consistently across the globe using our innovative techniques and capabilities. It also offers opportunities to enhance their technical and professional skillsets and competencies. For example, the following skills remain as important as ever—enhanced data analytics, project management, critical thinking, communication, professional judgment, and the application of accounting and auditing principles to work more effectively and deliver high-quality engagements. As capabilities and skillsets are enhanced, we build greater confidence and become ever-better 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, Deloitte has a single, global mandatory audit technical learning curriculum, tailored for learners by level, using a dynamic blend of live instructor-led, digital on-demand courses, and on-the-job activities.
- All client service practitioners are required to follow the firm's learning requirements for their roles and complete sufficient continuing professional education (CPE) each year and over a cyclical three-year period, to ensure compliance with regulatory standards and Deloitte internal policies.

The mandatory learning curriculum is delivered to practitioners as follows:

- In-person learning. These courses are globally developed and supplemented with local content based on the current needs of the practice.
- E-learning curriculum. This is global content on new emerging issues and reinforcement of current principles.
- Audit Quality Webcasts which are attended by all partners and senior practitioners across the member firm. These webcasts allow for topical information and learning to be shared on a frequent and timely basis including common practice review and external review findings and new and emerging issues.

- Consequence management is enforced when learning is not completed timeously.
- Deloitte has also established specific learning opportunities for specialists working on audit engagements to support their knowledge and understanding of the audit process. All specialists are required to complete these courses before working on an audit engagement.

Talent development

All client service practitioners have clearly defined role expectations and global Talent Standards, which outline the capabilities that are required of practitioners at each level.

The objective of the Deloitte Africa professional development programme is to help partners and practitioners maintain and enhance their professional competence and ensure consistency of audit execution. To supplement on-the-job development, Deloitte Nigeria provides formal continuing professional development programmes in relevant subject areas consistent with the Deloitte Global Audit & Assurance Curriculum. In addition, several professional development courses are available to all practitioners, which are designed to develop key professional skills such as difficult conversations, negotiation, the "art of empathy" and how to be a good coach.

The professional requirements to remain a Chartered Accountant or a registered auditor require each practitioner to compile a Mandatory Continuing Professional Development (MCPD) plan that is specific to their role and skill level. The Deloitte learning programme therefore consists of mandatory and optional courses depending on the role and level of the individual.

Remuneration

Execution of high-quality audits is expected from all practitioners and is embedded across the Deloitte network. Audit quality is recognised through reward and recognition programmes and is built into performance standards at every level, against which practitioners' overall evaluations are measured.

Following global policies, Deloitte Africa's partners are evaluated annually. In assessing performance, a role-model contribution in Quality, Risk, and Performance is expected from all partners. This is essential, regardless of the level of their contribution in other areas. In the case of audit partners, we have designed the appraisal and promotion processes and considerations to establish a solid link between audit quality and partner remuneration. Partners who provide audit services are not evaluated or

remunerated for selling non-audit services to audit clients. This approach aims to preclude financial considerations from driving actions and decisions, which would create a negative effect on audit quality, objectivity, and independence.



Attraction and retention

The current environment for talent is extremely competitive and attraction and retention of our people is a strategic priority for Deloitte. We acknowledge the challenges our people are facing and recognise our part to re-establish the connections that so many have missed. Deloitte is focused on transforming the A&A talent experience, including reimagining the ways of working to improve retention and further advance the diversity, equity, and inclusion (DEI), and wellbeing of Deloitte people. We are looking at opportunities to collectively expand the talent experience. This focus on our people and retention of top talent enhances Deloitte's ability to deliver high-quality audits.

Deloitte’s Priority Focus on Audit Quality

Leadership commitment and tone at the top

Deloitte’s culture of quality and excellence begins with a strong tone from the top, starting with senior leadership through to the leaders in all our offices and audit and assurance engagements. Deloitte’s focus on audit quality is evident through the direct involvement of leaders in initiatives emphasising that quality is the highest priority for audit and assurance practitioners at all levels, and consistent messaging that reinforces the importance placed on executing high-quality audit and assurance engagements. Deloitte’s relentless pursuit of quality defines not just what we do, but who we are.

