



Grant Thornton

An instinct for growth™



Governance



Quality

# Transparency report 2018

Grant Thornton Australia Limited and controlled entities  
Grant Thornton Audit Pty Ltd

For the year ended 30 June 2018



# Contents

Section	Page
A message from our Chief Executive Officer	03
Introduction	05
Our Audit & Assurance initiatives	06
Our culture and continuing professional education	08
Keeping the client at the centre of all we do	10
Grant Thornton Australia: legal structure and ownership	12
Grant Thornton Australia: governance and management	13
Grant Thornton International	15
Audit & Assurance leaders	18
Quality control	19
Independence and regulatory compliance	22
Independence practices	23
Our Audit methodology	24
Communicating our Audit findings	26
Monitoring activities	27
Embracing external monitoring of Audit & Assurance activities	28
Responding to reviews	29
Partner related entity remuneration	30
Statement of the firm's internal quality control systems	31
Financial information for Grant Thornton Australia and Controlled Entities	32
Public interest entities	33
In the profession	36
Compliance map	38
About Grant Thornton	39

# A message from our Chief Executive Officer



**Greg Keith**

Chief Executive Officer, Grant Thornton Australia

Over the last 12 months, we've met with hundreds of our clients to talk about growth in all its forms. We've heard their stories and understand the opportunities and challenges that exist for their businesses.

The pace of change and its impact on their operations is increasingly significant. Technology is disrupting traditional business practices. There is a lower proportion of labour force in full time work and fewer new full time jobs than ever before. Governance, and a business culture with the customer at its heart, is now essential for success.

Then we have industry specific trends. The impact of voice search on the retail sector, the diversification of the Australian energy network, and demographic changes impacting on our health and aged care sector.

These forces of change impact us all.

As a business we are continually evolving and improving to help meet the needs of our clients, along with our requirements as a growing and truly national firm, maintaining a culture of quality in our work as we move forward.

Though while we adapt and evolve, our values and vision remain unchanged and we continue to strive to be the leading growth advisors to mid-sized business.

As growth advisors, we also recognise the different objectives when dealing with listed companies and other public interest entity audit clients.

Our approach to audit clients draws on the same strategic principles with a commitment to exceptional client service, empowering our people to better understand our clients' businesses and risks, as well as investing in the development of our people's skills and expertise to ensure they are best placed to respond to clients' audit risks through greater collaboration with our other specialists.

## Year in review

### Our clients

We've made it our business to understand our clients and take a hands-on and practical approach to the design and delivery of our advice. Above all, we've remained committed to delivering the best outcomes and work with our clients to ensure success and growth of their business.

This focus has resulted in more dedicated time out of the office and in front of clients – participating in business growth conversations, undertaking Relationship Feedback, engaging in CEO-to-CEO discussions and supporting the pursuit of new clients.

Our approach to audit clients draws on these same methodologies to better understand our clients' strategies, businesses and associated risks so that we can better respond to the related audit risks.

### Digital transformation

To deliver a compelling client experience, we focused on hardwiring our client-centric approach into our systems to ensure national consistency, efficiency and collaboration for the benefit of our clients.

The firm has invested significantly in upgrading its technology, including Client Relationship Management (CRM) software, practice management and financial management systems. Our people are now connected through Skype for Business and a new document management system, iManage, is also being implemented in the next 12 months.

### Flexibility and agility

Along with our digital transformation, Grant Thornton Australia focused on the space in which we work. This resulted in new premises for most states, where we no longer work behind office doors, but in an agile, collaborative environment.

The shift to agile is about empowering our people to work in an environment that enables them to be most productive.

Importantly, the new agile workspace is designed to help deliver a compelling client experience and distinctive people experience.

### Diversity

At Grant Thornton Australia, we encourage our people to bring their whole selves to work. We recognise, appreciate and harness our people's individual skills and talents. This approach helps us create a strong and dynamic organisation. We treat everyone fairly and never discriminate on the basis of ethnicity, race, religious belief (or lack thereof), sex, sexual orientation, gender identity or intersex status, pregnancy, family or carer's responsibilities, marital status, age or disability. Beyond that we celebrate the breadth of knowledge, skills and experience, and diversity of perspective that people bring to Grant Thornton Australia.

Overall, I'm really proud of what we've achieved over the last 12 months, and look forward to the year ahead.





# Introduction

We are pleased to share our 11th Transparency Report for Grant Thornton Australia Limited (Grant Thornton Australia). We welcome the opportunity to share the information contained in this Transparency Report for the year ended 30 June 2018.

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**Andrew Archer**  
National Managing Partner –  
Quality & Excellence



**Matt Adam-Smith**  
National Managing Partner –  
Audit & Assurance

Grant Thornton Australia's Audit & Assurance practice operates with one central principle: to deliver audits of the highest quality for the benefit of our clients and the wider business community.

