



A Report on Audit Quality  
2022/2023  
Focused on Great



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# Structure of report


## A quick guide on how to use this report

This report is published to update you on our journey to continuously push the boundaries on audit quality and is a continuation of our reports from 2020 and 2021. We also invite you to read this report in conjunction with our **2022 Transparency Report**, for detailed information on Deloitte Canada's legal structure, governance, ethics and independence principles, and quality control processes and procedures.

This report provides a snapshot of our 2022/2023 fiscal year where we have continued to move the bar on audit quality by focusing on great in all that we do. This report is meant to facilitate discussion with our stakeholders, which is why we placed some sample questions in each section to stimulate a robust dialogue.



Click on this icon throughout this report to watch and listen to more content.



“Quality is directly linked to trust. When we build teams where everyone feels totally supported and empowered to ask the questions that need to be asked and learn from each other to deliver their best, the quality of our work is guaranteed.”

# A message from leadership

## Focusing on being great in all that we do leads naturally to exceptional audit quality

Since our last audit quality report, our core principles have not changed. We remain committed to being in a category of one in audit quality – a truly undisputed leader. Quality goes well beyond compliance with technical accounting and auditing standards. We view audit quality to encompass the quality of the audit experience, the level and depth of insights that we provide to our clients, the proprietary processes and controls that we develop and deploy to make every single audit a high-quality audit, and of course to provide our people with a world-class talent experience in the world’s most mobile professional-services environment. These elements of quality do not happen by accident. Quality occurs through the culmination of a lot of seemingly individually small activities. When we focus on great in all that we do, good things happen, and audit quality is no exception.

At the heart of it, our focus on great is powered by our people. Consequently, attracting and retaining a diverse array of top talent in our marketplace is critical.

We strive to create an environment where our people bring their best every day. This requires a culture of inclusivity, flexibility, development through new experience, as well as being inspired and inspiring.

This is an exciting time for our profession, trust has never been more valuable and is at the heart of what it is we do. The world is changing quickly.

“Quality means excellence. It’s about being great at what we do every day.”

There is increasing focus on standardized, third-party verified information beyond traditional financial statements.

We strongly believe that we are best positioned to provide stakeholders with confidence in Environmental, Social and Governance related reporting given the existing infrastructure we have in place to provide this trust. We further believe that scale and access to experts and specialists to support our auditors is critical in getting this right, hence our commitment to our Firm’s multi-disciplinary model remains without question.

Thank you for this opportunity to share an update with you on our progress to a Category of One and engage in a rich dialogue. It will be clear as you read this report that we are laser-focused on being great in everything that we do.

**Anthony Viel**  
Chief Executive, Deloitte Canada



**Sue Bennett**  
Managing Partner,  
Audit & Assurance, Deloitte Canada





# Our talent: our biggest strength

**Deloitte is for everyone**  
**We are continually evolving our Talent Value Proposition**

At Deloitte, we are focused on attracting and retaining a world class group of people and providing them an unrivalled experience with our category-of-one scale as well as our diversity of backgrounds and skills. A key ingredient in audit quality is engaged, inspired people who have a wide array of experiences to draw upon. We also strongly believe that diversity of thought is non-negotiable in providing exceptional value to our clients and pushing the boundaries on being innovative and thinking differently. We are focused on great in our Talent Value Proposition (TVP) and are proud to update you on our talent strategy and progress.

Our TVP is our commitment in relation to the talent experience our people will have at our firm and what our people will contribute in return.

Earlier this year, we refreshed our TVP to reimagine the work experience and allow us to better attract, engage, and retain the top talent we need to adapt and thrive to deliver value to our clients and uphold the public interest, with excellence. People today have more career options than ever before—and with more options comes increased expectations for better, more meaningful professional experiences.

Our TVP defines what is distinct about Deloitte as a place to work and what differentiates us. The TVP is activated at all levels, supported by mindset and culture, pilot programs, storytelling, and proof points to demonstrate how Deloitte is tangibly acting to bring potential to life.