System of Quality Management (SQM)

Deloitte believes an effective system of quality management is crucial for the consistent performance of high-quality audit engagements and we continue to make significant investments in people, processes, and technologies that underlie Deloitte’s quality management processes.

Regulators and standard setters in Nigeria and globally are also focused on driving further improvements in firms’ system of quality management. In December 2020, the IAASB released its new, revised suite of quality management standards, including the International Standard on Quality Management 1 (ISQM 1). Systems of quality management in compliance with ISQM 1 were required to be designed and implemented by 15 December 2022.

ISQM 1 introduced a risk-based approach to the SQM that requires firms to respond to quality objectives and risks to our ability to execute high-quality audits in the following areas:

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

- The effective implementation of ISQM 1 has been and remains a key element of Deloitte’s global audit quality strategy. The firm’s ISQM 1 implementation activities were completed by 15 December 2022, building on the multi-year investments and commitment already delivered to go beyond the requirements of the existing professional standards.
- As part of the implementation of ISQM 1, quality objectives, quality risks, and responses were formalised and brought together in a globally consistent technology platform to facilitate the design and maintenance of the system, as well as the operation through tri-annual self-assessments by business process owners and reporting capabilities to support the required annual evaluation.
- The firm continues to work with leaders across the firm, as well as the broader network, to further enhance our proactive approach to managing the quality of engagements performed. Identifying and addressing risks to audit quality and driving continued advancements in quality management processes, serves us well into the future, as the environment within which we operate continues to evolve and become increasingly complex.
- Consistent with Deloitte’s culture of continuous improvement and innovation, the firm’s ISQM 1 implementation efforts have provided us the opportunity to challenge ourselves—examining those areas where we can further enhance and transform our system of quality management. Audit quality is always front and center, and robust audit quality monitoring processes play an integral role in our ability to continually improve.
- The first annual evaluation of the systems of quality management is required to be performed within one year following 15 December 2022. While Deloitte Africa performed an interim evaluation of the SQM for the combined member firm as a whole as of 31 May 2023, the firm’s evaluation of its SQM will be performed as of 15 December 2023.



Conclusion on the effectiveness of the system of quality management

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

- The firm and its personnel fulfill their responsibilities following professional standards and applicable legal and regulatory requirements, conduct engagements in accordance with such standards and requirements; and
- Engagement reports issued by the firm or engagement partners are appropriate in the circumstances.
- Deloitte Africa conducted an interim evaluation per the International Standard on Quality Management 1.

Deloitte Africa concluded that the SQM provides the firm with reasonable assurance that the objectives of the SQM of the combined member firm are being achieved as of 31 May 2023.

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

Each of the individual countries within the Deloitte Africa Member firm, including the firm, will perform its annual evaluation on 15 December 2023.

Independence, objectivity, and professional scepticism

The execution of high-quality audits requires independence, objectivity, and professional scepticism. This means a continuous and tangible focus on a critical role in serving the public interest, including creating a culture of quality where doing the right thing is of paramount importance. Deloitte consistently reinforces the important role of auditors as independent evaluators who must maintain a mindset of professional scepticism throughout the conduct of our work. This approach to the audit is reflected in Deloitte policies, methods, procedures, and learning, and is reinforced through quality management and accountability measures.

Audit approach

Deloitte's approach to performing a high-quality audit involves the use of an audit methodology, common across

the Deloitte network, supplemented by audit tools for use by our practitioners to plan, perform, supervise, review, document, conclude, and communicate the results of each audit. Deloitte's audit approach is underpinned by professional standards, as well as requirements of applicable laws and regulations.

Deloitte's audit methodology is risk-based, focusing on the financial statement account balances, disclosures, and underlying assertions that have a reasonable possibility of being materially misstated. Our audit methodology is also dynamic—it evolves continuously to keep pace with the changing demands of investors, companies, and other stakeholders. It recognises that advances in the availability and management of large data sets and in statistical science are relevant to continuing to enhance the quality of Deloitte audits.