Transparency and audit quality are cornerstones of Grant Thornton Australia's values and governance practices. This report is a public statement of our commitment to good corporate governance and ongoing, transparent communication with our stakeholders: our people, clients, audit committees, regulators and the wider public. We provide quality assurance services to organisations in Australia and around the globe, and this report sets out how we comply with the requirements of the Corporations Act 2001 and Australian Professional Standards, as well as the steps we have taken to drive audit quality across our business.

Grant Thornton Audit Pty Ltd – an authorised audit company under the Corporations Act 2001 – conducts statutory audits for the firm's clients and is also registered with the Professional Oversight Board of the UK Financial Reporting Council, the Public Company Accounting Oversight Board (PCAOB) in the US and the Canadian Public Accountability Board (CPAB)

# Our Audit & Assurance initiatives

During FY2018 we've taken several important steps to improve audit quality in our firm's first full year as a single national business unit.

Our global assurance strategy, Leading with Quality, was launched during the prior year and our local Australian focus continues to be well-aligned to it. Ensuring we deliver a first-rate, high-quality audit relies on having the appropriate culture and behaviours embedded in our people: strong systems and processes, state-of-the-art technology and deep technical knowledge. To compete in an increasingly challenging market, we also need to ensure that we deliver our audits efficiently and with insights to add value to our clients through our work with them – these have continued to be priorities for us, at the same time as a relentless pursuit of audit quality.

We understand that our people and the way they interact with our clients is critical to delivering both an exceptional client experience and a high quality audit. To enhance our technical and analytical skills, the firm continues to invest heavily in learning and development, so that every Grant Thornton Australia person has the skills to deliver the distinctive client service for which we aim to be known.

## Overview of the 2017-18 financial year (FY2018)

FY2018 brought continued growth to Grant Thornton Australia's Audit & Assurance practice, with revenue increasing by 5 per cent to \$79.1 million. We are pleased with our growth in the past year, especially given the continued highly competitive environment in which we operate. Our firm has continued to benefit from our focus on mid-sized businesses in our chosen industries, as part of our 2020 Strategy.

We differentiate ourselves by providing our clients with distinctive service. This means a high level of Partner involvement and a focus on servicing the needs of our clients. This Partner-led client relationship model allows us to better understand our clients' businesses and their industries. In addition, our clients' direct access to senior decision makers and the host of technical resources available at Grant Thornton Australia gives us the tools to communicate to our clients both

clearly and quickly. Feedback from clients through our "Client Voice" feedback process reflects their preference for our relationship model.

Our commitment to audit quality has also been demonstrated through continued refinements to the way our Partners are evaluated and remunerated via our Partner Scorecards and a robust national moderation process. We measure and reward behaviours and outcomes that reinforce Grant Thornton Australia's commitment to continuing quality in all our service lines.

## Audit inspections

During FY2018 we continued our cyclical, routine audit inspections by the Australian Securities and Investments Commission (ASIC). ASIC runs a continuous 18-month inspection cycle program. Its firm-specific and industry-wide reports prepared after the review period give us further insight into focus areas and the high expectations of the industry they oversee.

Grant Thornton Australia welcomes every initiative by ASIC and its overseas counterparts aimed at improving audit quality and maintaining the market's trust in our profession.

In late June 2017, ASIC released its industry-wide Audit Inspection Program Report on its observations and findings in the 18 months to 31 December 2016. Available on ASIC's website, it covers the results of inspections of 23 Australian audit firms undertaken during that time. At the time of writing, ASIC's industry-wide report for the 18 months to 30 June 2018 is yet to be released.

ASIC also releases a private firm-specific report to our firm as part of its regular inspection program, reviewing a number of our engagement files. The key findings outlined in this report form part of the industry-wide Audit Inspection Program Report.



In addition to the ASIC inspection program, our audit practice is subject to routine cyclical inspections and reviews from the US audit regulator, the Public Company Accounting Oversight Board (PCAOB), our global organisation, Grant Thornton International as well as our Internal Quality Control Review (IQCR) program, which all took place during FY2018.

## Action plan to continuously improve audit quality

ASIC regularly meets with the six largest audit firms in Australia to review their action plans, which are focused on improving the overall quality of the audit profession in Australia. Grant Thornton Australia has embraced the goal of industry-wide improvements in audit quality and has actively worked with ASIC to develop and refine its own action plan.