Through continued activation of our Audit & Assurance strategy, our People & Culture priorities, and our only@Deloitte experience, we are delivering on the following actions (opposite page).

## Deloitte has committed to:



**Providing people with purposeful work** by living our Purpose & Shared Values and leading the way on inclusion



**Shaping the future for Audit and beyond** by providing space for innovative solutions to the most complex issues



**Enabling flexibility on where and how to work** by empowering our people to make choices that support well-being and drive the best outcomes for our teams and clients



**Developing inspiring leaders** by providing world-class development and apprenticeship to cultivate distinctive leadership strengths and styles



**Achieving professional standards** by providing mentorship and support for our people to maintain role-specific professional development needs, meet or exceed Key Performance Outcomes (KPOs), and capability requirements as defined in our Global Talent Standards



**Driving career growth and development** by empowering top talent to work in any industry, master any discipline, and take on any challenge supported by exceptional coaches and mentors, and comprehensive training and on-the-job mentorship



As we continue on our journey, here are some statistics that we think are important for you to know:

Our Audit & Assurance practice is comprised of approximately **2,800 professionals**, with **295 of them being partners** and directors

Audit & Assurance is comprised of **54% women**, **36% racialized people**, **4% Black people**, **1% Indigenous peoples**, **1% people with disclosed disabilities** and **4% of 2SLGBTQIA+ people**

**66% and 17% of our new Audit & Assurance leaders were women and racialized people respectively**

Our Audit & Assurance Professionals invested over **140,000 hours** in learning over the past year

**1 out of every 4.5 hours** is completed by a partner, director, or manager for public company audit engagements

**1 out of every 8.8 hours** was spent by a specialist for public company audit engagements

**100% of our Audit & Assurance professionals signed a pledge to place audit quality as our top priority** and promote flexibility and clear communication in how and where they work

“We strive for Deloitte to be a place where everyone can succeed no matter where they are from or who they are.”

Praveck Geeanpersadh, Managing Partner, Diversity, Equity, and Inclusion (DEI)

Diversity, equity, and inclusion are at the core of our TVP. We are fostering a workplace culture that builds on a foundation of respect and appreciation for diversity in all its forms, challenges the status quo, decolonizes our practices, creates equitable processes, and embeds inclusive behavior within our everyday.

#only@deloitte

We have been recognized by a number of third parties for our Talent excellence programs



WORLD'S BEST WORKPLACES 2022



MOST ATTRACTIVE EMPLOYERS WORLD 2022



MOST ATTRACTIVE EMPLOYERS CANADA 2022



BEST WORKPLACES FOR PROFESSIONAL DEVELOPMENT CANADA 2022



GREAT PLACE TO WORK 2022

**A welcoming culture starts with “we”**

As part of our commitment to listening to our people, we have many ways in which we ask for input and feedback on our people’s experience at Deloitte. We not only listen, we act. One of the ways we do this each year is through our participation in the Great Place to Work (GPTW) program, an external assessment that compares Deloitte with other businesses in the market.

In 2022, Deloitte ranked #7 on the World’s Best Workplaces list, and Deloitte Canada ranked #11 on Canada’s Best Workplaces list. In 2023, Deloitte Canada has once again received its Great Place to Work® certification, and our year-over-year results have seen an improvement.

In addition, Deloitte Canada is honoured to be ranked #4 on Canada’s Most Attractive Employers 2022 list by Universum, voted by business students. This recognition reflects our shared sense of purpose and ongoing commitment to putting our people first. We are glad to see the continued recognition of our culture and our potential among students, just like we see the potential in them.

We are proud of all these accomplishments and stats, but we also know we have more work to do. One of the key things on which we remain focused is not only building our firm to reflect the backgrounds of contemporary Canada, but also to have this scope of diversity reflected in our leadership ranks. We look forward to updating you as we make progress on this important objective.

