

Audit failures

We note that Deloitte refers to the Deloitte Touche Tohmatsu partnership in Australia and its affiliates.

Question 1

Over the last ten years, how many civil cases have been found against Deloitte in which audit quality was a significant component in the statement of claims? Please provide details of such instances.

Over the last ten years, no civil cases have been found against Deloitte in which audit quality was a significant component in the statement of claims.

Question 2

Over the last ten years, how many civil cases have Deloitte settled in which audit quality was a significant component in the statement of claims? Please provide details of such instances.

Over the last ten years, Deloitte has settled one case with a listed entity in which a significant component of the statement of claim alleged wrongdoing in relation to the audit.

Tamaya Resources Limited

Two proceedings were commenced against Deloitte in relation to its FY2007 audit of Tamaya Resources: (1) a shareholder class action; and (2) liquidators on behalf of the company. Deloitte denied liability and defended both proceedings between 2013 and 2017.

Prior to the commencement of the liquidators' proceedings, Deloitte and the directors settled the class action in 2017 on a commercial basis without admissions. The liquidators' case collapsed on the second day of the hearing in 2017 and was discontinued.

Question 3

Over the last ten years, how many companies have gone into receivership where: Deloitte audited the final annual financial report; and where there was material misstatement in the final annual financial report?

Over the last ten years, Deloitte has not audited the final annual financial report of a listed company that went into a receivership and where there was a material misstatement in the final annual financial report.

Questions 4 – 6

In respect of each of the instances that meet the conditions in Question 2:

- *Were the auditors involved dismissed?*

- *Were the Partners managing the file penalised financially, including through the withholding of performance payments?*
- *Were there any other actions that Deloitte took in response?*

Audit quality is a key priority for us and we are committed to continuous quality improvement. Our local and global audit quality policies include audit quality outcomes as key considerations in determining auditor performance and compensation decisions.

In relation to the matter of Tamaya, there were no adverse findings made against Deloitte or any individual Partners. Therefore, no action was taken against the relevant Partners.