Our firm's action plan recognises that industry-wide improvements in audit quality need collective action from major stakeholders. The action plan is a living document whose details and focus areas will evolve based on our monitoring activities and findings from audit quality inspections. During FY2018, it addressed actions in six main areas, reflecting the main points of previous ASIC Audit inspection program reports:

- 1 Maintaining a strong culture of audit quality;
- 2 Level of professional scepticism;
- 3 Sufficiency and appropriateness of audit evidence;
- 4 Appropriate use of the work of experts and other auditors;
- 5 Audit of revenue; and
- 6 Audit of asset values, particularly impairment of non-financial assets.

We consider all these points to be vital for maintaining audit quality at the highest level. During FY2018 we have made significant progress in completing all items contained within our action plan, and its focus areas remain central to the training and development of our people at all levels.

The action plan also focuses on reinforcing the requirements of professional standards and our commitment to quality:

- We have fully implemented Grant Thornton International's global training on International Standards on Auditing (ISA), making it mandatory for all auditors as part of our global drive to maintain technical expertise in an ever-changing regulatory landscape.
- Engagement team leaders continue to complete audit quality workshops. These case study-based workshops looking at current issues and regulatory focus areas, including those outlined in ASIC inspection reports.
- The Voyager Information System (VIS) tool is giving us further insight into our engagement spread and enables us to monitor engagement teams' progress from commencement through to final archiving.

- Our updated Audit Findings Report for presentation to client boards and those charged with governance focuses on highlighting key issues with more clarity and continues to align with the latest audit reporting regulations and standards.
- Further focusing on engagement leadership, our Partner Scorecards incorporate leadership-based measures.
- We have amended our firm's policies and procedures to drive continuous improvement and respond to changes in the local and global regulatory environment.
- Our Audit Quality Panel continues to support our teams in delivering high quality audits to higher-risk engagements.
- Appointment of our Engagement Quality Control Reviewers is on a national level, matching engagements to reviewers with the right set of industry expertise and experience.

During FY2018, we undertook our most comprehensive root cause analysis of findings from the various external and internal inspections and reviews, given the significant data set available. This has enabled our audit leadership team to consider how to further refine our action plan for the year ahead. We look forward to reporting next year on our further progress on our continually evolving audit quality action plan.

## Global initiatives

For a number of years Grant Thornton International has been developing our new global audit methodology and supporting technology and learning program (LEAP) for use by Grant Thornton member firms. We are actively involved in this significant project, with Australian team members having been seconded to the global project team. Matt Adam-Smith is also a member of the global steering committee and our local LEAP champions are involved in on-going user acceptance testing.

During this year, Grant Thornton International released the first version of the LEAP platform for testing by a small number of member firms prior to wide-scale release. In Australia we piloted LEAP on a number of 31 December 2017 audits ahead of running face to face "LEAP readiness" training for all our auditors nationally in April and May. Certain LEAP methodology changes have been adopted for 30 June 2018 audits, and we will then be implementing LEAP nationwide later in FY2019.

At the heart of all of this is the consistent delivery of quality service to our clients and the wider business community that relies on the integrity of our audit conclusions. These initiatives tie into our long-term commitment to continuously improve our services, and allow us to respond to the challenges and opportunities posed by the robust regulatory environment in which we operate.

We look forward to reporting further on our progress and delivery in our next Transparency Report in 2019.

# Our culture and continuing professional education

We invest in the well-being and capability of our team members who in turn invest in our clients. This is the culture that ties everyone in Grant Thornton together. Our culture is reflected in our relationships, and our values influence how we approach our work, determining not only the “what” but also the “why”. The past year has seen a refocus on our people, our culture and our clients, with a continued emphasis on quality.

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**Kate Lindwall**

Chief People & Culture Officer,  
Grant Thornton Australia

## Culture

Culture is the bedrock of our strategy, it enables an inspired experience for our team members every day and underpins an exceptional client experience. For this reason, we place emphasis on developing and supporting leaders who foster an environment that provides each of our team members an authentic, high performance and fun work environment.

Over the last year, we have asked our team members in all service lines for feedback on our culture to understand and identify how we can continue to move towards a constructive work environment. We were very pleased to see an improvement in the All-of-Firm feedback in every area measured and see this as a clear indication that we are moving in the right direction in our cultural journey.

As a collective we have identified “my role, my voice and my recognition” as the broad areas of focus and have specifically identified feedback at all levels of the organisation as a key element we can enhance.

## Continuing professional education

Our graduate, senior accountant, future leader and Partner development programs are designed to equip our people across our firm with deep technical and industry expertise, coaching and leadership capability, as well as business development and growth advisor skills.

In addition, we engage with Chartered Accountants Australia and New Zealand and CPA Australia to continue to provide updates on technical areas of expertise for all our team members, including Audit & Assurance.

All our Partners and qualified people are required to keep up to date with the latest professional standards – including our own risk management, ethical and independence requirements – and with Chartered Accountants Australia and New Zealand’s Continuing Professional Development (CPD) requirements. Members are required to undertake a minimum of 120 hours of training and development over a three-year period. At least 20 hours (including no more than 10 hours of technical reading) must be completed annually.