Resources to support Deloitte practitioners in the execution of high-quality audits

The resources applied by Deloitte practitioners in the performance of their audits include the proprietary tools, guidance, materials, and practice aids used in conducting audits, which are available to all our practitioners in the Deloitte Global Technical Library, an extensive online library, and in our audit execution platforms (EMS, Deloitte Omnia, and Deloitte Levvia). Deloitte regularly issues accounting and auditing guidance to our practitioners and communicates developments that should be factored into audit risk assessments and responses in order to maintain and drive quality audit execution.



Consultation

Quality and risk management considerations are integral to Deloitte's audit business and the performance of audit engagements. That is why Deloitte views consultation as an essential, collaborative process—one that involves robust challenge and helps determine the most appropriate answers to complex questions. Deloitte has identified circumstances where consultation outside of the engagement team is required to demonstrate an appropriate level of professional judgment and the exercise of professional scepticism. Deloitte consultation

policies require that conclusions are documented, understood, and implemented. Foundational to the effectiveness of the consultation process is Deloitte's investment in consultation resources who have the appropriate skills and expertise. In addition to formal consultations, whenever engagement partners and teams need additional information or perspectives, they are encouraged to seek assistance from the Audit Quality & Risk team or others in the organisation with specialised knowledge.



External and Internal Audit Quality Monitoring

Monitoring of audit quality

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

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

System of quality management (SQM) monitoring

SQM monitoring is an integral part of the firm’s monitoring activities and considers relevant requirements in ISQM 1, as well as evaluating the design, implementation, and operating effectiveness of responses that address the quality risks that have been identified for the firm.

Audit Quality Indicators (AQIs) are used in conjunction with other metrics to further assist the firm in developing and monitoring audit quality action plans and reporting on the progress in its audit quality journey.

The firm has the following AQI initiatives and reporting mechanisms:

- Monthly AQI reporting on our priority portfolio, comprising listed clients and large PIEs, across Africa which includes an assessment of various quality metrics.
- A monthly forum where results of the AQI reporting are discussed with the relevant Partners and if needed remediation plans are discussed and tracked in the next forum.
- Quarterly AQI reporting to Deloitte Global.
- Quarterly AQI reporting to the Audit Quality Board, EXCO & the Africa Board.

- Annual AQI reporting to Deloitte Global.

Monitoring of in-process engagements

Continuous audit quality monitoring by Deloitte Nigeria involves the proactive identification of audit issues on in-process engagements to drive timely solutions and real-time corrective actions. This is achieved through the following suite of activities:

- Deployment and monitoring of a series of core diagnostics, enabling engagement partners and teams, as well as the firm audit quality leader(s) to continuously monitor audit quality and take immediate action.
- A programme of subject matter-specific “health checks” to assist the firm audit quality leader(s) in assessing progress and identifying potential issues on in-process engagements.
- Results of monitoring of in-process engagements are evaluated overall to determine whether additional communication and support are needed for audit engagement teams concerning adherence to the audit methodology or updates thereto.

Inspections of completed engagements

Key components of inspections of completed engagements include:

- Risk-based engagement selection and consideration of all major industries served by the firm.
- Mandatory moderation panel to drive consistency in findings and engagement ratings.
- Network monitoring with external partners and deputies, independent of the firm, who drive global consistency by providing input and sharing best practices for monitoring programmes.
- A central review team for Deloitte Africa with the right experience and industry knowledge, to perform consistent and fair inspections.

External inspections

In addition to the firm’s own monitoring of audit quality, we are subject to external reviews by the Financial Reporting Council (‘FRC’), the Institute of Chartered Accountants of Nigeria (‘ICAN’), and the Public Company Accounting Oversight Board (‘PCAOB’). We will be subject to external monitoring by the FRC in calendar year 2023. The timing of the inspection has not been confirmed at the date of this report.

Root cause analysis and remediation

Continuous improvement is essential to Deloitte’s culture of quality and excellence. Understanding why engagement level findings and SQM deficiencies occur is critical to being able to design effective remedial actions. When engagement level findings or SQM deficiencies are identified, whether through internal or external monitoring activities, actions are taken to identify gaps and develop appropriate remediation activities. Remediation is imperative to drive continuous improvement in audit quality and avoid future similar findings. An audit quality plan is prepared by the firm and provides for effective implementation and monitoring of key audit quality priorities.

