

**Deloitte.**



2024 Transparency  
Report

Deloitte LLP and Deloitte Limited

# Regulatory context

This Audit Transparency Report (Report) relates to Deloitte LLP and Deloitte Limited's<sup>1</sup> principal activities in the UK and Gibraltar, respectively, for the year ended 31 May 2024 (FY2024), unless otherwise stated. Deloitte LLP also has a subsidiary in Switzerland that prepares its own transparency report. Consequently, Deloitte's activities in Switzerland are not covered in this Report, unless otherwise stated.

This Report includes disclosures required by the 2022 Audit Firm Governance Code (the Code), which provides a framework for good governance practice against which firms that audit Public Interest Entities (PIEs) can be assessed and report. A reconciliation to the Code is provided in [Appendix 16](#).

This Report is prepared to comply with Article 13 of Regulation No 537/2014 of the European Parliament and of the Council of 16 April 2014 (the EU Audit Regulation) as amended by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019. In addition, it also addresses our obligations under the EU Audit Regulation to prepare a transparency report in each of the EEA countries where Deloitte LLP has a third country audit registration: Ireland, Luxembourg, the Netherlands and Germany. During the year

the firm withdrew from registration in Sweden as the audited entity which triggered registration delisted from Nasdaq Stockholm.

Deloitte Limited, the Deloitte business operating in Gibraltar that has been a subsidiary of Deloitte LLP since 1 June 2017, also prepares an audit transparency report under Article 13 of the EU Audit Regulation as retained in Gibraltar law ([Appendix 3](#)).

## Local audits

Public sector bodies in the United Kingdom have differing audit requirements and arrangements, depending upon the country and the type of body. 'Local audits' (or 'local public audits') are audits of English bodies conducted in accordance with the Local Audit and Accountability Act 2014. These local audits cover Local Authorities, Clinical Commissioning Groups, and NHS Trusts (but not NHS Foundation Trusts).

As we have issued audit reports in respect of major local audits<sup>2</sup> during the year ended 31 May 2024, we are required to comply with The Local Auditors (Transparency) Regulations 2020. [Appendix 4](#) includes a summary of the requirements of The Local Auditors (Transparency) Regulations 2020 and where these requirements are addressed within this Report.

We are appointed auditors for five NHS Trusts, one Clinical Commissioning Group, one Integrated Care Board and for 32 local government bodies (including pension schemes). Our local government audit appointments were made by Public Sector Audit Appointments Limited (PSAA) as an appointing person under the provisions of the Local Audit and Accountability Act 2014 and regulation 3 of the Local Audit (Appointing Person) Regulations 2015. PSAA's role includes contract management with Deloitte and other audit firms for the delivery of consistent, quality and effective audit services to relevant authorities.

Our arrangements in respect of NHS Foundation Trusts and Scottish public sector audits (which are not required to be included in this Report under The Local Auditors (Transparency) Regulations 2020) are consistent with those for local audits.

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<sup>1</sup> Deloitte Limited is a subsidiary of Deloitte LLP (collectively, Deloitte or the firm), which is the United Kingdom affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited (DTTL), a UK private company limited by guarantee. DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more about our global network of member firms.

<sup>2</sup> As defined in The Local Audit (Professional Qualifications and Major Local Audit) Regulations 2014.

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## Appendices

# Our year in focus

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Culture

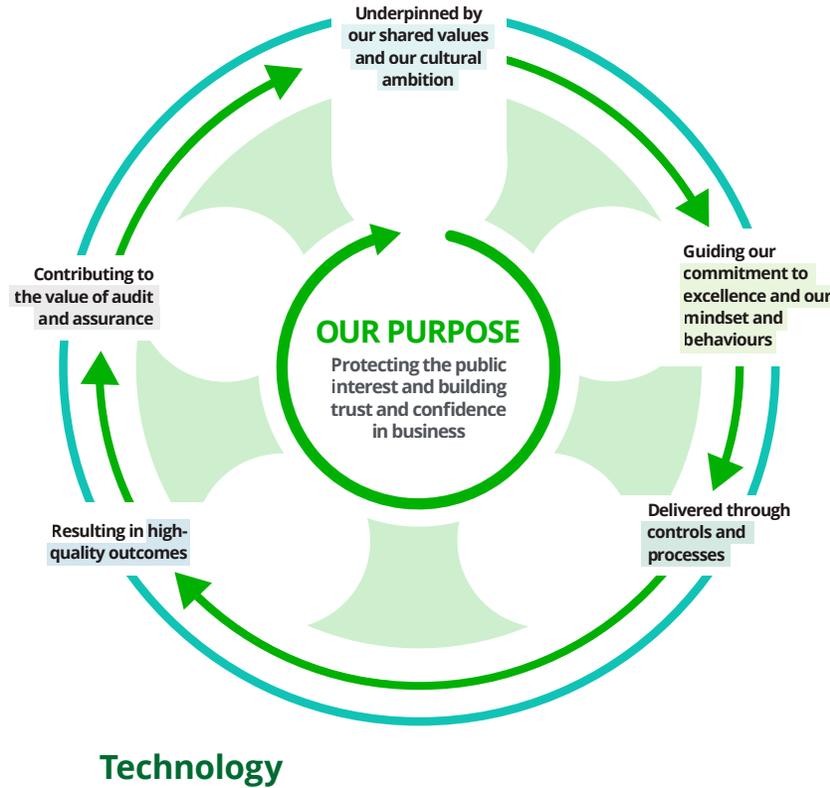
People

Value of audit and assurance

Learning & development

Quality

Quality control & risk management



# Leadership message

As demands of businesses and society evolve, as regulation changes and technology develops, it is our responsibility to anticipate that change and shape progress. From generative artificial intelligence (GenAI) to sustainability, the issues that are front of mind for companies and society are also where our profession needs to provide clarity, insight and confidence.

The inclusion of the audit and corporate governance reform in the 2024 King's Speech is encouraging for our industry and UK business as a whole, and must push ahead at pace. It is notable the government has included this in a legislative programme that centres on economic growth and unlocking investment. This chimes with our steadfast view that reform is an opportunity to

further strengthen the corporate reporting system, drive trust in business and fuel UK growth.

How we respond to external factors is just half the story: we must also challenge ourselves to improve and grow so that our quality record, the experience we offer our people, and our business performance all continue to thrive. Getting this right means we can deliver on our purpose to protect the public interest and build trust and confidence in business. In this way, we can demonstrate the value of our profession, and show that audit and assurance provide an exciting, varied and rewarding career choice where our people can develop personally and professionally.

Our Transparency Report provides an in-depth review of our Audit & Assurance business over the past financial year, how we have made a positive impact by maintaining and enhancing quality, and where we need to focus our efforts.

The framework we have built around our purpose illustrates how our people, [our shared values](#) and our culture, our controls and processes all connect, to result in high-quality outcomes and contribute to the value of audit and assurance.



# Leadership message

## **Our shared values and our cultural ambition**

Over the past year we have focused on ensuring our people and partners understand and embrace our cultural ambition. We define this ambition as “We include everyone, we challenge and we rise to the challenge, and we do the right thing.”

Our purpose-led culture is an important foundation which supports our growth and success. It is key to building business and societal trust in our firm and in creating an environment where our people want to build their career. It is also intrinsically linked to high-quality outcomes.

## **Measuring our culture**

We launched our [cultural ambition and Audit & Assurance behaviours](#) (which build on our Global shared values) 12 months ago. We are now in a good position to measure and track our culture. We have made a significant investment in a tool designed to help us measure where we are today; it will also help us define where we are heading, what we need to change and help us to track our progress.

Our most recent Engage for Change survey revealed 84% of colleagues find our work environment supportive and inclusive, enabling them to embody our shared values. And, 74% feel confident Deloitte would support them if they were experiencing challenges with their mental health and wellbeing. We discuss workplace wellbeing and how we use the Engage for Change survey responses to help us monitor seasonal trends in [Appendix 5](#).

## **Diversity and inclusion**

Our cultural ambition starts with the words ‘we include everyone’. Our people should feel welcomed, valued and comfortable to be themselves – giving them the space and safety to reach their full potential and deliver the other elements of our cultural ambition effectively – to challenge and rise to the challenge, and to do the right thing.

In FY2024, we introduced a ‘Let’s Talk’ campaign to encourage open and honest conversations about our culture and inclusion, drawing on our shared values and Audit & Assurance behaviours. Respectful discussions on the themes of social mobility, disability, race and gender allowed colleagues to explore the different aspects of inclusion and the actions our people can take to include everyone.

A diverse talent pipeline is critical to building the workforce and partnership we desire and we are seeing the results of our investment with the gradual improvement with every reporting cycle. This year, 42% of our director promotions were women and 24% from an underrepresented ethnic group. Of our partner promotions in 2024, 33% were women and 22% from underrepresented ethnic groups. We are proud that 39% (FY2023: 36%) of our FTSE 100 FY2024 audit opinions were signed by women audit partners. We are also pleased we have promoted individuals who were supported through the process while on parental leave or a career break.

We continue to make good progress towards our diversity targets, and our aim to ensure our business represents society and that we have a workforce with diversity of thought. One example of how we do this is through our refreshed Black Experience programme. It is designed to enhance the experience for our Black colleagues and increase representation with key focus areas ranging from the promotion process to creating safe spaces to be heard.

# Leadership message

## Our commitment to excellence

### Non-Executive appointments

We appointed two new Non-Executives to our NSE Board, the UK Oversight Board (UKOB) and the Audit Governance Board (AGB). Elisabeth Stheeman and Sir Hugh Robertson bring our total number of Non-Executives to five. The breadth of the Non-Executive oversight is covered in detail in the [Message from the Non-Executives](#).

### Resourcing and capacity

We continue to recruit into our business and for our 2025 financial year we are planning for a further 5% headcount growth delivered predominantly through our graduate programme.

Our resourcing plan in FY2024 saw no net resource shortfalls during our busy reporting season. This ensured average workloads were lower than historic norms, giving our people more time to balance their work and personal life, and more time for learning and development. This is good for our audit and assurance engagements, and good for our people. Over 75% of our newly-qualified accountants choose to continue their career with us for at least 12 months post qualification and our attrition rate is the lowest it has been outside of the Covid period. Deloitte's own [Gen Z and Millennial Survey 2024](#) found that work-life balance is the top consideration when choosing an employer.

In addition, our extended delivery model is working well for us and extended team members are integral to how we deliver our audit and assurance engagements. We have been building and investing in these teams for over a decade and have high-quality individuals across all locations. Critical to our success has been achieving seamless collaboration between onshore and offshore team members. Together, greater numbers of highly-skilled professionals who are fully integrated into day-to-day delivery continue to drive improvements in audit quality and contribute to our commitment to excellence.

### Learning and development

Our focus remains on ensuring our people are equipped with the right blend of skills to tackle emerging risk areas and deliver high-quality engagements. We are investing in new models to support the development of these skills, resulting in varied and bespoke career paths. This includes embedding dedicated subject matter experts on sustainability and analytics into our Audit & Assurance business to drive consistency, connectivity and challenge across emerging risk areas.

Our focus on learning and development is enhanced by our new award-winning facility: [Deloitte University EMEA](#) (DU EMEA), which officially opened in June 2024. DU EMEA is one of the most visible and tangible investments in the growth of our people. Delivering world class learning, the curriculum focuses on professional and leadership capabilities alongside industry and business-specific skills.

Deloitte leaders at all levels participate in the design and delivery of learning solutions, supporting the development of our next generation of leaders and building on our shared values and purpose.

### Sustainability

Climate considerations remain an important aspect of the audit and are firmly embedded in our audit approach. The extent to which climate change has been incorporated into companies' financial statements, and transparently and consistently reported, remains a key focus.

The introduction of the Climate Sustainability Reporting Directive (CSRD) has a significant impact on company reporting for those UK entities within scope, creating more explicit reporting obligations on climate matters. We recognise our public interest role as auditors and assurance providers as we work with companies to implement CSRD, and assess climate and other sustainability impacts, risks and opportunities. This is a critical area of stakeholder focus and we are seeing an increasing number of companies focusing on the governance, controls and assurance that need to be in place to drive confidence and trust in this information. Read more in [Appendix 8: Sustainability reporting and assurance](#).

# Leadership message

## **Our controls and processes**

### **Transformation through technology**

Harnessing technology to analyse data and information quickly and safely, including preserving the confidentiality and security of data, is a priority. With this in mind, we introduced our own GenAI platform across the firm, PairD. PairD is designed to help with day-to-day tasks, including drafting content and carrying out research, within a safe and secure environment. This is one example of how we innovate to raise the bar and continue to shape the future of audit.

We have also engaged across our teams to consider how emerging technology may shape our business alongside our wider technology enablement strategy. This includes drawing on the diverse experiences of our people. We invited them to share their ideas on how we might further introduce GenAI in the work we do and as a result are currently exploring and developing fifteen different AI and GenAI use cases.

We use our expertise, professional scepticism and judgement to challenge and assure the reliability of any output. We are developing and growing our AI and algorithm assurance offerings, responding to increasing stakeholder needs in this area to help clients scale AI safely, and build trust and confidence in the use and outputs of emerging technologies. Our regulatory, controls and analytics skills provide technical audit specialist support that will also further transform audit delivery, including through the use of AI tools.

As at the end of FY2024, 29% of all audit hours are delivered through Omnia and Levvia, our Global digital platforms, with the majority of our remaining audit hours anticipated to migrate by the end of 2025. With more of our audits using this cloud-based, data-led audit technology, we are able to better leverage evolving technology and data, providing deeper insights to create more consistent, transparent, and valuable audit and assurance services. Read more about our digital audits in [Appendix 7](#).

### **Our business structure**

Companies are increasingly investing in GenAI and implementing new technologies. In turn, this introduces new business risks which we must respond to. To recognise the essential role of technology, we have refreshed our Audit & Assurance business structure, drawing together skillsets in IT audit and our data and analytics teams to form a new team within our Audit & Assurance business: IT, Data and Analytics. Bringing together the specialist skillsets our people have in these areas sets us up well to deliver technology-led audits and gives us the ability to respond quickly to emerging technologies, risks and trends. These changes are part of a global initiative to align our businesses and the way we face into the market.

### **Single Quality Plan (SQP)**

Our SQP aims to prioritise and measure progress in specific identified areas that we consider are most critical to drive measurable improvements in quality. Each priority area has an Audit & Assurance Executive sponsor, identified key performance indicators (KPIs) to measure progress, and means of measuring the effectiveness of key actions. During the year we have further developed our SQP by increasing the frequency of our reporting, improving the linkage between the SQP and the International Standard on Quality Management (ISQM) 1 and have developed a formal assessment of emerging and potential future priority areas.

### **Local authority audits**

There have been significant challenges in the financial reporting and audit processes for local authorities for a number of years, resulting in an extensive backlog in the publication of audited accounts of local authorities, including bodies audited by Deloitte. We have engaged with the government, FRC and the National Audit Office throughout the development of the proposals announced in July 2023 to reset the system and restore the assurance provided by timely financial reporting and annual audits. While it is regrettable a backstop date is necessary to address the challenges in local authority financial reporting and audit, we agree with the proposal as the best route to providing the necessary reset, and to put in place sustainable ongoing arrangements for public accountability.

# Leadership message

In June 2022, we notified Public Sector Audit Appointments Ltd (PSAA) of our decision not to tender for the latest round of English local government audit contracts. The final year of our contract covers audits for periods ending 31 March 2023. We engaged extensively with stakeholders such as the PSAA, FRC and the Department for Levelling Up, Housing and Communities (DLUHC) to communicate the factors that informed this decision. We committed to remain engaged in discussions about strengthening the local government audit market and financial reporting system – even where we are not providing audit services – to ensure we continue to play a role in developing positive and effective reforms.<sup>3</sup>

## System of quality management

An effective quality management system is crucial to the consistent performance of high-quality audits. We have used the implementation as well as our first full year of operation within ISQM 1 to work with leaders across the firm to enhance our approach to managing the quality of engagements performed. We continue to make investments in our people, processes and technologies given the complex environment in which we operate.

This year's evaluation of the System of Quality Management (SQM) took place as of 31 May 2024 and concluded with one deficiency identified (which was not pervasive or severe), which did not have an impact on the evaluation of the SQM.

## High-quality outcomes

Over the past five years, our Audit Quality Review (AQR) results have consistently improved. Published by the FRC, these results are the outcome of the FRC's audit quality inspections and supervision of each major audit firm.

This year we delivered our best audit quality results to date, up 12 percentage points on last year, with 94% of sampled audits rated as good or requiring no more than limited improvement. We are pleased our average results over a five-year period are now 83%, up from 81% last year. The equivalent results for FTSE 350 audits inspected was 100% (FY2023: 78%). The overall results profile for inspections by the Institute of Chartered Accountants in England and Wales (ICAEW) was rated 100% good or generally acceptable. In addition, our internal quality monitoring results show a year-on-year improvement from 88% to 95% compliance for audit. Internal quality reviews for our assurance engagements were 100% compliant for FY2024 (FY2023: 96%). This improvement is due to our people and partners' diligence, willingness to challenge and professional scepticism. Their behaviours and actions drive these high-quality outcomes that we are proud to share.

While we are pleased with this year's AQR, we are by no means complacent and recognise there is still more to do. We were disappointed that one of our audits was assessed as requiring significant improvement - the first such occurrence since FY2020. As with any instance of an audit requiring improvement, we have identified the causes and have taken action.

Our focus on getting every element of our framework working effectively will help us to continue to raise the bar on quality and deliver on our Audit & Assurance purpose.

## A growing and resilient business

Underpinning high-quality outcomes is a healthy, resilient and growing business. This inter-dependency of growth and quality should not be downplayed. A strong and profitable business allows us to make choices about where and how we invest in what matters most: our people. In turn, the culture we create not only attracts and retains the best talent, it also leads to high-quality outcomes. As a result, we are recognised in the market as a trusted audit and assurance provider. This is more than just a theoretical notion: it is no coincidence our Audit & Assurance financial results over the last five years have improved in line with our audit quality results (read more in our [Deloitte perspective on quality and growth](#)).

<sup>3</sup> Details are included in our submission to the Public Accounts Committee review.

# Leadership message

Becoming an operationally separate Audit & Assurance business has facilitated the development of a resilient, integrated, and diversified business that is fit for the future. Our auditors are able to meet the expectations of stakeholders through enhanced audit and assurance procedures, and we are clear on the essential role Audit & Assurance plays within our multidisciplinary firm.

The connections we have across our Audit & Assurance business, across the wider firm and cross-border are key to unlocking further growth. Strengthening industry knowledge and expertise has been a strategic priority for our Audit & Assurance business because of its importance to audit and creating a strong sense of community for our people. We continue to embrace an ethos of connection. The global initiative to modernise and simplify Deloitte's go-to-market strategy will only serve to strengthen these connections. The complex nature of the issues facing business and society today means it is essential we harness the expertise and knowledge across the whole of our business.



**Richard Houston**  
Senior Partner & CEO



**Paul Stephenson**  
UK Managing Partner  
Audit & Assurance



**Alan Chaudhuri**  
UK Audit & Assurance  
Head of Quality & Risk



**Shauna Robinson**  
UK Audit & Assurance  
Head of Policy, Regulation and  
Risk

# The Deloitte perspective

## Adapting for tomorrow – the evolution of audit and assurance skillsets



**Katie Houldsworth**

People & Purpose Partner Audit & Assurance

Innovation is an important responsibility. Driving positive, forward-looking change should focus on being fit for the future. At Deloitte, this means investment in our people, technology, controls and processes allowing us to deliver audit and assurance to the highest quality.

A crucial aspect of this is growing the audit and assurance skillsets of our people; equipping our professionals with the right experience and associated learning and development opportunities to meet the evolving needs of the market.

Of course, technology has a significant role to play in shaping the future skills required to deliver audit and assurance. Our people need to be conversant in technology and data. They need to be able to analyse data sets and deploy AI with appropriate scepticism and challenge of outputs. As technology replaces some of the routine

and repetitive tasks on our audits, the breadth of different tasks that an audit junior is exposed to will rapidly change, requiring further evolution of skillsets.

Technical skills have historically been built around traditional financial statements; however, the future demands a broader expansion of these skills into other areas of assurance that matter to society. This includes areas such as sustainability reporting, AI and algorithm assurance, fraud and cyber. As our clients and the entities we audit pose questions such as 'How does the Paris Agreement affect the fair valuation of assets?' or 'How do you audit transactions processed using blockchain technology?', our professionals need to be equipped and have access to the right capabilities and support for these emerging areas.

**Integrated teams with complimentary skillsets are critical to success.**

The audit and assurance provider of the future is not necessarily a deep expert in all areas of business risk. However, the foundational knowledge in wider areas such as sustainability reporting standards and requirements, the risk of greenwashing, or risk of bias in AI systems, is becoming increasingly important. At Deloitte, upskilling in knowledge takes on different forms: we focus on coaching and on-the-job development, particularly as we spend more time together post Covid, in addition to formal training online and in the classroom.

Alongside this, access to highly-specialised knowledge from across our multidisciplinary model supports an in-depth application of current market knowledge and insights.

The ability to embrace and lead change is a capability that holds greater significance than ever. Now, and in the future, stronger project management is vital to ensure seamless collaboration across diverse, multi-location teams, especially when working with the global entities we audit and colleagues. Developing expertise in people management and effective communication skills will also remain critical from the outset of any career within audit and assurance.

We are steadfast in our commitment to enriching our talent experience and broadening career pathways to develop the wider spectrum of skillsets required for the profession of the future. As skills evolve, they must do so in a way which enhances an uncompromising focus on quality, professional scepticism and protecting the public interest.

.....  
"As expectations for the breadth of both audit and assurance increase, the profession will need to enhance and broaden skillsets. Deloitte is making good progress in preparing their professionals to be future-ready in areas such as AI and sustainability."

**Shirley Garrood, AGB Chair**  
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# The Deloitte perspective

## Can the UK set the bar for the corporate ecosystem of the future?



**Paul Stephenson**

UK Managing Partner Audit & Assurance

Across the corporate ecosystem, it feels we are working hard to keep our balance as we walk a tricky tightrope. How to achieve growth without diluting quality? How to drive reform without over-burdening the market? And how to encourage market-led change, but avoid fragmentation, both locally and globally?

The last few years have been rife with uncertainty and challenge. Yet within the midst of this uncertainty – and without legislation being passed to date – steps have been taken to strengthen corporate governance, reporting and audit. Big 4 audit firms have voluntarily operationally ringfenced their audit and assurance businesses. Companies are increasingly disclosing sustainability-related information (both voluntarily and increasingly through mandatory requirements) and will soon be making declarations on the effectiveness of all material controls. These are not insignificant steps in and of themselves. But are they enough to drive meaningful change?

There is a risk that in trying to navigate the complexity and competing priorities, we fall into a state of paralysis. Any ecosystem-wide change in the public interest is hard and may have negative, as well as positive, consequences for individual participants.

**We need to be mindful to give current initiatives time to play out rather than layering on change after change; but we also need to be bold.**

If the UK is to set the bar for world class governance, reporting and audit, it must have a clear long-term vision for a strengthened corporate ecosystem which upholds quality, improves trust and transparency and drives sustainable growth and innovation. It needs to be forward looking, resilient, robust and proportionate.

Articulating this vision is important. Reform should be bold if it is to shift the dial, but it must also be set within a clear frame. The inclusion of audit and corporate governance reform in the 2024 King's Speech is a positive step forward for UK business as a whole. It provides an opportunity to reset, simplify and focus on those measures that are most impactful in achieving the overarching goal.

We will only be able to set the high bar for the future if we accept the investment and trade-offs that might need to be made in the near term and challenge the big picture thinking.

Two things are non-negotiable if the UK is to grasp the opportunity to set the bar for the ecosystem as a whole:

1. Company management and boards, audit committees and auditors must have clearly defined responsibilities, with regulatory oversight which drives accountability and improvement mindsets for all, but does not penalise leaders of change or stifle growth
2. We must embrace the need to learn in the moment – real-time feedback loops should help the market become more agile. We should focus on encouraging sharing of best practice and innovation in a managed way, minimising unintended consequences and uncoordinated change. The newly incorporated Centre for Public Interest Audit has an important role to play in achieving this.

Implementing these two enablers is not without challenge. But with them in place, I believe the UK has a great opportunity to build upon its previous position of strength as a best-in-class, trusted and forward-looking capital market. We will need to be united in our ambition and determination to achieve this goal.

.....  
"It is in all our interests for the UK to remain a trusted and respected capital market. Whilst the audit profession and companies have made significant voluntary change, agreement on responsibilities and how bold to be across the ecosystem is now required."

**Shirley Garrood, AGB Chair**

# The Deloitte perspective

## A focus on audit quality is a focus on growth



**Tom Fogarty**

Audit & Assurance Chief Operating Officer

The UK Audit & Assurance business has been operationally separate since 1 June 2021. We have used the FRC transition period to enhance our operating model, controls, reporting and embed policies and processes into business as usual. We have delivered on this through a strong cultural emphasis on quality, which is pervasive across the business in how we reward our people and partners, how we invest in our product and how we engage with the entities we audit. Our quality scores and measures of culture, both internal and external, reflect this.

Rather than viewing the focus on quality as a cost, we see it as not only a non-negotiable but one that creates sustainable returns if managed correctly.

Putting quality first means investing in the development of our people and our processes. In turn, this leads to improvement in our product, which is valued by the market and supports sustainable growth over the long term.

That has been our experience as a ringfenced business. Over 90% of our audit revenues are delivered from partners and people sitting within the ringfence, with a range of skills important to quality audits, including financial reporting, IT controls experts, data specialists and industry-specific skills such as bank credit and actuarial. Our partners and people are primarily rewarded for their contribution to audit quality and the market values this as shown by the growth in audit activity over time. This is supplemented by our assurance business providing assurance on a range of topics including sustainability, controls, accounting and other areas of emerging public interest. Our assurance business contributes to the quality of our audit business through the provision of expertise on these topics; over 50% of their revenues are delivered on audits, in the same way that our audit business contributes to the provision of wider assurance; over 25% of our assurance revenues are delivered by people from our audit business.

In the next 12 months we expect the gross revenues of the ringfenced business to exceed £1 billion annually for the first time. Our focus on audit quality has directly led to this scale contribution to serving capital markets, which in turn supports the FRC's second ring-fencing objective; namely that we have contributed to an overall improvement in the resilience of the audit market. A focus on audit quality is a focus on growth and a focus on financial resilience.

.....  
"Audit quality is an enabler of profitable growth both in serving audited entities and delivering assurance assignments. Deloitte has invested in both people and process and articulated a clear cultural ambition which leads to high-quality audit, and in turn drives demand."

**Shirley Garrood, AGB Chair**  
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# Message from the Non-Executives

In what has been an excellent year for quality results, we report on our work in providing independent advice, recommendations and challenge to Deloitte's management in the UK to ensure the firm continues its commitment to excellence, embeds its cultural ambition and remains an attractive career proposition for the brightest and best talent.

During the year, Baroness Ford stepped down from her position with the firm to join Gatwick Airport as its Chair. We would like to take this opportunity to thank Margaret for her contribution to the firm's governance, particularly as the inaugural Chair of the Audit Governance Board (AGB) when it was established in January 2021.

Two new Non-Executives - Sir Hugh Robertson and Elisabeth Stheeman - were appointed as members of the AGB, UKOB and Non-Executive Committee in February and May 2024, respectively.

## Our governance focus during FY2024

### Non-Executive Committee (NEC)

The NEC gathers on a quarterly basis as a forum for us to meet privately and to facilitate deeper discussions with management on certain matters. During FY2024, matters covered included:

- Two separate discussions with the **Ethics Partner** on the firm's processes for ensuring ethical conduct and on matters discussed at the Public Interest Review Group
- **Audit partner remuneration and promotions**, as a proxy for the sub-committee of the AGB comprising only Non-Executives as required by the FRC's Principles for Operational Separation
- A discussion with the Partner in Charge of the **extended delivery teams in India** regarding their work
- A demonstration of the firm's **Omnia and Levvia** platforms
- A discussion with two audit partners to bring to life the **day-to-day role of an audit partner**, the challenges they face and how they spend their time
- **Sharing information** between ourselves, in accordance with our engagement plan duties, to help ensure we are each, individually, able to fulfil our remit as Deloitte Non-Executives.

## Individual engagement

In order to facilitate a deeper understanding of the firm, its strategy and operations, and the challenges it faces, as Non-Executives we engage individually with key members of the firm's Executive and senior management team across all areas of the firm on a regular basis. We also have access to the same information as is available to management, where appropriate, and regularly observe various quality and risk related meetings, including the quarterly Monitoring & Remediation reporting meetings and meetings of the Audit & Assurance Quality Board and Public Interest Review Group.

Following our visits to Bucharest and India during FY2023, we are planning another visit to India in November 2024. We met with the lead audit partners for two engagements where staff based in India were involved in significant areas of the audit to understand how work is allocated between onshore and offshore staff and any additional procedures to ensure high quality.

We have established a regular programme of Colleague Engagement Sessions, chaired by one of us, to facilitate engagement with groups of more junior staff on specific topics highlighted by the firm's Engage for Change survey. We see these sessions as an integral part of a range of data and engagement mechanisms we use to understand the views of the firm's people. We held three sessions during the year, on the topics of the firm's use of technology, learning and development and hybrid working.

# Message from the Non-Executives

In addition to enhancing our understanding of the range of views on those topics, feedback from the sessions was discussed with the UKOB and with relevant management to help inform their decision making.

We have an annual engagement plan to provide structure around our individual engagement and to help us all fulfil our responsibilities under the Audit Firm Governance Code. Following the recruitment of Sir Hugh and Elisabeth, they met with key members of the firm's management team by way of an induction to the firm and how it operates. They also received briefings on various topics of relevance to their remit as audit firm Non-Executives. We then undertook a process of reviewing our roles and responsibilities to reallocate roles where appropriate and ensure the engagement plan remains relevant, effective and valuable for us and the firm, and that it continues to achieve its intended purpose.

Some of us attended [TechEx](#) during the summer, to see for ourselves the rigour with which staff are trained. The stories shared during those sessions, around culture and doing the right thing, were particularly impactful, as was the diversity of thought and experience.

## **Audit quality**

We were pleased to see Deloitte's quality results this year as a testament to its continued efforts to improve audit quality. We are also encouraged by how Deloitte's leadership has responded to those results – rightly commending the positive contributions of the relevant individuals, but without complacency and with the recognition there will always be more to do to continue to move the dial on quality.

The [Continuous Improvement Group](#) and [Actions Development Group](#) have both been positive initiatives and have become important parts of the firm's system of quality management. We have engaged with them during the year, both at the formal AGB meetings and through our individual engagement. We also provided input to their effectiveness reviews.

## **Audit partner remuneration and promotions**

Audit partners are ultimately responsible for the quality of an audit and there is, understandably, public interest in the individuals who are promoted to that position and in the way they are rewarded.

In addition to our oversight through the AGB and NEC meetings, as we have done in previous years, one of us observed the various meetings that took place throughout the year to discuss audit partner remuneration and promotions. This gives us a useful insight into the rigour with which audit partners and partner candidates are assessed and the strong emphasis that is placed on audit quality. We are pleased to see continuous process improvements in this area year-on-year.

Overall, based on the frameworks established for FY2024, we are satisfied processes were in place during the year to ensure audit quality is taken into account in audit partner remuneration, reflecting the degree of difficulty and risk of the audits, and that audit quality is also taken into account in selecting and reviewing candidates for promotion to audit partner.

# Message from the Non-Executives

## Public interest responsibilities

We have always recognised our public interest responsibilities and uniquely privileged position as Non-Executives to bring our external experiences to provide counsel and challenge to the firm's management from a public interest perspective.

Clearly, the 'public interest' is not easily defined. It can mean different things in different situations, with an important distinction between what is in the public interest and what is of interest to the public. Our view remains that serving the public interest requires audit firms to have a strong and embedded culture of doing the right thing.

Culture is a continuing area of focus for the AGB and the UKOB, and for us individually as Non-Executives, and we meet regularly with the partners responsible for leading the firm's work on culture. One of us also attends the monthly meetings of the Culture Council and met with the FRC to understand its views on the firm's culture and on culture measurement more generally. We were pleased to see the progress made by the Audit & Assurance business at the start of the year, in defining its cultural ambition (aligned to the Global shared values) and desired audit and assurance-specific behaviours, and how it has led the way in helping define those across the whole firm. The focus during the year has been on activating the Audit & Assurance ambition and behaviours and developing mechanisms to measure their impact and we will continue to monitor progress.

We also have a direct reporting line with the Ethics Partner, and they consult with us, as necessary, on matters arising from the Public Interest Review Group, the firm's whistleblowing procedures, or on independence matters of particular public interest.

## Conclusion

We remain confident Deloitte is in a strong position to ensure a thriving and resilient audit and assurance offering now and in the future, through its commitment to quality, its open and consultative culture and the way it is driving growth, allowing for reinvestment in people and technology.

We will continue to leverage our position as Non-Executives to advise and challenge management and to communicate with stakeholders – through the Deloitte Audit Forum, The Deloitte Academy programme, our regular meetings with the FRC and other interactions with investors and audit committee chairs.

We are always delighted to receive any feedback. If you would like to contact us, please do so at: [independentnon-execs@deloitte.co.uk](mailto:independentnon-execs@deloitte.co.uk)



**Shirley Garrod**

AGB Chair,  
Doubly Independent  
Audit Non-Executive



**Almira Delibegovic-  
Broome KC**

Non-Executive



**Jim Coyle**

UKOB Deputy Chair,  
Non-Executive



**Sir Hugh Robertson**

Non-Executive



**Elisabeth Steeman**

Non-Executive

# Audit Governance Board and UK Oversight Board report

Strong governance is the foundation of our firm, helping to promote sustainable growth, consistently deliver high quality, set the tone for ethical and responsible decision making throughout the firm, and ensure transparency and accountability to external stakeholders and to our people.

## Governance context

The Audit Governance Board (AGB) is now in its fourth year of operation, comprising a majority of independent Audit Non-Executives including the Chair, Shirley Garrood, who was appointed with effect from 1 November 2023 following the departure of the previous Chair, Baroness Ford. The AGB's remit continues to get right to the heart of the drivers of audit quality, including ensuring people working on audits are focused on the delivery of high-quality audits in the public interest.

The UK Oversight Board (UKOB) is responsible for overseeing the UK business' risk management policies and procedures, and for ensuring the resilience of the UK business and that it meets its public interest, legal and regulatory obligations. It is chaired by Sarah Sturt, who is also a member of the North and South Europe (NSE) Board and NSE Audit & Risk Committee. Jim Coyle, Independent Non-

Executive, is Deputy Chair. Significant Global or NSE strategic changes are discussed at UKOB with the relevant UK and/or NSE Executive members to enable UKOB to provide input into considerations. These include, for example, any impact (positive or negative) on the UK Business's sustainability, resilience, risk management, financial models and people; the safeguards in place to ensure the UK business is not disadvantaged in any way; and actions being taken to manage the changes. The UKOB's remit also covers oversight of specific UK business-wide matters, including financial reporting and internal audit.

The UKOB and the AGB work alongside each other to ensure Deloitte's UK business, as a whole, meets the requirements of the Audit Firm Governance Code and other regulatory and legal requirements.

While the AGB and UKOB oversee the UK business specifically, the NSE Board remains the primary governance body for the whole of Deloitte NSE, responsible for ensuring high-quality governance and stewardship of NSE. The NSE Board works with the NSE Executive to set and approve the long-term strategic objectives of NSE and the markets in which it operates. It oversees the risk appetite in each area of the business, is responsible for the oversight of the executive function, ensures alignment with Deloitte Global obligations, and is responsible for the promotion and protection of partner interests generally. Sir Hugh Robertson, Elisabeth Steeman and the elected partner members of both the AGB and the UKOB are also members of the NSE Board.

The governance schematic in [Appendix 12](#) illustrates how the various governance bodies work together.

## The work of the AGB

At each AGB meeting, the Managing Partner Audit & Assurance and the Audit & Assurance Chief Operating Officer discuss the operations and performance of the Audit & Assurance business, including updating on progress on strategic priorities; audit tenders, resignations and the audit pipeline; people matters such as resourcing, attrition, performance management and reward, diversity and inclusion; and reputational matters impacting the Audit & Assurance business and/or the audit profession.

The UK audit strategy execution KPI framework is also presented at each AGB meeting.

The AGB is consulted on all significant responses to findings and feedback from the FRC, including on its Audit Quality Inspection and Supervision Report and root cause analysis, and on the Annual Supervisor's Letter.

The Managing Partner Audit & Assurance also discussed the global plans to modernise and simplify Deloitte's storefront and go-to-market strategy from 1 October 2024. The AGB discussed how the requirements of the ringfence had been accommodated and that there would be no material impact on the UK Audit & Assurance business.

# Audit Governance Board and UK Oversight Board report

The firm's supervisor at the FRC observes one meeting a year and joined the meeting held in May 2024. They also receive copies of the papers for each meeting.

As part of the firm's programme of monitoring in respect of ISQM 1, the partner leading on Monitoring & Remediation observed the meeting held in September 2023.

## **Audit quality and risk management**

Audit quality remains the primary focus of the AGB's oversight and underpins everything it does.

The UK Audit & Assurance Head of Quality & Risk is a permanent attendee at the AGB meetings and, at each meeting, discusses the processes in place for ensuring the consistent delivery of high-quality audits and the ongoing focus of continuous improvement of the firm's system of quality management. The Managing Partner Quality, Risk & Security also attends and updates the AGB on any firmwide risk matters that could impact the Audit & Assurance business.

Discussions during the year included the results of regulatory reviews and internal audit quality monitoring; quarterly updates on progress against the firm's [Single Quality Plan](#) (SQP) and actions being taken to further improve audit quality; results of ISQM 1 monitoring and the work being done to assess the potential impact of interactions with the Public Company Accounting Oversight Board's (PCAOB)

new QC1000 standard for quality control; audit portfolio analysis, including risk ratings, yellow cards and resignations; and the status of regulatory claims and investigations.

## **Continuous Improvement Group (CIG) and Actions Development Group (ADG)**

The Head of the [CIG](#) attends three AGB meetings each year, and meets separately each quarter with the AGB chair, to update on their work in assessing, challenging and monitoring actions being taken to respond to audit quality findings.

The Head of the [ADG](#) also provided an overview of their process for supporting continuous improvement in audit quality through review and challenge of actions.

During the year, the firm undertook effectiveness reviews of both the CIG and ADG, which included interviews with AGB members, and the results were reported to the AGB. Feedback for both bodies was positive, recognising the impact they have made in improving audit quality, and the AGB will monitor implementation of the recommended enhancements during FY2025.

## **Operational separation**

As the FRC operational separation transition period comes to an end, and we move into business-as-usual, the AGB continues to closely monitor compliance with the FRC's Principles for Operational Separation, in particular:

- Appropriate arm's length pricing between the Audit & Assurance business and the rest of the firm with respect to specialist non-audit input to audits
- Appropriate allocation of costs
- The sustainability of the Audit & Assurance business and that no material, structural cross-subsidy persists between the Audit & Assurance business and the rest of the firm
- Assurance services provided from within the ringfence are permissible and appropriately controlled
- Ensuring Audit & Assurance is complying with the scope of services.

The Heads of Assurance and of Assurance Quality & Risk attended an AGB meeting during the year to discuss the Assurance business, including strategic plans, risk management and controls to ensure the effective and compliant operation of the ringfence.

## **Culture**

Following on from the work largely completed in FY2023 to define the Audit & Assurance cultural ambition and behaviours, the Audit & Assurance Culture Lead kept the AGB updated on progress in activating that ambition and behaviours, both in the teams in the UK and in the extended delivery teams in India. The focus going forward will be on progress in measuring culture and on the measurement piloted in Audit & Assurance being rolled out to the rest of the firm.

# Audit Governance Board and UK Oversight Board report

The AGB also received a presentation on an NSE-wide project focused on enhancing professional scepticism and discussed the initiatives being undertaken to further enhance audit quality.