**Ask us:**



How have you considered diversity within our Deloitte service team?



Despite great talent programs, turnover still always exists.  
How do you deal with turnover in your Audit & Assurance practice?



How do we engage and retain our talent?

We know that it is difficult to engage and retain talent and we must be unique and provide an #only@Deloitte experience to do this. Some of the things we do different in Audit & Assurance are:



Audit Team Pledge



Young Professional Forum (YPF)

The nature of our work is that it can be unpredictable and demanding. On top of that, more virtual ways of working have further blurred the lines between work and home, making it increasingly difficult to switch off. The YPF and Audit Team Pledge are part of our commitment to our people to have a meaningful career at Deloitte - and maintain a fulfilling life outside of work.

Ask us:



Did our Deloitte team sign a team pledge? What are some of the elements of the pledge that would be visible to me?

“When our audit teams are on the same page, in terms of where and how to work, great things happen. Satisfaction, learning, adding value to our clients and audit quality are all enhanced.”

**Matt Welchinski, Managing Partner, National Office**



The **Audit Team Pledge** enables our engagement teams to have deliberate conversations around focusing on great quality and always doing the right thing, development goals and preferred ways of working. This ensures our apprenticeship model remains strong, as well as helps engagement teams navigate our hybrid model.

The **YPF** acts as an intermediary between Young Professionals and Audit & Assurance Leadership in order to elevate the Deloitte experience in Audit & Assurance and focuses on professional pride. The vision is to create a forum that amplifies the voice of our young professionals to make meaningful and positive change in our practice.



In 2022, we designed and distributed **11 learning courses** to upskill and train our staff on sustainability reporting. Course content includes considering climate-related matters in the audit, climate change, metrics and targets, and disclosure strategy.

**175+ resources, including 90 partners and directors support our ESG initiatives across the firm**

# Sustainability reporting

## Quality meets sustainability

Trust in non-financial information is becoming increasingly important. The standard-setting activities as well as the reporting desires for stakeholders are evolving rapidly. We believe that in the future, Environmental, Social and Governance (ESG) elements will simply be engrained in financial reporting, and there will be a requirement for third-party assurance to be placed on this information.

We are already supporting our clients in thinking through and operationalizing their ESG reporting and what future models may look like. Our current audit approach takes into consideration ESG criteria.

We are taking our same focus and resources that we have at our firm's disposal and leveraging these to build a category-of-one ESG practice that is equally competent in advising on ESG-related matters and providing assurance on ESG-related information.

“Financial and ESG performance no longer exist in parallel silos from one another. From now on, sustainable value creation is driven and measured by both together.”

**Nura Taef, Partner, ESG Reporting Advisory**



We have built on our firm's processes and adapted our controls to promote sustainable audit quality for purposes of ESG reporting. We have invested significantly in equipping our people with the tools and learning materials to do this effectively and provide significant value to our clients. We have also heard our talent loud and clear: work focused on sustainability is purposeful and in line with our TVP of providing our people with a wide array of experiences.

## Ask us:



What are the key ESG reporting priorities that I should be thinking about within my organization?



As an audit client, how does ESG impact my current-year audit?

**We approach sustainability responsibly**

We believe that to be leaders in ESG reporting, we must live by these same principles within our firm. In respect of the environmental aspect of ESG, we have a robust plan to monitor and reduce our carbon footprint—we must continue to be responsible. We are proud of our progress in the year just passed, and we plan on maintaining this momentum to push ourselves to be leaders in managing our firm’s environmental impact.

Learn more about the full impact we have made in our **Deloitte Canada 2022 Impact Report**.

Sustainability reporting is still in its infancy. We continue to be a leading voice in shaping the discussion and devising what the future may look like.

**Ask us:**



What is Deloitte Canada doing to address the Social and Governance aspects of ESG?