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 sets **independence policies and procedural expectations** based upon the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and, where applicable, the independence standards of the US Securities and Exchange Commission and the Public Company Accounting Oversight Board.



Deloitte Global supports firms, as needed, with their ongoing SQM monitoring activities and gives insights into global areas of focus. On a three-year cycle, performs **network monitoring activities** through its monitoring program, providing recommendations and observations for consideration as part of the firm's Monitoring & Remediation activities. In-depth follow-up reviews are conducted as needed.



Deloitte Global provides firms with **technical independence expertise**, as required, which also informs potential enhancements to global policies, procedural expectations, tools, and practice support activities.



Deloitte Global delivers **global systems** to provide its people with entity information to support compliance with personal and professional independence requirements, including financial interests, scope of service, and business relationship approvals.



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

Deloitte Africa Independence

Deloitte Africa has quality responses that address quality objectives and quality risks as they relate to the relevant ethical requirements for independence. These policies and procedures are based on expectations set out in Deloitte Global Independence policies, and which are supplemented, as appropriate, to reflect additional national or regional requirements that may be more restrictive than Deloitte Global policies. Deloitte Africa's leadership reinforces the importance of compliance with independence and related quality management standards, thereby setting the appropriate tone at the top and instilling its importance into the professional values and culture of Deloitte Africa. Strategies and procedures to communicate the importance of independence to partners, other practitioners, and support staff have been adopted, emphasising each individual's responsibility to understand and meet the independence requirements.

The Director of Independence is responsible for overseeing independence matters within Deloitte Africa, including the design, implementation, operation, monitoring, and maintenance of the system of quality management related to independence.

The firm's most recently conducted internal review of its independence compliance was done in August 2022

As part of the firm's system of quality management, Deloitte Africa has:

- Implemented responses to address quality objectives and quality risks it has identified for its key independence areas;
- Performed appropriate monitoring activities over its key independence areas; and
- Has appropriate independence governance in place.

The firm's key independence areas include:

- Client, engagement, and business relationships, including the use of the independence business process tools, the Deloitte Entity Search and Compliance (DESC) system, and the Service Request Monitoring (SRM) application
- Firm and personal financial relationships, including the use of the Global Independence Monitoring System (GIMS)
- Employment and other relationships
- Independence confirmations
- Independence consultations
- Independence-related policies, communications, and learning
- Breaches of independence requirements
- Disciplinary measures for failures to adhere to applicable independence requirements

Global Independence conducted a review of compliance with policies and procedures in the key independence areas during the year, and a report was issued in August 2022. Another review was conducted in May 2023 and a report was issued in October 2023 after our financial year end. Based on the findings identified, the firm developed a remediation plan to respond to the specific findings and enhance the firm's systems of quality management.



DESC

Deloitte Entity Search and Compliance

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



SRM

Service Request Monitoring

Application integrated with DESC that provides a standard business process workflow for submitting and reviewing preapproval requests to provide services to clients.



GIMS

Global Independence Monitoring System

Application that contains financial relationship data with relevant independence compliance indicators

Long association requirements of audit partners and practitioners

Deloitte Africa has implemented an internal policy on the long association of partners and professional staff on audit and review engagements. The policy is based on local regulatory requirements, as well as the International Code of Ethics for Professional Accountants.

Long association requirements of audit partners are a key consideration when allocating a partner to a client. We continue to invest in an African-wide portfolio management system. Rotation requirements are a fundamental control in the portfolio management system. We believe this will provide a real-time, automated,

proactive control to alert the business of upcoming rotation obligations. We are working on data points that will allow us to implement this control across our member firm in Africa, and across all client segments, irrespective of the risk profile.

In accordance with the Audit Regulation 2020 and the Deloitte Africa internal policies and procedures, key audit partners of Public Interest Entities (PIEs) rotate from audit clients after a maximum of five years, and a maximum tenure of 7 years for non-PIEs audit clients. The key audit partner rotation is followed by a cooling-off period of 3 years. Engagement Quality Reviewers are required to rotate after 5 years on a PIE audit client, followed by a 3-year cooling off period.