## **Resourcing and people management**

At the start of the year, the Audit & Assurance People & Purpose Lead updated the AGB on measures being taken to ensure the Audit & Assurance business attracts and retains top talent, both onshore and offshore. They highlighted the progress made during FY2023 and plans for FY2024 and beyond, including how they work closely with leadership at the extended delivery centre in India to ensure, as far as possible, audit team members in India are included in the same Audit & Assurance People & Purpose initiatives as the UK.

The AGB discussed the press reports of the widespread issue of people cheating on exams and job applications and the action being taken by the firm to monitor and respond to the risks associated with inappropriate behaviour.

## **Audit partner remuneration and promotions**

The Non-Executives attend various meetings during the year to oversee the audit partner remuneration and promotion processes, reflecting on whether audit quality is at the heart of decision-making. The AGB received updates on progress in respect of both processes, but the final recommendations were discussed with the Non-Executives privately at their Non-Executive Committee meetings in February and June 2024.

The Audit & Assurance People & Purpose Lead discussed with the AGB the initiatives in place to improve gender and ethnic diversity.

## **Public policy and regulatory matters**

The Audit & Assurance Public Policy, Regulatory & Risk Lead regularly attends the AGB to discuss policy and regulatory developments that could impact the firm and the entities it audits, and the profession as a whole. Discussions during the year included the status of audit and corporate governance reform and the likely impact of the general election and new government; changes to the Ethical Standard and Corporate Governance Code; and the Australian Senate Inquiry into management and assurance of integrity by consulting services.

The AGB also discussed the work being undertaken, with the regulator, to address the backlog of [local authority audits](#) and the process for deciding when and when not to participate in an audit tender, including public interest considerations.

## **The work of the UKOB**

### **Strategic priorities**

While responsibility for setting and for overseeing strategy for NSE as a whole rests with the NSE Executive and NSE Board<sup>4</sup>, respectively, the UK Executive is responsible for deciding how that strategy is implemented in the UK, and the UKOB is responsible for oversight of the impact to the UK business. At each UKOB meeting, the UK Senior Partner and Chief Executive and UK Managing Partner (supported by the Chief Financial Officer and/or Managing Partner Quality, Risk & Security, as required) provide an update on the strategic priorities for the UK business.

During FY2024, there was a focus on the strategic changes taking place globally to simplify the storefront across the Deloitte network, as well as those taking place across NSE to integrate certain Tax and Consulting offerings. Members of the NSE and UK Executive presented to the UKOB on the plans, providing UKOB with the opportunity to input from a UK perspective, and discussions centred around: the sustainability of the UK business; the impact on its risk management, financial models and people; the safeguards in place to ensure the UK business is not disadvantaged in any way; and actions being taken to manage the changes.

Other matters discussed included: UK financial performance and plans; real estate strategy and workforce plans; transformation of delivery centres; and business restructuring including ensuring those impacted were treated with care and respect.

<sup>4</sup>The NSE Executive and the NSE Board both comprise representatives from across NSE, including the UK.

# Audit Governance Board and UK Oversight Board report

## **People & Purpose**

The Managing Partner People & Purpose and HR Partner attended two UKOB meetings during the year to discuss the firm's commitment to diversity and inclusivity where diversity of thought is encouraged and people from all backgrounds are supported. Similar to the discussion at the AGB, the UKOB discussed with the Managing Partner People & Purpose and HR Partner the press reports of the profession-wide issue of people cheating on exams and job applications and the action being taken by the firm to monitor and respond to this risk.

The UKOB discussed the feedback from the three Colleague Engagement Sessions that took place during the year. Discussion topics covered were the firm's use of technology, learning and development and hybrid working. The UKOB will continue to follow up with management on any actions being taken in response.

The UKOB received the analysis of results from the firm's Engage for Change surveys and discussed with the Managing Partner People & Purpose the trends and actions being taken by the firm.

## **Resilience and reputation**

A sub-group of the UKOB was formally constituted in February 2024 to assist and support the UKOB in discharging its responsibilities, primarily regarding UK financial and non-financial reporting. The Sub-Group comprises one Non-Executive member of the UKOB (who is also the Sub-Group Chair), the UKOB Chair and the Elected Partner member who is common to both the UKOB and AGB. The Sub-Group reports to the UKOB on its findings and makes recommendations for the UKOB's consideration and approval as necessary.

During the year, the UKOB and its Sub-Group met with the Chief Financial Officer and external auditors on various occasions to oversee the preparation of, and external audit arrangements over, the financial statements of the Deloitte LLP Group. The preparation of, and assurance arrangements over, certain environmental, social and governance (ESG) metrics reported in [Deloitte's UK Annual Review](#) were also considered.

The Chief Financial Officer also presented to the UKOB the FY2025 plan, the UK Treasury Policy (which was approved by the UKOB) and updated the UKOB on sources of funding for Deloitte LLP.

The UKOB was kept updated on progress of significant claims and investigations involving the UK business or the wider network (where relevant to the resilience/reputation of the UK business through updates from the Managing Partner Quality, Risk & Security and regular sight of the UK Executive Contentious Matters Report). The adequacy of any related provisions in the accounts was discussed with the Chief Financial Officer.

## **Ethics and culture**

The Managing Partner Quality, Risk & Security and the Head of Tax Quality & Risk presented to UKOB on the results of a review of the firm's confidentiality policies and processes. The UKOB discussed the implementation of the recommendations from the review and the Non-Executives took part in partner roundtable discussions.

## **Operational separation**

The UKOB oversees the same measures around arm's length pricing, cost allocation and cross-subsidy as the AGB, but through a firmwide and non-audit lens.

# Audit Governance Board and UK Oversight Board report

## **NSE Audit & Risk Committee (ARC) and Integration & Transformation Committee (I&TC)**

At each UKOB meeting, the NSE ARC and I&TC Chairs present on matters discussed at their committees that are of relevance to the UK business (where there is not a UK-specific scheduled update to UKOB) to ensure UKOB has oversight. The majority of matters discussed at the NSE ARC and I&TC are covered at UKOB already in a specific UK context (for example, internal audit, financial performance and year-end reporting, enterprise risks and internal controls).

## **Risk management and internal control**

In maintaining a sound system of internal control and risk management and in reviewing its effectiveness, the firm follows the FRC's Guidance on Risk Management, Internal Control and Related Financial & Business Reporting as a framework (published September 2014) and now incorporated into the FRC's Corporate Governance Code Guidance (published January 2024).

In relation to the internal control environment, the firm conducts an annual review of the ongoing effectiveness of the firm's system of internal control, including financial, operational and compliance controls and risk management systems. This system of internal control, which is the responsibility of the UK Executive, is designed to mitigate and manage, and not eliminate risk, and therefore provides reasonable rather than absolute assurance against the firm not achieving its strategic goals, material loss or misstatement, or non-compliance with laws, regulations and professional standards.

The UK Executive monitors the effectiveness of the firm's internal controls on an ongoing basis. Evidence as to controls effectiveness, and where required details of any necessary remediation, is obtained from a variety of internal and external sources, including internal audit. Matters of significance are escalated for debate and decision by the UK Executive where necessary. In addition, the UK Executive regularly considers and commissions enhancements to the firm's policies, procedures and controls in response to regulatory and legislative change, market developments and the operational needs of the business.

The robustness of the design and operating effectiveness of the firm's internal controls continues to be enhanced through the implementation of International Standard on Quality Management (UK) 1 (ISQM 1). ISQM 1 operating effectiveness has been assessed for a second year through first line of defence activities as well as a comprehensive and independent second line monitoring and remediation programme with no severe and/or pervasive deficiencies identified. As part of the firm's programme of monitoring in respect of ISQM 1, the partner leading on Monitoring & Remediation observed the UKOB meeting held in September 2023. Risks and controls addressed by ISQM 1 not only include in-scope audit and assurance services but firmwide business processes including independence, ethics, privacy & confidentiality and finance. To complement ISQM 1, implementation of an Executive-sponsored programme, aligned to the methodologies developed for ISQM 1, to more clearly document and assess the effectiveness of key risks and related controls more

widely across the firm continues with a particular focus in FY2024 on refreshing the firm's fraud risks and controls. This programme also builds upon the existing documentation of the principal controls in place for each of the firm's enterprise risks that have been documented and refreshed annually in order to evidence the scope of the control framework in each area; the frequency with which these controls are refreshed and monitored; and the independent assurance in place over each of these.

The UK Executive's ongoing monitoring of the system of internal control is complemented by oversight from the UKOB throughout the year. Evidence considered by the UKOB during FY2024 has been presented in accordance with a risk-based plan which sets out those areas of the firm's operations upon which the UKOB wished to focus in discharging its responsibilities for oversight of the firm under the Code, including the outputs of monitoring activities from across the firm.

Based upon the evidence, the Executive and UKOB have considered, utilising the agreed definition of 'significant control failing or weakness', whether any control failing or weakness or combination thereof, having regard to both qualitative and quantitative measures, could seriously affect the performance, future prospects or reputation of the firm. This included whether any significant control failings or weaknesses reported during the year could threaten the firm's business model (including regulatory issues and challenges to the firm's strategic objectives), future performance, solvency or liquidity.

# Audit Governance Board and UK Oversight Board report

Whilst areas for improvement and actions are identified as part of the Enterprise Risk Framework (ERF), monitoring of control effectiveness, internal audit reports and ISQM 1, these are not of such individual or collective significance such that they represent a significant control failing or weakness. Rather they represent improvement areas we believe will further strengthen our system of internal control. In light of the evolving regulatory environment in which the firm operates, including ISQM 1, we will continue to assess the maturity of our control frameworks, to identify further areas where improvements may be achieved.

Based on our discussions and the evidence provided, the UK Executive and UKOB have concluded that no significant failings or weaknesses exist which require disclosure.

On the basis of the reviews carried out, the UK Executive and UKOB are satisfied that the firm's system of internal control has operated effectively throughout the year.

## Other matters

In addition to the matters detailed, the UKOB considered the following during the year:

- An update from the Chief Operating Officer and Head of IT on IT infrastructure and investment, including systems provided by NSE and Global, and by third parties
- A discussion on the UK general election and how it could impact the firm, its clients and the entities it audits, and on the firm's public policy activities more generally
- Reports from the UK Head of Internal Audit, covering internal audit reports issued in the UK and those issued at NSE or Global that were of relevance to the UK business. The UKOB also approves the UK internal audit plan annually
- A discussion on proposed changes to the UK pension scheme arrangements
- A report from the Managing Partner Consulting and the Consulting Head of Quality & Risk on the strategy and operations of the Consulting business line, and procedures in place for managing quality and risk, including large-scale technology and transformation projects
- The annual report from the Independence Partner on key matters regarding independence processes and related compliance
- The annual report from the money laundering reporting officer (MLRO) on the money laundering and terrorist financing risks facing the firm and how they are being managed.

# Audit Governance Board and UK Oversight Board report

## Monitoring the effectiveness of our governance

The following indicators are used to monitor and report on the performance of the AGB and UKOB:

KPI	Performance during FY2024
<p><b>Structure and composition</b></p> <ol style="list-style-type: none"><li>1. The AGB has a majority of Audit Non-Executive (ANE) members, including an ANE Chair and at least one ANE member who is 'doubly independent', i.e., not a member of any other governance body of the firm or network</li><li>2. The UKOB has a majority of members, including the Chair, who are not members of the firm's Executive</li><li>3. Relative to the responsibilities of the AGB and UKOB, the members bring the right combination of skills, expertise and knowledge</li></ol>	<p>At 31 May 2024, the AGB comprised:</p> <ul style="list-style-type: none"><li>• five ANE members, including the Chair (Shirley Garrood) who is also the doubly independent ANE</li><li>• one elected partner member who is also an elected member of the NSE Board</li><li>• two executive members</li></ul> <p>For the period from 1 November 2023 to 15 February 2024, following the departure of Baroness Ford and while ANE recruitment was in progress, the number of ANEs was equal to the number of partner members of the AGB and, therefore, the ANE members were not in the majority. During this time, two AGB meetings took place. There was a majority of ANE members at the other four AGB meetings that took place during the year and the recruitment of two Non-Executives during the year should help to mitigate against this issue going forward.</p> <p>As at 31 May 2024, the UKOB comprised:</p> <ul style="list-style-type: none"><li>• three elected partner members, including the Chair, who are also elected members of the NSE Board</li><li>• four INE members, one of whom is Deputy Chair</li><li>• two executive members</li></ul> <p>At all times during the year, the UKOB had a majority of members who are not members of the firm's Executive.</p> <p>The Non-Executive and partner members of the UKOB and AGB have a broad range of skills, expertise and knowledge from their current and former roles, including as auditors and consumers of audit services.</p>

# Audit Governance Board and UK Oversight Board report

## KPI

## Performance during FY2024

### Meeting attendance

4. Each UKOB and AGB member attends at least 75% of meetings during the year

There were six UKOB and six AGB meetings during the year (including one UKOB meeting on 3 June 2024 which had originally been scheduled to take place on 28 May) and meeting attendance is reported in [Appendix 1](#) of this Transparency Report.

Other than Richard Houston (who was unable to attend one UKOB meeting during the year), Phil Mills (who was unable to attend one AGB meeting during the year) and Jane Whitlock (who was unable to attend one AGB meeting and one UKOB meeting during the year), the members of the UKOB and AGB attended all the meetings for which they were eligible.

All meetings were quorate and all members attended at least 75% of the meetings for which they were eligible.

### Meeting effectiveness

5. UKOB and AGB meetings are effective in enabling the governance bodies to fulfil their roles and responsibilities in relation to the requirements of the FRC's Principles for Operational Separation and the Code, including around the reputation and resilience of the firm and the Audit & Assurance business, and around audit quality
6. Actions arising from meetings are recorded, monitored and responded to

High-level UKOB and AGB agendas are drafted by the respective Chairs and the Governance Chief of Staff at the beginning of the year to align with the requirements of the FRC's Principles for Operational Separation, the Code and the anticipated needs of the firm and Audit & Assurance business and may be flexed as necessary.

Detailed agendas and pre-UKOB/AGB briefing meetings between the Chairs and presenters ensure the timings are sufficient to cover the required content in enough detail and that the content meets the needs of the UKOB/AGB.

The UKOB/AGB Secretariat records minutes of the meetings and compiles action plans, which are distributed to the UKOB/AGB members and relevant action owners, monitored by the Governance Chief of Staff and then followed up at subsequent meetings.

# Audit Governance Board and UK Oversight Board report

## KPI

### Information flows

7. The quality and content of management information presented to the UKOB and AGB is appropriate to enable the governance bodies to meet their responsibilities
8. There is an appropriate flow of information to and from the UKOB/AGB and the NSE Audit & Risk Committee (ARC)

## Performance during FY2024

A standing Audit & Assurance management information pack has been developed for the purposes of reporting to the Audit & Assurance Executive and AGB. The pack contains narrative on key themes to support execution of the Audit & Assurance business strategy: quality and risk, financial and operational resilience, people and purpose, and reputation, alongside relevant metrics and performance indicators. The pack is also shared with the FRC after each AGB meeting.

A standing management information pack setting out the monthly trading results of the UK business is presented to each UKOB meeting by the UK Managing Partner and/or UK Chief Financial Officer.

UKOB and AGB agendas, standing management information packs and other relevant pre-read information are uploaded onto an electronic board portal in advance of the meetings, with a view to them being available to members during the week before the meeting.

There is a formal reporting mechanism in place between the NSE ARC and UKOB. Whilst the majority of matters considered by the NSE ARC are already reported to UKOB in a specific UK context, NSE ARC agendas are shared with UKOB members and there is a standing UKOB agenda item for the NSE ARC Chair to report to UKOB on any items of relevance to the UK LLP that have not already been covered.

In addition, there is commonality of membership between the NSE ARC and UKOB which ensures an appropriate flow of information and shared knowledge. There are currently three UK elected partners who are members of both the NSE ARC and the UKOB. Prior to her departure, Baroness Ford was a member of the NSE ARC; Elisabeth Stheeman has since been appointed as a member of the NSE ARC.

The NSE ARC papers are also made available to the UK Non-Executives to access as required.

# Audit Governance Board and UK Oversight Board report

## KPI

## Performance during FY2024

### Monitoring governance effectiveness

9. A review is undertaken into the effectiveness of the UKOB and AGB on at least a three-yearly basis

During FY2021, as part of the firm's plans for operational separation, an internal review was undertaken into the UK governance structure and the future roles and authorities of the AGB and UKOB.

An externally facilitated review of the effectiveness of the governance model had been planned for FY2024, to coincide with three years of operation of the AGB. However, given the Non-Executive changes that took place during the year, the decision was taken to defer the review until FY2025.

The terms of reference of the AGB and UKOB are kept under review.

### Stakeholder dialogue

10. The firm, including the Non-Executives, meets regularly with stakeholders (including public interest entity investors and audit committees, and regulators) to discuss matters of relevance to the profession and ensure it keeps in touch with stakeholder opinion, issues and concerns

The firm holds an Audit Forum each autumn, inviting various internal and external stakeholders to discuss and debate issues affecting the profession.

The FRC has a regular programme of supervisory meetings with the firm's leadership and also meets the Non-Executives at least twice a year.

During the year the Non-Executives reviewed and provided input to the firm's responses to the FRC's Audit Quality Inspection and Supervision Report and root cause analysis, and the Supervisor's Letter.

11. The Non-Executives provide an external perspective to the firm's public reports and consultation responses, drawing on their broad knowledge and experience

The Non-Executives also reviewed and provided input into this Transparency Report.

# Quality overview

Against the ongoing backdrop of geopolitical and social uncertainties and the economic and political pressures in the UK itself, the importance of high-quality audit and assurance services remains non-negotiable.



**Alan Chaudhuri**  
Deloitte UK Audit & Assurance Head  
of Quality & Risk

I am delighted we have delivered another year of excellent quality results.

This year, with 94% (FY2023: 82%) of the audits sampled by the FRC<sup>5</sup> rated as good or requiring no more than limited improvement, we have delivered our best quality results to date. The equivalent results for FTSE 350 audits inspected was 100% (FY2023: 78%). The overall results profile for inspections by the Institute of Chartered Accountants in England and Wales (ICAEW) Quality Assurance Department (QAD) was

100% (2023: 100%) rated as good or generally acceptable. In addition, our internal quality monitoring results were 95% compliant for FY2024, a year-on-year improvement of seven percentage points. Internal quality reviews for our assurance engagements were 100% compliant for the same period (FY2023: 96%). We see the diligence, professional scepticism and challenge mindset in our people every day, on every engagement. And it is these actions and behaviours that result in the high-quality outcomes we are proud to share.

These results reflect the continuous investment we are making and our commitment to acting in the public interest to deliver confidence and trust in business through our high-quality audit and assurance engagements.

I was disappointed that one of our audits was assessed by the FRC as requiring significant improvement. We have spent considerable time assessing the root causes that led to this and are in the process of taking focused actions to avoid a recurrence.

**The long-term trend in our results over the past five years is what makes me most proud.**

This shows the strength of our culture and the support we give to partners and teams to reach the right conclusions, regardless of the pressures and complex environment in which we and all audited entities continue to operate. With this focus, we drive a culture of transparency and accuracy

in everything we do. Our results are ongoing evidence that the system of quality management is working, putting us in a strong position to deal with challenges from quality issues, emerging risks or new requirements. As a result, the controls and processes we have in place ensure potential quality issues or challenges are identified quickly and dealt with correctly, throughout the audit life cycle. This enables us to hold management of the entities we audit properly to account and we do exit relationships where the entity does not show the same commitment.

**We are continuously focused on where we need to improve.**

Our resourcing is strong and our attrition of qualified staff is 16.8%, down from 18.4% last year, giving a high level of continuity on our engagements. This year all our people have had significant training in key areas such as group audits and sustainability reporting where there have been notable changes to the external landscape. We have made enhancements to guidance, templates or consultation requirements in other key areas including impairment, revenue, data, ethics and independence, and direction, supervision and review. We continue to drive the importance of a focus on industry knowledge as this improves our understanding of the entities we audit and the environments in which they operate. Our new audit platforms Omnia and Levvia are used to deliver 29% of all our audit hours as at the end of FY2024, important enablers for the data-driven audit of the future.

<sup>5</sup> The FRC Audit Quality Review (AQR) focuses primarily on audits of public interest entities (PIEs).

# Quality overview

Controls is another area of renewed focus for our audited entities. The importance of our skills and experience in this area is essential as a result of the announced changes to the UK Corporate Governance Code in relation to material internal controls. We have been focusing on enhancing our audit teams' internal control skills. Additionally, our governance team have used various platforms to raise awareness externally of these significant new governance developments.

While our audit results are important, they are just one part of our ringfenced Audit & Assurance business. All of our assurance work, including audit, must be delivered to the highest quality.

We continue to build our assurance teams both in terms of capacity and expertise. The demand for assurance of sustainability information is growing, including through mandatory requirements such as under the CSRD. Deloitte is playing its role in supporting the development of a system that enables the delivery of consistent and high-quality assurance of sustainability information. With the continuing emphasis on climate considerations by investors and regulators on the transparency and extent to which climate change has been incorporated into companies' financial statements, we continue to embed climate considerations in audit engagements.

In the first full year of operation within ISQM 1, we are pleased to see areas of good practice reported by the FRC. [We have met the requirements of ISQM 1](#) and remain focused on learning from our initial period of operation and identifying and implementing further enhancements. We have taken action to expand our documentation in areas of judgement and are working to improve the consistency and clarity of the documentation of our responses.

Future-proofing our business is a core part of continuous improvement – whether through training our people in new areas, investing in new technology or continuing to activate our cultural ambition.

The breadth of our ringfenced business ensures we maintain and assess whether we have the right skills inside our Audit & Assurance business. Maintaining the quality of our work as part of our extended delivery model is another area where we are focused. Our in-year strategic priorities are designed to support us in achieving this.

The strength of our culture, our governance and controls and the investments in quality that we have made and continue to make are fundamental to our being a trusted Audit & Assurance business. Together, they support every partner and staff member to deliver quality in everything they do, and this continues to be evidenced in our results.

Read more detail about our audit and assurance quality story in [Appendix 5](#).

# Ethics, independence and conflicts

As the firm is growing, we are taking more actions to make sure we continue to foster and nurture our quality, ethics and independence culture.

The Ethics, Independence and Conflicts teams partner with the business to drive quality and compliance with rules, regulations and policies with a risk-focused approach. They achieve this through regular conversations and feedback, education and awareness, our systems of quality controls and management reporting. Collaboration and open and regular communications with the business allow us to put ethics and independence at the heart of the services we deliver to our clients and the entities we audit.

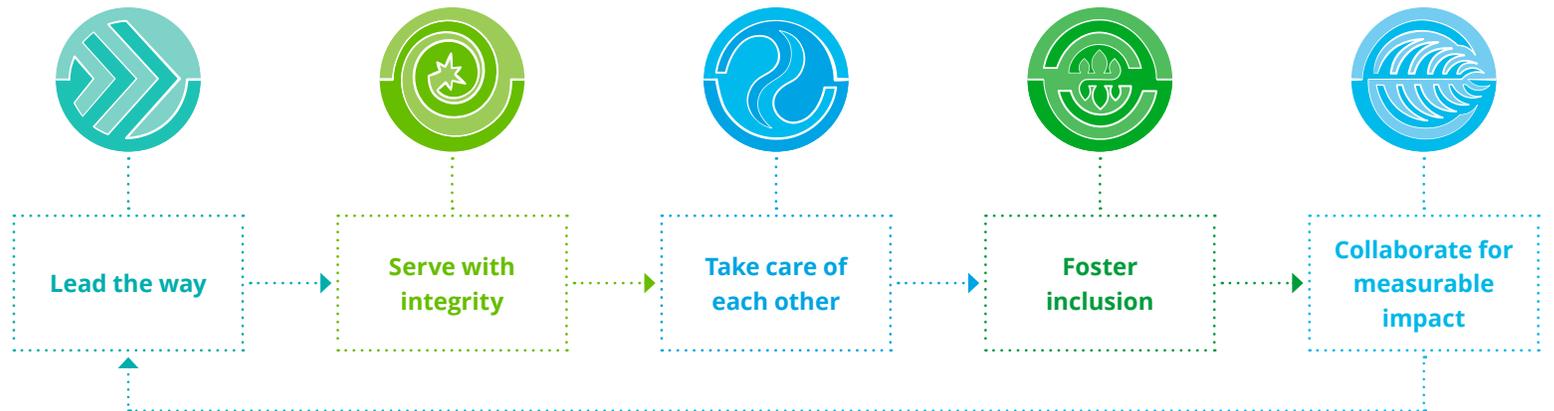
## Confirmation of internal review of independence practices and compliance

In accordance with Article 13(2) (g) of the EU Audit Regulation, we confirm an internal review of our independence practices has been properly conducted.

Our internal and global practice reviews and other monitoring processes provide us with reasonable assurance that these policies are, in general, appropriately observed and, where exceptions are noted, identify where further action is required. In addition, the global practice review includes an assessment of compliance with Deloitte Global and UK independence policies. The results of these internal reviews are reported to the UK Executive and UKOB and to Deloitte Global's CEO and Board.

## Our shared values

Our shared values lie at the core of how we shape our behaviours, attitudes and decisions and provide a robust quality framework for our colleagues and business to operate and grow.



# Ethics, independence and conflicts

## The importance of an ethical and independent mindset

Our Ethics, Independence and Conflicts policies, processes and operations are especially driven by three of our core values: foster inclusion, serve with integrity and collaborate for measurable impact.

Collaboration is at the heart of our approach, integrated in our values, culture and behaviours – our Ethics, Independence and Conflicts teams work closely together and with the businesses and individual project teams to protect the quality of our services. As a result, ethics and independence are crucial considerations in every business decision.

Maintaining an ethical and independent mindset is critical to the success of the firm as it allows us to establish the right behaviours and ensure the growth of our business is pursued in line with our shared values. Our robust system of quality management supplements and supports our core values, in addition to meeting the requirements set by our regulators - mainly the UK FRC, Institute for Chartered Accountants in England & Wales (ICAEW), International Ethics Standards Board for Accounting (IESBA) and the US Public Company Audit Oversight Board (PCAOB).

At Deloitte, all our people pledge to follow our Code of Conduct, which outlines the commitments that each of us makes. While we are all individually responsible for knowing, understanding and complying with the Code, our Ethics team supports us in maintaining an independent mindset and embedding ethical behaviours. We encourage people to speak up if they have any ethical concerns or believe they have seen or experienced any wrongdoing, which is evidenced in the results of our 2023 Ethics Survey where 95% of our people believe we are an ethical organisation.

## Systems and quality management

Upholding quality and independence are essential attributes our people must possess to achieve sustainable growth and success in the market.

We continue to review our systems and processes around ethics, independence and conflicts, and use technology where possible to further improve compliance and quality, including automation in areas such as the recording of financial interests.

There has been an even greater focus on systems and quality management since the introduction of ISQM 1. We continue to test and scrutinise our systems and processes to ensure we maintain a high standard of quality with the implementation of new monitoring processes and streamlined reporting.

Since the implementation of ISQM 1, we have focused on the rigour of documentation. We have also successfully reviewed and enhanced core processes across our Ethics, independence and conflicts teams. The ISQM 1 self-assessment process is now embedded into our ways of working and is a core aspect of our governance framework.

To support a global business with clients operating in multiple jurisdictions, our governance framework includes internal systems, processes, and quality controls at both global and local levels. The components of our global and local key systems, policies and practices are detailed in [Appendix 11](#).

The Ethics, independence and conflicts teams report directly to firm leadership, and partners have both formal and informal channels of communication to the firm's risk committees and governance bodies. Regular engagement with these committees and bodies is supplemented through annual reporting to the UKOB regarding ethics and independence related activities, results, challenges and ambitions. Occasional or ad hoc reporting is also provided as necessary to the AGB.

# Ethics, independence and conflicts

## Supporting growth through robust acceptance and continuance processes

Professional standards and regulations require us to have effective policies and processes in place to identify and address potential conflicts of interest. These include ensuring the growth of our business is supported by robust scrutiny of prospective engagements.



To protect the quality of our engagements, we ensure:

- The audit partner is always consulted where a potential conflict involves entities audited by the firm and has the potential to impact audit independence. Education and training is provided to our partners and staff to allow early identification of such potential conflicts
- Independence experts and firm leaders are consulted on difficult or contentious matters, including the Public Interest Review Group when there are significant public interest considerations. During the year, the Independence team received 1,684 queries from the business aimed at assessing whether prospective engagements could pose a threat to our audit independence<sup>6</sup>
- All our people consider whether any personal relationships or interests could give rise to potential conflicts of interest, consult where appropriate and remain alert throughout engagements for any new potential conflicts.

## Serving the public interest

The Public Interest Review Group reviews proposed engagements with high public interest characteristics and/or which could potentially impact on the reputation of the firm and/or that may be of interest to the public.

During FY2024, 38 matters (FY2023: 50) were brought to the Group for a formal consultation of which 81% (FY2023: 74%) proceeded, in most cases subject to conditions. 19% (FY2023: 16%, 10% were not pursued or did not require a specific decision) of matters were declined. In line with previous years, actual or perceived conflicts of interest remains the most frequently identified reason for declining opportunities reviewed by the Group.

In addition to formal consultations the Office of the Public Interest Review Group, which manages and coordinates the Group's related activities, triaged a larger number of less complex matters. The Office, alongside the Ethics and Independence teams, also participated in other related firmwide forums, for example, the newly formed group considering opportunities in the AI and technology space, the forum for matters with Russian and/or Belarusian links, and a separate group to review projects linked to international aid and development. The Group is also aligned with the NSE equivalent, the Public Interest Consistency Group, and actively participates in Global Responsible Business Committee meetings and initiatives, the most recent aimed at forming a view of local Responsible Business Committees' level of maturity across the Deloitte network.

The Public Interest Review Group continues to develop new, and update existing, guardrails in a number of subject matter areas to support consideration of public interest by the business. Communications across the firm, for example, intranet articles and webinars, highlight the importance of public interest review in the way we do business, and the role the Group plays.

<sup>6</sup> During the last financial year, independence queries management has migrated to a new platform, with the two systems being run in parallel over a period of three months. Due to the duplication of the systems, we are unable to provide comparative figures for FY2023.

# Ethics, independence and conflicts

## Partner and staff rotation

To ensure we serve with integrity and control the risk of a threat to independence from prolonged service in audit engagement teams, we closely monitor the length of time partners and key staff spend on each engagement, including across different roles, and implement succession plans where appropriate. Supported by our compliance systems, this active monitoring allows us to identify and manage perceived threats to independence and ensure strict adherence to regulation in this area. In response to inspection findings, a revised long association policy was issued in 2022 which requires rotation after seven years and includes a two-year transitional provision. Extensions are only considered on audit quality grounds, and rarely granted, subject to approval by Quality, Risk & Security and Audit Quality and Risk Management (QRM) leadership.

## SpeakUp and ethics policies

All partners and staff must abide by our Code of Conduct and are expected to live the firm's shared values. In formalising support for our people, the firm has Non-Retaliation, Whistleblowing and Familial and Personal Relationships policies. We have a SpeakUp and a case management system for all reported matters of an ethical nature.

In FY2024, there were 71 reports from Audit & Assurance through our SpeakUp channels (FY2023: 72), equating to approximately 1 report per 100 employees, consistent with last year. While reports across the whole firm continue to trend upwards, in line with other entities, we believe the increase demonstrates an environment of trust and

confidence. We investigate all reported matters and take appropriate action. This may include disciplinary action when a matter is substantiated, and the findings of an investigation may include learnings which are included in policy amendments or trainings, even when a matter is not fully substantiated.

According to our most recent Ethics survey, conducted during 2023, 12% of Audit & Assurance partners said they had seen or experienced unethical conduct in the past 12 months (which represents a 3% decrease from the prior year). To address this, over the past year, we have continued to focus on activity around "doing the right thing", including "Culture & Confidentiality" sessions for partners. Every early years new joiner will have attended an ethics session as part of their induction, in addition to targeted sessions for all new joiners. The aim is to increase our people's understanding of ethical expectations by being more transparent about ethical concerns and issues that have arisen. While we cannot be certain why we have seen an improvement, it is possible these interventions are having an impact both by improving behaviours, and by encouraging people to act at an earlier stage when they see wrongdoing, thereby reducing the numbers who report seeing or experiencing unethical conduct.

We have designed and implemented a robust system of quality management which supports our global and local governance systems and allows us to implement, embed and monitor our adherence to key policies. Our systems, policies and practices ultimately ensure we enact our values and protect the integrity of our behaviours.

## Education and awareness

Our businesses have been growing through changes to the services we provide. Education and awareness play a crucial part in ensuring our people are aware of and understand policies and procedures, to aid better decision making and secure quality in the services we deliver.

Our independence activities have focused on the changes that may impact independence. They are continually reviewed to ensure the firm is being supported in driving its ambitions in a compliant way. Throughout the year we continued to deliver short videos quarterly, reminding individuals of their independence requirements. We also deliver prompt and comprehensive communications when regulatory changes take place, to raise awareness in the business and ensure compliance. During the year, these have included targeted communications reflecting changes in the IESBA and FRC regulatory frameworks. We continue to seek feedback through focus groups, providing the business an opportunity to voice what we can do to support our people better. Through focus groups, shared management information and continuous review of learning materials and plans, we ensure we consistently improve our education and awareness programmes. Our monitoring information highlights the positive changes these activities have made to compliance rates in personal independence matters. The results of our monitoring and relevant trends identified are reported to business leadership regularly to strengthen our collaboration with the business.

# Ethics, independence and conflicts

Our mandatory ethics learning programme is enhanced by additional awareness building. It takes the form of both discussions with partners, as leaders and role models to our people, in addition to interactive presentations explaining our processes and how we deal with issues in an open and transparent manner. Feedback received through the firm's Ethics survey has been acted upon and has led to more regular communications with partners and staff as well as support for colleagues through structured and specific training. We aim to foster an environment of trust and accountability amongst colleagues, which is reflected in the strong relationships we build with our clients and the entities we audit.

We continue to monitor and consider the risks associated with inappropriate behaviour in exams and assessments. While recognising the importance of integrity and ethical behaviours in the profession, as a firm with more than 27,000 partners and employees we acknowledge we are not immune from inappropriate behaviour. It is a risk we treat seriously, including continuing to educate our people on doing the right thing, and considering what preventative and detective measures can be put in place across the firm in relation to these issues. Our positive actions have included notifications at the start of our e-learning programmes to remind our colleagues they should undertake tests independently. We have developed and rolled out to all our people specific integrity e-learning on this topic, to support them in understanding when to work collaboratively and when it is important to complete tasks and tests independently.

Furthermore, our standard employment contracts include terms that explicitly classify exam cheating as gross misconduct.

In addition to our e-learning programmes, we run regular sessions for partners which focus on our values, tone from the top and risk awareness and management. We also run ethics roadshows across the firm which have been attended by a significant proportion of our people. We continue to promote our Ethics Toolkit which equips leaders to discuss the importance of doing the right thing with their teams. This year, we also released a short video aimed at encouraging our people to act appropriately at social events.

Overall, our education and awareness programme has enabled our people to 'do the right thing' and supported our business to grow whilst promoting and embedding quality.

## Going forward

Key to our success over the coming year will be our ability to empower the business to proactively engage with innovation and emerging opportunities while safeguarding the public interest and maintaining our commitment to quality.

Technology impacts nearly all aspects of human life, including individual, company, and societal stakeholders, and will be a key component of our future growth. It already serves as the backbone of how we deliver work and help our clients envision the future.

To address changes and challenges caused by the increased use of technology, Deloitte has developed the Trustworthy AI Framework. This tool provides a foundation for safe, ethical and responsible AI use and offers risk management dimensions to enhance AI governance. It assists in building and using AI-powered systems while promoting trustworthy AI and will provide a solid basis upon which to build our future offerings.

Through the Digitisation Programme, the Independence and Conflicts team continues to explore new systems and platforms to support a growing and ever-changing business. Work is underway in the design of a global, end-to-end client and engagement onboarding platform, with UK implementation planned for FY2026. This will enable us to continue to achieve high compliance rates across our businesses and geographies by simplifying our people's processes and improving consistency of information.

To further strengthen quality in our initiatives and our regulatory compliance, we have identified the need to provide enhanced and dedicated level of support to areas of the business where there is increased complexity and a substantial volume of activity. This will allow our people to pursue growth opportunities, underpinned by strong independence fundamentals, and give the companies we work with confidence in the quality of the services we provide across geographies, sectors and product offerings.



# Appendices

# Appendix 1:

## Executive Group, Audit Governance Board and UK Oversight Board members' biographies<sup>7</sup>

### 1. Current Deloitte UK Executive members

#### **Richard Houston, UK Senior Partner & Chief Executive \***

Richard is Senior Partner and CEO of Deloitte in the UK and Deloitte North & South Europe (NSE). He is also a member of Deloitte's Global Executive.

Since being elected in 2019, Richard has successfully led the UK firm, growing market share and increasingly profitability, while continuing to focus on both quality and embedding an inclusive culture.

He has also led integration across countries in NSE which has enabled the business to deliver greater value for our clients, our people and our communities. Deloitte NSE is the second largest member firm in the Deloitte network made up of more than 75,000 colleagues across 30 countries in Europe and the Middle East.

Richard is proud to lead on several People & Purpose campaigns for Deloitte in the UK and has a particular interest in the role of technology and the need for digital inclusion. He is a strong advocate for the role and responsibilities that businesses must play in bridging the digital divide, and is the sponsor partner for Deloitte Digital Connect, a programme that helps charities scale their impact globally.

In 2022, Richard received overwhelming support from the NSE Partnership to serve as CEO for a second term. Prior to taking on the role of CEO, Richard led the UK and North West Europe Consulting practices, delivering strong revenue growth and enhancing the sense of partnership across multiple geographies.

- Appointed: June 2019
- Executive meetings attended during FY2024: 22/22

#### **Heather Bygrave, UK Chief Financial Officer**

Prior to her UK CFO role, Heather was Chief Operating Officer for our large and complex Audit business and consumer lead for Audit. An Audit partner with over 25 years' experience across both the corporate and public sectors, her corporate experience focused on the consumer business sector. In addition to audit, Heather has also worked with our reorganisation services and forensic teams supporting clients on transactions, investment reviews and investigations.

- Appointed: June 2023
- Executive meetings attended during FY2024: 20/22

<sup>7</sup> To note: \* where used throughout this appendix denotes the individual also holds an NSE leadership role.

# Appendix 1:

## Executive Group, Audit Governance Board and UK Oversight Board members' biographies

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### **Cindy Chan, UK Managing Partner Risk Advisory and UK Managing Partner Quality Risk & Security**

Cindy is the UK Managing Partner Risk Advisory and Quality, Risk & Security. She has extensive experience working with financial services firms on Section 166 reviews, enforcement investigations and advisory projects. She specialises in governance, risk management and conduct of business matters.

- Appointed: January 2023 - UK Managing Partner Risk Advisory;  
June 2024 - UK Managing Partner Quality Risk & Security
- Executive meetings attended during FY2024: 19/22

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### **Rob Cullen, UK Managing Partner Consulting**

Rob is the UK Managing Partner Consulting. He has over 20 years' consulting experience and specialises in supporting CFO's and finance directors to improve their finance functions to better meet their strategic needs, primarily within the telecommunications, media and technology sector.

- Appointed: January 2023
- Executive meetings attended during FY2024: 20/22

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### **Duncan Farrow-Smith, UK Chief Strategy Officer**

Duncan is Deloitte UK's Chief Strategy Officer with responsibility for shaping how the firm adapts to issues such as the economy, geopolitics, AI and changes in the competitive landscape. Prior to this Duncan led the strategy, analytics and M&A business in Deloitte's Consulting business comprising Monitor Deloitte, net zero strategy teams and the firm's AI & data business including the AI Institute. Duncan works in the defence and security sector and is the lead client service partner for the UK and Middle East defence practices.

- Appointed: January 2023
- Executive meetings attended during FY2024: 20/22

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### **Dominic Graham, UK Managing Partner Consumer**

Dom coordinates sector specialists across Financial Advisory, Consulting, Tax and Assurance teams in providing advice around optimising shareholder value. Dom has been at Deloitte since 1998 and has extensive transaction support experience. He leads Deloitte's UK consumer business and has worked with and leads relationships with major client organisations.