Our people volunteered for environmental initiatives and joined our **Green Champions Network (GCN)**, reaching more than **1,000 members** this past year



Reduced business travel emissions by **93% per FTE**



Sourced **100% renewable energy** for all our facilities



Reduced energy-related emissions by **69%**



During April (Earth Month), our people dedicated more than **750 hours** of their time to volunteering for environmental causes in their communities

# Our culture of quality

**Audit quality is diminished if it is not sustainable and ever-evolving**

Audit Quality is one thing, however, for audit quality to be sustainable, it must happen naturally. It needs to be engrained in the systems, processes, and everyday behaviours of everyone in our Audit & Assurance practice.

We successfully completed the implementation of the International Standard on Quality Management 1 (ISQM1) in our practice. What we learned was that our significant investment in audit quality over the years resulted in minimal heavy lifting to introduce new systems or processes into our practice. We remain committed to evaluating the efficacy of our system of quality control and making continuous enhancements.

Given that our culture of quality has a number of elements to it, we will focus on a few of these that are disproportionately impactful to audit quality: tone at the top, consultations and ethics. What is clear is that

when we focus on doing a great job at a number of seemingly individually small elements, good things happen, and we achieve our audit quality objectives.

**Leadership Tone at the Top**

In order to establish a culture that values quality among all else, it must be led from the very top levels of the organization.

The Audit Quality Working Group (AQWG) of our Firm's Board of Directors plays an active role in overseeing the Deloitte Canada audit quality program and holding those responsible for delivering audit quality accountable.

The AQWG meets multiple times a year, and their mandate includes overseeing the annual Audit Quality Plan ("AQP"), internal and external inspections, regulator relationships, and practice review programs, to name a few.



**Raise your hand: A culture of consultation**

At Deloitte, we believe that empowering our people to speak up and ask for support when they come across challenges makes us stronger. We call this Raise Your Hand (RYH), a program which we officially launched in 2021.

In the past year, RYH was stronger than ever, and we want people to keep raising their hands, even higher. We continue to believe that we are stronger together and empower our people to voice their challenges, ask for help and work together to support each other.

**72%**  
**of our public  
company  
engagements**  
had voluntary  
consultations this  
past year

**Key RYH success factors:**



**Clear communication**

- Define clear expectations for all levels
- Highlight of focus areas for our practice
- In 2022, we introduced short RYH video clips, sent to our entire Audit & Assurance practice every 2 weeks, highlighting key focus areas



**Data tracking**

- Review of audit and accounting consultation data to identify optimized resourcing and additional needs



**Incentives**

- Support and reward RYH behaviors
- Consultations activity embedded as performance evaluation metric for partners



**Infrastructure**

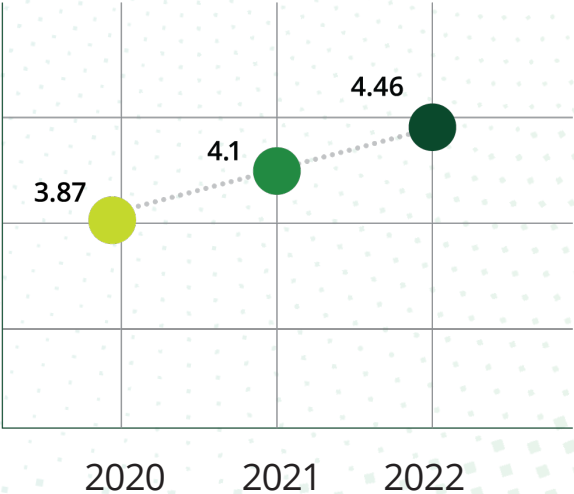
- Ensure the right number of people with the right skillsets are identified to support RYH



**Sharing success stories**

- Celebrate RYH success stories with our Audit & Assurance practice
- Remind our people that RYH is so much more than audit consultations—it is asking for resourcing support, managing timeline changes, discussing ethical dilemmas and beyond

Average number of accounting or audit consultations per public company audit engagement:





“We continually encourage our people to speak out about any ethical and integrity concerns. By speaking up, they are reinforcing Deloitte’s ethical culture.”