Ethics

Doing the right thing

Our leaders see “doing the right thing” as a fundamental principle, which is not just in the interest of our people and our clients, but also in the public interest. Ethics and integrity are at the core of our business and important to the reputation of our firm. The expectation to act with integrity in accordance with high ethical standards is at the core of everything we do. To this end, our [Global Principles of Business Conduct](#) (“Global Code”) and our Africa Code of Professional Conduct outline the commitment we make and the standards we adhere to as Deloitte professionals. We take any breaches of these commitments and standards seriously, and any breach may result in sanctions determined in accordance with the Deloitte Africa disciplinary framework.

A dedicated Chief Ethics Officer is appointed to drive our ethics strategy and programme supported by an ethics representative in the West Africa region.

We strongly believe that the tone at the top is critical to our ethics culture and as such leadership demonstrates

ethical leadership not only in words but also in their decisions and actions. As part of the drive to ensure an ethics culture, our Chief Ethics Officer regularly facilitates conversations with all partners, directors, and professional staff on topical issues.

A functioning network of Ethics Champions across the Firm assists in driving our ethics messaging throughout all service lines and all regions across the continent.

Our annual ethics survey confirmed that 99% of respondents believe that Deloitte is an ethical workplace.

The survey identified potential blind spots, which enabled the ethics team to address these through targeted interventions. The Chief Ethics Officer shares the survey results with all Deloitte professionals and presents both the results and action plan to the Executive and the Board.

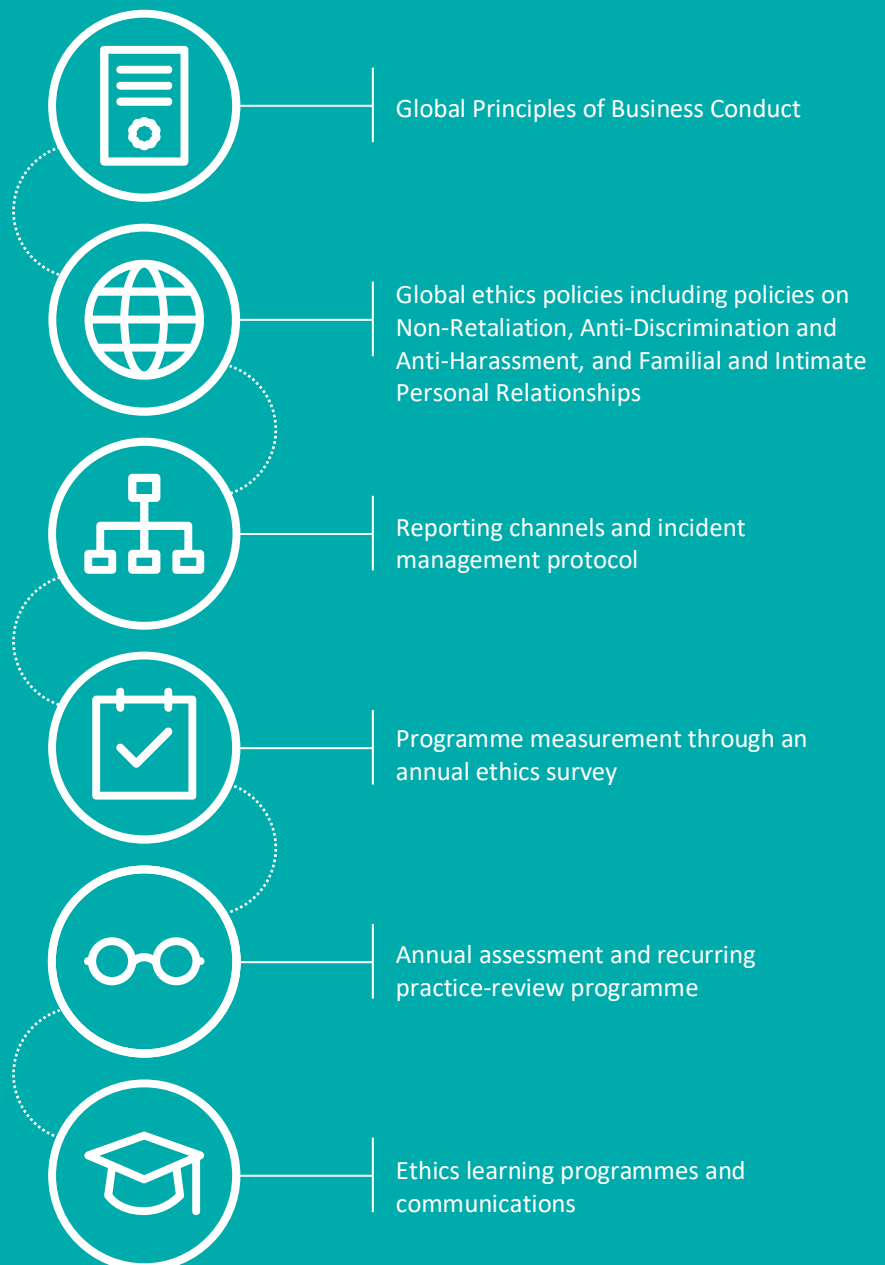
The ‘Deloitte Speak Up platform provides a confidential channel through which ethics concerns can be raised. All reports are independently investigated, and action is taken where required. The Chief Ethics Officer presents a report on the outcome of all Speak Up reports to the Executive and the Board. A targeted communication strategy results in increased ethics awareness and a concomitant increase in the number of Speak Up reports over the past year.