- Appointed: June 2019
  - Executive meetings attended during FY2024: 21/22
-

# Appendix 1:

## Executive Group, Audit Governance Board and UK Oversight Board members' biographies

### **Richard Hammell, UK Managing Partner Financial Services**

Richard has over 30 years' experience in the financial and professional services industry. He leads a team responsible for providing comprehensive solutions to support the resilience of the financial system, sustainable finance, international competitiveness, structural efficiency and technological innovation, creating customised services for a range of financial services sectors. He joined Deloitte in 2000, has been a partner since 2004, and has led the financial services industry group since March 2020.

- Appointed: March 2020
- Executive meetings attended during FY2024: 20/22

### **Jackie Henry, UK Managing Partner People & Purpose**

Jackie was appointed UK Managing Partner People & Purpose in May 2021 and is Deloitte Northern Ireland Office Senior Partner. In 2023, Jackie was named Northern Ireland's Business Woman of the Year and, in 2022, she received an Honorary Doctorate from Ulster University. She started her career with Deloitte in Belfast in 1989, became a partner in 2004 and for the past eight years has been lead partner in Northern Ireland and has previously served as Consulting People & Purpose lead. Jackie has over 30 years' experience of supporting the transformational change of Northern Ireland, in particular within the public sector. In 2017, she was awarded an MBE for services to the Northern Ireland economy.

- Appointed: May 2021
- Executive meetings attended during FY2024: 20/22

### **Philip Mills, UK Managing Partner \***

Philip is responsible for delivering the strategy and financial performance in the UK, leading on all operational matters. Prior to his UK Managing Partner role, Philip was the Global Leader for Tax & Legal for four years and previously led the Global and UK business tax practices. He delivered significant operational and market changes and supported Deloitte's Tax & Legal practices around the globe on their transformation journeys. For over twenty years, Philip's client work has been focused on M&A tax, particularly private equity, real estate and hedge funds. He has worked on significant, large and complex European transactions, and supported some of our largest multinational corporate clients.

- Appointed: June 2023
- Executive meetings attended during FY2024: 18/22

### **Charindra Pathiwille, UK Managing Partner Financial Advisory**

Charindra is the UK Managing Partner Financial Advisory and has been with Deloitte for 22 years, 18 of them focused on real assets advising on complex infrastructure and real estate transactions across the UK and Europe. Prior to his appointment, he was the head of London transaction services. Charindra continues to spend a significant proportion of his time leading some of our most important client relationships and actively engaging with a broad cross-section of companies.

- Appointed: January 2023
- Executive meetings attended during FY2024: 19/22

# Appendix 1:

## Executive Group, Audit Governance Board and UK Oversight Board members' biographies

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### **Paul Stephenson, UK Managing Partner Audit & Assurance**

Paul was appointed UK Managing Partner Audit & Assurance in September 2020. Prior to his appointment, Paul was the COO of the UK Audit & Assurance business. He has been with Deloitte for 33 years, becoming a partner in 2006. He specialises in delivering audit and assurance services to the insurance sector.

- Appointed: October 2020
- Executive meetings attended during FY2024: 21/22

### **Nick Turner, UK Managing Partner, Growth**

As the firm's Client Service Leader, Nick's role is to understand client needs to anticipate market dynamics and orientate the firm towards new sources of growth. Alongside his role on the UK Executive, Nick is the lead partner to some of the firm's most important retail and consumer product clients.

Nick's professional services experience has given him significant exposure to both consumer and business-to-business markets across a wide variety of sectors and countries. As a chartered marketer, Nick spent his early years in marketing roles within the hotel, restaurants and drinks sectors. After transitioning into Consulting, Nick became a founder partner of Deloitte Digital in 2012, building upon a specialism in commercial effectiveness and digital transformation.

- Appointed: January 2023
- Executive meetings attended during FY2024: 20/22

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### **Lisa Stott, UK Managing Partner Tax & Legal**

Lisa joined as a graduate in 1988 and became a partner in 1999. Prior to taking on the UK Managing Partner Tax & Legal role, she served on the Global Tax & Legal Executive. Lisa's experience lies in advising large multi-national corporations on corporate tax restructuring, refinancing and reorganisation.

- Appointed: June 2021
  - Executive meetings attended during FY2024: 18/22
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# Appendix 1:

## Executive Group, Audit Governance Board and UK Oversight Board members' biographies

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### 2. Former Deloitte UK Executive members

The following was a member of the UK Executive during FY2024; their meeting attendance for the (relevant part of that) year is shown below:

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#### **Mark Mullins, UK Managing Partner Quality, Risk & Security**

- Executive meetings attended during FY2024: 17/22
  - End of term: May 2024
-

# Appendix 1:

## Executive Group, Audit Governance Board and UK Oversight Board members' biographies

### 3. Current Deloitte UK Audit Governance Board members

#### **Shirley Garrood, Audit Non-Executive and Chair of the UK Audit Governance Board**

Shirley was appointed as an Independent Non-Executive member of the Deloitte UK Oversight Board in May 2020, providing oversight of the external audit business only. In January 2021, Shirley stepped down from the UK Oversight Board and became an Audit Non-Executive member of the Deloitte Audit Governance Board upon its establishment. She has chaired the Audit Governance Board since November 2023 and also chairs the Non-Executive Committee, which comprises only the Deloitte Non-Executives and provides a forum for 'deeper dives' into specific areas of public interest.

Shirley was Chief Financial Officer of Henderson Group plc from 2009-2013 and is currently Audit Committee Chair of Ashmore Group plc, and Chair and Audit Committee Chair of Dignity Group Holdings Limited. Previous non-Executive roles include Chair of the Audit & Risk Committee at the BBC; Chair of Royal London Asset Management; Deputy Chair and Chair of the Audit Committee at esure Group plc; and Chair of the Audit and Risk Committees at Hargreaves Lansdown plc.

Shirley graduated in Economics and Accounting from the University of Bristol and is a qualified Chartered Accountant and Corporate Treasurer.

- Appointed as a member in January 2021, as Chair in November 2023
- AGB meetings attended during FY2024: 6/6

#### **Jim Coyle, Non-Executive**

Jim was appointed as an Independent Non-Executive member of the Deloitte UK Oversight Board in January 2019 and is its Deputy Chair. He was appointed as an Audit Non-Executive member of the Deloitte Audit Governance Board when it was established in January 2021.

After 25 years in financial services, Jim retired as Group Financial Controller/Deputy Finance Director at Lloyds Banking Group in May 2015 and, prior to that, held the position of Divisional Finance Director, Group Operations as well as Group Chief Accountant at the Bank of Scotland. Before joining Lloyds, Jim held senior finance positions at BP for ten years.

Jim was previously Chair of the Risk Committee of HSBC Bank plc and Chair of the Audit Committee of HSBC UK Bank plc before becoming the current Chair of the Risk Committee of HSBC Bank (Singapore) Limited. He is also currently Senior Independent Director and Chair of the Audit & Risk Committee at Pollen Street Capital, and Audit Committee Chair of Ecclesiastical Insurance Office plc.

Jim holds a degree in Law and Accountancy from Glasgow University and qualified as a chartered accountant with KPMG.

- Appointed: January 2021
- AGB meetings attended during FY2024: 6/6

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### **Almira Delibegovic-Broome KC, Non-Executive**

Almira was appointed as an Independent Non-Executive member of the Deloitte UK Oversight Board in March 2020 and as an Audit Non-Executive member of the Deloitte Audit Governance Board when it was established in January 2021.

She is a senior member of the Bar in Scotland, specialising in company and insolvency law. Almira is also Chair of JUSTICE Scotland; a member of the Business Committee of the General Council of the University of Edinburgh and Convener of its Finance and Services Standing Committee; a member of the Edinburgh Law School Advancement Advisory Board; a non-executive member of the Advisory Board for the Accountant in Bankruptcy; and a member, trustee and director of the Scottish Council of Law Reporting.

Originally from Bosnia-Herzegovina and now living in Edinburgh where she completed her undergraduate studies, Almira obtained her Master of Laws at Harvard Law School. Her previous experience includes time as a Visiting Scholar at Harvard Law School and as a Senior Research Fellow for the Committee on Capital Markets Regulation in the US.

- Appointed: January 2021
- AGB meetings attended during FY2024: 6/6

### **Rt Hon Sir Hugh Robertson, Non-Executive \***

Hugh was appointed as an Independent Non-Executive member of the Deloitte North & South Europe (NSE) Board and the Deloitte UK Oversight Board, and as an Audit Non-Executive member of the Deloitte UK Audit Governance Board in February 2024. He is also a member of Deloitte's Global Independent Non-Executive Advisory Council.

Hugh is currently Chair of Birmingham International Airport and The British Olympic Association. He is also a member of the International Olympic Committee and is an Independent Member of The House of Lords Appointments Commission.

Previously, he was the Chair of Camelot, the operator of The National Lottery, from 2018 – 2023, Chair of The Sports Honours Committee from 2017 - 2023 and Vice Chair of Falcon Associates from 2015 – 2018. He was a government minister from 2010 – 2014, including as Minister of State for Foreign and Commonwealth Affairs, responsible for the Middle East, North Africa and Counter Terrorism, and as Minister for Sport and the Olympics with responsibility for the London 2012 Olympic Games. Earlier in his career, he worked at Schroder Investment Management and saw active service as an army officer.

Hugh has been a member of the Royal Household, as a member of The Gentlemen at Arms, since 2015.

- Appointed: February 2024
- AGB meetings attended during FY2024: 2/2 for which he was eligible

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### **Elisabeth Stheeman, Non-Executive \***

Elisabeth was appointed as an Independent Non-Executive member of the Deloitte North & South Europe (NSE) Board and the Deloitte UK Oversight Board, and as an Audit Non-Executive member of the Deloitte UK Audit Governance Board in May 2024.

She is currently the Chair of Edinburgh Investment Trust plc, a member of the Board and the Audit and Risk Committees of M&G plc, a non-executive director at W. P. Carey Inc. and an external member of the Audit & Risk Committee of the Asian Infrastructure Investment Bank (AIIB).

Elisabeth was previously an external member of the Bank of England's Financial Policy Committee and Financial Market Infrastructure Board, and Senior Advisor to the Prudential Regulation Authority. Her executive career included roles as Global Chief Operating Officer for LaSalle Investment Management, having previously worked at Morgan Stanley for over 20 years.

Elisabeth is a Fellow of Chapter Zero.

- Appointed: May 2024
- AGB meetings attended during FY2024: 1/1 for which she was eligible

### **Paul Stephenson, UK Managing Partner Audit & Assurance**

See Deloitte UK Executive members.

- Appointed: January 2021
- AGB meetings attended during FY2024: 6/6

# Appendix 1:

## Executive Group, Audit Governance Board and UK Oversight Board members' biographies

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### **Philip Mills, UK Managing Partner \***

See Deloitte UK Executive members.

- Appointed: July 2023
- AGB meetings attended during FY2024: 5/6

### **Jane Whitlock, UK Partner \***

Jane is an Audit partner with nearly 30 years' experience (19 as a partner) of auditing a range of larger complex and FTSE 350 entities. She was elected as a member of the NSE Board in 2022 and has recently been appointed as Chair of the NSE Audit & Risk Committee.

Throughout her career, Jane has worked with a number of large UK-listed international companies in both the energy and resources and consumer business sectors, advising senior management, boards and audit committees on corporate governance and regulatory matters. Jane specialises in complex PCAOB audit engagements, with a focus on internal controls, and advises on a range of accounting and assurance related matters including Generally Accepted Accounting Principles (GAAP) transitions, bond offerings and group reorganisations.

Jane was previously Practice Senior Partner for the Midlands.

- Appointed: July 2023, term ends in 2025, could be re-elected for a further four-year term
  - AGB meetings attended during FY2024: 5/6
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# Appendix 1:

## Executive Group, Audit Governance Board and UK Oversight Board members' biographies

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### 4. Former Deloitte UK Audit Governance Board Members

The following was a member of the AGB during FY2024; their meeting attendance for the (relevant part of that) year is shown below:

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#### **Margaret, Baroness Ford of Cuninghame OBE, Non-Executive and Chair of the UK Audit Governance Board**

- AGB meetings attended during FY2024: 2/2 for which she was eligible
  - End of term: October 2023
-

# Appendix 1:

## Executive Group, Audit Governance Board and UK Oversight Board members' biographies

### 5. Current Deloitte UK Oversight Board members

#### **Sarah Sturt, Chair of the UK Oversight Board \***

Sarah is a transaction services partner within Financial Advisory, based in the Bristol office. She has 26 years' experience with Deloitte and has been a partner since 2008. She provides buy-side and sell-side transaction support for many private sector businesses, specialising particularly in mid-market private equity and the consumer and business services sectors. She previously was the Head of People & Purpose for the UK Financial Advisory business, led the UK Regions transaction services business and is a long-standing member of the Public Interest Review Group.

Sarah has been a member of the NSE Board since 2021, also currently sitting on the NSE Audit & Risk and Property Sub-Committees.

- Appointed: as a member in January 2023, as Chair in July 2023, term ends in 2027
- UKOB meetings attended during FY2024: 6/6

#### **Jim Coyle, Non-Executive and Deputy Chair of the UK Oversight Board**

See Deloitte Audit Governance Board members.

- Appointed: January 2019
- UKOB meetings attended during FY2024: 6/6

#### **Almira Delibegovic-Broome KC, Non-Executive**

See Deloitte Audit Governance Board members.

- Appointed: March 2020
- UKOB meetings attended during FY2024: 6/6

#### **Rt Hon Sir Hugh Robertson, Non-Executive \***

See Deloitte Audit Governance Board members.

- Appointed: February 2024
- UKOB meetings attended during FY2024: 2/2 for which he was eligible

#### **Elisabeth Stheeman, Non-Executive \***

See Deloitte Audit Governance Board members.

- Appointed: May 2024
- UKOB meetings attended during FY2024: 1/1 for which she was eligible

# Appendix 1:

## Executive Group, Audit Governance Board and UK Oversight Board members' biographies

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### **Dean Cook, UK Partner \***

Dean is a partner within Audit & Assurance based in the London office. He has 28 years' experience with Deloitte and has been a partner since 2008. He has audited a large number of listed multi-national companies in the energy, resources & industrials, technology and real estate sectors. He is experienced in leading audits under both International Standards on Auditing (ISA) and PCAOB standards, guiding listed company boards through regulatory change and helping them focus on enhancements to corporate governance and internal controls. He was elected as a member of the NSE Board in 2022 and has recently been appointed chair of the NSE Governance and Composition Committee. Dean is also Chair of the UK Partnership Council. He formerly co-led our Large & Complex audit business in London and the South East.

- Appointed: June 2024
- UKOB meetings attended during FY2024: 1/1 for which he was eligible

### **Richard Houston, UK Senior Partner and CEO \***

See Deloitte UK Executive members.

- Appointed: June 2019
- UKOB meetings attended during FY2024: 5/6

### **Philip Mills, UK Managing Partner \***

See Deloitte UK Executive members.

- Appointed: June 2023
- UKOB meetings attended during FY2024: 6/6

### **Jane Whitlock, UK Partner \***

See Deloitte Audit Governance Board members.

- Appointed: July 2023, term ends in 2025, could be re-elected for a further four-year term
- UKOB meetings attended during FY2024: 4/5 for which she was eligible

# Appendix 1:

## Executive Group, Audit Governance Board and UK Oversight Board members' biographies

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### 6. Former Deloitte UK Oversight Board members

The following were members of the UKOB during FY2024; their meeting attendance for the (relevant part of that) year is shown below:

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#### **Margaret, Baroness Ford of Cunninghame OBE, Non-Executive \***

- UKOB meetings attended during FY2024: 2/2 for which she was eligible
- End of term: October 2023

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#### **Karen McNicholls**

- UKOB meetings attended during FY2024: 1/1 for which she was eligible
- End of term: July 2023

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#### **James Byles \***

- UKOB meetings attended during FY2024: 5/5 for which he was eligible
- End of term: May 2024

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#### **Steve Williams**

- UKOB meetings attended during FY2024: 1/1 for which he was eligible
  - End of term: July 2023
-

# Appendix 2:

## Financial information

### **Disclosure in accordance with Article 13(2) (k) (i)-(iv) of the EU Audit Regulation and the schedule to the Local Auditors (Transparency) Regulations 2020**

We have extracted the following financial information from Deloitte's audited financial statements and financial records for the year ended 31 May 2024.

The figures indicate the relative concentration of audit work for UK PIEs<sup>8</sup>, audits of entities on EU exchanges and local audits, and the levels of non-audit services provided to entities for which Deloitte is - and is not - the auditor. They relate to the UK only.

FY2024 was the third year of the Audit & Assurance business operating as an operationally separate business. We have fully implemented the principles laid out by the FRC regarding commercial requirements between the ringfence and the rest of the firm and our Audit & Assurance business continued to receive no cross subsidy from the rest of the firm, consistent with the FRC's Principles for Operational Separation.

Our firmwide results and performance are covered in our [financial statements](#).

### **Basis of preparation**

In line with the requirements of Principle 20 of the [FRC's Principles for Operational Separation](#), we have produced a separate profit and loss account for our UK Audit & Assurance business which is consistent with our [published statutory financial statements](#). As part of this we have complied with Principle 16 which sets out that such a profit and loss account should reflect overhead absorption on an equitable basis.

We allocate all overhead costs equitably across the firm's businesses based on the most appropriate drivers. For example (a) learning costs are charged based on a full-time employee basis, (b) real estate and facilities costs are charged based on 'square footage occupied' and (c) take on process costs are charged based on usage. The majority of overheads are allocated based on revenue or profit, whichever is deemed the most appropriate.

The firm has charges in relation to its closed defined benefit scheme and its partner annuity scheme. The charges recognised with respect of these items are (a) joint and several obligations of the entire firm and are not the responsibility of any particular business and (b) unrelated to current trading activity. Such charges, which are largely driven by actuarial assumptions, have not been allocated to the Audit & Assurance profit and loss account.

The profit and loss account includes gross statutory revenue in a manner consistent with our published statutory financial statements (reflecting the total revenue generated by our Audit & Assurance practitioners) and in addition the revenue generated by specialists working outside of the Audit & Assurance business on Audit & Assurance-led engagements, consistent with FRC reporting requirements. This is a change in reporting for this year and FY2023 has been restated\* accordingly. The analysis of revenues as required to be presented by transparency reporting requirements will not reconcile to this as that analysis considers all revenue generated by the firm from entities we audit. This will include, for example, revenue generated by practitioners from outside the Audit & Assurance business in the provision of non-audit services to our audited entities in the period.

<sup>8</sup> See definition in [Appendix 15: Public interest entities](#).

# Appendix 2:

## Financial information

	<b>Service</b>	<b>FY2024 £m</b>	<b>FY2023 £m</b>
Transparency reporting requirements	Statutory audits and directly related services for entities we audit (UK PIE and subsidiaries of UK PIE)	342	365
	Statutory audits and directly related services for other entities we audit	558	441
	<b>Total audit revenues<sup>9</sup></b>	<b>900</b>	<b>806</b>
	Non-audit services provided to entities we audit <sup>10</sup>	158	171
	<b>Total revenues from entities we audit</b>	<b>1,058</b>	<b>977</b>
	Non-audit services to entities we do not audit	3,850	3,843
	<b>Total UK revenue</b>	<b>4,908</b>	<b>4,820</b>

	<b>Operational separation public reporting of UK Audit &amp; Assurance financials</b>	<b>FY2024 £m</b>	<b>FY2023 £m (as restated*)</b>
	<b>Operational separation Audit &amp; Assurance business</b>		
	<b>Gross statutory revenue</b>	<b>994</b>	<b>914</b>
	Expenses and disbursements on assignments	(132)	(141)
	<b>Revenue attributable to the UK Audit &amp; Assurance business</b>	<b>862</b>	<b>773</b>
	Employee costs	(461)	(407)
	Other operating charges	(257)	(234)
	<b>Operating profit</b>	<b>144</b>	<b>132</b>
	Net finance income/(expense)	-	(1)
	<b>UK Audit &amp; Assurance business profit</b>	<b>144</b>	<b>131</b>

<sup>9</sup> Of which revenue from audits of EEA regulated entities is £114m in FY2024 (£122m in FY23). In addition, £4.2m relates to local audit work for FY2024 (£3.2m in FY2023).

<sup>10</sup> Of which £0.0m relates to local audit work in both FY2024 and FY2023.

# Appendix 3:

## Deloitte Gibraltar

As set out at the start of this Report, Deloitte Limited is the Deloitte business operating in Gibraltar that has been a subsidiary of Deloitte LLP since 1 June 2017. Transparency Report disclosures are driven by the EU Audit Regulation (as retained in Gibraltar law) and are reflected in this Report as set out below.

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### Provision of Article 13(2)

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(a) a description of the legal structure and ownership of the audit firm;	Deloitte operates in Gibraltar through Deloitte LLP's wholly owned subsidiary, Deloitte Limited, a company registered in Gibraltar. Deloitte Limited is approved as a statutory auditor by the Gibraltar Financial Services Commission under the Gibraltar Financial Services Act 2019.
(b) where the statutory auditor is a member of a network: <ul style="list-style-type: none"><li>(i) a description of the network and the legal and structural arrangements in the network;</li><li>(ii) the name of each statutory auditor operating as a sole practitioner or audit firm that is a member of the network;</li><li>(iii) the countries in which each statutory auditor operating as a sole practitioner or audit firm that is a member of the network is qualified as a statutory auditor or has his, her or its registered office, central administration or principal place of business;</li><li>(iv) the total turnover achieved by the statutory auditors operating as sole practitioners and audit firms that are members of the network, resulting from the statutory audit of annual and consolidated financial statements;</li></ul>	See: <ul style="list-style-type: none"><li>(i) <a href="#">Appendix 13: The Deloitte network</a></li><li>(ii), (iii) and (iv): <a href="#">Appendix 14: EU/EEA audit firms</a></li></ul>
(c) a description of the governance structure of the audit firm;	Deloitte Limited is governed by a board of directors, which currently consists of one locally-based partner <sup>11</sup> and two UK partners. The board meets at least quarterly and is responsible for overseeing the legal and regulatory requirements of the company, as well as its local operations and future development.

<sup>11</sup> Note: there are no equity partners in Gibraltar.

# Appendix 3:

## Deloitte Gibraltar

### Provision of Article 13(2)

(d) a description of the internal quality control system of the statutory auditor or of the audit firm and a statement by the administrative or management body on the effectiveness of its functioning;	See: <a href="#">Audit Governance Board and UK Oversight Board report</a>
(e) an indication of when the last quality assurance review referred to in Article 26 was carried out;	Deloitte Limited and its individual statutory auditors are regulated by the Gibraltar Financial Services Commission (GFSC). The most recent quality assurance review by the GFSC was carried out in October 2021: <a href="#">Annual Report on Audit Supervision (fsc.gi)</a> . The latest onsite review began in September 2024.
(f) a list of public-interest entities for which the statutory auditor or the audit firm carried out statutory audits during the preceding financial year;	Admiral Insurance (Gibraltar) Limited Advantage Insurance Company Limited Bank J. Safra Sarasin (Gibraltar) Limited Bray Insurance Company Limited Douglas Insurance (Gibraltar) Limited Calpe Insurance Company Limited Skyfire Insurance Company Limited Turicum Private Bank Limited
(g) a statement concerning the statutory auditor's or the audit firm's independence practices which also confirms that an internal review of independence compliance has been conducted;	See: <a href="#">Ethics, independence and conflicts</a>
(h) a statement on the policy followed by the statutory auditor or the audit firm concerning the continuing education of statutory auditors referred to in Article 13 of Directive 2006/43/EC;	See: <a href="#">Appendix 5: Audit and assurance quality - Our mindset and behaviours</a>
(i) information concerning the basis for the partners' remuneration in audit firms;	See: <a href="#">Appendix 5: Audit and assurance quality - Our people</a> ; <a href="#">Appendix 12: Deloitte UK governance and legal structure</a>

# Appendix 3:

## Deloitte Gibraltar

### Provision of Article 13(2)

- (j) a description of the statutory auditor's or the audit firm's policy concerning the rotation of key audit partners and staff in accordance with Article 17(7)<sup>12</sup>;
- (k) where not disclosed in its financial statements within the meaning of Article 4(2) of Directive 2013/34/EU, information about the total turnover of the statutory auditor or the audit firm, divided into the following categories:
- (i) revenues from the statutory audit of annual and consolidated financial statements of public-interest entities and entities belonging to a group of undertakings whose parent undertaking is a public-interest entity;
  - (ii) revenues from the statutory audit of annual and consolidated financial statements of other entities;
  - (iii) revenues from permitted non-audit services to entities that are audited by the statutory auditor or the audit firm; and
  - (iv) revenues from non-audit services to other entities.

See: [Ethics, independence and conflicts](#)

### Total turnover of Deloitte Limited by category:

	Year ended 31 May 2024	Year ended 31 May 2023	Year ended 31 May 2022
	£'000s	£'000s	£'000s
Statutory audit of Gibraltar PIEs and entities belonging to a group of undertakings whose parent undertaking is a PIE	1,532	1,178	788
Statutory audit of other entities	1,528	1,594	969
Permitted non-audit services to audited entities	340	185	213
Non-audit services to other entities	1,485	1,556	1,418
<b>Total Gibraltar revenue</b>	<b>4,885</b>	<b>4,514<sup>13</sup></b>	<b>3,388</b>

The transparency report shall be signed by the statutory auditor or the audit firm:



<sup>12</sup> The key audit partners responsible for carrying out a statutory audit shall cease their participation in the statutory audit of the audited entity not later than seven years from the date of their appointment. They shall not participate again in the statutory audit of the audited entity before three years have elapsed following that cessation.

<sup>13</sup> Difference is due to rounding.

# Appendix 4:

## Local audit disclosure requirements

Local Audit Transparency Report disclosures are driven by The Local Auditors (Transparency) Regulations 2020 and are reflected in this Report as and where set out below.

In July 2023, the Minister for Local Government published a Cross-System Statement on proposals to reset the system and restore the assurance provided by timely financial reporting and annual audits.<sup>14</sup> Following work through the second half of 2023, and consultations by the government and the National Audit Office in early 2024, the planned approach is based on:

- a “reset” of local authority financial reporting by clearing the backlog of historical audit opinions up to and including financial year 2022/23
- a “recovery” period to address any gaps in assurance
- “reform” to address systemic challenges to embed timely financial reporting and audit.

On 9 September 2024, a Statutory Instrument, and revised Code of Audit Practice from the National Audit Office (NAO), was laid before Parliament that will introduce backstop dates for local bodies and their auditors to publish audited accounts. The first of these will be on 13 December 2024, by which date local authorities will be required

to have published their accounts for financial years up to and including 2022/23. Where the auditor has been unable to complete their audit before that date, they will need to issue a modified or disclaimed audit opinion.

For our own portfolio of audits, we have put in place governance mechanisms to monitor the progress of local authority audits and support completion of as many audits as possible prior to the backstop date. As well as regular briefings for key audit partners on the development of the backstop proposals, during 2024/25 we have undertaken training for engagement teams on the requirements for engagements affected by the backstop and developed template working papers and reports to support engagement teams.

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### Provision per the schedule to the Regulations

- |                                                                                                                                                                            |                                                                                                                                  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| a. A description of the legal structure, governance and ownership of the transparency reporting local auditor;                                                             | See: <a href="#">Appendix 12: Deloitte UK governance and legal structure</a> ; <a href="#">Appendix 13: The Deloitte Network</a> |
| b. Where the transparency reporting local auditor belongs to a network, a description of the network and the legal, governance and structural arrangements of the network; | See: <a href="#">Appendix 12: Deloitte UK governance and legal structure</a> ; <a href="#">Appendix 13: The Deloitte Network</a> |

<sup>14</sup> This reflected commitments to take actions by the Ministry for Housing, Communities and Local Government, the Chartered Institute of Public Finance and Accountancy, the National Audit Office, the Financial Reporting Council, the Institute of Chartered Accountants in England and Wales, and Public Sector Audit Appointments Limited.

# Appendix 4:

## Local audit disclosure requirements

### Provision per the schedule to the Regulations

c. A description of the internal quality control system of the transparency reporting local auditor and a statement by the administrative or management body on the effectiveness of its functioning in relation to local audit work;

In accordance with the schedule of The Local Auditors (Transparency) Regulations 2020 and based on the practice review carried out in 2023 and the status of the 2024 practice review, the Audit & Assurance Executive is satisfied that our internal quality controls and systems are, in general, robust and operating effectively in regard to the local audits and allow us to readily identify any areas of potential improvement or refinement.

We continually seek to improve all aspects of our business, including in relation to local audits, and we use the findings of the practice review, other internal reviews and external regulatory reviews to enhance our System of Quality Management. The results of local audit practice review are presented within the overall practice review results for the firm. During the 2024 practice review, one local audit was selected for our internal review (2023: two).

Consistent with other elements of work by the firm, where there are findings from internal and external inspections of audit work, root cause analysis is undertaken, and action plans implemented to address causes identified.

The FRC local audit inspection cycle for 2022/2023 did not select any Deloitte audits for inspection. The local audit inspection cycle for 2023/24 has selected one Deloitte audit for inspection. The inspection of major local audits is published in a separate annual report to be issued later in 2024 by the FRC.

We have provided engagement teams with training and supporting working papers on the audit of infrastructure assets.

The firm also conducts an annual review of the ongoing effectiveness of the firm's systems of internal control, including financial, operational and compliance controls, and risk management systems, as well as the promotion of an appropriate culture underpinned by our shared values.

A statement regarding the effectiveness of the firm's system of internal control is included in [Audit Governance Board and UK Oversight Board report - Risk management and internal control](#), and also covers local audit.

# Appendix 4:

## Local audit disclosure requirements

### Provision per the schedule to the Regulations

d. A description of the transparency reporting local auditor's independence procedures and practices including a confirmation that an internal review of independence practices has been conducted;

See: [Ethics, independence and conflicts](#)

Also:

- The specific independence requirements applicable to local audits include the requirements of the [National Audit Office's Code of Audit Practice](#) and [Auditor Guidance Note 1 'General Guidance Supporting local audit'](#). The local audits we have published an audit report on during FY2024 include audits conducted in line with the previous version of the Code (March 2019 and March 2020 year ends) as well as the Code of Audit Practice 2020 (March 2021, March 2022 and March 2023 year ends).
- Our local audit engagement leads and staff, together with our independence team, are experienced in considering local audit-specific requirements where they add to those of the FRC's Ethical Standard.

e. Confirmation that all engagement leads are competent to undertake local audit work and staff working on such assignments are suitably trained;

- All of our engagement leads for local audit work are public sector specialists and have been accredited as 'Key Audit Partners' by the ICAEW. Our process in submitting candidates for accreditation includes specific consideration of their competence to undertake local audit work. The allocation of engagement leads to individual engagements takes into account the nature of the engagement and the skills and experience of the individual.
- The process and timescale for key audit partner accreditation presents a risk to both audit quality and delivery of local audits, as it restricts audit firm capacity and flexibility. Although revised guidance was issued in June 2022 by the FRC, in the absence of available FRC-approved specialist training, the challenges remain unresolved.
- Staff working on local audit assignments receive suitable training. In addition to the audit-wide learning programmes such as TechEx, discussed in [Appendix 5: Audit and assurance quality – Our mindset and behaviours \(Learning and development\)](#), team members also have access to recordings of previous 'deep dives' into specific technical issues and areas. This is supplemented by regular sector conference calls for assistant managers and above discussing emerging issues and guidance.

# Appendix 4:

## Local audit disclosure requirements

### Provision per the schedule to the Regulations

- Our audit teams are supported by relevant specialists with sector knowledge, including actuarial and property valuations specialists, to address areas of greater risk and complexity in local audits.
  - Sector-specific training and briefing calls are delivered during the year, and recorded sessions are available for staff to access throughout the year. Sector-specific work papers are prepared covering relevant auditing and accounting issues, including those highlighted in guidance from the FRC, National Audit Office, NHS England and CIPFA, as well as relevant considerations from internal risk assessment of the impact on each sector.
  - In relation to climate change and sustainability, we have increased the consideration of the impact of climate change on property valuations, with engagement teams encouraged to challenge how valuers have taken this into account, in particular for Modern Equivalent Asset valuations. Our NHS training for this year included training on how the Task Force on Climate-related Financial Disclosure (TCFD) requirements are being implemented for NHS bodies, and our templates for audit committee reports and Auditor's Annual Report have been updated to include commentary on entities' disclosures in this area.
  - We actively engage with the working groups hosted by the National Audit Office with representatives from each of the firms that carry out local audit work, including the Local Auditors Advisory Group, NHS Technical Network, Local Government Technical Network, and Value for Money Technical Network. Issues arising are communicated to partners and staff working on local audits.
- f. A statement of when the last monitoring of the performance by the transparency reporting local auditor of local audit functions, within the meaning of paragraph 23 of Schedule 10 to the 2006 Act, as applied in relation to local audits by Section 18 and paragraphs 1, 2 and 28(7) of Schedule 5 to the 2014 Act, took place;
- All local audits are included within the scope of our audit quality control system, including practice review. We are required to practice review every Responsible Individual (RI) who signs local audits in England once every three years on one such engagement. We will regularly (a minimum of three times per year) refresh the list of applicable RIs to check which individuals are signing or are due to sign local audits so we can be sure all relevant RIs are subject to this review.

# Appendix 4:

## Local audit disclosure requirements

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### Provision per the schedule to the Regulations

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g. A list of major local audits in respect of which an audit report has been made by the transparency reporting local auditor in the financial year of the auditor; and any such list may be made available elsewhere on the website specified in regulation 4 provided that a clear link is established between the transparency report and such a list;

The organisations below are the only relevant authorities:

- a) Which constitute a 'major local audit' for the purposes of Regulation 12 of The Local Audit (Professional Qualifications and Major Local Audit) Regulations 2014 (SI 2014/1627); and
- b) For which Deloitte LLP signed an audit report on its annual financial statements during the year ended 31 May 2024.

Imperial College Healthcare NHS Trust (year ended 31 March 2023)

NHS Herefordshire and Worcestershire Clinical Commissioning Group (period ended 30 June 2022)

NHS Herefordshire and Worcestershire Integrated Care Board (period ended 31 March 2023)

Blackpool Council (year ended 31 March 2021)

Dorset Council (year ended 31 March 2021)

Ealing Council (year ended 31 March 2021)

London Borough of Tower Hamlets (years ended 31 March 2019 and 31 March 2020)

North Yorkshire County Council (year ended 31 March 2022)

Royal Borough of Windsor and Maidenhead (year ended 31 March 2021)

South Yorkshire Pensions Authority (year ended 31 March 2023)

Wakefield Metropolitan District Council (year ended 31 March 2022)

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# Appendix 4:

## Local audit disclosure requirements

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### Provision per the schedule to the Regulations

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- |                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| h. A statement on the policies and practices of the transparency reporting local auditor designed to ensure that persons eligible for appointment as a local auditor continue to maintain their theoretical knowledge, professional skills and values at a sufficiently high level; | A statement regarding the continuing education of statutory auditors is included in <a href="#">Appendix 5: Audit and assurance quality - Our mindset and behaviours</a> , which also covers persons eligible for appointment as a local auditor. Further details on local audit-specific policies and practices are detailed in (e) above.                                               |
| i. Turnover for the financial year of the transparency reporting local auditor to which the report relates, including the showing of the importance of the transparency reporting local auditor's local audit work; and                                                             | See: <a href="#">Appendix 2: Financial information</a>                                                                                                                                                                                                                                                                                                                                    |
| j. Information about the basis for the remuneration of partners.                                                                                                                                                                                                                    | <ul style="list-style-type: none"><li>• Local audit partners were included in the FY2024 audit appraisal process. The Audit Quality Remuneration Committee plays a key role in partners' audit quality evaluation.</li><li>• See: <a href="#">Appendix 5: Audit and assurance quality - Our people</a>; <a href="#">Appendix 12: Deloitte UK governance and legal structure</a></li></ul> |
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# Appendix 5:

## Audit and assurance quality

Our commitment to excellence, our mindset and behaviours and our controls and processes are critical to our achieving high-quality outcomes in our Audit & Assurance business. Together, they enable us to deliver our purpose.

We set out here some of the ways we have made a positive impact to maintaining and enhancing quality, and where we continue to focus our efforts for ongoing improvements.



Click icon to navigate to the relevant section

# Appendix 5:

## Audit and assurance quality



### Our shared values and our cultural ambition

Our cultural ambition is: We include everyone, we challenge and we rise to the challenge, and we do the right thing. It is a key focus area for us to ensure our culture in Audit & Assurance supports audit quality in the public interest on a day-to-day basis. Find out more about [our cultural ambition in Appendix 6](#).

### Continuous listening

We are committed to understanding the views and sentiments of our people and this is achieved through various mechanisms including listening focus groups, and anonymised surveys. The latest Global Audit & Assurance Culture of Quality survey closed in September 2024 with results due later in the year.

Our bi-annual firmwide people experience survey, Engage for Change, allows us to understand what matters most to our people and take action to improve their experience. The survey includes an overall measure of effectiveness, the employee Net Promoter Score (eNPS). Our April 2024 eNPS was +13 for Audit & Assurance (up from +12 in April 2023); meaning our people are more likely to recommend Deloitte as a place to work than not. This metric has remained between +10 and +15 for Audit & Assurance since its introduction. Insights from our most recent survey in April 2024 indicate 84% of our people feel their work environment is respectful, supportive and inclusive. Eighty percent feel their choices around flexibility are respected, indicating they value our approach to hybrid working.

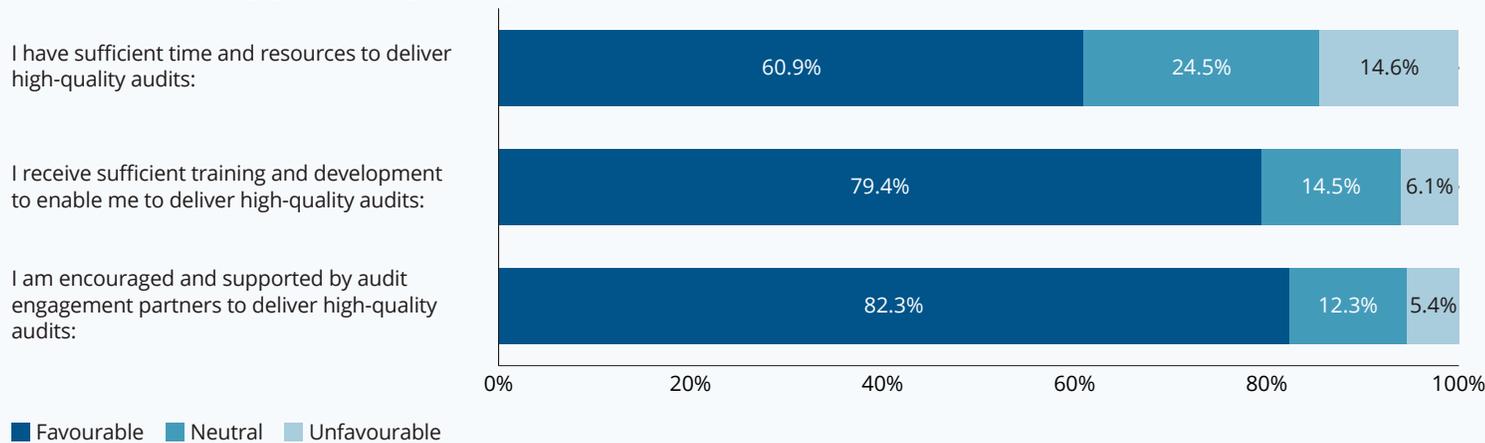
Our people also value their People Leaders in supporting their performance and development. Eighty-five percent felt their People Leader makes themselves available to meet, and 82% say they are able to talk openly with them.