Jasmine Tsang, Managing Partner, Ethics

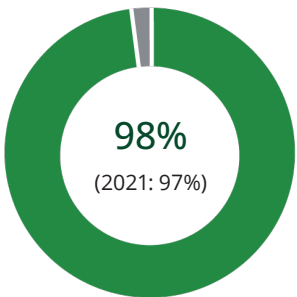


**Ethics: A culture of doing the right thing**

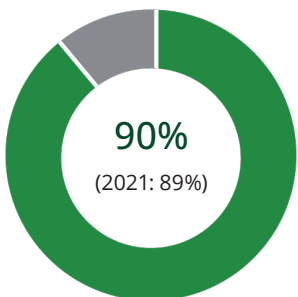
We don’t compromise when it comes to ethics, and do not ever want our people to feel pressure to take shortcuts that could impact quality. Our focus is to continually raise awareness on the reporting channels and independent ethics team that are here to support the right decisions and ethical behaviour, every day. We also know that ethical culture starts with our leaders and tone at the top. That’s why we encourage our partners and managers to lead by example and speak openly about ethics and integrity with their teams.

Our Deloitte Canada National Quality & Risk Management team provides specialized support in the areas of independence, risk management, ethics, and compliance. Their focus is helping our firm succeed in delivering superior technical and high-quality client service while at the same time efficiently managing reputational and financial risks. The team is available to our people, whenever they need them, for whatever reason.

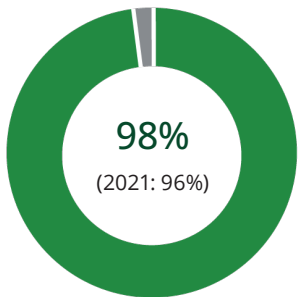
If there is a concern, we want our people to speak up—period.



believe that Deloitte is an ethical place to work



feel prepared to respond to ethical issues when confronted with them in the workplace



understand it is their responsibility to report conduct that they perceive to be unethical

**18 professionals,** including a dedicated team and regional ambassadors, support our firm-wide Ethics function

**100%** of our audit professionals have completed their independence attestation and required ethics training



**We take quality monitoring seriously**

Objectives and metrics do not mean anything unless they are regularly monitored, reported, and communicated. We have several quality monitoring programs in place to support our quality initiatives and ensure the delivery of high-quality engagements. We regularly review and adjust our quality monitoring plan and approach as a result of our internal and external inspection results and changes to audit and accounting standards.

Audit quality requires the ability to see around corners. If we measure quality against inspection results, we have missed the point as these are detective processes that occur after the fact. This is why we have invested in numerous processes that are predictive in nature to evaluate the health of our practice and individual engagements in real-time.




We monitor dozens of factors throughout the year in real-time at the individual engagement level, including things like:

- Is the audit progressing against how it was planned?
- Is the leverage model appropriate?
- Have unexpected changes in the engagement occurred (new risks, delays in deliverables from our client, resourcing challenges, new environmental risks?)

Quality monitoring shows us that our efforts around focusing on great on a number of individually small items pays off.

Our systems of quality control continue to operate effectively, and the results of our internal audit file inspections are consistent with this statement. In short, our processes and programs to deliver sustainable quality work!

**Ask us:**

-  Where are areas of RYH that have been employed on our audit engagement?
-  What are some of the more frequent areas where Deloitte professionals raise their hands for support?
-  What happens if a member of our audit delivery team reports an ethical matter internally?



# The Deloitte digital audit

**Digital. Dynamic. Differentiated.**

At Deloitte, leading-edge technology is helping us redefine what is possible in an audit. By focusing on being great in technology and innovation, we are providing our clients with greater insights, transparency and collaboration and, of course, increased audit quality.

