Leadership and governance

Deloitte's leadership is taken from our partner group: their commitment to quality and integrity allows us to deliver excellence to our clients.

The relentless pursuit of the highest quality in our professional work remains one of the cornerstones of our firm's continuing success. Our focus on quality encompasses the values of all our people. We do not take for granted the trust placed in Deloitte by clients and the wider business community, and sustaining this trust rests with every individual – at every level – within our firm.

Organisational structure

The principal activities of Deloitte & Touche LLP are the provision of audit, tax, consulting and corporate finance services in the United Kingdom. In addition, professional services are provided in Switzerland by a subsidiary entity.

Deloitte operates an integrated business model: each of the four service lines operates a common set of procedures and policies where possible and appropriate. Each of the service lines then develops additional policies and guidance to reflect the specific requirements of their business offerings. For the purposes of transparency reporting under the Statutory Auditors (Transparency) Instrument 2008, this report contains information about Deloitte which is relevant to all of the service lines, as well as specific matters relevant to our audit business.

Executive group

Deloitte's activities are managed by the Senior Partner and Chief Executive, and the Executive Group, which is appointed by the Senior Partner and Chief Executive. In keeping with our client service focus, members of the Executive Group are also actively engaged with our clients.

The members of the Executive Group for the year under review were:

John Connolly, Senior Partner and Chief Executive, **Steve Almond**, Managing Director, Global, **Aidan Birkett**, Managing Director, Corporate Finance, **Richard Buck**, Senior Client Service Partner, **Stuart Counsell**, Deputy to the Senior Partner and Chief Executive, **Cahal Dowds**, Managing Partner, Regions, **Martin Eadon**, Managing Director, Clients & Industries, **Margaret Ewing**, Senior Client Service Partner, **Sharon Fraser**, Managing Partner, Talent, **John Kerr**, Managing Partner, Innovation, **Vassi Naidoo**, Managing Partner, Quality, **Vince Niblett**, Managing Director, Audit, **David Owen**, Managing Director, Consulting, **Gerry Paisley**, Managing Partner, Practice Protection, **Richard Punt**, Managing Partner, Strategy & Planning, **Graham Richardson**, London Senior Partner, **David Sproul**, Managing Director, Tax, **Bob Warburton**, Managing Partner, Finance & Legal.

Senior Partner and Chief Executive

John Connolly, the Senior Partner and Chief Executive, has full executive authority for the management of Deloitte. The Senior Partner and Chief Executive is nominated by the Board of Partners and elected by the partners for four year terms of office. John Connolly began his third term as Senior Partner and Chief Executive on 1 June 2007. The responsibilities of the Senior Partner and Chief Executive fall under five principal headings:

- The business of Deloitte, including the development and management of professional services at the highest level of quality and compliance with all regulations;
- The development of policies and strategic direction;
- Financial performance;
- Partners, including our talent goals; and
- International, representing the UK firm in its association with Deloitte Touche Tohmatsu.

The Senior Partner and Chief Executive communicates regularly with the partner group and with all of our people, in person and by a series of webcasts, voicemails and regular email alerts. The partner group also meet at least annually, most recently in July 2008 in London.

John Connolly is also the Chairman of the Board of Directors of Deloitte Touche Tohmatsu (DTT), the international organisation of which we are a member. In this separate role, John is able to help enhance quality throughout the network of member firms, and to share within the network the collective expertise and experience of client service, talent development and quality and risk management. The international network has a separate Chief Executive Officer, Jim Quigley.

Audit Executive

The Managing Director, Audit and the Audit Executive group are responsible for the delivery of Deloitte's business objectives within the audit service line.

The members of the Audit Executive group for the year under review were:

Vince Niblett, Managing Director, Audit, **David Barnes**, Head of London Audit – Financial groups, **Geoff Taylor**, Head of Regional Audit, **Stephen Griggs**, Audit Talent partner, **Panos Kakoullis**, Head of London Audit – Corporate groups, **Simon Letts**, Audit Quality & Risk Management partner, **Richard Norton**, National Leader – Enterprise Risk Services.

Leadership and governance

Board of Partners

The Board of Partners is responsible for the promotion and protection of partner interests and for the oversight of management. It approves Deloitte's long-term strategies and has specific oversight of risk. The Board is composed of the Chairman, the Senior Partner and Chief Executive, both of whom are elected by the partners, a further ten elected partners, five Executive Group partners proposed by the Senior Partner and Chief Executive and affirmed by the partners and up to two co-opted members.

Like the Senior Partner and Chief Executive, the Chairman is nominated by the Board and elected by the partners and serves for a four year term of office. David Cruickshank commenced his first term of office as Chairman on 1 June 2007. The separation of the roles of Chairman and Chief Executive provides a strong measure of accountability for the executive team.

Deloitte's partnership agreement stipulates that the ten elected board members in addition to the Chairman must not be members of the Executive Group. As a result, two thirds of the Board membership is independent of the Executive Group. The Board meets monthly except for August.

The Board during the year under review comprised:

David Cruickshank, Chairman
John Connolly, Senior Partner and Chief Executive

10 elected members:
Penny Avis, Sabri Challah, Bruce Gordon, Stephen Griggs, Heather Hancock, Tony McClenaghan, Gerry Murphy, Ian Steele, Stephen Ward, and Lionel Young

5 Executive Group members:
Steve Almond, Martin Eadon, Vince Niblett, David Owen and David Sproul

Corporate Governance

The Board's oversight of management and the establishment and operation of audit, remuneration and nomination committees ensure that Deloitte adheres to the highest levels of corporate governance and risk management oversight.

The membership of each of these committees is made up of elected members of the Board who are independent from the Executive Group.

Audit Committee

The Audit Committee takes responsibility for monitoring the reporting, accounting, financial and control aspects of the executive management's activities. It receives reports from our internal audit team and our external auditors, reports on its activities and findings at each meeting of the Board and plays a key role in our risk management process.

The Audit Committee liaises closely with the external auditors regarding the results of the audit and is actively involved in the selection of the external auditors. It receives regular assurance reports from management and others on the operational effectiveness of matters related to risk and control and monitors the timeliness and effectiveness of corrective action taken by management.

Remuneration Committee

The Remuneration Committee monitors the objectives and reviews the performance of the Chairman and of the Senior Partner and Chief Executive and makes recommendations to the Board on profit sharing.

Nomination Committee

The Nomination Committee produces a candidate list for elections to the Board to achieve the representation and diversity required.

Internal audit

Deloitte's internal audit team is a key element of our continuous review of the effectiveness of our systems of internal control. Reporting to the Managing Partner, Practice Protection, the internal audit team is a combination of permanent staff and client-serving secondees from our internal audit service line. The team reviews both financial and non-financial processes and works closely with our external auditors, reporting on a formal basis to the Audit Committee.