As part of Engage for Change, in April 2024, we introduced a new question to monitor whether our people feel they have sufficient time and resources to deliver high-quality audits. While we are disappointed that 14.6% of our people feel they do not have sufficient time and resources to deliver high-quality audits we have put in place a number of listening forums to understand the root cause of this response. Our other evidence on resource scheduling, and from external and internal reviews, does not show a similar indication of a lack in time and resources to deliver high-quality audits. We will continue to monitor this important area to determine if any further action is needed.

# Appendix 5:

## Audit and assurance quality

### Results from our Engage for Change survey in April 2024



No comparative information is presented as this data was gathered for the first time in FY2024. This audit quality indicator (AQI) is aligned to the FRC's AQI #1. Definitions of each of the FRC AQIs can be found in the FRC's [AQI Definitions Note \(March 2023\)](#).<sup>15</sup>

Culture and values have been two of the most commonly cited positive themes referenced by our people over the last year when questioned on their "likelihood to recommend Deloitte as a great place to work". This highlights the value of our cultural ambition and supporting Audit & Assurance behaviours, which we have embedded across the last year.

In addition to the survey, we listen to our people in a number of ways. One of these is through the Funnel, a forum developed by the People & Purpose Forum (P&P Forum) which provides a formal two-way formal listening and feedback function to allow timely discussion and debate of key topics.

<sup>15</sup> Throughout this Report, where data is aligned to FRC AQIs, the comparative data has been adjusted accordingly.

We also hold two other discussion groups below partner level. The Associate Partner and Director Advisory Group (APDAG) consists of a diverse group of 17 associate partners and directors from across Audit & Assurance who provide diagnostic analysis, feedback on ideas, and broader insight feeding into executive decision making. A member of the Audit & Assurance Executive attends APDAG meetings to gain feedback on particular topics to build into our firm response. Topics discussed have included culture, learning and strategic priorities.

For our people below senior manager level, we hold monthly group discussion sessions for each of our business units. Each group is made up of a range of roles from associate to manager and representation from across all our regional offices. At these sessions, the group discuss business projects and initiatives, debating areas of challenge and pulling together feedback the project sponsor can use to shape the direction of the project.

### Workplace wellbeing

Our Engage for Change survey told us that 74% of respondents felt that Deloitte would support them if they were experiencing challenges with their mental health and wellbeing (2023: 68% of respondents "felt their physical and mental wellbeing to be supported by Deloitte"). While we are encouraged that there has been a positive shift from April 2023 to April 2024, we are keeping a close watch on the seasonal variations that we are seeing within these survey responses.

# Appendix 5:

## Audit and assurance quality

Our Deloitte Works hybrid working approach empowers our people to choose when, where and how they do their best work, aligned to the firm's needs and the needs of the entities we work with.

The UK firm's Wellness Advisory team, which includes in-house clinical advisors, is also available to support our people's physical and mental wellbeing, together with digital smartphone app-enabled processes for our people to notify the firm of absence. Our people now have clearer, faster and more direct access to support via the firm when they need it for things such as occupational health, neurodiversity support and workplace adjustments.

We continue to supplement our firmwide wellbeing support framework with local Audit & Assurance initiatives in response to feedback and need.

In December 2023 and January 2024, we ran a 'Reducing Mental overload: How to set healthy boundaries with Tech' webinar series. Many of our communities have also run local wellbeing challenges and initiatives, including physical and virtual events.

### Our people Recruitment

Over the past 12 months, our business has continued to grow and our resourcing plan in FY2024 saw no net resource shortfalls during our busy reporting season. We remain committed to building a diverse workforce that reflects the society we live in and the companies we work with. Our focus remains on ensuring our people are equipped with the right blend of skills to tackle emerging risk areas and deliver exceptional results for our audited entities and assurance engagements. In FY2024, we welcomed 1,082 talented individuals (FY2023: 2,047), consisting of 845 early careers programme hires<sup>16</sup> and 237 experienced hires (FY2023: 990 and 1,057 respectively).



**46%** of our early careers joiners in the last 12 months were women, and **42%** were of an underrepresented ethnic group

**48%** of our experienced hires in the last 12 months were women, and **53%** were of an underrepresented ethnic group

We are investing in new models to support the development and transfer of knowledge and skills in emerging areas, supporting varied career paths for our people. This includes embedding dedicated subject matter experts on ESG and analytics into our Audit & Assurance business to drive consistency, connectivity and challenge across these emerging risk areas.

### Leading people

The People Leader plays an important role in supporting performance and development, prioritising wellbeing and recognising and rewarding impact.

Our People Leaders receive a tailored training programme to ensure they have the right level of experience to support and fulfill these important roles. We listen to the feedback we receive from them, and accordingly we have also continued to enhance the 'just-in-time' learning that forms part of the People Leader training programme. This includes elective 'skills booster' sessions on subjects such as 'excelling in difficult conversations' and 'supporting your team members taking parental leave'.

<sup>16</sup> Early careers programmes refers to hires for our industrial placement, graduate and BrightStart schemes.

# Appendix 5:

## Audit and assurance quality

### Delivering our audits

The involvement in audits by grade AQI captures and measures the hours charged to the engagement by the senior engagement team members and specialists as a percentage of total audit hours charged. While such a measure is typically dependent on an individual engagement's degree of difficulty, a higher proportion of senior engagement team and/or specialist hours may indicate the firm is involving the right team members in the audit for the benefit of audit quality.

Similarly, the ratio of staff to partners and responsible individuals (RIs) indicates the capacity of partners and RIs to supervise junior audit staff in the firm, and the level of professional support on which the senior engagement team can rely.

We consider the level of turnover as an indicator of the consistency of the firm's engagement teams. Consistent teams assist in improving audit quality and maintaining professional knowledge within the firm. We aim to maintain a balance between retaining staff and adding new staff to promote new and fresh ideas, ultimately improving and maintaining high audit quality.

### Involvement in audits by grade: time spent by engagement leadership

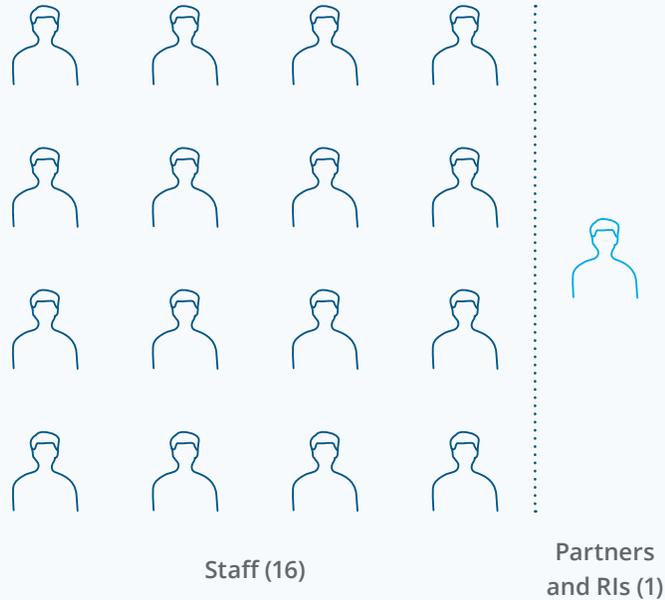
	FY2024	FY2023
<b>PIE audits</b>	<b>4.6%</b>	<b>5.0%</b>
<b>All audits</b>	<b>4.5%</b>	<b>4.7%</b>

This indicator measures audit partner and director RI involvement in the engagement by capturing the hours charged to audit engagements by audit partners and director RIs as a percentage of total audit hours charged. This metric is aligned to FRC AQI #5.

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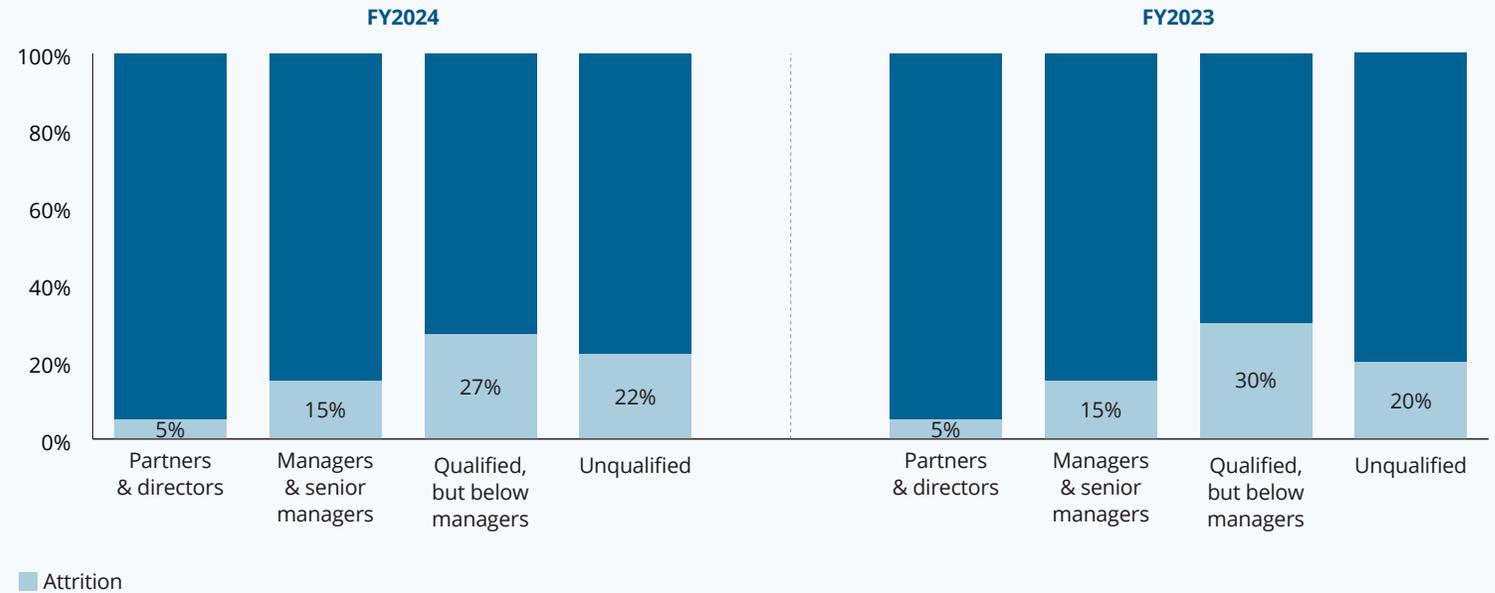
## Audit and assurance quality

### Staff to partners and RIs ratio



16:1 (FY2023 15.5:1). This indicator measures the average headcount of audit staff compared with that of partners and RIs over the year. It does not include any specialist involvement. This metric is aligned to FRC AQI #6.

### Average partner and staff attrition



This metric measures the annual staff turnover for our Audit & Assurance business in the UK, including all grades of staff and partners. This metric is aligned to FRC AQI #8.

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## Audit and assurance quality

### Responsible Individual (RI) accreditation

Certain audit directors, after the completion of appropriate due diligence by the firm to assess audit quality and personal readiness, may act as a RI as well as our audit partners. RI status is awarded by our Recognised Supervisory Body, the ICAEW. Additional permissions are granted by the FRC for individuals to sign PIE audits, and by other authorities, as appropriate, including responsibilities for Local Audits, Air Travel Organisers' Licensing (ATOL), the Financial Conduct Authority's Client Assets sourcebook (CASS), and lead audits of market traded companies incorporated in Jersey, Guernsey and Isle of Man.

Each director RI has a Supervisory Partner for consultation and mentorship purposes, with regular mandatory meetings (quarterly in their first year, and six-monthly thereafter). This relationship continues should the director be promoted to partner and persists for the first two years of partnership. Additional quality controls include: limits on the nature and size of engagements that can be led by a director RI and extended or additional reviews both of the live engagement and as part of our internal audit quality reviews on completed engagements.

#### As at 31 May 2024 we have:

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**334** Responsible Individuals, of which **115** are directors and **219** are partners (FY2023: 294, 75, 219)

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**123** FRC PIE Responsible Individuals on the Public Interest Entity Auditor Register (FY2023: 117)

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**9** Key Audit Partners for Local Audit work (FY2023: 9)

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**7** ATOL Licensed Practitioners (FY2023: 9)

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**73** Jersey RIs, **44** Guernsey RIs and **8** Isle of Man RIs (FY2023: 71, 41, 8)

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**38** specialists signing CASS reports (FY2023: 33)

### Measuring and rewarding quality

Our reward strategy is such that we continue to offer our people market-based reward matched to their progression centred around the following principles:

- Competitiveness
- Fairness
- Higher reward for our best performers
- Transparency
- Choice

Over the last two years, we have focused on providing greater transparency on reward, following feedback from our people. This has involved more detailed communications, where relevant, around our bonus plan, with the level of bonus that people can expect to receive being communicated to them at the start of the financial year, expressed as a percentage of annual salary. Forward guidance is also provided on pay progression as part of year-end reward communications.

# Appendix 5:

## Audit and assurance quality

The four main pillars against which Audit & Assurance partners and staff are assessed, known as our Balanced Scorecard, are:



### For all our people

Our appraisal process is designed to ensure quality is at the core of performance review decisions. All our professionals working on audits and assurance engagements set annual quality objectives, which are considered as part of their performance review discussions. In addition, assistant managers and above are also required to set objectives on the other three remaining pillars of our Balanced Scorecard.

Engagement teams hold regular check-in meetings to encourage discussions around quality and the link to individuals' quality objectives. Individuals receive both 'snapshot' and written feedback throughout the year, with results discussed in their performance review.

We are committed to furthering our purpose-led culture and commitment to excellence, which expects all our professionals to strive to demonstrate an exceptional contribution to quality. Partners and staff are not evaluated or remunerated on the selling of other services to the entities they audit.

For staff at assistant manager to non-equity partner, we use the annual bonus scheme to recognise the demonstration of exceptional audit and assurance quality.

### Managers and above

Each manager and above receives a quarterly quality dashboard recording a variety of audit and assurance quality metrics covering matters such as positive contributions to audit quality, including:

- Findings from internal and external engagement reviews, and corporate reporting reviews
- Timely completion of appraisal documentation and audit compliance
- For Responsible Individuals (partners and director RIs) any independence breaches and other procedural breaches
- Additional partner or director RI review role(s) they may fulfil
- Individuals' own commentary (if relevant) on positive contributions to audit and assurance quality on a quarterly basis

The audit and assurance quality dashboard is a key input into the appraisal and remuneration process for staff at manager level and above. A detailed review is performed to identify any outliers, where the quality dashboard scores are particularly low or high, and do not correlate to the bonus received, to ensure there is an appropriate justification for the reward decision. This ensures quality is at the forefront of all performance and reward decisions.

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## Audit and assurance quality

### For Responsible Individuals (partners and director RIs)

In addition to their audit quality dashboard, each RI receives an Audit Responsibility Rating, reflecting their roles on audit engagements. This is a key driver in their reward and promotion and recognises the level of risk, complexity and public scrutiny they shoulder in their roles, including any Engagement Quality Review (EQR) roles on audit engagements.

If there are adverse findings from a quality review, we consider a number of mitigating responses for the engagement partner or director RI. The overriding aim of the responses is to improve audit quality and may include:

- Inclusion in the monitoring and remediation programme
- Additional coaching and learning for the partner or director RI
- Financial penalties in the form of bonus or unit reduction
- Removing the individual from our group of RIs.

### For partners

Partners have an annual objective-setting process. The balanced scorecard is used to set objectives across the whole of a partner's contribution and at the year-end process they are assessed on actual contribution against those objectives. Quality is one of the areas included in the Balanced Scorecard and partners are required to ensure they pick up any remediation from quality dashboard scores in their quality objectives.

The peering regime provides a robust series of peering conversations applied to all recommendations to ensure partners are treated equitably, which includes responses to quality events.

The Audit Quality Remuneration Committee (AQRC) reviews any negative quality events and, depending on the results, a partner may:

- Be required over the year to reverse the situation by making a positive quality contribution and if, as we hope, that contribution is meaningful, the requirement will be removed at the end of a three-year period. If the situation is not reversed, further requirements (ii below) and a financial penalty will arise
- Receive additional monitoring and coaching, financial penalties and/or removal from our group of RIs.

When a negative quality event is of significance or represents a recurring quality failure, after consideration by the AQRC, a further penalty or reduction of partner units may be recommended.

The AQRC comprises a small group of experienced partners, independent of the Audit & Assurance Executive, who are respected for their own quality contribution. A Non-Executive also attends AQRC meetings as part of their independent oversight of the audit partner remuneration process. The AQRC uses the audit quality dashboards and audit responsibility ratings as key tools in their evaluation of partners, and its recommendations are used by the

Audit & Assurance Executive to make final decisions on audit partner reward and promotion, which are then reviewed by the firm's overall Executive.

Partners in our Audit & Assurance business who work solely on assurance engagements are not subject to review by the AQRC, but their remuneration remains aligned with the principles of quality. All Assurance partners are appraised within the ISQM 1 framework which includes a focus on quality and professional scepticism.

### Audit & Assurance Quality Awards

Our quality awards recognise our people who bring to life our cultural ambition and behaviours and exemplify colleagues who are truly living our purpose.

Nominations are reviewed by a panel of Business Unit Quality Leads and the quality team, who determine the awardees. Our awardees span a wide range of grades representing all Business Units and are recognised for their commitment to producing high-quality outcomes.

### Audit & Assurance Quality Awards

This year we received 611 nominations (FY2023: 420). Of those nominations, there were 482 awardees representing 388 individuals (FY2023: 303) and 94 teams (FY2023: 48).

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## Audit and assurance quality



### Our commitment to excellence

#### Monitoring the risk landscape and responding to emerging issues

Our Emerging Issues Group (EIG) endeavours to identify potential risks that may significantly impact audit quality in the future by exploring various factors such as industry, political, economic, technology, regulatory, or inspection-related issues. The EIG also closely monitors multiple external data sources to detect indications of potential risks.

Over the course of the year, the EIG has focused its efforts on areas such as geopolitical events, sustained low levels of global growth, climate-related risks and the implications of AI on business risk. The data analysis conducted by the EIG on topics such as below-trend rates of economic growth, sticky inflation, cost pressures and the effects of higher interest rates, is developed into guidance to enhance awareness among our audit and assurance practitioners and facilitate tailored discussions with engagement teams.

In the first half of 2024, we observed signs of increased levels of market-wide dealmaking after several years of subdued activity. In particular, market levels of M&A and equity-linked activity (including IPOs) increased. Given the potential quality implications of companies that are undertaking or are the target of dealmaking, we responded by providing background information on the reasons for increased M&A and IPO activity, as well as potential steps for engagement teams to consider in response.

#### Corporate governance

This year the key focus for the governance team has been on the FRC's update to the UK Corporate Governance Code. Issued in January 2024, the updates to the Code were aimed at delivering an important part of the Government's reform agenda, using a code-based approach to strengthen boardroom focus on internal control matters.

We believe all companies should focus on strong controls, as a foundation of good corporate governance, a key to fraud prevention and to accurate and reliable financial reporting. It makes good business sense to do so as, done well, the new declaration has the potential to drive more joined-up consideration of risk assessment, risk appetite and risk management, through the effective operation of internal controls, together with a better understanding of the sources of assurance.

#### Sustainability

Climate considerations continue to be an important aspect of audit engagements, in light of continuing emphasis by investors and regulators on transparency about the extent to which climate change has been incorporated into companies' financial statements and whether accounting conclusions and disclosures are consistent with climate-related commitments, risks and opportunities described in the annual report. We therefore continue to embed climate matters in our overall approach, including learning, and risk and quality controls.

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## Audit and assurance quality

In order to meet the increasing demand for assurance of sustainability information, we are refreshing our assurance methodologies and training our audit practitioners on assurance. This is an opportunity to innovate and develop an integrated approach to audit and assurance. Sustainability assurance providers need to be fluent in financial information and audit providers in sustainability-related information. An integrated approach supports high quality of both audit and assurance through comprehensive understanding of the risks, opportunities and business models, assessments of materiality, and better identification of potential connections between sustainability and financial information.

As we work with companies to implement CSRD, we are mindful that companies' reporting obligation is to a broad range of stakeholders including, but not limited to, investors and providers of financial capital. We therefore structure our work and assurance approach to recognise the broader public interest as a result of the extended user group of sustainability reporting.

Deloitte has been an advocate for adoption of ISSB Standards because global sustainability reporting and assurance standards help globally integrated financial markets accurately assess relevant sustainability risks and opportunities. We are supporting the entities we audit and other clients as they build their sustainability reporting capacity and get ready to adopt new requirements.

### **Achieving impact**

Deloitte's corporate governance team has raised awareness of significant governance developments through various platforms, including publications, events, and webinars. These efforts have targeted Deloitte Academy members, the company secretary community, and the wider governance community, with a focus on education and sharing insights. We have also extended our learning and relationships throughout the corporate reporting ecosystem by running sessions for the investor community to learn more about audit and, most recently, on the implications of the newly-published IFRS 18. Internally, we have educated our audit professionals on the changes through webinars, publications and sharing insights from the external engagement channels.

Our governance research during FY2024 has covered areas such as diversity & inclusion, audit tendering, and the governance of cyber and AI. We have continued to support the UK's Audit Committee Chairs' Independent Forum (ACCIF) through the seconded services of a senior director from the governance team.

### **Embedding of industry throughout our work**

Strengthening industry knowledge and expertise is a strategic priority for Audit & Assurance because of its importance to audit quality and in creating a strong sense of community for our people. We have a number of active industry groups across the business that continually share best practice and run industry-specific training. Our focus on training, including industry-specific learning, is supported through our new award-winning Deloitte University EMEA. In addition the Omnia and Levvia audit platforms promote comparison, consistency and challenge across audits in similar industries.

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### Our mindset and behaviours

#### Learning and development

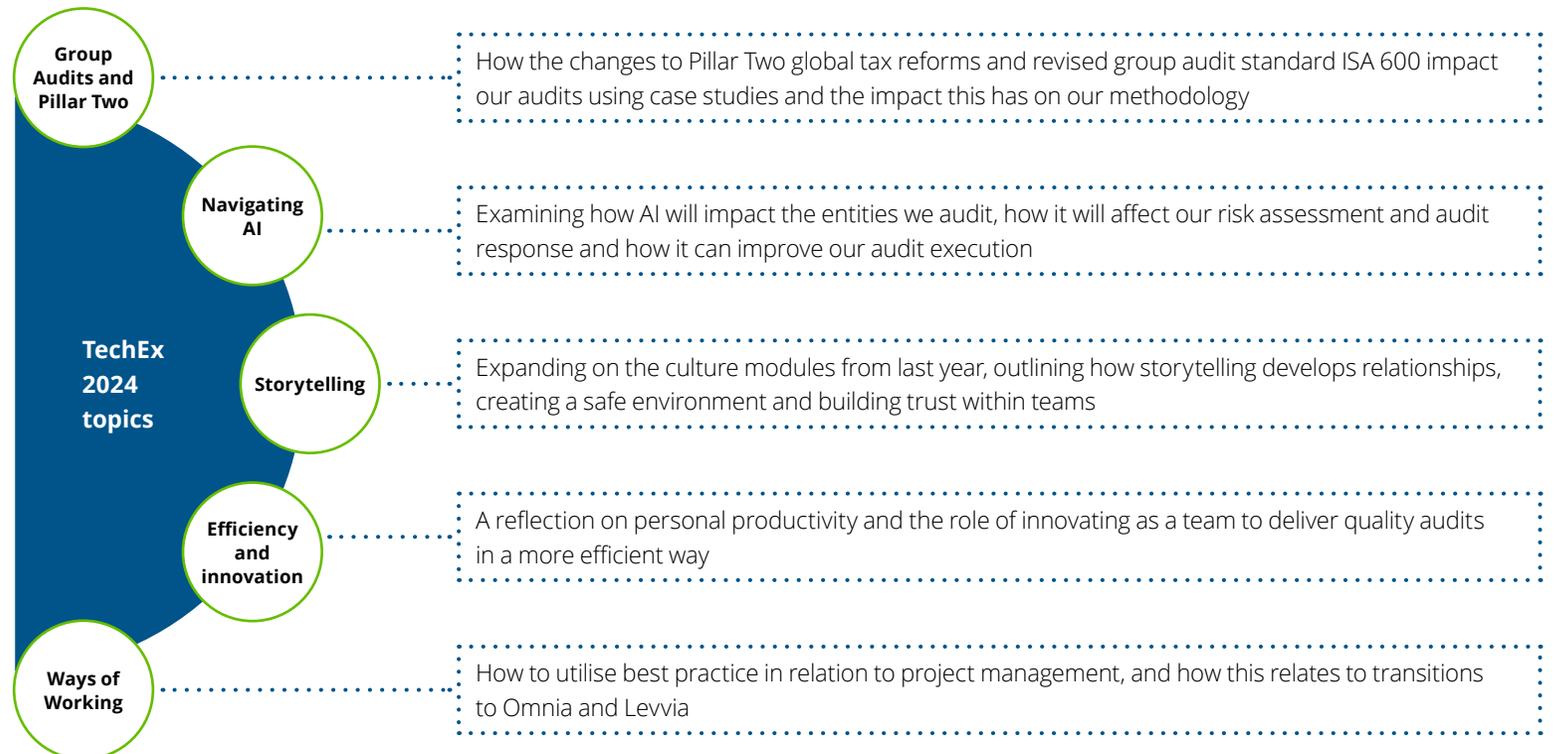
Our firm prioritises the growth and development of our partners and staff, as this empowers our practitioners to deliver high-quality audits.

Our curriculum remains customised by grade, blending face-to-face, immersive classroom learning, e-learning and engagement team-based learning to deliver a high-quality learning experience that caters to the needs of our staff at every level.

Our annual Technical Excellence (TechEx) programme is deployed on a community basis, facilitating meaningful discussions and interactions led by our partners, directors, and subject matter experts, ensuring the highest level of quality, consistency, and impact.

In addition to topical matters, TechEx is underpinned by a focus on audit quality, challenge and professional scepticism.

Our TechEx content for 2024 included a combination of technical, hot topic and cultural updates:



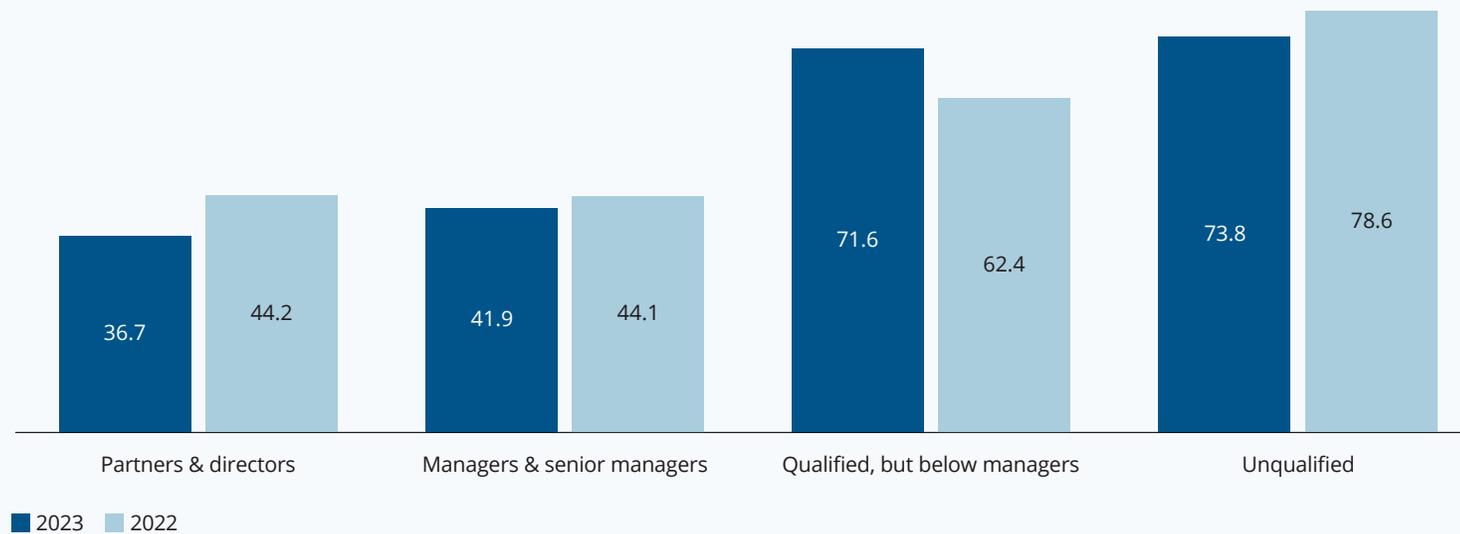
AI and ESG remain pivotal topics for us as a firm. We deploy specific training on both of these topics directly to engagement teams tailored to specific needs across all grades.

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## Audit and assurance quality

### Investment in training

**Number of hours structured learning by grade**



The number of hours structured learning by grade calculates the average hours of structured learning by dividing the total hours of learning by the number of audit professionals (qualified assistant manager through to partner) in the Audit & Assurance business. The figure may fluctuate annually based on the volume and complexity of learning focus areas and regulatory changes necessitating updates.

This metric excludes non-qualified staff under training contracts, industry-specific learning, personal learning undertaken (whether for CPD or other purposes) and the audit specialist tailored curriculum.

**Completion rate of mandatory training by grade**

% completion rate	2023	2022
Partners & directors	99.8%	98.9%
Managers & senior managers	98.2%	97.5%
Qualified, but below managers	98.4%	93.9%
Unqualified	99.5%	93.9%

### Continuing education of statutory auditors

Staff working on statutory audits receive training through the learning programmes detailed in this Report to maintain their knowledge, professional skills and values at a sufficiently high level. Entity-facing staff (and some others involved in preparing of presenting training material for entity-facing staff) are required to complete a Continuing Professional Development Annual Summary detailing what they have done throughout the year to acquire, develop and keep up to date as necessary professional competence to enable them to fulfil their roles.

In the most recent complete learning year, which ran from January to December 2023, practitioners in the Audit & Assurance business completed a total of 341,419 learning hours (2022 equivalent: 328,081), an average of 62.3 hours per practitioner (2022 equivalent: 63.2). These metrics are aligned to FRC AQI #9.

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Structured learning includes:

- All classroom, e-learning and virtual classroom learning our audit professionals complete as part of their mandatory annual curriculum
- Mandatory training for personnel accredited to work on PCAOB audit engagements
- TechEx, mandatory for all qualified audit professionals
- Mandatory firmwide training, for example on financial crime, ethics and independence regulations
- Formal Engagement Team-Based Learning (known as TechEx Teams)
- Industry-related learning for audit personnel including seminars and masterclasses.

Moreover, all qualified staff are required to view regular technical webinars. These one-hour long sessions provide monthly updates on corporate and financial reporting, auditing and regulatory information to audit partners and staff in the UK. During FY2024, 11 webinars (FY2023: 9) were made available.

Any failure by an individual to meet continuing education requirements will be input into their appraisal and remuneration via the audit quality dashboard. Any audit or assurance engagements affected will be required to remediate the individual's gap in learning, such as with a change in role or additional reviews. Recurrent failure in this area will be subject to disciplinary measures.

The ICAEW introduced a new policy for Continuous Professional Development (CPD) in November 2023 which is applicable to our people from 1 January 2024. This new policy introduced a minimum number of hours training to be completed each year. To assist our audit professionals in meeting this requirement we have revisited our own learning programme to ensure it is compliant with the new minimum hours. We have regularly communicated with audit professionals to check their own learning completion is in line with the requirement.

### Development programmes

We have extended both our Assistant Manager (AM) Growth and Management Development programmes (MDP) this year, expanding the modules and increasing take-up significantly. Active participation in the AM Growth Programme increased by 35% from FY2023 to FY2024, evidenced by action plans created by assistant managers. Attendance at the MDP was up 166% in FY2024, bringing the number of places filled since the programme was launched in 2022 to 450.

### Assistant Manager Growth Programme

The AM Growth programme bolsters the AMs' development by identifying future skills needs through conversations with their engagement team and their People Leader and facilitating the creation and monitoring of a tailored training plan.

### Management Development Programme (MDP)

The MDP was created to support the career progression and skillset enhancement of our managers and senior managers who play a pivotal role in managing and leading teams in Audit & Assurance. We are now in our second year and have seen over 400 participants attend at least one of the six modules, which focus on managing the individual, the team and the engagement.

### Future Leaders Programme

We have now completed two cohorts of our Future Leaders Programme. Launched in 2022, the programme is aimed at accelerating development of groups currently underrepresented in senior leadership. It primarily targets women and ethnically underrepresented colleagues who have consistently performed strongly over the past two years and demonstrated the Global values and behaviours expected at Deloitte as well as a passion for acquiring leadership skills.

To date, 270 of our Audit & Assurance colleagues have benefited from this opportunity. The programme encompasses a range of topics, including authentic leadership, business acumen, career planning,

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## Audit and assurance quality

shaping purpose and vision, and navigating difference. It also includes additional learning and support for people leaders and sponsors of participants, ensuring that individuals have the necessary support to advance their career at Deloitte.

### Experienced Hires

In FY2024, we redesigned the entire Experienced Hire programme to ensure our new joiners receive an unparalleled experience upon joining. This approach merges a regional hub approach with the existing virtual induction providing the best of both worlds – meeting their colleagues in person in their local office without the travel and logistics of commuting to a central location.

We continue to focus on having appropriate support mechanisms in place for experienced hires after their initial induction. This includes ensuring all of our new hires are allocated a buddy and our existing network of community-based Experienced Hire champions and early careers coaches are on hand to provide support. All AM experienced hires are immediately included on the AM Growth Programme to support their ongoing development.

We enhanced the induction support we provide for our international joiners, holding integration events to assist in building networks within the firm, as well as introducing tools to support both our international new joiners and their people leaders. We have added to our learning curriculum for all staff training on cross-cultural collaboration to increase awareness of cultural differences and the need to consider this within our teams.

### Diversity and inclusion

Achieving diversity means building a workforce and partnership with diversity of thought that represents society. Inclusion means all our people feel valued, comfortable to be themselves and supported to reach their full potential whilst delivering on our cultural ambition effectively.

Achieving diversity and inclusion enables us to make the best use of our people's range of skillsets and experiences to contribute to upholding and enhancing quality.

While we are proud of our progress in driving diversity to date, we acknowledge there is still much more to do:



**45.0%**

of our people are women (FY2023: 44.9%)



**33.6%**

of our people declare they are an ethnic minority (FY2023: 33.7%)

### In our partner population:



**32.6%**

of our partners are women (FY2023: 29.9%)



**12.3%**

of our partners declare they are an ethnic minority (FY2023: 11.5%)

This metric is aligned to FRC AQI #10.

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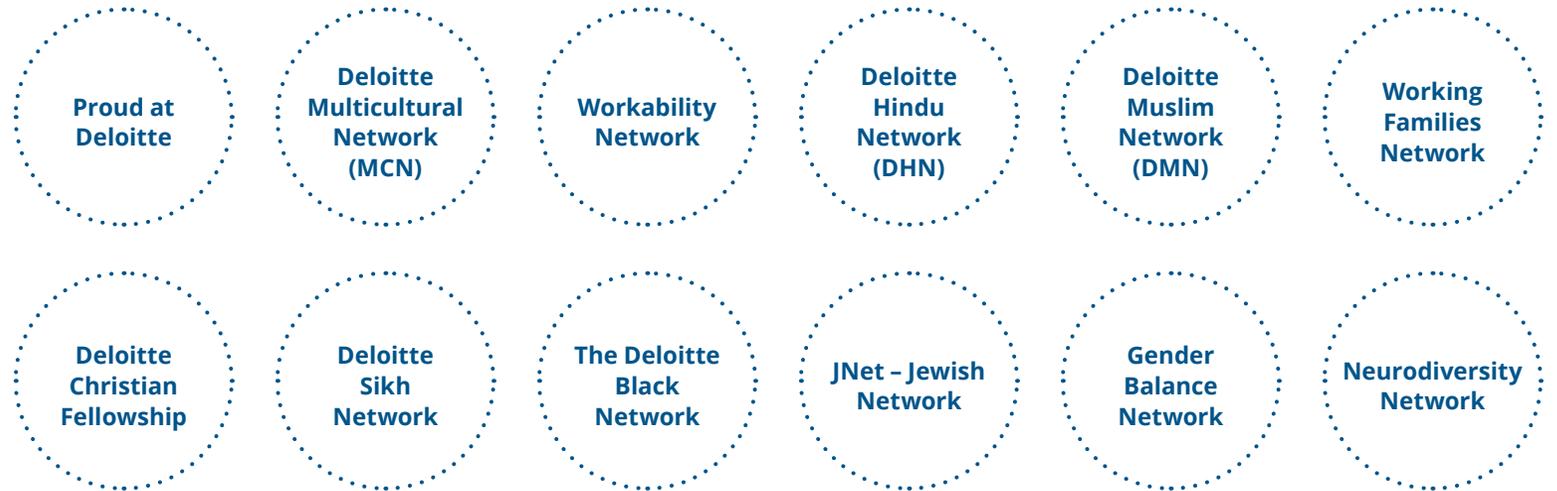
## Audit and assurance quality

We continue to do more to improve representation, particularly for Black partners, where we currently have 1.7% Black partners across Audit & Assurance (1% firmwide). We have been focused on the development of Black directors in the past 12 months to support their progression to partner.

To continue our progress in improving the diversity of our leadership we are focused on our director and partner pipeline for the next three years and the development needs of all individuals.

Among our new starters in Assurance this year, colleagues were recruited via [Code First Girls](#). This is part of the deliberate actions we are taking to improve diversity both within the firm and in wider society, recognising the underrepresentation of women in STEM (science, technology, engineering and mathematics). As part of the Deloitte Audit & Assurance funding of Code First Girls, the organisation provides technology classes to over 100 women across four multi-week programmes.

Diversity is much wider than our firmwide published targets – it encompasses a number of areas and as a firm we are fortunate to have 12 very active diversity networks:



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## Audit and assurance quality



### Our controls and processes

#### Acceptance and continuance

Our audit and assurance engagement acceptance and continuance processes are unpinned by our assessment of risk and our consideration of public interest. Where the risk profile of an entity is not consistent with our expected risk appetite and the public interest, we would not seek appointment or re-appointment as auditor. We consider both external factors and internal factors. Our UK policies are supplemented by the Global Audit & Assurance Acceptance Consultation (GAAC).



#### Deal Review Board

- A leadership forum to review, discuss, advise on and approve new opportunities across all audit business units
- A separate Deal Review Board is established for statutory audit opportunities, assurance work and equity capital market transactions



#### Conflict checks and independence

- A dedicated central team performing review of conflicts, relationships and independence matters



#### Take on approvals

- Key control in approving the new opportunities
- A formal take on process is required to be performed for every new engagement
- Client due diligence including appropriate background checks



#### Global acceptance consultation (GAAC)

- Required in certain instances, e.g., cross border activity, listing, etc.



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## Audit and assurance quality

### Resignations

As an audit firm, we do not take the decision to resign lightly. We are very mindful of the impact caused when an auditor resigns, not just on the entity itself, but also on the users of the financial statements and the market as a whole. However, resignation is an important lever that auditors are obligated to consider, and which must be considered seriously in certain circumstances, notwithstanding that potential impact.

We have a mature and well-established consultation process and we seek to address and resolve concerns through a variety of mechanisms prior to resigning, including our yellow card system which gives advance notice to entities where we have significant concerns which could impact on our ability to continue to act as auditor. We use this system to communicate with company's management and to the audit committee where there is a need for specific action and improvement. In FY2024 yellow cards were issued to four of our highest-risk audits (FY2023: one). Where we resign as auditors, this information is shared with the incoming auditor and disclosed publicly within our statement of circumstance.

### Focus on controls

Management and boards taking appropriate responsibility for designing and operating a strong internal control environment is a key feature of a successful financial ecosystem, supporting the resilience of companies, protecting the public interest and helping to build trust and confidence in business.