Deloitte Global Ethics

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

Deloitte's **Global Principles of Business Conduct ("Global Code")** outlines Deloitte's ethical commitments as a network and expectations for Deloitte's approximately 457,000 people, giving a strong, principled foundation. The foundations of the network's ethics programme is comprised of the following elements:



Appendices

Appendix A | Financial information

Disclosure in accordance with Financial Reporting Council's Rule 12: Audit Transparency Report

The breakdown of the Deloitte Nigeria's 2023 Revenue:

Gross Revenue	NGN (Billions)
Statutory audit (PIEs or PIE subsidiaries)	4.7
Statutory audit (non-PIE/other entities)	5.9
Non-audit services (Clients audited by the Firm)	3.5
Non-audit services (Clients not audited by the Firm)	17.3

APPENDIX B

FY23 Public Interest Entities (PIE) Listed Audited Clients. Year Ended 31 May 2023

Client/Engagement Name	Year End	PIE (Listed/Not Listed)
Fidson Healthcare Plc	31 December 2022	Listed PIE
Presco Plc	31 December 2022	Listed PIE
Transcorp Hotels Plc	31 December 2022	Listed PIE
Transnational Corporation of Nigeria	31 December 2022	Listed PIE
PZ Cussons Nigeria Plc	31 May 2023	Listed PIE
GlaxoSmithKline Consumer Nigeria Plc	31 December 2022	Listed PIE
Champions Breweries Plc.	31 December 2022	Listed PIE
Nigerian Breweries Plc	31 December 2022	Listed PIE
Notore Chemicals Plc	31 December 2022	Listed PIE
Arдова Plc	31 December 2022	Listed PIE
Industrial and Medical Gases Nigeria Plc	31 December 2022	Listed PIE
Eterna Plc	31 December 2022	Listed PIE
MRS Oil Nigeria Plc	31 December 2022	Listed PIE
Ecobank Transnational Incorporated (ETI)	31 December 2022	Listed PIE
Abbey Building Plc	31 December 2022	Listed PIE
Custodian Investment Plc	31 December 2022	Listed PIE
FCMB Group Plc	31 December 2022	Listed PIE
Sterling Bank Plc	31 December 2022	Listed PIE
Veritas Kapital Assurance Plc	31 December 2022	Listed PIE
Fidelity Bank Nigeria plc	31 December 2022	Listed PIE
Royal Exchange Nigeria Plc	31 December 2022	Listed PIE
Jaiz Bank Plc	31 December 2022	Listed PIE
UPDC Plc	31 December 2022	Listed PIE



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