Deloitte's holistic global audit platforms, Deloitte Omnia (for larger complex audits) and Deloitte Levvia (specifically tailored for smaller, less complex private company audits) demonstrate our commitment to delivering digital, high-quality audits of all sizes and levels of complexity. Over the past year, we continued to accelerate the usage of these platforms for our audit engagements, working towards our goal of using them on all applicable engagements by 2024.

We also began implementing Cortex, the next-generation analytics platform, which will provide the foundation to further expand and automate data and analytics capabilities in the coming years.

**Innovation begins with insights**

In March 2022, our Innovation Challenge received nearly 100 amazing ideas in two critical ideas: climate change and internal innovation. Out of 93 applicants, 11 finalists presented their ideas and connected with leaders in the firm to either help advance these new concepts or integrate ideas into existing programs.

This challenge is one of several initiatives that will elevate, empower, and celebrate innovation across the firm and help us continue to deliver leading-edge concepts and technologies to our clients.

## Ask us:



Does our audit engagement use Omnia or Levvia? If not, when is there a plan to do so?



What will be the noticeable changes from my perspective when using Omnia or Levvia?

Approx. 70% of our public company engagement hours will have transitioned to Omnia by May 2023

## Redefining expectations about what is possible with the Deloitte digital audit



**An effective, high-quality audit**

- Integrated technology platform
- One globally consistent audit
- Artificial intelligence and machine learning



**Uncovering business insights through analytics**

- Highly skilled Deloitte engagement teams
- Analytics over complete data sets and transactions with predictive algorithms
- Data analytics engine

“We continue to transform how our audits are delivered, enhancing both audit quality and our own practitioner experience. We are excited to fully integrate all of our audit technologies in the upcoming year, enabling our professionals to provide a seamless audit and deeper insights for our clients”

**Chad Shaver, Transformation, Innovation & Learning Leader, Audit & Assurance, Deloitte Canada**

**#ThisIsInnovation**  
**#InnovationChallenge**



# Staying focused

## Where do we go from here?

There's no rest in our quest to be a Category of One and an undisputed market leader. We have been shifting our approach and our priorities to set ourselves up for continued success in the future of work. Our recent achievements are the fuel to our journey there.

We renewed our TVP to invest in our people, to attract, engage, and train top talent, and to celebrate and empower talent from all walks of life.

We are helping shape a greener world, embed ESG reporting into our commitment to quality, and define the future of ESG reporting.

Communication is key to improving audit quality, and we are expanding our efforts to ensure a safe space for conversations to happen at all levels of our practice.

Beyond leveraging our newest innovations and implementing even newer ones, we never stop searching for the next generation of technological solutions to deliver quality in the ever-changing digital sphere.

As needs, expectations and digital possibilities continue to evolve worldwide, we are setting ourselves up to be able to continue to adapt and thrive. We are ready and excited to help shape what's to come.

Our job is not done. It never will be, as we are committed to always getting better in everything we do. We appreciated the opportunity to share some of our progress and stories, and we look forward to engaging in a rich conversation with you.

## When we focus on great, audit quality happens.

We are only emboldened by our discipline around achieving sustainable audit quality. We look forward to next year when we will further update you on our progress.



Deloitte provides audit and assurance, consulting, financial advisory, risk advisory, tax, and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights, and service to address clients' most complex business challenges. Deloitte LLP, an Ontario limited liability partnership, is the Canadian member firm of Deloitte Touche Tohmatsu Limited. Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.com/about](http://www.deloitte.com/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Our global Purpose is making an impact that matters. At Deloitte Canada, that translates into building a better future by accelerating and expanding access to knowledge. We believe we can achieve this Purpose by living our Shared Values to lead the way, serve with integrity, take care of each other, foster inclusion, and collaborate for measurable impact.

To learn more about Deloitte's approximately 330,000 professionals, over 11,000 of whom are part of the Canadian firm, please connect with us on [LinkedIn](#), [Twitter](#), [Instagram](#), or [Facebook](#).

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