We recognise the importance of controls to our role as auditors and have been focusing on enhancing our audit teams' internal control skills. The aim is to encourage the boards of entities we audit to focus more on controls, particularly in light of the changes to the Corporate Governance Code; and to upskill teams to enhance their controls approach. Examples of the investment we have made include:

- Creating a steering group to coordinate audit activities around internal controls
- Enhancing internal and external stakeholder engagement, outreach and data gathering to inform our strategy on internal controls
- Increasing the scope of internal control coaching support for teams working on FTSE audits, including increasing the number of internal control coaches by 47% from January 2024 to May 2024
- Creating a new role of Industry Control Champion partners who support partners and teams in their industry group

- Rewarding quality contributions related to internal controls work through quality awards and recognition in the audit quality dashboard
- Identifying a group of expert facilitators to lead internal controls learning courses going forward.

### Group audits

The rules governing how audits of groups are performed (ISA (UK) 600) have been updated by the FRC for periods beginning on or after 15 December 2023.

The changes are designed to enhance the risk-based approach to undertaking a group audit, allowing group auditors to apply more judgement in how and where the audit work is performed. At the same time, more robust requirements have been introduced regarding how the audit work for a group is directed, supervised and reviewed, reinforcing the need for robust communication and interactions between the group engagement partner, group engagement team and component auditors.

We developed an extensive plan to prepare for the implementation of the new requirements. This included running a series of workshops with our audit teams and group audit coaching network to assess the impact of the changes on our audits. We also issued new materials to support our audit teams - including new templates, practical guides as well as a combination of live learning and e-learning.

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## Audit and assurance quality

### Extended Delivery Models

Extended Delivery Models (EDMs) form part of Deloitte's core Audit & Assurance resourcing model. The increasing maturity of our three key EDMs enables them to be fully embedded into our audits across our UK business allowing for integration into all types of audit engagement.

Our Core EDMs are:



**Integrated Team Model:** offshore professionals working as extended team members on entire sections of the audit file.



**Regional Audit Delivery Centres:** using a task-based model, these centres perform routine audit procedures in areas of low risk and complexity using standardised global templates designed and approved by our audit excellence team.



**Centres of Excellence:** highly specialised teams of experts working on specific areas within audit and assurance. These centres provide support relating to pensions, data analytics, project management, EQR and Professional Standard Review (PSR), and UK financial statement disclosures.

EDMs are fully integrated into the firm's system of quality management (SQM) aligned with ISQM 1. This allows us to ensure the quality and consistency of work delivered by our EDMs is of a high standard.

As applicable to each EDM, the measures undertaken include:

- Adhering to Deloitte UK methodology with the engagement partners retaining overall responsibility for the direction, supervision and review of work completed by EDMs
- Additional in-depth training for EDM staff equivalent to UK staff executing the same work to develop expertise and technical base
- Matching the experience and expertise of EDM staff to the complexity of their work through challenging and meaningful accreditation models
- Commitment to quality as part of our performance and reward process
- Ensuring EDMs are an integrated part of our overall quality governance processes, with our EDM Quality Lead attending the UK firm's Audit & Assurance Quality Board (A&AQB).

Our purpose-led culture is incredibly important to us, and we celebrate the differences we have in the UK and overseas. Our shared values and the outcomes they seek to drive in behaviours, are consistent globally including across our EDMs. They set the expectations we have for one another and provide common ground to unite all professionals within the firm across cultures and geographies.

Our cultural ambition was a key theme of TechEx 2023 delivered in-person onshore and overseas.

### Technology

We have continued our implementation of our digital audit platforms, Omnia and Levvia, with the majority of our audit hours anticipated to migrate by the end of 2025. These platforms are critical to our continual improvement of the quality of audits we deliver. Further details are outlined in [Appendix 7: Deloitte digital audit](#).

# Appendix 5:

## Audit and assurance quality



### High-quality outcomes

#### Monitoring and measuring audit quality

To achieve our aim to be recognised as the standard of excellence for audit and assurance quality we are focused on continuous improvement. We use the findings of internal and external reviews to swiftly put in place actions and measures to enhance our system of quality management.

We have formal governance around quality, including the AGB, which holds leadership to account on how we perform high-quality audits in the public interest. We also have regular external inspections by the FRC AQR, the Public Company Accounting Oversight Board (PCAOB), the ICAEW QAD and others, and an internal review programme. We develop an audit quality plan (AQP) to monitor audit and assurance quality initiatives and the findings from these reviews.

Deloitte consistently reinforces the important role of auditors as independent evaluators who must maintain a mindset of professional scepticism and challenge throughout the conduct of our work. This approach to audit and assurance is reflected in Deloitte policies, methodology, guidance, procedures, and learning, and is reinforced through quality control and accountability measures. Two areas of importance to this are our consultation process and the engagement quality review (EQR).

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

#### System of quality management (SQM)

Deloitte believes an effective SQM is crucial for the consistent performance of high-quality engagements, and we continue to make significant investments in our people, processes, and technologies that allow us to continually enhance our audit quality management processes.

Regulators and standard setters in the UK and globally are also focused on the effectiveness and continued improvements in firms' SQMs. Deloitte UK complies with ISQM 1 which requires annual evaluation of the SQM. We completed our second annual evaluation of the SQM as of 31 May 2024 and concluded with one deficiency identified (which was not pervasive or severe), which did not have an impact on the evaluation of the SQM.

The implementation of 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
- The monitoring and remediation process.

The effective implementation of ISQM 1 has been and remains a key element of Deloitte's global audit and assurance quality strategy and of the UK Firm.

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.

# Appendix 5:

## Audit and assurance quality

Led by senior leadership, we continue 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 quality and driving continued advancements in quality management processes to serve us well into the future as the environment within which we operate continues to evolve and become increasingly complex.

Consistent with our culture of continuous improvement and innovation, our efforts relating to ISQM 1 and our SQM provide us the opportunity to continually challenge ourselves—examining those areas where we can further enhance and transform our SQM. We have taken action to expand our documentation in areas of judgement and are working to improve the consistency and clarity of the documentation of our responses. Quality is always front and centre, and robust quality monitoring processes play an integral role in our ability to continually improve.

### **Conclusion on the effectiveness of the System of Quality Management**

Deloitte UK is responsible for designing, implementing, and operating a 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 fulfil their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements
- Engagement reports issued by the firm or engagement partners are appropriate in the circumstances

Deloitte UK conducted its evaluation in accordance with the ISQM 1 and concluded that the SQM provides the firm with reasonable assurance<sup>17</sup> that objectives of the SQM are being achieved as of 31 May 2024.

<sup>17</sup> Reasonable assurance is obtained when the SQM 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.

# Appendix 5:

## Audit and assurance quality

### **Engagement Quality Review (EQR)**

EQR, and PSR for EQR-exempt engagements, remain a key aspect of our commitment to audit and assurance quality and our policies and internal controls continue to evolve to respond to ISQM 1, ISQM 2 and any internal and external inspection findings.

As we integrate our EQR and PSR capabilities into a single function we remain focused on the skills and experience needed to ensure the specialisms within the team support individual engagement needs.

Our EQR and PSR team are supported by various communication and discussion channels, such as webcasts, academies and 'community chat' sessions focused on topical matters. The central EQR leadership team continues to monitor and enhance the controls we have previously embedded as part of our system of quality management and in the current year this has included an increased focus for riskier engagements.

We are pleased the FRC's Audit Quality and Inspection public reporting has recognised how our ongoing EQR transformation programme has served to further enhance the effectiveness of our EQR process and led to improved evidence on our audit files demonstrating the EQR challenge.

### **Inflight reviews**

Inflight engagement reviews have been embedded in the quality monitoring function for a number of years and are a fundamental pillar in our monitoring efforts. They are performed in a similar way to a review of an archived file, but are performed on a live engagement, with reviews taking place at the key stages throughout the audit.

As part of our efforts to continually improve the quality of our audit files, the firm has refreshed the way we approach our inflight programme, moving away from these being performed purely as a monitoring tool to focus more on the risk management benefits these reviews can bring. Through the tailoring of the inflight offering to each engagement identified, the firm can effectively target the support to teams where they need it most to achieve a high-quality audit. These changes have led to a significant increase in the number of engagements benefitting from inflight reviews.

The firm continues to perform a number of other inflight activities, in addition to the EQR and PSR reviews. These activities include various consultations and centres of excellence (for example, in relation to impairment and group audits), central quality-focused reviews (Quality Corporate Reporting (QCR) and climate reviews), risk management programmes (for example, the Much Greater Than Normal (MGTN) Risk and the National Risk Partner (NRP) programme) and challenge panels.

# Appendix 5:

## Audit and assurance quality

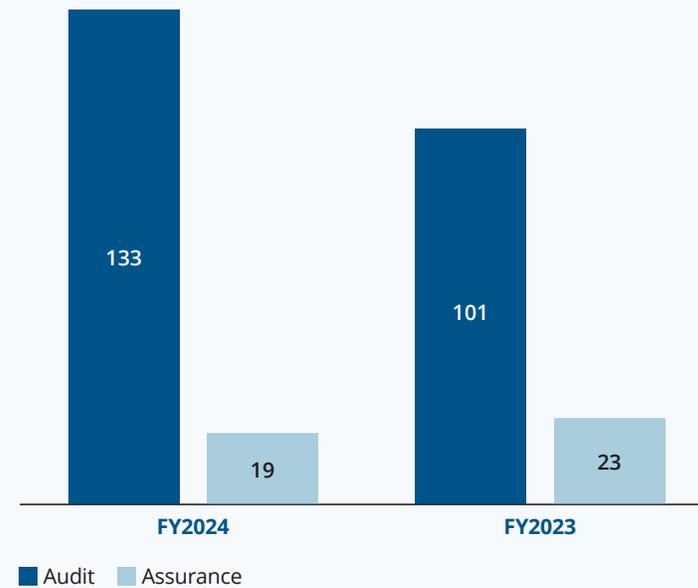
### Quality reviews

#### Results of firm's internal quality reviews

Any comparison of results year-on-year should recognise we continually seek to refine our approach to internal engagement monitoring and to make the reviews appropriately challenging and robust. For FY2024 our results in audit were 95% compliant, an improvement of seven percentage points from FY2023. Our internal review of assurance engagements showed that 100% were compliant for FY2024 (FY2023: 96%). The firm performs retrospective remediation of all high and medium findings for improvement required or non-compliant rated engagements, and prospective remediation in the subsequent year's engagement on all findings regardless of the rating. The results reported on Assurance quality reviews cover non-audit engagements performed within the Audit & Assurance business, including tripartite and standards-based assurance, bilateral assurance and other work within the public interest.

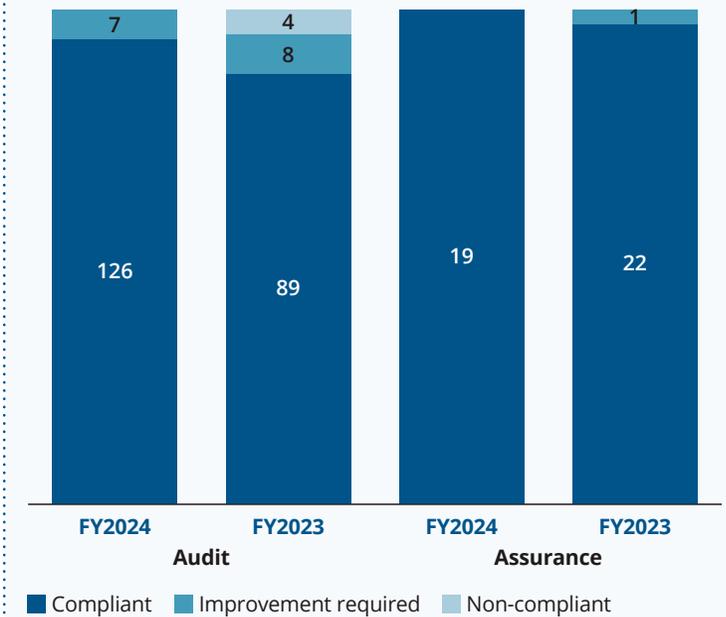
### Metrics on internal quality reviews

Number of Audit & Assurance engagements reviewed in our internal quality reviews:



This metric is aligned to FRC AQI #3.

Results from our internal quality reviews:



This metric is aligned to FRC AQI #3.

# Appendix 5:

## Audit and assurance quality

### Annualised % of Responsible Individuals (RIs) subject to firm's internal audit quality reviews:

FY2024	FY2023
37%	32%

Our approach to internal audit practice review selection is such that each RI will normally be subject to review every three years. Signing individuals who lead assurance work are subject to the firm's internal quality reviews following the same three-year approach. This metric is aligned to FRC AQI #2.

### System of quality management (SQM) monitoring

#### Metrics on the System of Quality Management (internal)

Total number of risks/statements in the SQM	Risks fully mitigated	Compliant rate
330 (FY2023 – 299)	329 (FY2023 – 298)	99.7% (FY2023 – 99.7%)

The FY2024 approach for SQM monitoring activities combined testing responses to key risks and evaluation of self-assessments by individuals with responsibility for the SQM. The review activities are performed by the SQM Monitoring Team and involves the following actions:

- Challenge completeness of responses provided by process owners to each quality risk/statement reviewed
- Capture interdependencies with other business processes and assess the impact, including observations in other business processes
- Perform design and implementation control testing
- Assess operating effectiveness of the controls concluded to be designed and implemented appropriately
- Test operating effectiveness of prior year remedial actions and identify good practices.

All observations are evaluated to consider if they constitute a finding or deficiency in line with the guidance set out in the International Auditing and Assurance Standards Board (IAASB) ISQM 1 First Time Implementation Guide.

As of 31 May 2024, there were 10 findings (FY2023: 23) and one deficiency (FY2023: 1) that was concluded as neither severe nor pervasive.

Out of 23 findings raised during the FY2023 review, 20 were successfully remediated in FY2024. The reduction in the number of findings from 23 to 10 in FY2024 is a testament to the firm's ongoing efforts to improve our quality management system and our unwavering commitment to continuous improvement.

Action plans are required to address all findings and deficiencies raised. Responsibility for developing and delivering the actions against the findings and deficiencies arising from SQM activities lies with the owner of the relevant business process.

All actions are subject to operating effectiveness testing during the subsequent SQM review to confirm both implementation and effectiveness.

#### Root cause analysis (RCA)

The RCA process is a key tool used by the firm to enhance the quality of audit and assurance work. RCA identifies the factors contributing to audit quality outcomes and potential weaknesses in the SQM, enabling the development of effective actions to prevent recurrence or to mitigate emerging risks that impact quality.

# Appendix 5:

## Audit and assurance quality

The scope of RCA includes internal and external inspections results, prior year adjustments, SQM deficiencies, and other ad hoc quality events. RCA is also performed for positive inspection outcomes to share leading practices and behaviours that enhance audit quality.

Root causes leading to audit quality outcomes are reported to Audit & Assurance leadership, practitioners, and SQM process owners. Actions are developed through the Actions Development Group (ADG) for thematic findings, included in the AQP, and monitored for completion. These actions are regularly reviewed by the Continuous Improvement Group and the firm's Monitoring & Remediation Leader.

Analysis of internal and external findings shows a decreasing trend in frequency and severity of previously thematic areas and has also identified some emerging areas of inspection findings where actions are now being taken to enhance audit quality. Key actions taken this year to address the root causes of common inspection findings include additional training, communications of pitfalls and leading practices, enhancements to on-the-job coaching and manager development programmes, practical guidance on direction, supervision, and review and updates to specific aspects of policies and procedures.

High-quality engagements often exhibit similar behaviours, such as early and regular involvement of the partner and director, active discussion of audit issues within the team, constructive engagement with EQR, agreement and regular monitoring of a project plan including component audits, partner involvement with specialists, and contemporaneous documentation of audit procedures.

Our efforts to communicate and encourage positive behaviours, coupled with actions taken on thematic findings, has resulted in a gradual overall increase in the compliance rate of both our internal and external inspections over the past three years.

### External inspection results Audit Quality Review (FRC)

We are proud of the results of our FRC inspections which show that in FY2024, 94% of the audits sampled were rated as good or requiring no more than limited improvement (FY2023: 82%). These sets of results reflect the continuous investment we are making and our commitment to acting in the public interest to deliver confidence and trust in business through our high-quality audits. We recognise we still have more we want to do to ensure that we consistently meet the high standards we expect of ourselves. We take inspection, SQM and supervision focus areas seriously and place a significant level of resource and effort into understanding how we continually improve going forward.

### Results of external inspections of the audit firm - AQR of the FRC

	2024 (All)	2024 (FTSE 350)	2023 (All)	2023 (FTSE 350)
Good or limited improvements required	94.1%	100.0%	82.4%	77.8%
Improvements required	0.0%	0.0%	17.6%	22.2%
Significant improvements required	5.9%	0.0%	0.0%	0.0%

### QAD

### Results of external inspections of the audit firm - QAD

	2024	2023
Good or limited improvements required	100.0%	100.0%
Improvements required	0.0%	0.0%
Significant improvements required	0.0%	0.0%

These metrics are aligned to FRC AQI #4. The full report can be found at: [Deloitte LLP Audit Quality Inspection and Supervision \(frc.org.uk\)](https://www.frc.org.uk/audit-quality/audit-quality-inspection-and-supervision)

# Appendix 5:

## Audit and assurance quality

### PCAOB

#### Number of Part I references in the latest PCAOB inspection report

The most recent triennial inspection report on Deloitte UK was published by the PCAOB on 11 February 2021 and contained one Part IA reference.

The full report can be found at:

[2019 Inspection Deloitte LLP: PCAOB Release No. 104-2021-055](#)

At the time of issue we evaluated the PCAOB's comment on the one audit identified in Part IA of the 2021 report and took actions as appropriate across our portfolio. We are committed to using the PCAOB's observations, in conjunction with findings arising from our own ongoing quality review procedures and those from our UK regulators, to achieve continuous improvements in audit quality.

Reviews by the PCAOB of audit work performed for SEC Issuers and Broker-Dealers are only undertaken on a triennial basis, with the latest results published over a year after the related audit work was performed, so this may not be considered a current indication of audit quality. In 2022, the PCAOB conducted their most recent inspection of Deloitte UK, which involved a review of three audit files and an evaluation of elements of our firm's quality management system. The PCAOB has not yet issued its inspection report at the time of this report, however, based on preliminary results we expect the report, when issued by the PCAOB, will confirm they have not identified any deficiencies in relation to the work performed to support our audit opinions or in relation to our system of quality management.

### Investigations

#### Current year matters

As with all matters where we engage with the FRC, we proactively and regularly communicate with the FRC on matters that are under investigation. Audit quality is at the heart of everything we do and continuous improvement is our main focus. As such, where possible during an ongoing investigation, we perform RCA so as to be able to develop firmwide audit quality improvement actions considered appropriate to prevent similar issues arising on other engagements.

#### Metrics on external investigations - audit

During the year to 31 May 2024, there were no settlements of matters with the FRC's Conduct Committee and therefore no cases in which the FRC's Conduct Committee found against the firm or one of its members (FY2023: 2).

There are three ongoing matters which have been announced by the FRC relating to the audit work of the firm which are yet to be concluded and are therefore excluded from the FY2024 total for cases concluded:

- One ongoing investigation which commenced in March 2021 concerning the firm's audit work on Lookers plc's 2017 and 2018 financial statements
- One ongoing investigation which commenced in April 2022 concerning the firm's audit work on Go-Ahead Group plc's financial statements for FY2016 to FY2021, inclusive

- One ongoing investigation which commenced in March 2023 concerning the firm's audit work on Joules Group plc for the year ended 30 May 2021.

During the year to 31 May 2024, there were no cases in which the disciplinary committee of any other regulatory body found against the firm or one of its members (FY2023: 0).

#### Metrics on external investigations - non-audit

During the year to 31 May 2024, there were no settlements of matters with the FRC's Conduct Committee and therefore no cases in which the FRC's Conduct Committee found against the firm or one of its members (FY2023: 0).

During the year to 31 May 2024, there were no cases in which the disciplinary committee of any other regulatory body found against the firm or one of its members (FY2023: 0).

# Appendix 5:

## Audit and assurance quality

### **Continuous Improvement Group (CIG)**

The CIG is an internal group that focusses on the following:

- Reviewing and challenging audit quality actions developed by the ADG
- Reviewing and challenging the SQP
- Reviewing progress made in respect of actions taken in respect to the FRC's Annual Supervisor letter and actions associated with non-financial sanctions
- Reviewing and challenging the actions taken in response to investigations, case matters and other contentious matters
- Reviewing and challenge of key thematic findings from both internal and external inspections.

The CIG has an established schedule of meetings with members of the AGB, the Managing Partner Quality Risk and Security; the Managing Partner Audit & Assurance; the Monitoring & Remediation Leader; and the National Accounting & Audit Risk & Regulation team to ensure they have a view of the outcomes from this activity. The CIG recently underwent an effectiveness review alongside the ADG, which the AGB fed into. Feedback was positive, and the AGB will monitor the implementation of recommended enhancements during FY2025.

### **Cash flow statements – improving our processes**

To drive improvement in the quality of our audit procedures relating to cash flow statements we undertook a number of steps over the past year. This included developing an Engagement Team Based Learning module on auditing cash flow statements as part of TechEx Teams, setting out common pitfalls and providing an opportunity for audit teams to discuss issues relating to cash flow statements on their own audits as well as sharing experiences and learnings.

Common pitfalls and practical examples were also shared in webinars to different quality functions, including voluntary learning sessions that were well attended. Alongside this, our templates, which use keyword recognition to provide guidance on draft cash flow statements, were updated to make them more user-friendly and encourage more widespread use, including the release of a separate UK GAAP version. Equipped with this knowledge we have also seen increased numbers of technical accounting consultations with specialists relating to cash flow statements.

### **Revenue Centre of Excellence**

Following the establishment of a Revenue Centre of Excellence (CoE) last year in response to common areas of findings raised by the AQR and QAD, this partner-led team has subsequently supported over 40 engagement teams this year by providing a range of coaching and other support. The initiative has been industry-led, ensuring that partners and directors with relevant industry experience are supporting and sharing learnings across relevant engagements in their sectors. The feedback received from engagement teams that have received coaching, is that this industry focus has been highly valuable compared to more generalist guidance they might otherwise have received. Over the coming year, the Revenue CoE will collate the learnings and feedback taken from these coaching sessions and develop guidance notes to distribute to the wider Audit business on ways to improve audit teams' approach to testing revenue, with an industry-specific focus.

### **Impairment Centre of Excellence**

The Impairment CoE is dedicated to upholding our commitment to quality in impairment assessments. Established in response to historical inspection findings related to impairment, it has made significant strides in driving continuous improvement in this area.

# Appendix 5:

## Audit and assurance quality

Acknowledging the unique nature of each impairment assessment, our emphasis on standardising materials and simplifying application guidance has been instrumental in establishing consistency in our approach to planning and conducting our work. Targeted training on common pitfalls and technical matters has equipped our practitioners with the knowledge needed to focus on key areas of complexity or critical accounting judgements. Our ongoing investment in impairment specialists, a group of senior managers and directors within Audit & Assurance specialising in impairment, continues to provide independent challenge to engagement teams' approaches and conclusions regarding impairment.

.....  
"The tools and templates developed by the Impairment Centre for Excellence have significantly improved the EQR's ability to "see the wood for the trees" and independently challenge the risk assessment and ensure that key assumptions are underpinned by sufficient and appropriate audit evidence. The quality of impairment consultations further improves the level of challenge on complex models."

**John Charlton, EQR lead partner**  
.....

Despite our progress, recent inspection findings have highlighted the need for further enhancements in the consistency of application of our approach to impairment across all audits. The Impairment CoE will continue to play a crucial role in the coming year, with a specific focus on improving the day-to-day support for engagement teams as they carry out their work particularly around technical models and areas where complex accounting standards interact. This may involve enhancing the role of the impairment specialist and exploring alternative approaches to auditing complex models.

### Annual stakeholder event

The Deloitte Audit Forum took place in November 2023. The two-part event provided an opportunity to both set out a retrospective of the year, and to shine a light on AI with expert speakers. The intention of this annual event is to provide a platform for consideration of and discussion around matters relevant to Audit & Assurance, the wider profession and broader governance and reporting landscape. In addition to Deloitte directors and partners, a range of stakeholders joined the 2023 event, including investors, regulators and professional body representatives.

The Deloitte Audit Forum is also a key way in which we seek to bring to life matters raised in the Transparency Report, as well as to enable stakeholders to raise questions on areas interest and concern.

The event featured Audit Annual General Meeting (AGM) reports from and Q&A with both Audit & Assurance Executive and Audit Governance Board members. There was also a keynote speech and panel discussion on AI, notably with regard to how the rapidly advancing AI landscape intersects with the evolution of audit, involving both Deloitte and guest speakers.

The next Audit AGM takes place as part of the next annual Deloitte Audit Forum on 16 October 2024. For more details or to request a place at the Forum, please get in touch via: [auditforum@deloitte.co.uk](mailto:auditforum@deloitte.co.uk)

### Value of audit and assurance

We have outlined in this appendix our focus on getting every element of our framework working effectively to help us to continue to raise the bar on quality. Over the last year we have signed opinions for 216 PIE audits (FY2023: 226) and required adjustments to the reported financials were identified in 78% of our FTSE 350 audits, as a result of our challenge. We have also issued 588 assurance opinions. Our aim is to ensure that all our work supports our purpose to protect the public interest and built trust and confidence in business. In doing so we hope to demonstrate the value that audit and assurance provides to the economy and wider society.

# Appendix 6:

## Our cultural ambition

Our culture today will build our business of the future. It is our enabler of a healthy growth system, where businesses want to work with us and our people want to stay with us. It is our competitive advantage and we want to be the firm that is 'famous for' our culture.

### Measuring and monitoring our culture

We have completed a baseline measurement of our Audit & Assurance purpose-led culture, 12 months post the launch of our cultural ambition and associated Audit & Assurance behaviours. The importance is not just in measuring where we are today but also in contributing to our understanding of where are we heading and where we need to focus to drive strategic change in our business, shape the future of our profession and to achieve our purpose to protect the public interest and build trust and confidence in business.

The Measuring our Values programme has been overseen by the UK Culture Council. The Culture Council supports the development, embedding and delivery of the UK firm's culture work programme, as well as being a forum to challenge UK firm leadership on our current and desired culture. Audit & Assurance has led the way completing the development of a dashboard that will be more widely rolled out

### Our shared sense of purpose guides all that we do....



.... and we are proud that what we do matters

# Appendix 6:

## Our cultural ambition

across the firm in FY2025, to provide a view of our performance against shared values and a measure of our culture on a firmwide level. The AGB has monitored the development of this dashboard and our progress in activating our cultural ambition through regular updates. It is a key focus area for them to ensure the culture in Audit & Assurance supports audit quality in the public interest on a day-to-day basis.

We approach this measurement by identifying KPIs aligned to our five Global shared values and our Audit & Assurance behaviours, to provide meaningful insights into our thoughts, choices, behaviours, and outcomes. We then consider the qualitative overlay required to bring this data to life. We consider measurement through the lens of our cultural ambition:

**“We include everyone, we challenge and we rise to the challenge, and we do the right thing.”**

In our baseline measure, progress against three of the four elements of our cultural ambition is clearly evidenced. We are proud that:

### **We include everyone**

- We embrace diversity in all forms and we bring the right people into our decision making. A large majority of our people report that their work environment is supportive and inclusive with 83% (FY2023: 80%) of colleagues feeling they are supported to behave in a way aligned to our shared values in the latest Engage for Change survey

- We continue to prioritise inclusion and have recently revised upwards our FY2025 partner targets to ensure our focus remains on creating an inclusive environment where diversity and different perspectives are valued and thrive. It is our intention that our people feel they are represented and they are safe in expressing their perspectives about our firm, our work and the issues that matter

In March 2024, we piloted the first 'Let's Talk' session, focused on whether our biases are holding us back and enabling people to express their views in a safe environment. There were 3,000 views of the discussion, over 600 views of the video and 92 comments in the conversation, across a one-hour launch event. 98% of people who provided feedback around this event rated it positively.

- We collaborate for measurable impact, as evidenced through our engagement with our colleagues across our extended delivery teams in India and delivery centres, with specialists across the wider firm and through Industry groups. Where we are today provides the opportunity to further increase collaboration to accelerate our growth, enable our people to develop skills across the breadth of our business and further bring to life, on a day-to-day basis, our purpose.

### **We challenge**

- There is clear evidence of many positive behaviours across our partners and our people, where our commitment to challenge has led to us achieving the highest audit and assurance quality outcomes
- Further, these behaviours are increasingly being recognised, with an increase in [Audit & Assurance Quality Award nominations](#), and our people are proud of the positive consequence of our challenge. Our focus on purpose is evident. Our people feel their work is meaningful, evidencing that our people are able to recognise and understand their direct contribution to the public interest in their day-to-day role.

We use our Audit & Assurance Quality Awards to recognise where people have gone above and beyond. This past year we have recognised 388 individual practitioners and 94 audit teams (FY2023: 303 individuals, 48 teams) through our Awards.

# Appendix 6:

## Our cultural ambition

### We do the right thing

- Our people feel empowered to act in accordance with the firm's [shared values](#) and they tell us they feel prepared to respond to ethical issues when they encounter them at work
- One of the behavioural shifts we have observed in recent years is that our partners feel safe to speak up if they have made a mistake and feel supported to do so. We are investing in equipping our partners and people with enhanced skills around storytelling, to continue to foster an environment where our people feel safe and where we can learn from our mistakes.

As part of TechEx 2024, senior leaders had the opportunity to share their experiences and coach their team in the art of storytelling to help strengthen relationships in a safe and trusted environment.

We recognise there is more to do to ensure:

### We rise to the challenge

- At a time of change at pace across our profession, we need to build a culture where we can rise to the challenge and be fit for the future. One where our partners and people are supported to lead through change in all its forms

- Individually and collectively, we have more to do to innovate to continually raise the bar and shape the future of our profession. We need to determine how we empower our people to innovate in an environment where it is safe to fail
- In recognition of this clear desire from our people and the expectation from our stakeholders and the market, this will be an area of focus for FY2025.

In addition, two themes have been observed where there is more to do, across everything we do and in every part of our business.

### Two-way contracting with our people around expectations

- This is critical to honest, open, expectation setting of our day-to-day behaviours and the high-performance environment and the culture we are seeking to create, from day one
- We have created the tools and resources. We now need to embed these into our business and be bold and clear in the communication of our expectations, and what our people should expect in return.

### Reaching all of our people, consistently

- Leadership behaviour matters and the Audit & Assurance Executive have sought to set the tone at the top. While this is important, our people's feedback confirms there is more we need to do to consistently demonstrate our values and bring to life our behaviours in everything we do, across every leader and every team. 76% (FY2023: 73%) of colleagues feel someone at Deloitte is currently invested in their growth and development, illustrating this need to invest consistently throughout our business
- We need, through business-led actions, our leaders at all levels to understand the role they have to play in equipping our people to feel empowered to be the change they want to see.

Cultural change takes time. We have observed in this baseline measurement the positive impact of actions taken over a number of years. Our strategic priorities, the actions of our leaders at every level in our business, and our people's honesty to tell us where we get things right and where continued change is required. Combined, this presents a culture today that we are proud of, and sets a clear direction for fulfilling the next phase of our cultural ambition.

# Appendix 7:

## Deloitte digital audit

A Deloitte audit relies upon our consistent global audit platforms – Omnia for large and complex audits and Levvia for less complex audits. They provide our practitioners with real-time access to an end-to-end digital audit that seamlessly evolves as we embed new cutting-edge technologies. As our proprietary digital audit platforms, they integrate cognitive technologies, artificial intelligence, customised workflows, and advanced data analytics to enable better outcomes.

This has the following primary benefits:

### A digital audit experience



**A digital, controlled, and secure cloud-based platform** where data is continuously updated and leveraged throughout the audit

**A hub for information** with scorecards and curated dashboards that boost visibility and global collaboration capabilities

**Consistent, repeatable, and automated** processes speed up the delivery of audit services and reduce manual effort for the audit team

### Deeper insights



**Analytics over complete populations** allow engagement teams to focus on outliers and more perceptive risk assessments

**Harness the power of data** to generate deeper analysis and visualisations that deliver meaningful insights

**Highly-skilled audit teams** bring relevant industry experience and a deep understanding of the audited entity's business, bolstered by subject matter and data analytics specialists

### An effective, high-quality audit



**Integrated technology platform** allows a direct and effective flow of data throughout the audit

**One globally consistent audit**, enabled by real-time access to the same information and processes for all business components

**Artificial intelligence and machine learning** to continuously elevate audit quality and client experience

# Appendix 7:

## Deloitte digital audit

We are committed to continually improving the quality of the audits we deliver, and we are proud of our audit quality results from regulatory inspections. In support of this, we have invested over US\$1 billion globally in our audit technology and capabilities over the past 10 years and continue to make significant investment to drive further improvement.

The digital experience is embedded throughout the audit lifecycle from planning and scoping an audit through to the way we report audit findings. By putting digital technologies into the hands of our practitioners, we empower them to focus on what is important to stakeholders. This is critical as we continue to strive for the very highest quality standards, aligned to the needs of investors, regulators and other stakeholders.

As at the end of FY2024, 29% of all audit hours are delivered through Omnia and Levvia, with the majority of our remaining audit hours anticipated to migrate by the end of 2025.

### Embedding the opportunity provided by GenAI

Emerging and disruptive technologies, such as GenAI, are shaping the possibilities for how to deliver an audit. In the past year we have continued to pilot GenAI technologies into our Omnia platform primarily aimed at supporting our audit practitioners to execute a high-quality audit. Some examples in practice include:

- **Technical research** – an accounting and auditing chatbot that helps our audit practitioners perform technical research in a more effective and efficient way
- **Document retrieval** – a smart reader that extracts information from commonly used documents and summarises that information in the desired format for the audit practitioner to then interpret
- **First reviews** – a digital review that provides suggestions and prompts to the preparer of audit documentation, which could enhance the clarity, consistency or quality of the written conclusions ahead of the traditional review process
- **Document creation** – a digital scribe capable of preparing documentation that utilises company and engagement information to draft initial working papers or analysis for our audit practitioners to leverage
- **AI assistant (PairD)** – a support for audit practitioners to accelerate the way they work and increase productivity.

This continuous investment in digital technologies will ensure that quality enhancing technology remains at the heart of how our audits are delivered and we stick to one of our core principles whereby our technology is in the hands of our audit practitioners from the day they join the firm throughout their auditing career. This serves to drive growth in our people, continued improvement in audit quality, leading to continued growth in our firm.

# Appendix 7:

## Deloitte digital audit

### The Deloitte digital audit in practice

#### A digital audit experience

**Advanced risk sensing** – in an international consumer business audit, we used our Omnia advanced risk-sensing AI technology to provide real-time continuous monitoring of online data sources to provide the audit team with information in support of risk assessment. This approach enabled the audit to have access to continuous data updates, reducing manual effort, increasing the timeliness of observations, and ultimately leading to new identified risks being brought to the attention of management.



#### Deeper insights

**Process analytics** – in a global life sciences audit, we deployed our Omnia process analytic technology to map and visualise how transactions are generated in a business process, which included identifying every step of both automated and human intervention. This enabled the audit to independently verify the company's control environment, assess the risk associated with certain business processes and focus in on the transaction deviations and anomalies within those business processes. The knowledge gained by the audit team served to provide insight into the consistency of the company's global standardised processes, and areas for efficiency in the finance function, and as a result the company improved its finance function.



#### An effective, high-quality audit

**Predictive analytics** – in a banking sector audit, we combined our Omnia predictive analytic capability with independent external data sources to determine data correlations which were then used to predict a range of possible outcomes for the recoverability of loan assets. This combination of artificial intelligence and data science provided the audit team with the tools to challenge the company's view in an intelligent and considered way and led to improvements in the way the business manages those assets.



**Automated auditing** – in a consumer audit, we have harnessed the power of Omnia's technologies to fully reconcile the end-to-end revenue lifecycle. Omnia automatically extracted and combined entity and third party system data to reconcile each phase of the revenue data lineage, leaving a micro population of unreconciled revenue lines left to investigate for the audit. Omnia's approach gives greater assurance whilst providing meaningful insights about the business' automation, system effectiveness and controls.

### Continuous training and investment in our people

Alongside the development of cutting-edge technologies, with the pace of change in audit technology as fast and prominent as it has ever been, we are acutely aware of the need to support our people through this environment of continuous change. This is vital to ensure we connect the Deloitte digital audit with its wide-ranging stakeholders and support the growth in our people and our firm.

In the past year, all of our qualified audit practitioners have participated in learning specifically aimed at embedding the Deloitte digital audit alongside their live engagement experiences. In addition, we ran workshops for our partners and directors across the UK to further explore the Deloitte digital audit aimed at inspiring the leaders within our Audit & Assurance business to challenge themselves and the entities they audit in their use of technology.

A consistent theme throughout these workshops was the need to engage with the entities we audit on where we use technology today and where we expect audit technology to evolve in the coming years. This is critical to ensure we continue to deliver the highest audit quality.

# Appendix 8:

## Sustainability reporting and assurance

The past year has witnessed moves towards the introduction of mandatory sustainability reporting around the world, bringing sustainability reporting firmly into the mainstream. UK companies are therefore increasingly disclosing sustainability-related information in their annual reports. This is set to continue as the first UK companies within scope of the EU's Corporate Sustainability Reporting Directive (CSRD) will be reporting on a broad range of sustainability matters starting with 31 December 2024 year ends.

The UK government has indicated the International Sustainability Standards Board's (ISSB) IFRS Sustainability Disclosure Standards (ISSB Standards) will become available for use in the UK in 2025, and that the UK government and the Financial Conduct Authority (FCA) will consider how to introduce them as requirements for companies in the UK reporting regime.

In light of these developments, the demand for assurance of sustainability information is also growing. Jurisdictions are increasingly introducing mandatory assurance requirements, such as under the CSRD. Deloitte has been an advocate for a globally-aligned corporate reporting system that supports efficiency for preparers and enables globally-consistent and comparable sustainability information relevant to capital markets, based on the ISSB Standards. We are supporting our clients and entities we audit as they build reporting capacity to adopt new requirements and get ready for assurance.

[Assurance enhances trust](#) in information and also helps evidence that companies have put in place rigorous internal measurement policies, processes, monitoring and governance to produce reliable sustainability information. We are investing in building our own skills and methodologies to meet the growing demand for assurance.

### **Actions to support a global corporate reporting system that integrates sustainability information**

In June 2023, the ISSB published its first two standards addressing general requirements for disclosure of sustainability information and climate-related matters.

Deloitte welcomed the publication of the ISSB Standards as an important milestone in achieving a global baseline of consistent, high-quality, and comparable sustainability information addressing the needs of capital markets. We advocate for adoption of the ISSB Standards by jurisdictions to help achieve true harmonisation and reduce the risk of a fragmented approach to regulation. Fragmentation can create barriers to comparability, undermine the utility of sustainability information in decision making, and lead to complex and extensive compliance exercises.

In 2023, Deloitte signed a [statement of support](#) for the ISSB Standards to be used to form the global baseline for reporting on climate, released by the ISSB during the 2023 United Nations Climate Change Conference (COP28), along with nearly 400 organisations from 64 jurisdictions.

We have worked extensively with the International Business Council of the World Economic Forum over recent years on its Stakeholder Capitalism Metrics initiative, which advocates for a globally-aligned corporate reporting system. Deloitte continues to lead on the initiative's global alignment workstream and supports high-level engagement between business leaders, policy makers and regulators on practical considerations for creating a globally-consistent approach to sustainability disclosure requirements.

[We have engaged with stakeholders including regulators, government, business, investors and professional bodies on plans for the UK adoption of ISSB Standards highlighting our support for adoption without modification.](#)

# Appendix 8:

## Sustainability reporting and assurance

We further provided expertise into UK-specific developments, including the guidance published by the UK Transition Plan Taskforce (TPT). We welcomed in particular that its approach complements the requirements on disclosure of transition plans included in the ISSB Standards, and that the work of the TPT will now be taken forward and internationalised by the ISSB.

To support high-quality sustainability reporting, a well-functioning system is needed that includes enhanced governance and controls by companies, training and capacity building, assurance of sustainability information, and appropriate regulatory oversight of mandated sustainability disclosures.

We emphasised the importance of high-quality governance and controls over sustainability reporting in our response to the FRC on its proposals for revisions to the [UK Corporate Governance Code](#), acknowledging the integral role sustainability matters play in relation to the long-term success of a company. We supported proposals to place a responsibility on boards to establish and maintain effective risk management and internal control systems over both financial and non-financial matters, including in relation to controls over the disclosures made in the annual report.

In respect of assurance, we believe establishing an overarching approach in the UK for sustainability assurance would reduce diversity in practice across the market, both in terms of the application of standards and the quality of service provided, and lead to more consistent, high-quality outcomes.

This system should comprise a regulatory framework which provides oversight and monitoring, and a professional framework and ethical code for sustainability assurance providers that cover, for example, requirements for competence, independence, a system of quality management and professional liability mechanisms.

We have actively provided expert input into the IAASB's development of the International Standard on Sustainability Assurance (ISSA) 5000<sup>18</sup> and also the IESBA revisions to their Code of Ethics to cover sustainability for the first time.

### Getting ready for mandatory sustainability reporting

We have continued to build our capacity, expertise, and internal tools and systems in order to maintain a high-quality service in the face of a rapidly-evolving market. We have also implemented an enhanced methodology for undertaking sustainability assurance engagements and to support engagements for mandatory assurance as required under the CSRD.

To comply with the extensive and complex disclosure requirements of CSRD, companies need to enhance their reporting capacity. This is the case even for companies that have long histories of reporting on a wide range of sustainability matters; they will have to extend their governance and internal controls to cover a much broader data set and prepare for assurance. A lack of readiness could lead to modified assurance reports in respect of disclosures in compliance with CSRD. Achieving a high-quality outcome in sustainability reporting will likely be a journey.

We have delivered training to our people on the broad range of sustainability reporting requirements and frameworks affecting UK companies, together with future developments and regulatory expectations.

This includes learning on the ISSB Standards, the CSRD and related European Sustainability Reporting Standards (ESRS) and updates on our approach and methodology for sustainability assurance engagements.

We continue to carry out a central monitoring process for risk considerations in relation to climate disclosures by audited entities and to embed climate considerations into our centrally-managed risk and quality controls and processes.

<sup>18</sup> International Standard on Sustainability Assurance (ISSA) 5000 - General Requirements for Sustainability Assurance Engagements

# Appendix 8:

## Sustainability reporting and assurance

Climate considerations are an important aspect of audit engagements. This is due to the ongoing emphasis by investors and regulators on transparency regarding the extent to which climate change has been incorporated into companies' financial statements and whether accounting conclusions and disclosures are consistent with climate-related commitments, risks and opportunities described in the annual report.

We have therefore continued to deliver targeted training to our audit practitioners on climate-related topics that are relevant to financial reporting. This includes, for example, practical training on how financial statements may be impacted by climate change and determining the appropriate accounting treatment for related effects. Our training has reinforced the need for connectivity between the narrative part of an annual report and the financial statements, including how these considerations should be incorporated into our audit work. Training has also been delivered on specialised subjects such as emissions trading schemes and green finance.

We have taken steps to encourage accounting standards-setters to consider amendments to their standards to better reflect climate-related considerations in line with the expectations of the users of financial statements. In our recent response to the International Accounting Standards Board (IASB) on its agenda consultation, we urged the Board to take forward targeted amendments to its standards to improve disclosures of estimation uncertainty (for example, arising from climate and sustainability-related matters). We also highlighted the importance of the IASB and the ISSB cooperating on fundamental elements that will be common to both Boards to ensure connectivity between financial and sustainability reporting.

We have continued to develop guidance to support companies and practitioners including updated and new content on Deloitte Accounting Research Tool (DART) and regular updates on sustainability developments on [IASPlus](#) and [UK Accounting Plus](#). This includes content to help companies to develop their corporate reporting strategy in light of mandatory reporting requirements, notably the CSRD, including determining scope, timing and reporting requirements across group structures. We provided guidance and support to companies as they undertake gap analyses to identify information necessary to implement new reporting requirements, including double materiality assessment under CSRD.

Our training materials, internal tools and guidance are prepared by subject matter experts and are subject to robust review, with governance and controls in place to enable consistent high-quality of approach and outputs consistent with the IAASB's ISQM 1 requirements.

Looking to the future, we see the opportunity for innovation as companies move to obtaining reasonable assurance over sustainability information, to develop an integrated approach to delivering audit and assurance. This would help respond to the calls of investors and other stakeholders for connectivity in reporting, auditing and assurance in respect of climate change and other sustainability matters.

# Appendix 8:

## Sustainability reporting and assurance

### Encouraging an authentic response to sustainable development

Deloitte has long highlighted the importance for companies to embed consideration of people, planet and prosperity for society into the core of their business – to practise integrated thinking.

Over the past year, we have continued to showcase good practice and provide insights on key emerging topics, offering commentary and guidance to companies. Such recognition can act as a mechanism to encourage positive change.

October 2023 marked 11 years of Deloitte's partnership with Accounting for Sustainability and the ICAEW on the Finance for the Future Awards. The Awards celebrate organisations and individuals that are supporting the integration of sustainability into financial decision making. The initiative provides an opportunity to celebrate and learn from organisations that are taking action, innovating and leading by example. In recent years special recognition has been given to climate leaders and their stories, and in the 2023 awards the judges also commended examples of leadership in nature and biodiversity, and social impact.

As part of our Corporate Reporting Insights (CRI) series, we have monitored current practice across the market on key topics and shared our findings. Our 2023 CRI report on climate transition plan disclosures set out recommendations to boards for improvement, such as the need to assess whether governance and controls are in place to support the development, implementation and monitoring of robust transition plans. Our CRI report on diversity and inclusion looked at how companies are complying with the FCA listing requirement to provide disclosures on board and leadership diversity. A key recommendation from our study was that disclosures should clearly and consistently explain in what way diversity and inclusion at workforce, executive management, and board level is important to the business.

We support companies in their transparency and accountability journey to report high-quality sustainability information. One important means for this is The Deloitte Academy, which is designed to support and guide board and executive management on a wide range of topics including sustainability and climate. The Academy has hosted webinars and meetings to provide insights and guidance on the ISSB standards, CSRD, ESRS and emerging developments such as the TPT Framework and the Taskforce for Nature-related Financial Disclosures (TNFD). These sessions have all been run in collaboration with the UK Chapter Zero, a forum for non-executive directors focused on equipping them to lead crucial boardroom discussions on the impacts of climate change to help their companies remain fit for the future.

# Appendix 9:

## Principal risks, uncertainties and mitigations

The principal risks and uncertainties of the UK firm are set out and managed through the Enterprise Risk Framework (ERF). This sets out the UK Executive's assessment of the risks facing the UK firm; specifically those that could impact on the ability of the UK firm to meet its public interest obligations and deliver its strategy, and those that could impact upon its reputation and resilience.

### How we manage our principal risks

In considering the risks, specific attention has been paid to operational separation and those risks that could impact the sustainability of the UK Audit & Assurance practice, in particular audit quality, regulatory compliance and engagement, people and purpose, the restructuring of the audit market and the attractiveness of the audit profession, operational excellence and financial viability, particularly recognising the backdrop of heightened geopolitical and economic uncertainty. The UK ERF is aligned to, and is managed in a coordinated way with, the Deloitte North and South Europe LLP ERF.

In line with the firm's FY2024 planning process, the UK Executive undertook a refresh of the ERF to: identify any new enterprise risks; remove, if appropriate, any of the existing risks no longer considered significant; validate or update the risk definitions; and consider any changes to risk owners.

In FY2024 the firm continued to utilise a process for updating the ERF that is timely, responsive to changes in the internal and external environment, and able to support decision making by risk owners and the Executive. The principal feature of this process is an ongoing dialogue between the Enterprise Risk & Monitoring (ERM) team, who facilitate the operation of the ERF, and risk owner teams to ensure early identification and escalation of any matters requiring consideration by the risk owner and the Managing Partner Quality, Risk & Security who is the firm's Chief Risk Officer. This is complemented by meetings, particularly for the firm's most significant risks, between the Managing Partner Quality, Risk & Security, and the ERM team, and each risk owner at which the exposure to each risk including operating effectiveness of controls is assessed, emerging issues are discussed and additional mitigating actions, if required, are agreed. This process ensures that the firm maintains an up-to-date view of the status of its principal risks and is better able to respond to emerging risks.

The Managing Partner Quality, Risk & Security formally reports on the ERF to the UK Executive twice yearly so that the Executive can satisfy itself that the risk profile accurately reflects risk exposures and that appropriate mitigating actions are in place. The ERF dashboard assesses the firm's enterprise risks over a 12-18 month time horizon based on the strategic choices the firm is making as well as the external factors driving risk. In this way the discussion of risk is more directly framed in the context of the firm's risk appetite and more clearly focused on the complex and challenging matters impacting the firm and those risks with a higher residual exposure.

In designing and implementing our response to ISQM 1 the firm has ensured that its risk management processes are consistent with the requirements of the standard. Implementation of an Executive sponsored programme, aligned to the methodologies developed for ISQM 1, to more clearly document and assess the effectiveness of key risks and related controls related to fraud is underway more widely across the firm.

# Appendix 9:

## Principal risks, uncertainties and mitigations

### **The governance measures we have in place**

The results of the ERF updates are discussed with the UKOB, which provides a further challenge to the UK Executive's assessments. The UKOB discussed in detail and challenged the Executive's assessment of the firm's enterprise risks including, for each, their rating of residual risk exposure, trending and the status of further actions, if any. In particular, this focused on the risks related to audit quality and the future of audit, public interest, conduct, culture, people matters, and cyber risk; as well as the mitigating controls in place against these risks.

### **Changes to the firm's risk profile in FY2024**

In line with the firm's planning cycle an ERF refresh was performed at the outset of FY2024. In addition to considering the risks and opportunities arising from the strategic choices made by the firm particular emphasis has been placed upon assessing the impact of external influences faced by the firm including the economic and geopolitical environment, the impact of competitors and clients on the market, and changing societal expectations of business including business purpose and climate change. The principal change to the firm's risk framework was the introduction of a GenAI risk designed to address external and internal threats to the firm's business model. Development of mitigations remains ongoing with the risk exposure anticipated to increase in the coming year as the scale of delivery increases and we encourage greater internal adoption of GenAI tools.

### **How we are preparing for the future**

Looking to FY2025 there is continued exposure to the impact of the external environment on our choices including emerging regulation. Other themes for consideration as part of the ongoing updating of the ERF include the consequential impacts of transforming and executing changes to our operating model, with exposure heightened by technological change and our GenAI aspiration, and the continued focus on culture and behaviours across the profession. Climate change also remains an important consideration for the firm and our clients with an accelerated emissions reduction timeline to meet Deloitte's net zero target.

# Appendix 9:

## Principal risks, uncertainties and mitigations

The table below sets out the enterprise risks and related key mitigations that, at 31 May 2024, the UK Executive and the UKOB considered to have the most potential significant impact on Deloitte's ability to realise its strategy, and protect the firm and the public interest, should they materialise.

### Priority risks

#### Audit quality

The audit quality risk remains stable, recognising the ongoing scrutiny of the audit profession, audit market reform, increased expectations of stakeholders and emerging challenges and uncertainties arising from the economic and geopolitical environment. The second ISQM 1 System of Quality Management assessment has been completed with no severe or pervasive deficiencies identified.

#### Risk exposure and trend at 31 May

Residual risk		Very High			
FY19	FY20	FY21	FY22	FY23	FY24
—	↑	—	—	—	—

#### Threat narrative

- Significant and/or systemic audit quality management issues
- Unsatisfactory regulatory inspection results
- Acting without appropriate regard to the public interest
- Inadequate or inappropriate response to emerging and shifting client and industry risks in the portfolio of audited entities, including sanctions compliance
- The firm and/or its people fail to comply with audit independence rules
- Addressing the challenges of the current economic and geopolitical uncertainty to audit quality and delivery, and potential corporate failures
- Stakeholder expectations of auditors with respect to fraud identification, viability statements and ESG reporting
- Increased scrutiny of the profession arising from regulatory investigations in the sector
- Work ongoing to assess the potential impact of interactions between ISQM 1 and the PCAOB's QC1000

#### Mitigations

- System of Quality Management (ISQM 1) assessment of processes and controls to drive audit quality
- Individual engagement reviews to assess compliance with the audit approach manual
- Response to audit quality observations raised by the FRC's AQR, the ICAEW's QAD team or the PCAOB, including root cause investigation of each finding, along with improvements to internal quality review procedures
- Audit Professional Standards Review (PSR)
- Audit Quality Indicators (AQIs) monitor audit quality
- Processes to capture significant economic, geopolitical and industry risks which have an impact on audit quality
- Audit Centres of Excellence
- Firm and personal independence systems and monitoring
- Annual certification of compliance with independence policies and procedures
- Increased consultation requirements, including threats to objectivity
- Increased communications to keep quality, risk management and professional scepticism "top of mind" with new flexible working arrangements; provision of specific guidance about increased risks
- Updated reward strategy
- Deloitte Future of Work programme
- Targeted learning and development programmes to address skills gaps

# Appendix 9:

## Principal risks, uncertainties and mitigations

### Priority risks

#### Confidentiality, privacy & security

The risk exposure is being driven by an increasing cyber threat, in part influenced by the success of criminal actors in monetising vulnerability and a growth in the number and sophistication of ransomware and supply chain attacks. The firm is increasingly dependent on externally provided cloud services for which we are seeking greater assurance. Further, the implications of regulatory developments such as NIS2 and DORA continue to require attention. Balancing this, our current and planned cyber security initiatives continue to reduce aggregate risk and to enhance the firm's defensive posture.

#### Risk exposure and trend at 31 May

Residual risk		Very High			
FY19	FY20	FY21	FY22	FY23	FY24
					

#### Threat narrative

- Substantial loss, unauthorised access to, or inappropriate use of client or firm data
- Supporting the evolving business models that threaten the firm's compliance with contractual, legal and regulatory requirements, i.e., NIS2 and DORA
- Increased number and sophistication of confidentiality, privacy & security risks including those arising from geopolitical tensions, ransomware-as-a service presenting a threat to availability of data and use of Gen AI and tools such as ChatGPT
- Countries moving to more extensive privacy legislation
- Client expectations for assurance over Deloitte processes and controls
- Regulatory pressure on clients to improve supply chain assurance
- Greater use of insiders by threat actors
- Geopolitical threat causing technology used in our estate to come under scrutiny
- Increasing usage and dependency on cloud providers, requiring implementation of security policies and configurations to secure data

#### Mitigations

- A centralised second line of defence security function in the form of the Deloitte Business Security group with defined Confidentiality, Privacy & Security responsibilities
- Defined Confidentiality, Security & Privacy strategy, supported by policies & procedures and clear roles and responsibilities across Cyber Risk, Data Privacy including Healthcare Data, Insider Threat, Governance Risk & Compliance, Personnel Security, Resilience, Protective Security, Travel Risk, Confidentiality & Data Risk and Government & Public Services
- IT technical solutions including, but not limited to, encryption, data leakage protection, privileged access management, event monitoring & incident management, patch & vulnerability management and penetration testing
- Framework for risk assessing third parties to ensure the firm meets regulatory and client requirements
- Physical security controls covering premises access and working areas
- Personnel security and vetting controls
- Confidentiality, Privacy & Security training and awareness programme, including e-learning and ongoing phishing drill training
- ISO 27001:2022 Information Security Management and Cyber Essentials Plus certification and internal and external audits
- ISO 22301:2019 Business Continuity Management certification
- Appointment of a Data Privacy Officer, mandatory training to all partners and staff and processes to enable compliance with applicable Data Privacy regulation
- Communication of specific guidance about increased risks due to flexible working arrangements, including use of approved collaboration tools

# Appendix 9:

## Principal risks, uncertainties and mitigations

### Priority risks

#### Our reputation, role and future public interest impact

Exposure remains stable in light of public, government and regulatory scrutiny across all of our businesses, the Big 4 and professional services more broadly. The breadth of ongoing and expected policy and regulatory change requires continued focus on managing this risk, including in relation to policy areas flagged in the 2024 King's Speech, such as audit market reform and employment law changes, as well as evolving scrutiny and potential further regulation of areas such as technology.

#### Risk exposure and trend at 31 May

Residual risk		Very High			
FY19	FY20	FY21	FY22	FY23	FY24
↑	↑	—	—	—	—

#### Threat narrative

- Ability to anticipate, respond and adapt to changes in policy, legislation and regulation, including the audit debate, non-audit and technology including GenAI
- UK political change and anticipated legislation in this political cycle (referenced in the King's Speech)
- Increasing focus on the role of business, auditors and advisers, and other public interest responsibilities such as gender pay gaps and diversity
- The firm is not perceived to be acting ethically and/or in the public interest across all services
- Increasing breadth and depth of non-audit offerings (including Operate) and associated regulatory focus
- Reputational matters elsewhere in the Deloitte network or professional services sector negatively impact the firm and/or lead to significant regulatory intervention
- Failure to be agile to societal sentiment, including on climate change and employment law rights and expectations
- Uncertainty arising from the large number of elections during 2024
- Failure to keep pace with or appropriately navigate evolving rules and sentiment around political influence and interaction
- Increased government focus on the reputation and role and public sector use of professional services organisations
- Work ongoing to assess the potential impact of interactions between ISQM 1 and the PCAOB's QC1000

#### Mitigations

- Stakeholder engagement programme to deliver the public policy priorities
- Tone from the top including Executive and Board engagement with leaders of Public Policy, Ethics, Purpose Council and Quality & Risk
- Culture Council leadership of culture programmes
- The UK Oversight Board's role specifically includes overseeing regulatory and public interest matters (and it provides oversight of the Public Interest Review Group)
- Separate Audit Governance Board (AGB) chaired by an Audit Non-Executive, with clear terms of reference and oversight of audit quality
- Four Independent Non-Executives (INEs) on the UK Oversight Board; they also meet privately – with no Executive or other Board members present as a standalone Non-Exec Committee
- A Public Interest Review Group to assess the public interest risks of potential engagements (with a public interest body also in place at Deloitte NSE level)
- A Tax Review Panel to consider the reputational issues associated with complex tax engagements
- Process and best practice guidance to identify and respond to public policy and regulatory consultations
- Contingency and resilience planning
- Proactive communication with stakeholders (regulators, audit committees, public investors, media, etc.) on the profession and more broadly the public interest
- Constructive, engaged role in the audit reform debate
- Horizon scanning process and regular internal reporting of themes, trends and issues
- Internal consultation channels, guardrails and guidance; monitoring of evolving laws, regulations and broader societal trends and expectations

# Appendix 9:

## Principal risks, uncertainties and mitigations

### Priority risks

#### Delivery risk of complex and large-scale services

The risk exposure remains stable as mitigations continue to be developed and implemented with regard to large-scale, complex and cross-border MDM technology & business transformation engagements and continued scaling of new offerings such as GenAI, Operate and sustainability. Attaining consistently high levels of quality in both core and evolving services continues to be a focus area and requires measured growth and continued investment to build skills and capabilities.

#### Risk exposure and trend at 31 May

Residual risk		Very High			
FY19	FY20	FY21	FY22	FY23	FY24
—	—	↑	↑	—	—

#### Threat narrative

- Inadequate understanding of, and the delivery, quality and risk management responses needed to address, the risks of new services (including technology/asset-enabled and Gen AI), alternative delivery models, and large-scale complex engagements to attain high levels of quality
- Increasing number of complex cross border projects
- Alignment of the contracting operating model to the market opportunity for evolving services and clients' requirements for more complex deal structures and commercial models
- Increased collaboration with ecosystem and alliance partners and other third parties increases challenges such as quality assurance, independence, security and contracting

#### Mitigations

- Firmwide Quality, Risk & Security community led and staffed by dedicated experts, including for contracting and commercial negotiations
- Established quality policies, processes and procedures on specific regulatory, legal, ethical and professional requirements
- Evolving Quality, Risk & Security processes, systems and training in response to changing nature of services delivered, including those involving GenAI
- Deal Review Boards, Solution Review Boards and Strategic Asset Boards
- Delivery Excellence and other quality programmes managing risk across the programme lifecycle
- Asset-enabled offering certification
- Monitoring of delivery centre risk registers and mitigating actions
- Practice and portfolio reviews of engagements and clients
- Continual monitoring and management of pipeline and capacity and the repurposing of resources as necessary
- Communications to keep quality, risk management and professional scepticism "top of mind" as part of flexible working arrangements; provision of specific guidance about increased risks
- Increased "inflight" reviews of higher risk engagements
- Increased contract management capabilities

# Appendix 9:

## Principal risks, uncertainties and mitigations

### Priority risks

#### Economic, political & competitor shifts

Given the continued uncertainty in the markets, ongoing geopolitical challenges, including elections in the UK and US, and the pace of change in the competitive landscape, the risk exposure has trended upwards in the last 12 months.

Mitigations in response to economic, political and competitive risks (and opportunities) regarding market developments and generative AI and its implications on talent and the client landscape continue to be developed, updated and refined. Focus on the MDM and delivery model for greater profitability and differentiation in the market requires continuous effort.

#### Risk exposure and trend at 31 May

Residual risk		Very High			
FY19	FY20	FY21	FY22	FY23	FY24
—	—	⬇️	⬆️	⬇️	⬆️

#### Threat narrative

- Ability to adapt the strategy and business model to capitalise on emerging long term societal and commercial trends
- Ability to anticipate and respond to economic and political uncertainty, particularly in light of elections across the globe
- Ability to adapt and respond swiftly to new market entrants and competitor moves
- Ability to keep up with the fast-changing technological developments (including GenAI)
- Geopolitical risks potentially effecting our ability to serve global clients

#### Mitigations

- Five-year strategy and long-term plan, aligned to Deloitte globally, with annual planning and defined priorities addressing emerging risks and challenges to performance targets
- Market reviews assessing the macro trends driving our markets focusing on the near-and medium terms but with consideration also given to a longer-term “5-year view”
- Strategic actions designed to build greater agility into the operating model and enable us to be better able to respond to external trends more effectively
- Decision-making processes close to the market (e.g., sector strategy development)
- Economic and geopolitical scenario modelling, including down-turn planning, underpinning the firm’s Executive decision making
- Scorecard and KPIs to measure and track progress against implementation of the strategy
- Competitor trend monitoring and strategic impact assessments

# Appendix 9:

## Principal risks, uncertainties and mitigations

### Priority risks



#### Conduct & Ethics

Risks associated with conduct, behaviour and ethical matters continue to trend upwards due to external focus on the profession with considerable interest from all stakeholders. The firm has evolved its response in a proportionate way, recognising there is always more that it can do to promote an ethical culture. The firm's continued focus on culture, behaviours and values is an important part of its response and has been a key area of focus for the Culture Council.

#### Risk exposure and trend at 31 May

Residual risk		Very High			
FY19	FY20	FY21	FY22	FY23	FY24
—	—	—	—	↑	↑

#### Threat narrative

- Insufficient tone from the top around ethics, integrity and the Global code
- Increasing complexity of cases, including multi-jurisdictional
- Failure to motivate ethical behaviour
- Perceived lack of sanctioning for ethical breaches
- Partners and staff prioritising self interest
- Confidentiality and privacy implications of increased transparency around our internal communication
- Inadequate reporting to professional bodies, regulators and other third parties
- Lack of knowledge of reporting channels and fear of retaliation
- Third parties' adherence to Deloitte standards and culture
- Staffing capacity pressures leading to poor behaviours
- Continued hybrid working model may contribute to a failure to embed the right tone from the top and a lack of informal education and awareness building around ethical behaviour
- Heightened sensitivity and social activism regarding business practice and our values, the role of business in society and equality
- Social media polarisation with changing dynamics in generations of employment

#### Mitigations

- Ethics code sets the firm's values and ethical principles
- Ethics programme provides our people with guidance and support, complemented by an enhanced ethics programme including whistle-blowing and speak up line processes and reporting channels
- Investigation and disciplinary procedures
- Dedicated independent ethics team
- Onboarding training in ethics for all new joiners including early years, experienced hires and lateral hire partners
- Communication and refreshed training for partners, staff and contractors
- Structured protocols for reporting, including regulatory reporting
- Ethics roadshows
- Culture Council leadership of culture, conduct and ethics programmes
- Public Interest Review Group
- Ethics partner meeting privately with UKOB at least once a year and with the Independent Non-Executives twice a year
- Completion of Annual Return which incorporates awareness and compliance with key policies including ethics
- Annual ethics survey
- Increased transparency internally on ethical matters considered and action taken

# Appendix 9:

## Principal risks, uncertainties and mitigations

### Priority risks

#### People & Culture

There has been a greater emphasis on values, integrity and leadership development during FY2024. Despite the changing landscape, there is no overall change in risk exposure and the risk trend remains flat as the relevant mitigations are in place and have evolved. People & Culture priorities continue to be implemented, including a refreshed Culture Plan with continuing regulatory engagement on the plan, and a refreshed People Plan including specific priorities around diversity, wellbeing, succession planning and reward.

#### Risk exposure and trend at 31 May

Residual risk		High			
FY19	FY20	FY21	FY22	FY23	FY24
↑	↑	—	↑	—	—

#### Threat narrative

- Ability to attract, hire and retain the right talent
- Detrimental impact to brand and reputation of not having a culture aligned to our Shared Values
- Unknown longer-term impacts of hybrid working. For example, in relation to learning and development of colleagues.
- Ability to meet diversity targets and ambition
- Failure to foster and promote an inclusive culture, supported by effective leaders
- Failure to maintain a robust and diverse leadership succession plan
- Inability to support colleagues' wellbeing within the context of external influences such as rising cost of living
- Increasing focus from regulators on wider firm culture
- Ineffective implementation of organisation change
- Not adopting and adapting to new technologies (including GenAI) and the associated learning and development needs

#### Mitigations

- The UK Oversight Board specifically oversees public interest, ethics and culture
- Integrity Steering Committee
- Robust HR policies including Equal Opportunities, Respect, Inclusion & Diversity and Flexible Working & Hybrid working
- Ongoing communications regarding Shared Values
- A firmwide culture plan led by the UK Culture Council and sponsored by the UK Executive
- Future Leaders Programme
- Firmwide reward reviews and industry benchmarking
- High-performance culture supported by a reminder of the foundations of working in our firm, guided by our purpose and our shared values
- Performance management approach with supporting technology
- Continuing to embed the Ways of Working Framework and our suite of wellbeing resources and support. Further roll out of our people leader development programme
- Firmwide succession planning process including a special focus on Black Heritage talent
- Development of a GenAI fluency learning programme

# Appendix 9:

## Principal risks, uncertainties and mitigations

### Priority risks

#### Purpose

The residual risk remains stable. Purpose is seen to encompass how we operate as a firm rather than a siloed initiative relating to volunteering and responsible business. The increased expectations from our people and external stakeholders for us to make a positive impact on society has been heightened by recent conflicts and concerns about client change, wellbeing, mental health and inclusion. We are working to embed our Purpose in all decision making, ranging from culture and people processes to client delivery with the FY2025 priorities focussing on Executive sponsorship, leadership accountability, driving Purpose at the heart of client delivery and articulating a clear and consistent Purpose narrative.

#### Risk exposure and trend at 31 May

Residual risk		High			
FY19	FY20	FY21	FY22	FY23	FY24
—	—	↑	↑	—	—

#### Threat narrative

- Activities across three pillars of Purpose (People/Clients/Society) are inconsistent and undermine each other
- Our people feel disengaged and our clients do not see us as an enhancement to their value chain because we have not clearly connected the work we deliver with our Purpose
- Client engagements/propositions which on some level may cause harm to people, planet or society due to blind spots
- Reputation is at risk from the 'company we choose to keep' and the projects we choose to deliver
- Failure to change behaviours across the firm to meet societal impact targets, and support clients in meeting their targets too
- Ineffective communication of our Purpose to our people, clients and society
- Falling behind our competitors in responding to needs of clients with respect to purpose and responsible business
- Increased external scrutiny and media attention, particularly on unethical behaviour in the profession

#### Mitigations

- Established Purpose roles & governance
- 5 Purpose Commitments to help our people and leaders understand what Purpose means and embed in their day-to-day activities: "Company we Keep", Shared Values, DEI targets, Climate and Social Impact
- Assessment of the firm's Purpose and action plan and ongoing monitoring of progress, including regular engagement with local business leadership
- Work with key subject matter experts such as Social Impact and WorldClimate teams to drive Purpose Commitments and embed them firmwide
- Embedding our purpose in how we grow as a business, how we operate and how we deliver our products and services i.e. our purpose is key to how we evolve as a firm, including supporting our 5 businesses to consider how they embed the Purpose Commitments in their strategies and planning
- Engaging leadership to understand that Purpose is key to client delivery and providing ongoing support to embed in their approach and support teams to develop and showcase propositions which consider Purpose at the core
- UK social value model for Government & Public Sector engagements as well as working to build the eminence of the other industries in this space
- External brand campaigns which highlight the impact we make as a firm and the positive value it brings for people, clients and society
- Connecting our people to our Purpose through storytelling, performance experience and meaningful work
- Delivering and reporting on our social impact and WorldClass and WorldClimate initiatives
- Exploring what capabilities our future talent will need to develop to keep in line with evolving expectations of our clients regarding social and environmental impact

# Appendix 9:

## Principal risks, uncertainties and mitigations

### Priority risks

#### Climate change & sustainability

The risk is trending upwards as we continue to face a more stringent regulatory environment around climate disclosures and an accelerated emissions reduction timeline as we review our net zero target in line with SBTI requirements. The firm's ambition on climate is supported by a change programme with strategic priorities to tackle key emissions sources, internal engagement to inspire action and external partnerships to accelerate change. Actions taken during FY24 include sustainability performance goals for Partners, revised travel procedures, and more focussed engagement with our supply chain on sustainability.

#### Risk exposure and trend at 31 May

Residual risk		High			
FY19	FY20	FY21	FY22	FY23	FY24
—	—	—	—	↑	↑

#### Threat narrative

- Reputation diminished with stakeholders (including clients and our people) by not exhibiting leading practices and levels of demonstrable progress on climate change and sustainability
- Concerns over transparency and accuracy in our environmental reporting
- Additional and more stringent disclosure requirements around climate; increased scrutiny on our governance, strategy, processes & data
- Our people need further support and upskilling to embrace and champion change
- Supply chain engagement must continue to accelerate to address significant source of emissions outside of direct control
- Balancing need for travel to support client engagement and tackling emissions impact
- Potential business disruption as a result of extreme weather events

#### Mitigations

- Clear ambition, targets, and strategy aligned to Deloitte's global WorldClimate programme, with levels of achievement mapped out in our 'Maturity Matrix'
- FY24 strategic review resulting in refreshed strategic priorities to deliver emissions reduction
- Climate governance streamlined with introduction of (Executive) Climate Steering Committee
- External reporting against established ESG frameworks published in our annual report including environmental and greenhouse gas emissions data which undergoes external limited assurance
- Renewed effort to engage strategic suppliers to set science-based reduction targets
- Sustainable travel delivery framework to support sustainable client engagements
- Business continuity planning with UK sites certified to ISO22301: Business Continuity Management

# Appendix 9:

## Principal risks, uncertainties and mitigations

### Priority risks



#### Generative AI

GenAI represents a new and fast-moving area with a broad agenda. The risk exposure is expected to increase over the next 12-18 months as the scale of delivery and use of GenAI with clients grows and there is increased internal adoption of GenAI tools across the firm combined with new legislation and a consequent expected increase in regulatory scrutiny. In response Deloitte has implemented a globally consistent approach to the adoption of GenAI with a particular focus on use-case approval, data use and management, the ethical use of technology, regulation and cyber risk.

#### Risk exposure and trend at 31 May

Residual risk		High			
FY19	FY20	FY21	FY22	FY23	FY24
—	—	—	—	—	NEW

#### Threat narrative

- The necessity for the adoption of GenAI at speed and scale to remain relevant in a fast-changing, highly competitive market
- Volume and quantum of change including programme sequencing and capacity to meet demand
- Scarcity of relevant skills and ability to train our organisation and make it “AI fluent”
- The need for robust data management and governance policies and processes
- Instilling the behavioural change required for widespread adoption of GenAI in service delivery and internal processes and strict adherence to the firm’s principles for the ethical use of technology
- Our ability to invest sufficiently and at scale
- Evolving commercial and contractual challenges, e.g., the use and re-use of data and intellectual property rights, as we look to embed GenAI into our engagement delivery processes
- Adapting existing and forming new technology alliance relationships
- Public interest, societal and ethical concerns regarding the use GenAI, including the impact on workforce as well as climate change and sustainability
- Responding to emerging regulatory requirements, e.g., the EU AI Act

#### Mitigations

- Globally consistent approach to the adoption and use of Gen AI
- Mobilised programme of work designed to understand AI landscape and the implications to our services, delivery and how we run the business
- Programme management designed to drive the right GenAI ambition, prioritise initiatives and establish governance for swift action
- UK representation on the Deloitte Global Data Council and a UK-specific data strategy
- GenAI use-case governance including risk thresholding, triage and clearing house process
- Globally consistent Trustworthy AI framework and guidance
- Global programme initiated to support the build of a framework for regulatory compliance
- Business change workstream to deliver against the AI fluency and adoption priorities

# Appendix 9:

## Principal risks, uncertainties and mitigations

### Priority risks

#### Achieving the market potential of the Multidisciplinary Model (MDM)

The firm continues its strategy of developing multi-disciplinary growth offerings that respond to clients' most significant business challenges; these include end-to-end M&A, sustainability and climate, large-scale technology and business transformation engagements and Operate services. The residual risk remains stable, recognising the disruptive impact of GenAI and the need at all times to comply with independence obligations, particularly in the context of audit rotation and evolving ecosystem and alliance relationships.

#### Risk exposure and trend at 31 May

Residual risk		High			
FY19	FY20	FY21	FY22	FY23	FY24
—	—	↑	—	—	—

#### Threat narrative

- Scrutiny of the MDM by regulators and policy makers
- Risk of significant disruption to the market for professional services
- Evolving existing and developing new ecosystem and alliance relationships in response to changing markets and client requirements
- Failure to anticipate, identify, respond and comply with client independence requirements and regulations
- Balancing the next tier of audit rotations with the firm's growing operate and private equity strategies and in the context of the increasing role of ecosystems and alliance partners
- Insufficient alignment of the organisation to meet scale of audit entity and client demand for priority services
- Maintaining the opportunity pipeline

#### Mitigations

- Recognition of the role of the MDM strategic growth offerings in the firm's strategy
- Dedicated MDM growth offering and innovation leadership tasked with identifying/monitoring target sectors/clients and providing support to Lead Client Service Partners and Lead Audit Partners
- Annual sector strategy refresh
- Firm and personal independence systems and monitoring
- Annual certification of compliance with independence policies and procedures
- Globally aligned client portfolio management governance process including the monitoring of audit rotation outlook for next 24/36 months
- Client portfolio strategy aligned to market demand priorities, including monitoring of audit rotation, supported by industry and account plans
- Monthly Growth Executive meetings focussing on market trends, including MDM engagements and opportunities, to ensure prioritization and coordinated response pipeline monitoring and regular market sentiment analysis

# Appendix 9:

## Principal risks, uncertainties and mitigations

### Priority risks



#### Client Portfolio

The residual risk exposure remains stable recognising the growing influence of GenAI on the delivery of the firm's services, the continuing emphasis on MDM growth offerings, including large-scale technology transformation and Operate engagements, and the importance of the engagements we accept and "company we choose to keep", particularly in a more challenging economic environment. The firm continues to focus on enhancing the timeliness and robustness of new service offering approvals, pipeline management and client and engagement acceptance procedures to further mitigate this risk.

#### Risk exposure and trend at 31 May

Residual risk		High			
FY19	FY20	FY21	FY22	FY23	FY24
↑	—	↑	—	—	—

#### Threat narrative

- Inability to innovate and adapt our services, including with respect to Gen AI, with speed and at scale in a changing market
- Actively competing for multiple large deals, including as part of MDM growth offerings, with consequential impact on business shape, portfolio risk and risk: reward models
- Demand and pricing management and the need to qualify the pipeline to align to our desired risk : reward profile
- Excessive industry, sector and client concentration, and failing to adequately consider the public interest in planning our client and service portfolio
- Reputational risk arising from the client portfolio including the "company we choose to keep", market sectors in which we operate and a significant quality or delivery failure
- Alignment of the contracting operating model to the market opportunity for evolving services and clients' requirements for more complex deal structures and commercial models

#### Mitigations

- Structured innovation programme with processes to manage technology, including Gen AI, and asset-based businesses
- Client portfolio strategy aligned to market demand priorities, including monitoring of audit rotation, supported by industry and account plans
- Close monitoring and management of the pipeline, sales and capacity via Jupiter CRM tool
- Client acceptance approval, including a Public Interest Review Group to assess the public interests risks of potential engagements
- The Lead Client Service Partner (LCSP) programme for non-audit entities focused on delivering change and support to the LCSP role with an overall objective of strengthening client relationships and thereby driving incremental growth in our priority accounts
- For clients with complex risk profiles, including the potential for complex contract negotiations, we align support to our LCSPs through the deployment of a dedicated risk professional under the Risk Guardian programme
- KPIs that are aligned to the strategy and monitored, including regular monitoring of financial discipline through firm's Chief Operating Officer network
- Portfolio Risk Review, including the active review of the portfolio of the entities we audit, to ensure the fee structures allow us to sufficiently invest in quality, risk management and resources. This includes considering: unrealistic deadlines; quality of management information; engagement of management and those charged with governance; and occasions where fees do not reflect the required audit work and effort

# Appendix 9:

## Principal risks, uncertainties and mitigations

### Priority risks

#### Resilience of the financial & operating model to future shocks

The risk remains stable in light of a strong liquidity position and improved governance processes. Progress against strategic, financial and operational plans and initiatives is closely monitored in the context of market conditions. A focus remains on maintaining and enhancing the firm's resilience and agility in responding to emerging issues and uncertainties, including through the ongoing transformation of the business in response to market influences.

#### Risk exposure and trend at 31 May

Residual risk		Medium			
FY19	FY20	FY21	FY22	FY23	FY24
↑	↑	—	—	—	—

#### Threat narrative

- Volatility of economic and geopolitical landscape and our ability to anticipate and respond
- Insufficient financial discipline and management of the cost base in the event of a prolonged economic downturn
- Realising the benefits of changes to the operating model delivered by the hybrid working programme and digitalisation of the business

#### Mitigations

- Five-year strategy, aligned to Deloitte globally, with annual planning and defined priorities addressing emerging risks and challenges to performance targets
- Economic and geopolitical scenario modelling, including down-turn planning, underpinning firm executive decision making
- Strategic and operational targets embedded within the business
- Enabling area transformation and digitalisation of the business
- Cost control reviews
- Regular monitoring of financial discipline through firm's Chief Financial Officer controls and Chief Operating Officer network
- Lender and banking facility reviews
- Property strategy and future-of-work programme to adapt to ways of working
- Contingency and business continuity planning and ISO22301: Business Continuity Management certification

# Appendix 9:

## Principal risks, uncertainties and mitigations

### Priority risks

#### Transformation and delivering future change

The risk is trending up in the light of increased external exposure and complexities and the market driven requirement for a number of internal transformation programmes. Governance processes and strong leadership of transformation programmes are in place and continues to support the adaptation to technology and transformation.

#### Risk exposure and trend at 31 May

Residual risk		Medium			
FY19	FY20	FY21	FY22	FY23	FY24
—	—	—	—	—	↑

#### Threat narrative

- Market disruption, in particular in relation to GenAI, increases our external risk exposure
- Volatility of economic, geopolitical & an increasingly complex competitor landscape
- Capacity for complex change within governance and operating model
- Interdependent operational ecosystems with Deloitte Global and Deloitte NSE

#### Mitigations

- Transformation Portfolio Office operating under an Executive mandate that governs central investment portfolio activity
- Managing Partner Transformation sits on the UK Business Executive and Deloitte NSE Operating and Transformation Committee (OTC)
- Strong portfolio governance processes in place
- Transformation projects led by relevant experts
- Robust monitoring and reporting of benefits realisation against business case
- Transformation delivery platform in place that can be flexed according to demand

# Appendix 9:

## Principal risks, uncertainties and mitigations

### Priority risks



#### Operational Separation

The risk remains stable as the operating model, controls and reporting have continued to be fine-tuned and embedded into business as usual during FY2024 in preparation for the end of the transition period (30 September 2024).

#### Risk exposure and trend at 31 May

Residual risk		Medium			
FY19	FY20	FY21	FY22	FY23	FY24
—	—	↓	↓	↓	—

#### Threat narrative

- Operational Separation at odds with FRC principles and expectations
- Services required from outside the ringfence to deliver the audit product of the future are not appropriately considered
- Ringfence pricing concerns
- Unclear reporting arrangements
- Key performance indicators not timely or accurate
- Inability to deliver quality audits
- Insufficient focus on assurance services in a ringfenced environment
- Inaccurate financial information reporting of the ringfenced business

#### Mitigations

- Controls around ringfence operations embedded into the ISQM 1 framework further formalising monitoring and testing
- Governance structure including AGB and UKOB implemented with clear Terms of Reference
- Robust controls mapped to each FRC principle
- Scope of services assessment embedded as part of engagement take-on process
- Training around permissibility of services within ringfence
- Regular monitoring and reporting of scope of services and revenue split
- Arm's Length Pricing Policy and guidance in place including monitoring of compliance
- Objective Oversight Body in place to agree annual arm's length pricing rates
- Collaboration principles and behaviours developed for working across the MDM to maximise benefit for whole firm
- Leadership roles policy in place for Audit and Assurance partners
- Financial information has appropriate governance and review

# Appendix 10:

## Confidentiality, privacy and security

We seek to deliver a secure, digital Deloitte, defend the firm against external and internal threats, and enable the business. To do this we work closely with all our partners and practitioners to instil security best-practices enabling us all to work safely and securely. Our aim is to protect our people, confidential and personal data (whether it is that of our clients, the entities we audit, or our own), and the availability and integrity of our systems.

### **Oversight of confidentiality, privacy and security**

The UK Managing Partner Quality, Risk & Security is a member of the firm's UK Executive Group. They chair the UK Security Executive, which includes technology and risk leaders from across the business and oversees the work of our confidentiality, privacy and security teams.

### **Adapting to external threats and technology changes**

We continue to remain vigilant of, and respond and adapt to, the evolving external threat landscape. We remain keenly aware of the increasing level and sophistication of advanced persistent threat groups and cyber criminals and how changing geopolitical tensions have increased and changed the threat landscape.

The evolution of our business, and the observable change of emerging technologies such as GenAI are continually prompting new security and data risk considerations. As we - and the entities we work with - digitise and move to evolving technologies, the scale, scope, and complexity of the data we handle grows, as does our exposure to potential data risk.

### **Enhanced security culture**

Through our firmwide confidentiality, privacy and security culture programme, we continue to sustain and improve security awareness, attitudes and behaviours across all our people including partners and new joiners. We invest in bespoke, high-quality and innovative learning solutions, including mandatory digital training, multiple awareness campaigns on high and emerging risk topics, a 'Cyber Champions' network embedded across all business units and regular phishing drills reflecting the latest, sophisticated tactics. We measure our success through key metrics including phishing drill click rates and training completions and leverage incident data to develop and deliver a range of digital and in-person communications to remind our practitioners how to safeguard data, whether it is that of our clients, the entities we audit, or our own.

### **Improvements across our network**

We continue to conduct crisis management exercises as part of our wider resilience programme. These are conducted at both UK and NSE level and help to meet requirements from regulators, such as the FRC in the UK.

Our multi-year Global 'Cyber NextGen' programme is mid-delivery and continues to enhance our global security posture. We have also run a cross-NSE security control assessment to assure our internal security maturity and are using that to further strengthen our security posture where needed. We also launched a multi-year NSE Cybersecurity Strategy in June 2023.

NSE Integration activities are progressing across both the first line of defence Information Security organisation and second line of defence Confidentiality, Privacy & Security function. We expect a growing number of services to be delivered for the UK on an NSE-wide basis over the next three years benefitting from the resulting synergies and efficiencies with other geographies in Deloitte NSE and our Global network.

# Appendix 10:

## Confidentiality, privacy and security

### Addressing risks from supply chain and third parties

We have a strong and robust Third-Party Risk Management (TPRM) Framework in place which aims to safeguard our operations, data, reputation, trust in our brand and foster strong and resilient partnerships with our third parties, while protecting our supply chain. The TPRM Framework has recently been refreshed, to enhance the quality, accuracy, integrity and maturity of our third-party risk assessment process, in line with new policies, standards and regulations. The TPRM Framework helps ensure our third parties adhere to the same standards as we do and they are able to demonstrate they have the appropriate controls and processes in place.

### Responding to the needs of the entities we work with and to regulatory requirements

Keeping data from the entities we work with safe remains of paramount importance. We meet the security requirements of our regulators through a combination of questionnaires, security audits and thematic reviews. The firm was re-certified or audited across several standards in the past year including Information Security (ISO27001:2022 in March 2024), Business Continuity (ISO22301) and Cyber Essentials Plus. We have leveraged and mapped our existing Information Security Management System (ISMS) and associated audit and compliance activities to the ISQM 1 Standard to evidence how we are meeting its objectives and managing associated risks in relation to privacy and confidentiality.

To ensure we continue to protect UK government information, assets and estates, the firm has enhanced its people risk solutions to meet UK government security expectations.

We are also aware of and actively planning for the forthcoming changes in regulations:

- The EU Network and Information Security (NIS) 2 directive and the UK Cyber Security and Resilience (CSR) Bill
- The EU Digital Operational Resilience Act (DORA)
- The outcome of the Information Commissioner's Office (ICO) consultation on data protection law and GenAI
- The coming into force of the EU AI Act, Data Act and Data Governance Act.

With regards to NIS2, UK CSR Bill and DORA, in addition to a full review of our corporate infrastructure, a scoping exercise reviewing the relevant client-facing infrastructure (i.e., where a disruption or breach could have significant consequences on the security and resilience of us and our clients) has taken place and an assessment of these areas is underway. These activities have enabled a more comprehensive understanding of our asset landscape, including their distribution and criticality, and produced actionable findings on remedial activities to ensure compliance.

# Appendix 11:

## Ethics, independence and conflicts governance

Ethics, independence and conflicts are network-wide responsibilities, so we have a global framework in place set by Deloitte Global teams.

### The role of Deloitte Global Ethics

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

Deloitte's Global Principles of Business Conduct (Global Code) outlines Deloitte's ethical commitments as a network and expectations for our network's approximately 460,000 people, giving a strong, principled foundation. The foundations of the network's ethics programme are comprised of the following elements:



# Appendix 11:

## Ethics, independence and conflicts governance

### The role of Deloitte Global Independence

Our global and local leadership teams reinforce the importance of compliance with independence and related local and international quality management standards, thereby setting the appropriate tone and instilling its importance into the professional values and culture of the firm. Strategies and procedures to communicate the importance of independence to partners, other practitioners, and support staff are continuously evolving; they emphasise each individual's responsibility to understand and meet independence requirements.

The Independence partner is responsible for overseeing independence matters and maintaining regulatory compliance within Deloitte UK, including the design, implementation, operation, monitoring, and continuous enhancement of the system of quality management related to independence. Deloitte Global also provides us with technical independence expertise and global insights, supporting overall regulatory compliance and assisting in ongoing SQM monitoring activities.

Our UK ethics, independence and conflicts teams collaborate with many other teams throughout our global network in a coordinated and multi-faceted approach to protect the quality of our services. The independence and ethics teams do not report to the business lines but rather to firm leadership directly; partners have both formal and informal channels of communication to the firm's risk committees and regularly engage with its members e.g., the Independence partner has a standing monthly meeting with the Risk and Reputation Leader. Regular reporting to governing committees (the UK and NSE risk executives) is further supplemented by an Annual Report of the independence and ethics teams' activities, results, challenges and ambitions to the UKOB and on occasion the AGB.

These open and independent channels set a strong overall tone, actively encouraging and supporting Independence in both thought and action.



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.

Supports network services that a firm uses in the design, implementation, and operation of their system of quality management, including:



**Technical resources:** 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.

**Intellectual resources:** Independence policy, e-learning, confirmation templates, monitoring instructions and other tools, templates, and guidance.

**Human resources:** Technical independence expertise, as required, which also informs potential enhancements to intellectual resources.



Participates in various elements of a firm's **system of quality management** monitoring and remediation process, as appropriate.



Promotes **independence awareness** across the Deloitte network through active engagement with independence and business leadership groups and periodic communications and alerts.

# Appendix 11:

## Ethics, independence and conflicts governance

### Systems, policies and practices

At Deloitte, we have adopted global and national systems to enable our professionals to utilise several systems, platforms and tools to address ethical and independence concerns. These, alongside a continued emphasis on consultation and collaboration, ensure we adopt appropriate behaviours, fulfil our values and that our processes and practices are supported and executed effectively.



# Appendix 12:

## Deloitte UK governance and legal structure

### UK legal structure

Deloitte LLP is a limited liability partnership, incorporated under the Limited Liability Partnerships Act 2000 and is wholly owned by its members (the UK and Swiss equity partners, NSE LLP and a holding entity within the Deloitte NSE group). The firm provides audit and assurance, risk advisory, tax and legal, consulting and financial advisory services in the UK, Channel Islands and Isle of Man and through its subsidiaries in Switzerland and Gibraltar.

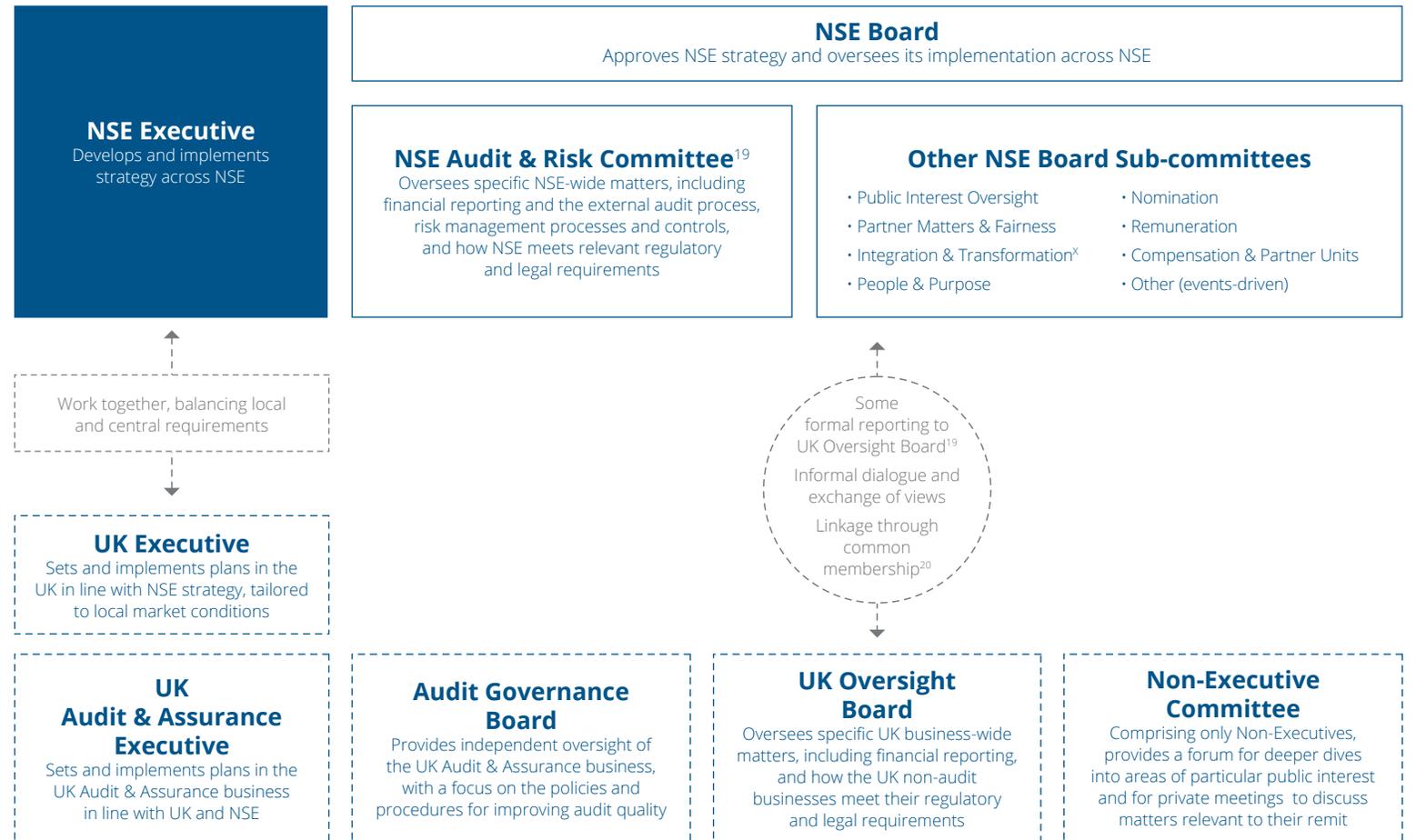
Deloitte LLP is the UK affiliate of Deloitte NSE LLP, a member firm of the Deloitte network, and its governance arrangements are set out in this appendix. Consulting services in the Middle East are provided through a joint venture entity in which Deloitte LLP has an interest. The Deloitte LLP group also has interests in India, Romania and Spain that do not provide services to clients.

### Governance structure

Biographical details of members of the firm's governance structure and management team, along with details of their meeting attendance, are provided in [Appendix 1](#).

<sup>19</sup> The Chairs of the NSE Audit & Risk Committee and Integration & Transformation Committee report to the UK Oversight Board at each meeting.

<sup>20</sup> The elected partner members of the UKOB and the AGB are also members of the NSE Board. Three are also members of the NSE Audit & Risk Committee. Baroness Ford was an Independent Non-Executive member of the NSE Board prior to her departure in October 2023. Sir Hugh Robertson joined the NSE Board in February 2024 and Elisabeth Stheeman in May 2024. Elisabeth is also a member of the NSE Audit & Risk Committee.



# Appendix 12:

## Deloitte UK governance and legal structure

### Non-Executive Committee (NEC)

The NEC provides a forum for the Non-Executives to undertake deeper dives into areas of particular public interest and to privately share information between themselves on matters of relevance to their remit, without management present. As a proxy for the sub-committee of the AGB required by the FRC's Principles for Operational Separation, the NEC receives the final recommendations on audit partner remuneration and promotions.

### NSE Audit & Risk Committee

The NSE Audit & Risk Committee (ARC) is a standing sub-committee of the NSE Board and meets bi-monthly. It comprises a selection of NSE Board members from across the NSE geographies, including Elisabeth Steeman, Independent Non-Executive, and three partner members from the UK, who are all members of the UKOB and one of whom is also a member of the AGB. The common membership helps ensure the UKOB and the AGB have sight of matters raised at the NSE ARC that are of specific relevance to the UK and vice versa. A mechanism for formal reporting from the NSE ARC to the UKOB was put in place for FY2024 onwards.

The key elements of the role of the NSE ARC are to:

- Provide oversight and support to the NSE geographies in their delivery of audit quality and their compliance with local legal and regulatory requirements

- Oversee the level of acceptable risk for each business area across NSE
- Oversee the appointment of internal and external auditors for the NSE Member Firm and the preparation of the statutory accounts of Deloitte NSE LLP (including any associated financial year-end processes).

### Partnership Council

While not formally part of the governance structure of the UK business, the Partnership Council nevertheless plays an important role in ensuring fairness and equity between partners across the UK and Switzerland, and fairness in the implementation of Deloitte NSE policies and strategies. It is also the body that undertakes soundings to assist in the selection of UK and Swiss candidates for election to the NSE Board and for appointment to the roles of UK CEO and Swiss CEO. One of the Non-Executives attends the meetings of the Partnership Council as an observer.

### The role of the Senior Partner and Chief Executive

The appointment of the UK Senior Partner and Chief Executive is subject to confirmation by a resolution of the UK equity partners, for a term not exceeding four years. Richard Houston began his second term as UK Senior Partner and Chief Executive on 1 June 2023. Richard has full executive authority for the management of the UK practice and is also Senior Partner and Chief Executive of Deloitte NSE, and a member of the Deloitte Global Executive.

In keeping with our client service focus, he continues to spend a significant proportion of his time actively engaging with a broad cross-section of clients.

Richard communicates regularly with the partner group, and with all our people, in person and through a series of town halls, 'Ask the CEO' webcasts, voicemails and email alerts. He is also a member of the UKOB.

### Non-Executives

#### Duties

The regulatory requirements for Non-Executive duties are set out in the FRC's Principles for Operational Separation and in the Code. The Non-Executives participate fully in the activities of the AGB and the UKOB (where appropriate), as set out in the report on the work of those bodies.

The Non-Executives also meet privately as the Non-Executive Committee and invite members of the management team to attend, as appropriate, to discuss matters relevant to their remit. Additionally, the Non-Executives participate in other activities of the firm, consistent with their role and experience, to enable them to fully discharge their duties under the Code and for the purposes of good governance.

# Appendix 12:

## Deloitte UK governance and legal structure

Shirley Garrood's role as the 'Doubly Independent ANE' is to provide oversight of the UK Audit & Assurance business only. She is a member of the AGB but not of the UKOB.

Following the departure of Baroness Ford, Shirley was appointed as AGB Chair on 1 November 2023.

### Support from the firm

To assist the Non-Executives in discharging their duties, the firm provides them with:

- A Chief of Staff
- Access to any information they require about any aspect of the firm's business (subject to individual client confidentiality and audit independence rules)
- Secretarial support
- Access to independent professional advice at the firm's expense where judged necessary to discharge their duties
- Any other support agreed upon from time-to-time.

### Other directorships and business interests

The Non-Executives have various business interests in addition to those of the firm. By drawing on their external roles and experiences, they bring diverse perspectives and appropriate challenge to management.

Both Jim Coyle and Shirley Garrood's competencies include auditing and accounting through their qualifications as Chartered Accountants and various roles throughout their careers.

The Non-Executives declared their pre-existing assignments (including any appointments, directorships or posts) and any potential conflicts of interest apparent at the time of appointment and declare any changes to those interests at each AGB and UKOB meeting. The Non-Executives are required to consult with the UKOB Chair and obtain their consent prior to accepting further assignments with any third party. The Non-Executives are required to disclose to the UKOB Chair any actual or potential conflict of interest or any threat to the firm's independence as soon as it becomes apparent.

### Independence

In assessing the independence of the Non-Executives, we:

- Consider their (and their immediate family members') financial interests and business, family and employment relationships entered into and notified to the firm
- Apply the Code's principles and comply with its provisions on INEs and ANEs without placing them in the chain of command
- Consider the independence requirements of the UK and US regulators, as well as those of the International Federation of Accountants.

Non-Executives (and their immediate family members) are not permitted to have a directorship or other leadership role with a restricted entity (i.e., any entity audited by a Deloitte network firm, affiliates of entities audited by a Deloitte network firm and other assurance relationships for which the firm has to maintain its independence), nor can they (or their immediate family members) be a substantial shareholder of a restricted entity.

# Appendix 12:

## Deloitte UK governance and legal structure

### Appointment

The Non-Executives are, subject to earlier termination, appointed for a period of three years, which can be renewed. We are mindful of the Code requirement for Non-Executives to be “appointed for specific terms and any term beyond nine years should be subject to particularly rigorous review and explanation” and will take any necessary action as and when appropriate. Jim Coyle was appointed in 2019, Almira Delibegovic-Broome KC and Shirley Garrod were appointed in 2020, and Sir Hugh Robertson and Elisabeth Stheeman were appointed in 2024.

### Termination of appointment

In the event an appointment is not renewed at the end of the three-year term, the Non-Executive will cease to be a Non-Executive of the firm.

The appointment may be terminated at any time, by either the Non-Executive or by the firm, with three months’ written notice. The appointment may also be terminated by the firm with immediate effect should any situation arise which amounts to a professional conflict of interest or breach of independence rules.

### Remuneration

The Non-Executives are paid a fixed annual fee for their work as members of the AGB and the UKOB (where appropriate), and for other responsibilities they undertake for the UK business, based on an individually agreed number of days’ service per annum. In the year to 31 May 2024, this amounted to:

	<b>Total remuneration £’000</b>
<b>Jim Coyle</b>	<b>217</b>
<b>Almira Delibegovic-Broome KC</b>	<b>217</b>
<b>Baroness Ford</b> (1 June 2023 to 31 October 2023)	<b>125</b>
<b>Shirley Garrod</b>	<b>263</b>
<b>Sir Hugh Robertson</b> (16 February 2024 to 31 May 2024)	<b>61</b>
<b>Elisabeth Stheeman</b> (13 May 2024 to 31 May 2024)	<b>11</b>

### Other matters

Appropriate indemnity provisions are in place in respect of any legal action arising against a Non-Executive.

The Non-Executives have a right to report any fundamental disagreement regarding the UK business to the UK Executive and, if that does not bring resolution, to convene a meeting with the NSE CEO and NSE Chair. The Non-Executives also have the opportunity to discuss any matter with the FRC as part of their normal regular engagement.

### The basis for the Deloitte UK Executive’s remuneration

The performance and contribution of the UK Executive are assessed against the same criteria as all equity partners. Similarly, the value of their profit share is based upon a comprehensive evaluation of their individual and team contribution to achieving the firm’s strategic objectives. The UK Chief Executive, the Chair of the NSE Board, and the Chair of the Partnership Council (who also represents the NSE Compensation & Partner Units Subcommittee) are involved in this process. Outcomes are then subject to NSE Board review and approval alongside all other equity partner outcomes.

# Appendix 12:

## Deloitte UK governance and legal structure

### **How are equity partners appraised and remunerated?**

The equity partners are the owners of the firm and, therefore, share in its profits. The value of each individual's share is based upon a comprehensive evaluation of their individual and team contribution to the achievement of the firm's strategic objectives, including upholding quality. All equity partners (including those in a governance or management role) are assigned to an equity group, which is reviewed annually and describes the skills, attributes and broad performance expected of them.

Profit-sharing across NSE begins with the NSE Board's approval of the profit-sharing strategy proposed by the NSE Senior Partner and Chief Executive and concludes with the NSE Board's review and approval of the profit allocation and equity group recommended by the local CEOs for each individual partner in their respective geographies.

An NSE Board sub-committee of partners oversees the process with a focus on consistent and equitable treatment.

Additional procedures for the remuneration of Audit & Assurance partners, and in particular its linkage to audit quality, are discussed in [Appendix 5: Audit and assurance quality](#).

### **Drawings and the contribution and repayment of partners' capital**

UK equity partners contribute the entire capital of Deloitte LLP. Each equity partner's capital contribution is linked to their share of profit and is repaid in full on ceasing to be an equity partner. The rate of capital contribution is determined from time to time depending on the financing requirements of the business. In the UK, equity partners draw a proportion of their profit share in 12 monthly on-account instalments during the financial year in which the profit is made, with the balance of their profit, net of a tax deduction and other costs, paid in instalments in the subsequent financial year. All payments are made subject to the cash requirements of the business. Tax retentions are paid to HM Revenue & Customs on behalf of equity partners, with any excess being released to equity partners as appropriate.

# Appendix 13:

## The Deloitte network

The Deloitte network (also known as the Deloitte organisation) is DTTL, a globally connected network of DTTL 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 concerning:



### **Deloitte Touche Tohmatsu Limited (DTTL or Deloitte Global)<sup>21</sup>**

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 respective related entities and establishes 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 services to clients and does not direct, manage, or control any member firm or any of their respective related entities.

### **Network governance**

#### **The Deloitte Global Executive Committee**

The Deloitte Global Executive Committee, currently composed of 20 senior leaders from Deloitte Global and select Deloitte firms, is responsible for operating Deloitte Global, as well as embedding Deloitte's Purpose and advancing its strategic business priorities. The Executive Committee also sets policies and champions initiatives that help Deloitte make an impact that matters for Deloitte clients, Deloitte people, communities and other stakeholders.

<sup>21</sup>'Deloitte' is the brand under which approximately 460,000 dedicated professionals and practitioners in independent member firms (or their respective related entities) throughout the world collaborate to provide audit and assurance, consulting, financial advisory, risk advisory, tax, and related services to select clients. These member 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 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 audit and assurance clients under the rules and regulations applicable to audit firms. DTTL, and each DTTL member firm and each of its related entities, are legally separate and independent, cannot obligate or bind any other, and are liable only for their own acts and omissions, and not those of any 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.

# Appendix 13:

## The Deloitte network

Deloitte Global Chief Executive Officer Joe Ucuzoglu, who began serving in the role on 1 January 2023, leads the Executive Committee.

### **The Deloitte Global Operating Committee**

The Deloitte Global Operating Committee provides a vital link between strategy and execution that helps Deloitte perform effectively and efficiently. Deloitte Global Chief Operating Officer Donna Ward leads the Operating Committee. Members include chief operating officers of select DTTL member firms, Deloitte Global business chief operating officers, shared services leaders and the Deloitte Global Transformation Leader.

### **The Deloitte Global Board of Directors**

The Deloitte Global Board of Directors addresses Deloitte Global's most important governance matters, including approval of the global strategy, annual budget and investment plan, major policies, major transactions and the selection of the Deloitte Global CEO and Deloitte Global Chair. In addition, the Deloitte Global Board provides oversight of, and support for, the operation and performance of management.

The Deloitte Global Board includes representation from the majority of Deloitte member firms and reflects the geographic reach of Deloitte's operations. Diversity – including that of gender, race and ethnicity, thought and life experience, professional background, as well as skills and capabilities—is considered in the selection of individuals, by their member firms, to these positions. The Deloitte Global Board has 17 members, with women making up 41% of the Board. Anna Marks, Chair of the Deloitte Global Board of Directors, began her tenure on 1 June 2023. The elected term is for four years.

# Appendix 14:

## EU/EEA audit firms

### Disclosure in accordance with Article 13(2) (b)(ii)-(iv) of the EU Audit Regulation

EU/EEA member state	Name of audit firms carrying out statutory audits in each member state
Austria	Deloitte Audit Wirtschaftsprüfungs GmbH
	Deloitte Niederösterreich Wirtschaftsprüfungs GmbH
	Deloitte Oberösterreich Wirtschaftsprüfungs GmbH
	Deloitte Salzburg Wirtschaftsprüfungs GmbH
	Deloitte Tirol Wirtschaftsprüfungs GmbH
	Deloitte Wirtschaftsprüfung Styria GmbH
Belgium	Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL
Bulgaria	Deloitte Audit OOD
Croatia	Deloitte d.o.o. za usluge revizije
Cyprus	Deloitte Limited
Czech Republic	Deloitte Audit s.r.o.
	Deloitte Assurance s.r.o.
Denmark	Deloitte Statsautoriseret Revisionspartnerselskab
Estonia	AS Deloitte Audit Eesti
Finland	Deloitte Oy

EU/EEA member state	Name of audit firms carrying out statutory audits in each member state
France	Deloitte & Associés
	Deloitte Marque & Gendrot
	Deloitte Audit Holding
	BEAS
	Constantin Associés
	Pierre-Henri Scacchi et Associés
	Revi Conseil
Germany	Deloitte GmbH Wirtschaftsprüfungsgesellschaft
	Deutsche Baurevision GmbH Wirtschaftsprüfungsgesellschaft
	SüdTreu Süddeutsche Treuhand GmbH Wirtschaftsprüfungsgesellschaft
Greece	Deloitte Certified Public Accountants S.A.
Hungary	Deloitte Könyvvizsgáló és Tanácsadó Kft.
Iceland	Deloitte ehf.
Ireland	Deloitte Ireland LLP
Italy	Deloitte & Touche S.p.A.

# Appendix 14:

## EU/EEA audit firms

EU/EEA member state	Name of audit firms carrying out statutory audits in each member state
Latvia	Deloitte Audits Latvia SIA
Liechtenstein	Deloitte (Liechtenstein) AG
Lithuania	Deloitte Lietuva UAB
Luxembourg	Deloitte Audit
Malta	Deloitte Audit Limited
Netherlands	Deloitte Accountants B.V.
Norway	Deloitte AS
Poland	Deloitte Audyt spółka z ograniczoną odpowiedzialnością spółka komandytowa
	Deloitte Audyt spółka z ograniczoną odpowiedzialnością
	Deloitte Assurance spółka z ograniczoną odpowiedzialnością

EU/EEA member state	Name of audit firms carrying out statutory audits in each member state
Portugal	Deloitte & Associados, SROC S.A.
Romania	Deloitte Audit SRL
Slovakia	Deloitte Audit s.r.o.
Slovenia	Deloitte Revizija d.o.o.
Spain	Deloitte Auditores, S.L.
Sweden	Deloitte AB

### Disclosure in accordance with Article 13(2) (b)(iv) of the EU Audit Regulation

The total turnover achieved by the audit firms that are members of the network, resulting from the statutory audit of annual and consolidated financial statements: €1.9 billion<sup>22</sup>

<sup>22</sup> Amount represents an estimate determined based upon best efforts to collect this data. Certain Deloitte audit firms registered to perform statutory audits in respective member states provide statutory audit services as well as other audit, assurance, and non-audit services. While Deloitte endeavored to collect specific statutory audit turnover for each EU/EEA Deloitte audit firm, in certain cases turnover from other services has been included. The turnover amounts included herein are as of 31 May 2024, except for a limited number of instances where a Deloitte audit firm has different financial year-end or has not finalized its reporting for such period. In these cases, turnover amounts are for the relevant financial year or preceding financial year. Where currency other than the Euro is used in the member state, the amount in Euros was translated using an average exchange rate in effect for the period 1 June 2023 to 31 May 2024.

# Appendix 15:

## Public interest entities

Disclosure in accordance with Article 13(2) (b)(ii)-(iv) of the EU Audit Regulation.

### Regulatory context

The following lists set out the entities that meet all the following conditions:

1. The entity is incorporated:
  - a) in the UK and is a Public Interest Entity as defined in UK law where the audit is a statutory audit as set out in s1210 Companies Act 2006<sup>23</sup>
  - b) anywhere and has securities admitted to trading on an EEA regulated market<sup>24</sup>
  - c) in Jersey, Guernsey or the Isle of Man and is a market traded Company
2. Deloitte LLP signed an audit report on the entity's annual financial statements in the period from 1 June 2023-31 May 2024.

### UK PIE definition

As set out in UK law the definition of a PIE includes:

1. UK incorporated companies with transferable securities listed on a UK regulated market
2. UK credit institutions (broadly banks and building societies)
3. UK Solvency II insurance undertakings

### Market traded companies

The laws of Jersey, Guernsey and the Isle of Man define market traded companies as those incorporated in the relevant jurisdiction with (a) equity or (b) retail debt securities admitted to trading on a UK or EEA regulated market, excluding certain investment funds.

### UK PIEs

Entity name
A.G. Barr PLC
Aberforth Split Level Income Trust PLC
Admiral Group PLC
Admiral Insurance Company Ltd
Aigrette Financing (Issuer) PLC
Airtel Africa PLC
Aldermore Bank PLC
Alpha Bank London Ltd
Anglian Water (Osprey) Financing PLC
Anglian Water Services Financing PLC
Annington Funding PLC
Ashtead Group PLC
Asian Energy Impact Trust PLC
Assurant General Insurance Ltd
Assured Guaranty UK Ltd

<sup>23</sup> This list is required by Article 13(2) (f) of the EU Audit Regulation as assimilated into UK law.

<sup>24</sup> This list is required by Article 13(2) (f) of the EU Audit Regulation as applicable to Deloitte LLP as a third country auditor registered in Ireland, the Netherlands, Germany and Luxembourg.

# Appendix 15:

## Public interest entities

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Auction Technology Group PLC

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Avon Insurance PLC

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BA (GI) Ltd

---

Babcock International Group PLC

---

BAE Systems PLC

---

Bakethin Finance PLC

---

Bank of Beirut (UK) Ltd

---

Bank of Scotland PLC

---

Barratt Developments PLC

---

Berkshire Hathaway International Insurance Ltd

---

BlackRock Income and Growth Investment Trust PLC

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BlackRock Life Ltd

---

BOS (Shared Appreciation Mortgages) No. 1 PLC

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BOS (Shared Appreciation Mortgages) No. 2 PLC

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BOS (Shared Appreciation Mortgages) No. 3 PLC

---

BOS (Shared Appreciation Mortgages) No. 4 PLC

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BP Capital Markets PLC

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BP PLC

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Britannia Steam Ship Insurance Association Ltd (The)

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British Gas Insurance Ltd

---

Britvic PLC

---

Bruntwood Bond 2 PLC

---

Cadent Finance PLC

---

Caledonian Environmental Services PLC

---

Canada Life Ltd

---

Canary Wharf Finance II PLC

---

CASLP Ltd

---

Castle Trust Capital PLC

---

Catalina Worthing Insurance Ltd

---

Centrica PLC

---

Charter Court Financial Services Ltd

---

Chesnara PLC

---

Churchill Insurance Company Ltd

---

CMC Markets PLC

---

CNA Insurance Company Ltd

---

ConvaTec Group PLC

---

CT UK High Income Trust PLC

---

Cumberland Building Society

---

---

Custodian Property Income Reit PLC

---

Delamare Cards MTN Issuer PLC

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Deliveroo PLC

---

DF Capital Bank Ltd

---

Direct Line Insurance Group PLC

---

Domestic & General Insurance PLC

---

Dominion Insurance Co. Ltd

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Dowlais Group PLC

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Drax Group PLC

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Dunedin Income Growth Investment Trust PLC

---

Eastern Power Networks PLC

---

Ecora Resources PLC

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Elementis PLC

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Elland RMBS 2018 PLC

---

EnQuest PLC

---

Equitas Insurance Ltd

---

Equitas Ltd

---

Equitas Reinsurance Ltd

---

Erm Funding PLC

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# Appendix 15:

## Public interest entities

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Esure Insurance Ltd

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Europe Arab Bank PLC

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Eversholt Funding PLC

---

Family Assurance Friendly Society Ltd

---

Foresight Enterprise VCT PLC

---

Foresight Technology VCT PLC

---

Foresight VCT PLC

---

Future PLC

---

Gatehouse Bank PLC

---

Genus PLC

---

Ghana International Bank PLC

---

Glaxosmithkline Capital PLC

---

Griffin Bank Ltd

---

GSK PLC

---

Hampden & Co PLC

---

HBL Bank UK Ltd

---

HBOS PLC

---

Helios Towers PLC

---

High Speed Rail Finance (1) PLC

---

Home Group Ltd

---

Hunting PLC

---

Ibstock PLC

---

ICBC (London) PLC

---

ICBC Standard Bank PLC

---

IMI PLC

---

Inchcape PLC

---

International Personal Finance PLC

---

Ithaca Energy PLC

---

Kexim Bank (UK) Ltd

---

Kingfisher PLC

---

Kyoei Fire & Marine Insurance Company (U.K.) Ltd

---

Law Debenture Corporation PLC (The)

---

Law Debenture Finance PLC

---

Leeds Building Society

---

Life Science Reit PLC

---

Lloyds Bank Corporate Markets PLC

---

Lloyds Bank General Insurance Ltd

---

Lloyds Bank PLC

---

Lloyds Banking Group PLC

---

London General Insurance Company Ltd

---

London Power Networks PLC

---

London Steam Ship Owners' Mutual Insurance Association Ltd (The)

---

Macfarlane Group PLC

---

Manchester and London Investment Trust PLC

---

Marks and Spencer Group PLC

---

Marks and Spencer PLC

---

Marsden Building Society

---

Marshalls PLC

---

Melrose Industries PLC

---

Mitsubishi HC Capital UK PLC

---

Mobico Group PLC

---

Molineux RMBS 2016-1 PLC

---

Morgan Advanced Materials PLC

---

Morgan Stanley Bank International Ltd

---

National Bank of Egypt (UK) Ltd

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National Bank of Kuwait (International) PLC

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National Farmers Union Mutual Insurance Society Ltd (The)

# Appendix 15:

## Public interest entities

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National Gas Transmission PLC

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National Grid Electricity Distribution (East Midlands) PLC

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National Grid Electricity Distribution (South Wales) PLC

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National Grid Electricity Distribution (South West) PLC

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National Grid Electricity Distribution (West Midlands) PLC

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National Grid Electricity Distribution PLC

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National Grid Electricity Transmission PLC

---

National Grid PLC

---

National House-Building Council

---

Newbury Building Society

---

Newcastle Building Society

---

NGG Finance PLC

---

Northern Electric Finance PLC

---

Northern Electric PLC

---

Northern Gas Networks Finance PLC

---

Northern Powergrid (Northeast) PLC

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Northern Powergrid (Yorkshire) PLC

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Northumbrian Water Finance PLC

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Oban Cards 2021-1 PLC

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Ocado Group PLC

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Omnilife Insurance Co. Ltd

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OneSavings Bank PLC

---

OSB Group PLC

---

Oxford Nanopore Technologies PLC

---

Penarth Master Issuer PLC

---

Pensionbee Group PLC

---

Pharos Energy PLC

---

PHP Bond Finance PLC

---

Primary Health Properties PLC

---

Principality Building Society

---

PRS Finance PLC

---

PZ Cussons PLC

---

Quadgas Finance PLC

---

RAC Insurance Ltd

---

Rathbones Group PLC

---

Rathbones Investment Management Ltd

---

Riverstone Insurance (UK) Ltd

---

RM PLC

---

---

Rotork PLC

---

Safestore Holdings PLC

---

Schroder Japan Trust PLC

---

Scottish Widows Ltd

---

Secure Trust Bank PLC

---

Severn Trent PLC

---

Severn Trent Utilities Finance PLC

---

Simplyhealth Access

---

Smithson Investment Trust PLC

---

South Eastern Power Networks PLC

---

Spectris PLC

---

Spirax-Sarco Engineering PLC

---

Spirent Communications PLC

---

St Andrew's Insurance PLC

---

STV Group PLC

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Suffolk Life Annuities Ltd

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SW (Finance) I PLC

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Tenecom Ltd

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Tesco Corporate Treasury Services PLC

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# Appendix 15:

## Public interest entities

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Tesco Personal Finance Group PLC

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Tesco Personal Finance PLC

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Tesco PLC

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Tesco Underwriting Ltd

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Tower Bridge Funding 2021-1 PLC

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Tower Bridge Funding 2021-2 PLC

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Tower Bridge Funding 2022-1 PLC

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TP Icap Finance PLC

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Transfercom Ltd

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TransRe London Ltd

---

Trent Insurance Co. Ltd

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TT Electronics PLC

---

Tyman PLC

---

U K Insurance Ltd

---

Unite Group PLC (The)

---

Unity Trust Bank PLC

---

University of Oxford (The)

---

US Solar Fund PLC

---

Vanquis Bank Ltd

---

---

Vanquis Banking Group PLC

---

Videndum PLC

---

Wales & West Utilities Finance PLC

---

Wellcome Trust Finance PLC

---

Western Provident Association Ltd

---

Whitbread Group PLC

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Whitbread PLC

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Wilmington Cards 2021-1 PLC

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WPP Finance 2010

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Yorkshire Water Finance PLC

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Yorkshire Water Services Finance Ltd

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# Appendix 15:

## Public interest entities

### Entities with securities admitted to trading on an EEA regulated market

#### Entity name

Allfunds Group PLC

BP PLC

Canterbury Finance No.1 PLC

Canterbury Finance No.2 PLC

Canterbury Finance No.3 PLC

Canterbury Finance No.4 PLC

Canterbury Finance No.5 PLC

Castell 2021-1 PLC

Castell 2022-1 PLC

CMF 2020-1 PLC

CPUK Finance Ltd

CRH Finance (U.K.) PLC

Delamare Finance PLC

Durham Mortgages A PLC

Durham Mortgages B PLC

E-Carat 11 PLC

E-Carat 12 PLC

Equinox (Eclipse 2006-1) PLC

Ferguson Finance PLC

Friary No.5 PLC

Friary No.6 PLC

Glencore Finance (Europe) Ltd

Global Switch Holdings Ltd

Greene King Finance PLC

Hercules (Eclipse 2006-4) PLC

Hobart Leasing Limited

ICBC Standard Bank PLC

Kentmere No.1 PLC

Kentmere No.2 PLC

Morgan Stanley & Co. International PLC

Oak No.3 PLC

Oak No.4 PLC

OTE PLC

PHP Finance (Jersey No 2) Ltd

Polaris 2021-1 PLC

Polaris 2022-1 PLC

Polaris 2022-2 PLC

Precise Mortgage Funding 2020-1B PLC

Precise Mortgage Funding 2019-1B PLC

RAC Bond Co PLC

Tesco Property Finance 1 PLC

Tesco Property Finance 2 PLC

Tesco Property Finance 3 PLC

Tesco Property Finance 4 PLC

Tesco Property Finance 5 PLC

Tesco Property Finance 6 PLC

Tyne Funding No.1 PLC

Unite (USAF) II PLC

Wellcome Trust (The)

WPP Finance 2016

WPP Finance 2017

Yorkshire Power Finance Ltd

# Appendix 15:

## Public interest entities

### Market traded companies

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**Entity name**

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3i Infrastructure PLC

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abrdrn Property Income Trust Ltd

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Blackstone Loan Financing Ltd

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Chenavari Toro Income Fund Ltd

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Ferguson PLC

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Glencore PLC

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ICG-Longbow Senior Secured UK Property Debt Investments Ltd

---

India Capital Growth Fund Ltd

---

JLEN Environmental Assets Group Ltd

---

Macau Property Opportunities Fund Ltd

---

Man Group PLC

---

Real Estate Credit Investments Ltd

---

Renewables Infrastructure Group Ltd (The)

---

Ruffer Investment Company Limited

---

Sherborne Investors (Guernsey) C Ltd

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SLF Realisation Fund Ltd

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Syncona Ltd

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TP ICAP Group PLC

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UK Commercial Property REIT Ltd

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WPP PLC

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### Additional non-regulatory disclosure

In addition, the following entity audited by Deloitte LLP has transferable securities listed on a UK regulated market but does not meet the definition of a UK PIE or Market Traded Company (due to being incorporated in countries outside the UK, Channel Islands, Isle of Man and the EEA). The revenue derived from the audit work carried out by Deloitte LLP in respect of this entity is included within the revenue for non-PIEs in the table in [Appendix 2](#).

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**Entity name**

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Trafford Centre Finance Limited

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# Appendix 16:

## Audit Firm Governance Code

We cross-reference in the table below to where and how Deloitte LLP complies with the principles and provisions of the Audit Firm Governance Code published in April 2022.

### A Leadership

#### Principles

A. A firm's Management and governance structures should promote the long-term sustainability of the firm. To this end, the Management of a firm should be accountable to the firm's owners.	See: <a href="#">Leadership message; Audit Governance Board and UK Oversight Board report</a> ; our <a href="#">website</a>
B. A firm's governance arrangements should provide checks and balances on individual power and support effective challenge of Management. There should be a clear division of responsibilities between a firm's governance structures and its Management. No one individual or small group of individuals should have unfettered powers of decision.	See: <a href="#">Message from the Non-Executives; Audit Governance Board and UK Oversight Board report</a> ; <a href="#">Appendix 5: Audit and assurance quality – Our controls and processes</a> ; <a href="#">Appendix 12: Deloitte UK governance and legal structure</a> ; our <a href="#">website</a>
C. A firm's Management should demonstrate its commitment to the public interest through their pursuit of the purpose of this Code and regular dialogue with the INEs. Management should embrace the input and challenge from the INEs (and ANEs).	See: <a href="#">Message from the Non-Executives; Audit Governance Board and UK Oversight Board report</a> ; our <a href="#">website</a>
D. The members of a firm's Management and governance structures should have appropriate experience, knowledge, influence and authority within the firm, and sufficient time, to fulfil their assigned responsibilities.	See: <a href="#">Appendix 1: Executive Group, Audit Governance Board and UK Oversight Board members' biographies</a> ; <a href="#">Appendix 12: Deloitte UK governance and legal structure</a> ; our <a href="#">website</a>
E. The Management of a firm should ensure that members of its governance structures, including owners, INEs and ANEs, are supplied with information in a timely manner and in a form and of a quality appropriate to enable them to discharge their duties.	See: <a href="#">Message from the Non-Executives; Audit Governance Board and UK Oversight Board report</a> ; our <a href="#">website</a>

# Appendix 16:

## Audit Firm Governance Code

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### Provisions

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| 1. A firm should establish a Board or equivalent governance structure to oversee the activities of Management.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | See: <a href="#">Appendix 12: Deloitte UK governance and legal structure</a> ; our <a href="#">website</a>                                                                                                                                                                                        |
| 2. At least half a firm's Board should be selected from among partners who do not have significant management responsibilities within the firm.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | See: <a href="#">Appendix 1: Executive Group, Audit Governance Board and UK Oversight Board members' biographies</a> ; <a href="#">Appendix 12: Deloitte UK governance and legal structure</a> ; our <a href="#">website</a>                                                                      |
| 3. The chair of the Board should not also chair parts of the Management structure or be the managing partner.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | See: <a href="#">Appendix 1: Executive Group, Audit Governance Board and UK Oversight Board members' biographies</a> ; our <a href="#">website</a>                                                                                                                                                |
| 4. A firm's Management and Board should have a clear understanding of their authority, accountabilities and responsibilities. The Board should have clearly defined terms of reference, with matters specifically reserved for its decision, detailing in particular its role in relation to firm strategy, risk, culture and other matters relating to the purpose of this Code. Management should have terms of reference that include clear authority over the whole firm and matters relating to the purpose of this Code. Terms of reference should be disclosed on the firm's website. Terms of reference for international management and governance structures taking decisions that apply to the UK should be disclosed on the UK firm's website in the same way as for UK-based structures. | See: <a href="#">Appendix 12: Deloitte UK governance and legal structure</a> ; our <a href="#">website</a> ; the roles and responsibilities of the relevant NSE management and governance bodies are contained in the Deloitte NSE Partnership Agreement and are currently not publicly available |
| 5. A firm should establish arrangements for determining remuneration and progression matters for members of the Board which support and promote effective challenge of Management.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Elected Partners' remuneration and progression, in their capacity as members of the UKOB/AGB, are taken into account in their individual annual appraisals                                                                                                                                        |
| 6. The individual members of a firm's governance structures and Management should be subject to formal, rigorous and ongoing performance evaluation and, at regular intervals, members should be subject to re-election or re-selection.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | See: <a href="#">Appendix 1: Executive Group, Audit Governance Board and UK Oversight Board members' biographies</a> ; <a href="#">Appendix 12: Deloitte UK governance and legal structure</a> ; our <a href="#">website</a>                                                                      |
| 7. There should be a formal annual evaluation of the performance of the Board and any committees, plus the public interest body. A firm should consider having a regular externally-facilitated board evaluation at least every three years.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | See: governance KPIs in the <a href="#">Audit Governance Board and UK Oversight Board report</a> ; our <a href="#">website</a>                                                                                                                                                                    |
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# Appendix 16:

## Audit Firm Governance Code

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|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 8. Management should ensure that, wherever possible and so far as the law allows, members of governance structures and INEs and ANEs have access to the same information as is available to Management.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | See: <a href="#">Audit Governance Board and UK Oversight Board report</a> ; <a href="#">Appendix 12: Deloitte UK governance and legal structure</a> ; our <a href="#">website</a>                                                                                                                                                                                                                                                                                                                                                           |
| <hr/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 9. A firm should disclose in its annual transparency report:<br><br>a. the names and job titles of all members of the firm's governance structures and its Management;<br><br>b. a description of how they are elected or appointed and their terms, length of service, meeting attendance in the year, and relevant biographical details;<br><br>c. a description of how its governance structures and Management operate, their duties, the types of decisions they take and how they contribute to achieving the Code's purpose. If elements of the Management and/or governance of the firm rest at an international level and decisions are taken outside the UK, it should specifically set out how management and oversight is undertaken at that level and the Code's purpose achieved in the UK; and<br><br>d. an explanation of the controls it has in place on individual powers of decision and to support effective challenge by Board members, how these are intended to operate and how they work in practice. | See:<br><br><a href="#">Appendix 1: Executive Group, Audit Governance Board and UK Oversight Board members' biographies</a> ; our <a href="#">website</a><br><br>As (9.a.) above, see also: <a href="#">Appendix 12: Deloitte UK governance and legal structure</a><br><br>As (9.a.) above, see also: <a href="#">Audit Governance Board and UK Oversight Board report</a> ; <a href="#">Appendix 13: The Deloitte network</a><br><br><a href="#">Appendix 12: Deloitte UK governance and legal structure</a> ; our <a href="#">website</a> |
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# Appendix 16:

## Audit Firm Governance Code

### B People, values and behaviour

#### Principles

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| F. A firm is responsible for its purpose and values and for establishing and promoting an appropriate culture, that supports the consistent performance of high-quality audit, the firm's role in serving the public interest and the long-term sustainability of the firm. | See: <a href="#">Leadership message</a> ; <a href="#">Ethics independence and conflicts</a> ; <a href="#">Appendix 5: Audit and assurance quality - Our shared values and our cultural ambition</a> ; <a href="#">Appendix 6: Our cultural ambition</a> |
| G. A firm should foster and maintain a culture of openness which encourages people to consult, challenge, contribute ideas and share problems, knowledge and experience in order to achieve quality work in a way that takes the public interest into consideration.        | See: <a href="#">Appendix 5: Audit and assurance quality - Our shared values and our cultural ambition</a> ; <a href="#">Appendix 6: Our cultural ambition</a>                                                                                          |
| H. A firm should apply policies and procedures for managing people across the whole firm that support its commitment to the purpose and Principles of this Code.                                                                                                            | See: <a href="#">Appendix 5: Audit and assurance quality - Our people</a>                                                                                                                                                                               |

#### Provisions

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|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10. A firm's Board and Management should establish the firm's purpose and values and satisfy themselves that its purpose, values and culture are aligned. If a firm's purpose and values are established at an international level, the firm should ensure it has the ability to influence that decision-making process and the ability to tailor the output for the UK. | See: <a href="#">Leadership message</a> ; <a href="#">Appendix 5: Audit and assurance quality - Our shared values and our cultural ambition</a>                                                                                                       |
| 11. A firm should have a code of conduct which it discloses on its website and requires everyone in the firm to apply. The Board and INEs should oversee compliance with it.                                                                                                                                                                                             | See: our <a href="#">Ethics Code</a> on our website                                                                                                                                                                                                   |
| 12. A firm should promote the desired culture and a commitment to quality work, professional judgement and values, serving the public interest and compliance with professional standards and applicable legal and regulatory requirements, in particular through the right tone at the top and the firm's policies and procedures.                                      | See: <a href="#">Leadership message</a> ; <a href="#">Ethics, independence and conflicts</a> ; <a href="#">Appendix 5: Audit and assurance quality - Our shared values and our cultural ambition</a> ; our <a href="#">Ethics Code</a> on our website |

# Appendix 16:

## Audit Firm Governance Code

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### Provisions

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| 13. A firm should establish policies and procedures to promote inclusion and encourage people to speak up and challenge without fear of reprisal, particularly on matters relating to this Code and the firm's values and culture.                                                                                                                                                                                                                                                                                                                                                                                            | See: <a href="#">Ethics, independence and conflicts</a> ; <a href="#">Appendix 5: Audit and assurance quality - Our shared values and our cultural ambition</a>                                                                       |
| 14. A firm should introduce meaningful key performance indicators on the performance of its governance system, and report on performance against these in its transparency reports.                                                                                                                                                                                                                                                                                                                                                                                                                                           | See: governance KPIs in the <a href="#">Audit Governance Board and UK Oversight Board report</a>                                                                                                                                      |
| 15. A firm should assess and monitor culture. It should conduct a regular review of the effectiveness of the firm's systems for the promotion and embedding of an appropriate culture underpinned by sound values and behaviour across the firm, and in audit in particular. INEs should be involved in this review and where a firm has implemented operational separation the ANEs should be involved in the review as it relates to the audit practice. Where it is not satisfied that policy, practices or behaviour throughout the business are aligned with the purpose of this Code, it should take corrective action. | See: <a href="#">Audit Governance Board and UK Oversight Board report</a> ; <a href="#">Appendix 5: Audit and assurance quality - Our shared values and our cultural ambition</a> ; <a href="#">Appendix 6: Our cultural ambition</a> |
| 16. A firm should establish mechanisms for delivering meaningful engagement with its people. This should include arrangements for people to raise concerns in confidence and anonymously and to report, without fear, concerns about the firm's culture, commitment to quality work, the public interest and/or professional judgement and values. The INEs should be satisfied that there is an effective whistleblowing policy and procedure in place and should monitor issues raised under that process.                                                                                                                  | See: <a href="#">Audit Governance Board and UK Oversight Board report</a> ; <a href="#">Ethics, independence and conflicts</a>                                                                                                        |
| 17. INEs should be involved in reviewing people management policies and procedures, including remuneration and incentive structures, recruitment and promotion processes, training and development activities, and diversity and inclusion, to ensure that the public interest is protected. They should monitor the firm's success at attracting and managing talent, particularly in the audit practice. Where operational separation is in place the ANEs should be involved in this process.                                                                                                                              | See: <a href="#">Audit Governance Board and UK Oversight Board report</a>                                                                                                                                                             |

# Appendix 16:

## Audit Firm Governance Code

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18. INEs and ANEs should use a range of data and engagement mechanisms to understand the views of colleagues throughout the firm and to communicate about their own roles and the purpose of this Code. One INE should be designated as having primary responsibility for engaging with the firm's people.

See: [Message from the Non-Executives](#)

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19. A firm should disclose in its annual transparency report a description of how:

See:

a) it engages with its people and how the interests of its people have been taken into account in decision making; and

[Appendix 5: Audit and assurance quality - Our shared values and our cultural ambition](#)

b) opportunities and risks to the future success of the business have been considered and addressed, its approach to attracting and managing talent, the sustainability of the firm's business model and how its culture, in particular in the audit practice, contributes to meeting the purpose of this Code.

[Appendix 9: Principal risks, uncertainties and mitigations](#)

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# Appendix 16:

## Audit Firm Governance Code

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### C Operations and resilience

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#### Principles

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| I. A firm should promote a commitment to consistent high-quality audits and firm resilience in the way it operates. To these ends, a firm should collect and assess management information to evaluate the effectiveness of its policies and procedures and to enhance its operational decision-making. | See: <a href="#">Leadership message</a> ; <a href="#">Appendix 5: Audit and assurance quality</a>                                                                                                                                          |
| J. A firm should establish policies and procedures to identify, assess and manage risk, embed the internal control framework and determine the nature and extent of the principal risks the firm is willing to take while working to meet the purpose of this Code.                                     | See: <a href="#">Appendix 9: Principal risks, uncertainties and mitigations</a>                                                                                                                                                            |
| K. A firm should communicate with its regulators in an open, co-operative and transparent manner.                                                                                                                                                                                                       | See: <a href="#">Leadership message</a> ; <a href="#">Message from the Non-Executives</a> ; <a href="#">Audit Governance Board and UK Oversight Board report</a> ; <a href="#">Appendix 12: Deloitte UK governance and legal structure</a> |
| L. A firm should establish policies and procedures to ensure the independence and effectiveness of internal and external audit activities and to monitor the quality of external reporting.                                                                                                             | See: <a href="#">Appendix 5: Audit and assurance quality – Our controls and processes</a> and <a href="#">High-quality outcomes</a>                                                                                                        |

#### Provisions

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|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 20. A firm should assist the FRC and its successor bodies to discharge its duties by sharing information openly.                                                                                                                      | See: <a href="#">Message from the Non-Executives</a> ; <a href="#">Audit Governance Board and UK Oversight Board report</a> ; <a href="#">Appendix 12: Deloitte UK governance and legal structure</a> |
| 21. A firm should take action to address areas of concern identified by regulators in relation to the firm's audit work, leadership and governance, culture, management information, risk management and internal control systems.    | See: <a href="#">Leadership message</a> ; <a href="#">Appendix 5: Audit and assurance quality – High-quality outcomes</a>                                                                             |
| 22. A firm should develop robust datasets and effective management information to support monitoring of the effectiveness of its activities, including by INEs (and ANEs), and its ability to furnish the regulator with information. | See: <a href="#">Leadership message</a> ; <a href="#">Audit Governance Board and UK Oversight Board report</a> ; <a href="#">Appendix 5: Audit and assurance quality – High-quality outcomes</a>      |

# Appendix 16:

## Audit Firm Governance Code

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| <p>23. A firm should establish an audit committee and disclose on its website its terms of reference and information on its membership. Its terms of reference should set out clearly its authority and duties, including its duties in relation to the appointment and independence of the firm's auditors. Where a firm's audit committee sits at an international level, information about the committee and its work should be disclosed by the UK firm as if it were based in the UK.</p> | <p>See: <a href="#">Appendix 12: Deloitte UK governance and legal structure</a>; the roles and responsibilities of the relevant NSE management and governance bodies are contained in the Deloitte NSE Partnership Agreement and are currently not publicly available</p> |
| <p>24. A firm should monitor its risk management and internal control systems, and, at least annually, conduct a review of their effectiveness. INEs should be involved in the review which should cover all significant controls, including financial, operational and compliance controls and risk management systems.</p>                                                                                                                                                                   | <p>See: <a href="#">Audit Governance Board and UK Oversight Board report</a>; <a href="#">Appendix 9: Principal risks, uncertainties and mitigations</a></p>                                                                                                              |
| <p>25. A firm should carry out a robust assessment of the principal risks facing it, including those that would threaten its business model, future performance, solvency or liquidity. This should reference specifically the sustainability of the audit practice in the UK. INEs (and in firms with operational separation, ANEs) should be involved in this assessment.</p>                                                                                                                | <p>See: <a href="#">Audit Governance Board and UK Oversight Board report</a>; <a href="#">Appendix 9: Principal risks, uncertainties and mitigations</a></p>                                                                                                              |
| <p>26. A firm should publicly report how it has applied the Principles of this Code, and make a statement on its compliance with its Provisions or give a detailed explanation for any non-compliance, i.e. why the firm has not complied with the Provision, the alternative arrangements in place and how these work to achieve the desired outcome (Principle) and the purpose of this Code.</p>                                                                                            | <p>This Transparency Report is housed on <a href="#">our website</a></p>                                                                                                                                                                                                  |
| <p>27. A firm should explain who is responsible for preparing the financial statements and the firm's auditors should make a statement about their reporting responsibilities in the form of an extended audit report as required by International Auditing Standards (UK) 700/701.</p>                                                                                                                                                                                                        | <p>See: <a href="#">our Annual Financial Statements</a></p>                                                                                                                                                                                                               |
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# Appendix 16:

## Audit Firm Governance Code

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28. The transparency report should be fair, balanced and understandable in its entirety. A firm should disclose in its transparency report:
- a. a commentary on its performance, position and prospects;
  - b. how it has worked to meet the legal and regulatory framework within which it operates;
  - c. a description of the work of the firm's audit committee and how it has discharged its duties;
  - d. confirmation that it has performed a review of the effectiveness of the system of internal control, a summary of the process it has applied and the necessary actions that have been or are being taken to remedy any significant failings or weaknesses identified from that review;
  - e. a description of the process it has applied to deal with material internal control aspects of any significant problems disclosed in its financial statements or management commentary;
  - f. an assessment of the principal risks facing the firm and explanation of how they are being managed or mitigated; and
  - g. a description of how it interacts with the firm's global network, and the benefits and risks of these arrangements, with reference to the purpose of this Code. This should include an assessment of any risks to the resilience of the UK firm arising from the network and any action taken to mitigate those risks.

See:

[Appendix 2: Financial information](#)

[Appendix 12: Deloitte UK governance and legal structure](#)

As (28.b.) above

[Audit Governance Board and UK Oversight Board report](#)

N/A

[Appendix 9: Principal risks, uncertainties and mitigations](#)

As (28.f) above, see also: [Appendix 13: The Deloitte network](#)

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# Appendix 16:

## Audit Firm Governance Code

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### D INEs and ANEs

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#### Principles

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|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| M. A firm should appoint INEs to the governance structure who through their involvement collectively enhance the firm's performance in meeting the purpose of this Code. INEs should be positioned so that they can observe, challenge and influence decision-making in the firm.                                                                                                                                                                                                                                                             | See: <a href="#">Appendix 12: Deloitte UK governance and legal structure</a> |
| N. INEs (and ANEs) should provide constructive challenge and specialist advice with a focus on the public interest. They should assess and promote the public interest in firm operations and activities as they relate to the purpose of this Code, forming their own views on where the public interest lies.                                                                                                                                                                                                                               | See: <a href="#">Message from the Non-Executives</a>                         |
| O. INEs (and ANEs) should maintain and demonstrate objectivity and an independent mindset throughout their tenure. Collectively they should enhance public confidence by virtue of their independence, number, stature, diverse skillsets, backgrounds, experience and expertise. They should have a combination of relevant skills, knowledge and experience, including of audit and a regulated sector. They owe a duty of care to the firm and should command the respect of the firm's owners.                                            | See: <a href="#">Appendix 12: Deloitte UK governance and legal structure</a> |
| P. INEs (and ANEs) should have sufficient time to meet their responsibilities. INEs (and ANEs) should have rights consistent with discharging their responsibilities effectively, including a right of access to relevant information and people to the extent permitted by law or regulation, and a right, individually or collectively, to report a fundamental disagreement regarding the firm to its owners and, where ultimately this cannot be resolved and the independent non-executive resigns, to report this resignation publicly. | See: <a href="#">Appendix 12: Deloitte UK governance and legal structure</a> |
| Q. INEs (and ANEs) should have an open dialogue with the regulator.                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | See: <a href="#">Appendix 12: Deloitte UK governance and legal structure</a> |

# Appendix 16:

## Audit Firm Governance Code

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### Provisions

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29. INEs should number at least three, be in the majority on a body chaired by an INE that oversees public interest matters and be embedded in other relevant governance structures within the firm as members or formal attendees with participation rights. If a firm considers that having three INEs is unnecessary given its size or the number of public interest entities it audits, it should explain this in its transparency report and ensure a minimum of two at all times. At least one INE should have competence in accounting and/or auditing, gained for example from a role on an audit committee, in a company's finance function or at an audit firm.

See: [Appendix 12: Deloitte UK governance and legal structure](#)

30. INEs should meet regularly as a private group to discuss matters relating to their remit. Where a firm adopts an international approach to its management and/or governance it should have at least three INEs with specific responsibility and relevant experience to focus on the UK business and to take part in governance arrangements for this jurisdiction. The firm should disclose on its website the terms of reference and composition of any governance structures whose membership includes INEs, whether in the UK or another jurisdiction.

See: [Message from the Non-Executives](#); our [website](#)

31. INEs should have full visibility of the entirety of the business. They should assess the impact of firm strategy, culture, senior appointments, financial performance and position, operational policies and procedures including client management processes, and global network initiatives on the firm and the audit practice in particular. They should pay particular attention to and report in the transparency report on how they have worked to address: risks to audit quality; the public interest in a firm's activities and how it is taken into account; and risks to the operational and financial resilience of the firm.

See: [Message from the Non-Executives](#)

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# Appendix 16:

## Audit Firm Governance Code

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32. A firm should establish a nomination committee, with participation from at least one INE, to lead the process for appointments and re-appointments of INEs (and ANEs), to conduct a regular assessment of gaps in the diversity of their skills and experience and to ensure a succession plan is in place. The nomination committee should assess the time commitment for the role and, when making new appointments, should take into account other demands on INEs' (and ANEs') time. Prior to appointment, significant commitments should be disclosed with an indication of the time involved. Additional external appointments should not be undertaken without prior consultation with the nomination committee.	Deloitte UK does not currently have a nomination committee at a UK level – the UKOB Chair undertakes this role, in consultation with the UK Managing Partner and AGB Chair
33. A firm should provide access for INEs to relevant information on the activities of the global network such that they can monitor the impact of the network on the operations and resilience of the UK firm and the public interest in the UK.	See: <a href="#">Audit Governance Board and UK Oversight Board report</a>
34. INEs should have regular contact with the Ethics Partner, who should under the ethical standards have direct access to them.	See: <a href="#">Appendix 12: Deloitte UK governance and legal structure</a>
35. INEs should have dialogue with audit committees and investors to build their understanding of the user experience of audit and to develop a collective view of the way in which their firm operates in practice.	See: <a href="#">Message from the Non-Executives; Audit Governance Board and UK Oversight Board report</a>
36. Firms should agree with each INE (and ANE) a contract for services setting out their rights and duties. INEs (and ANEs) should be appointed for specific terms and have a maximum tenure of nine years in total.	See: <a href="#">Appendix 12: Deloitte UK governance and legal structure</a>
37. The firm should provide each INE (and ANE) with the resources necessary to undertake their duties including appropriate induction, training and development, indemnity insurance and access to independent professional advice at the firm's expense where an INE or ANE judges such advice necessary to discharge their duties.	See: <a href="#">Appendix 12: Deloitte UK governance and legal structure</a>

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# Appendix 16:

## Audit Firm Governance Code

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38. The firm should establish, and disclose on its website, well defined and clear escalation procedures compatible with Principle P, for dealing with any fundamental disagreement that cannot otherwise be resolved between the INEs (and/or ANEs) and members of the firm's Management and/or governance structures.

See: our [website](#)

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39. An INE (and/or ANE) should alert the regulator as soon as possible to their concerns in the following circumstances:

See: [Appendix 12: Deloitte UK governance and legal structure](#)

- the INE or ANE believes the firm is acting contrary to the public interest; or
- the INE or ANE believes the firm is endangering the objectives of this Code; or
- the INE or ANE initiates the procedure for fundamental disagreements.

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40. A firm should disclose in its annual transparency report:

a. information about the appointment, retirement and resignation of INEs (and ANEs); their remuneration; their duties and the arrangements by which they discharge those duties; and the obligations of the firm to support them. The firm should report on why it has chosen to position its INEs in the way it has; and

See: [Appendix 12: Deloitte UK governance and legal structure](#)

b. its criteria for assessing whether INEs (and ANEs) are: i) independent from the firm and its owners; and ii) independent from its audited entities.

As (40.a.) above

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# Appendix 16:

## Audit Firm Governance Code

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### E Operational separation

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#### Principles

- R. Where a firm applies the Principles for Operational Separation, has established an Audit Board with a majority of ANEs and is subject to regulatory monitoring of these arrangements, ANEs will fulfil the responsibilities of INEs under this Code in so far as these relate to the audit practice. A firm's INEs will focus on representing the public interest in high quality audit at the firmwide level as well as on the public interest in firm activities in non-audit parts of the business and the risks posed by these non-audit activities to the audit practice. In fulfilling their role ANEs should follow the Principles set out in section D as applied to the audit practice. See: [Message from the Non-Executives; Audit Governance Board and UK Oversight Board report](#)
- S. INEs should rely on ANEs to provide independent oversight of audit quality plans, audit strategy and remuneration in the audit practice. ANEs should rely on the INEs to monitor activities at the firmwide and network levels for their potential impact on the audit practice. See: [Message from the Non-Executives; Audit Governance Board and UK Oversight Board report](#)

#### Provisions

41. ANEs should have the same obligations regarding time commitment, independence and objectivity as INEs. They should focus their attention on the audit practice in accordance with the Principles for Operational Separation. The Audit Board should have the authority to act independently of the firmwide public interest body. See: [Appendix 12: Deloitte UK governance and legal structure](#)
42. INEs should participate in governance structures operating across the entirety of the firm and pursue the purpose of this Code at the firmwide level. They should: i) monitor the activities of the wider firm and global network for their potential to affect audit quality and the resilience of the audit practice; and ii) ensure the firm takes account of the public interest in its wider decision making. See: [Appendix 12: Deloitte UK governance and legal structure](#)
43. INEs and ANEs should maintain open dialogue, consult on matters of public interest and share information with one another to the extent this is relevant for the Audit Board's oversight of the audit practice and/or the effective discharge of the INEs' responsibilities at the firmwide level. They should inform one another in the event they invoke the procedure for fundamental disagreements. See: [Message from the Non-Executives](#)

# Appendix 17:

## EU Audit Regulation

We cross-reference in the table below to where and how Deloitte LLP complies with the requirements of Article 13(2) of the EU Audit Regulation (as amended by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019).

### Provision of Article 13(2)

The annual transparency report shall include at least the following:

a) a description of the legal structure and ownership of the statutory auditor, if it is a firm;	See: <a href="#">Appendix 12: Deloitte UK governance and legal structure</a> ; <a href="#">Appendix 13: The Deloitte network</a>
b) where the statutory auditor is a member of a network:	See:
i. a description of the network and the legal and structural arrangements in the network;	<a href="#">Appendix 12: Deloitte UK governance and legal structure</a> ; <a href="#">Appendix 13: The Deloitte network</a>
ii. the name of each member of the network that is eligible for appointment as a statutory auditor, or is eligible for appointment as an auditor in an EEA State or in Gibraltar;	<a href="#">Appendix 14: EU/EEA audit firms</a>
iii. for each of the members of the network identified under paragraph (ii), the countries in which they are eligible for appointment as auditors or in which they have a registered office, central administration or a principal place of business;	<a href="#">Appendix 14: EU/EEA audit firms</a>
iv. the total turnover of the members of the network identified under paragraph (ii) resulting from statutory audit work or equivalent work in the EEA States or Gibraltar;	<a href="#">Appendix 14: EU/EEA audit firms</a>
c) a description of the governance structure of the statutory auditor, if it is a firm;	See: <a href="#">Appendix 12: Deloitte UK governance and legal structure</a> ; <a href="#">Appendix 13: The Deloitte network</a>
d) a description of the internal quality control system of the statutory auditor and a statement by the management body on the effectiveness of its functioning;	See: <a href="#">Audit Governance Board and UK Oversight Board report</a> ; <a href="#">Appendix 5: Audit and assurance quality – High-quality outcomes</a>
e) an indication of when the last quality assurance review referred to in Article 26 was carried out;	See: <a href="#">Appendix 5: Audit and assurance quality – High-quality outcomes</a>
f) a list of public-interest entities for which the statutory auditor carried out statutory audits during the preceding financial year;	See: <a href="#">Appendix 15: Public interest entities</a>

# Appendix 17:

## EU Audit Regulation

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### Provision of Article 13(2)

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- g) a statement concerning the statutory auditor's independence practices which also confirms that an internal review of independence compliance has been conducted; See: [Ethics, independence and conflicts](#)
- h) a statement on the policy followed by the statutory auditor concerning the continuing education of statutory auditors referred to in paragraph 11 of Schedule 10 to the Companies Act 2006; See: [Appendix 5: Audit and assurance quality - Our mindset and behaviours](#)
- i) information concerning the basis for the remuneration of members of the management body of the statutory auditor, where that statutory auditor is a firm; See: [Appendix 12: Deloitte UK governance and legal structure](#)
- j) a description of the statutory auditor's policy concerning the rotation of key audit partners and staff in accordance with Article 17(7); See: [Ethics, independence and conflicts](#)
- k) where not disclosed in its accounts, information about the total turnover of the statutory auditor, divided into the following categories: See: [Appendix 2: Financial information](#)
  - i. revenues from the statutory audit of accounts of public-interest entities and members of groups of undertakings whose parent undertaking is a public-interest entity;
  - ii. revenues from the statutory audit of accounts of other entities;
  - iii. revenues from permitted non-audit services to entities that are audited by the statutory auditor; and
  - iv. revenues from non-audit services to other entities.

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### Provision of Article 13(3)

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The transparency report shall be signed by the statutory auditor:



For and on behalf of Deloitte LLP

# Glossary

Term	Description
Arm's length	A fair market basis used to determine the price for Deloitte specialists working outside of Audit & Assurance providing input to an audit.
Audit & Assurance Quality Board (A&AQB)	The A&AQB comprises partners and directors from across our Audit & Assurance business. Its remit is to: <ul style="list-style-type: none"><li>• Develop and govern activities to improve audit quality and the quality of our work on assurance engagements</li><li>• Implement these improvements across the Audit &amp; Assurance business</li><li>• Respond to audit quality issues raised by regulators and stakeholders.</li></ul>
Audit Firm Governance Code (the Code)	Published by the FRC and ICAEW in 2010 and revised in 2022, the Code sets a benchmark for good governance at the UK's largest audit firms, on a 'comply or explain' basis.
Audit Governance Board (AGB)	Established on 1 January 2021, the AGB comprises a majority of Non-Executives including the Chair. It is responsible for providing independent oversight of Deloitte's UK audit business, with a focus on the policies and procedures for improving audit quality. This includes ensuring people in the audit business are focused above all on the delivery of high-quality audits in the public interest; and oversight of the policies and processes for ensuring audit partner remuneration reflects their contribution to audit quality.
Audit Non-Executive (ANE)	Individuals who are independent of the management of the firm and who are responsible for providing independent advice and recommendations for management's consideration regarding the UK Audit & Assurance business. ANEs comprise a majority of the members of the Audit Governance Board and one of them is its Chair.
Audit Quality Plan (AQP)	A database used to capture and monitor actions arising from audit quality initiatives and the findings from external and internal reviews.
Audit Quality Remuneration Committee (AQRC)	A committee comprising experienced partners, independent of the Audit & Assurance Executive, that evaluates the audit quality contribution of audit partners. Its recommendations are used by the Audit & Assurance Executive to inform their decisions on audit partner reward and promotion.
Audit Quality Review (AQR)	Independent reviews performed by the FRC to monitor the quality of the audit work of certain UK statutory auditors and audit firms.
Deloitte Academy	Provides support and guidance to board and executive committee members through a series of webinars, seminars and discussions.
Deloitte Audit Forum	Annual stakeholder event comprising an Audit AGM, with updates from the Audit & Assurance Executive and the AGB, as well as topical discussions on evolving thematic areas, with Deloitte and guest speakers. The event provides opportunities for audience Q&A with internal and external stakeholders.

# Glossary

Emerging Issues Group (EIG)	Established during 2015 and comprising partners from across the Audit & Assurance business, including industry specialists and those from our central technical team, the EIG's objective is to identify emerging industry, political/economic, technology and regulatory/inspection related issues that could have a significant impact on audit quality in the future.
Engagement Quality Review (EQR)	Provides an objective and independent evaluation of the significant judgements made by the Engagement Team and the conclusions reached in formulating their report. The requirement for an EQR is met by EQR partners, the independent Professional Standards Review (PSR) team and, where appropriate, the independent Quality Corporate Reporting Centre of Excellence (QCR) team. In our last report, we referred to this role as Engagement Quality Control Review (EQCR); following adoption of new standards, the same role is now called Engagement Quality Review.
Ethical Standard	Applicable to audit engagements and other public interest assurance engagements, the FRC published the current Ethical Standard in December 2019. The standard aims to strengthen auditor independence, prevent conflicts of interest and, ultimately, improve audit quality.
Financial Reporting Council (FRC)	The UK's Competent Authority for Audit, responsible for promoting high-quality corporate governance and reporting. It sets the standards framework within which auditors, accountants and actuaries operate in the UK.
Independent Non-Executive (INE)	Individuals who are independent of the management of the firm and who are responsible for providing independent advice and recommendations for management's consideration regarding certain UK firmwide and non-audit matters. INEs are members of the UK Oversight Board and one of them is its deputy chair.
Institute of Chartered Accountants in England and Wales (ICAEW)	Professional Accountancy body and Recognised Supervisory Body with delegated powers from the FRC to supervise audit work. They monitor firms to ensure work is completed competently, ethically and appropriately.
International Auditing and Assurance Standards Board (IAASB)	An independent standard-setting body that sets international standards for auditing, quality control, review, other assurance, and related services, and facilitates the convergence of international and national standards.
International Standard on Quality Management (ISQM) 1	An IAASB quality management standard focusing on quality management at the firm level, revised and published by the FRC as ISQM (UK) 1.
International Standard on Quality Management (ISQM) 2	An IAASB quality management standard focusing on engagement quality reviews, revised and published by the FRC as ISQM (UK) 2. It is effective for audits and reviews of financial statements for periods beginning on or after 15 December 2022; and effective for other assurance and related services engagements beginning on or after 15 December 2022.
International Sustainability Standards Board (ISSB)	An international body established to deliver a comprehensive global baseline of sustainability-related disclosure standards that provide investors and other capital market participants with information about companies' sustainability-related risks and opportunities, to help them make informed decisions.

# Glossary

Multidisciplinary model (MDM)	Our MDM connects disciplines and capabilities across Audit & Assurance, Consulting, Financial Advisory, Risk Advisory and Tax & Legal under a single Global Deloitte umbrella.
Non-Executive Committee (NEC)	A committee chaired by and comprising only Non-Executives to provide a forum for deeper dives into specific areas of public interest and to assist the Non-Executives in fully discharging their regulatory responsibilities.
Non-Executives	Collectively, the INEs and ANEs.
North and South Europe (NSE)	Deloitte NSE is the second largest member firm in the Deloitte network, spanning eight geographies (Belgium, Central Mediterranean, Ireland, Middle East, Netherlands, Nordics, Switzerland, United Kingdom), and 31 countries.
Partnership Council	The partner group responsible for ensuring fairness and equity between partners and fairness in the implementation of Deloitte NSE policies and strategies. The Partnership Council is also the body that undertakes soundings to assist in the selection of candidates for election to the NSE Board and appointment to the role of UK CEO.
Professional Standards Review (PSR)	The PSR function, part of our EQR approach, is a robust, independent challenge and review of the engagement team's rationale and documentation of decisions taken and opinions reached within our reports and other documents.
Public Company Accounting Oversight Board (PCAOB)	A non-profit corporation established by the US Congress as a result of the Sarbanes-Oxley Act of 2002 to oversee the audits of public companies. In the UK this applies to UK corporates with US listings, and certain subsidiaries of US-listed companies.
Public interest entity (PIE)	As set out in UK law the definition of a PIE includes: <ul style="list-style-type: none"><li>• UK incorporated companies with transferable securities listed on a UK regulated market</li><li>• UK credit institutions (broadly banks and building societies)</li><li>• UK Solvency II insurance undertakings authorised by EU member states.</li></ul>
Public Interest Review Group (PIRG)	A group, chaired by the Ethics Partner and comprising senior partners from across the firm, to consider whether or not certain proposed engagements are pursued on public interest grounds.
Quality Assurance Department (QAD)	The QAD of the ICAEW monitors audit firms regulated by the ICAEW, for the audits of entities that are not covered by the FRC's monitoring.
Responsible Individuals (RIs)	Individuals who are qualified to sign the audit report and who are authorised by a professional body to do so. At Deloitte, these are audit partners and signing directors.

# Glossary

Single Quality Plan (SQP)	A plan that pulls together the numerous strands of audit quality actions, and monitors and prioritise those actions. In future years the FRC are planning to introduce formal reporting in respect of the SQP.
System of Quality Management (SQM)	Our systems and processes that provide us with reasonable assurance that we are complying with applicable professional standards and our own quality standards.
System of Quality Management (SQM) findings and deficiencies	<p>A finding is information about the design, implementation and operation of the system of quality management which indicates that one or more deficiencies may exist.</p> <p>A deficiency exists when:</p> <ul style="list-style-type: none"><li>i. A quality objective required to achieve the objective of the system of quality management is not established</li><li>ii. A quality risk, or combination of quality risks, is not identified or properly assessed</li><li>iii. A response, or combination of responses, does not reduce to an acceptably low level the likelihood of a related quality risk occurring because the response(s) is not properly designed, implemented or operating effectively, or</li><li>iv. Another aspect of the system of quality management is absent, or not properly designed, implemented or operating effectively, such that a requirement of ISQM 1 has not been addressed.</li></ul>
TechEx	Our year-round Technical Excellence programme, delivered through a multi-faceted mechanism consisting of an experiential learning event (TechEx Live), and the opportunity to embed experiences and learning onto Audit engagements (TechEx Teams).
UK Oversight Board (UKOB)	The governance body responsible for overseeing how the firm meets its regulatory and legal requirements in the UK, including how it meets the purpose of the Audit Firm Governance Code which focuses on promoting audit quality, assisting the firm to secure its reputation more broadly and reducing the risk of firm failure.



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