For professional members of Audit & Assurance teams, as part of their mandatory CPD training and development, we have a continually evolving set of formal technical training courses run throughout the year. Each course is tailored to the target team members’ level, helping them enhance their expertise and technical abilities.

Our people operating in specialist service lines or dedicated markets, including statutory audit, must comply with compulsory training requirements. Partners holding certain registrations are required to complete at least 40 per cent of their hours in the appropriate specialist area.



## Developing skills at all levels: CA support

The Chartered Accounting qualification (CA) is a requirement for Audit & Assurance team members, though we also accept in an equivalent capacity the Certified Practising Accountant (CPA) and Association of Chartered Certified Accountants (ACCA) qualifications for members from the United Kingdom, as well as the CPA qualification from the United States. In instances where team members in other service lines are required to have in-depth tax knowledge we provide access to Chartered Tax Association modules. CA and CTA participants are supported through training from external providers, webinars, summary notes and exam preparations in addition to their study leave. This program is coordinated nationally by our CA support champion and is strongly encouraged as part of the CA study of all candidates. Our leaders support, monitor and mentor the progression of team members through the CA programme.

## Diversity and inclusion

Grant Thornton Australia continues to focus on diversity and inclusion. We strive to create an environment where differences are embraced and our people are encouraged to reach their full potential and thrive – regardless of their age, sexual orientation, gender, ethnicity, faith or disability status.

This year we have specifically focused on embedding initiatives driving gender equality in our firm: our market leading parental leave policy and Flex Appeal, Grant Thornton's approach to flexibility. Our Adelaide market launched GT Grow, a network responsible for driving skills development, personal growth, and ultimately career progression, with a networking and business development focus.

Our active Diversity at Work Now (DAWN) committees in each office continue to build awareness, embed the celebration of diversity and create an inclusive and warm welcoming work environment. The DAWN committees have led the celebration of events including International Women's Day, Wear it Purple Day, Mental Health Week and NAIDOC Week.

Our commitment to developing our approach to inclusion is reflected in our submissions to the Workplace Gender Equality Agency, as well as the Australian Workplace Equality Index.

Grant Thornton Australia is proud to be an active member of the Diversity Council of Australia and Pride in Diversity as well as a vigorous supporter of marriage equality.

## Growing our people – career progression and professional skills and leadership development

We have celebrated the promotion of a number of new Partners, Principals, Directors and Managers this year. The growing number of leaders and managers in our business reflects our 2020 growth strategy. The implementation of our Clear Careers Framework is paying dividends in terms of providing clarity and simplicity for team members as they progress through the organisation.

Team members, in all service lines, are encouraged to take responsibility for their forward progression and are supported in doing so through a 70:20:10 Development guide as well as a blend of instructor-led and online opportunities for team members to develop broader business or 'growth advisor' thinking and professional skill development. We have placed emphasis on developing the coaching culture within our business with a significant proportion of Directors, including Audit & Assurance Directors, going through a Grant Thornton International coaching program. This program is now extended to Senior Managers across all service lines to further embed coaching into how we engage across the business.

A third cohort of leaders is moving through the Inspirational Leaders Program and plans are well advanced for the fourth intake. This is a 12-month blended program that includes a 360 degree assessment of our leaders' skills, online learning, action planning and interactive face-to-face workshops. We have developed 30 one-hour online modules to supplement the workshops. Almost half of our Partner group have completed or are currently completing this program, including 50 per cent of Audit & Assurance Partners.

To prepare Directors across all service lines as they move towards becoming Partners, we have implemented a year-long "Pathway to Leadership" Program that offers blended learning support, coaching and resources to individuals. A stretch assignment, which formed part of this program, resulted in an organisation-wide focus on pricing for all leaders.

## Tomorrow's leaders: leading into 2020

We continue to maintain the integrity of our in-depth talent mapping process in order to identify and support a diverse and talented leadership cadre. We have been cognisant of the need to support female Partners and Directors and those of an Asian background as part of our broader focus on diversity and inclusiveness.

We conduct a rigorous and transparent selection process involving a selection of leaders from our Board, Strategic Leadership Team, Markets Leadership Team and People & Culture, who assess candidates against set criteria and then make recommendations for appointment to the CEO for Directors and – in the case of Partners – to the Board for final approval. The appointment of new Partners – either through promotion or lateral hire – is supported by coaching and induction to assist with the transition.

# Keeping the client at the centre of all we do

Grant Thornton proudly offers a full range of services to a variety of organisations and clients – private businesses, not-for-profits, government organisations and listed public companies.

Our dedicated client service Partners understand the needs, challenges and opportunities for each individual client, and they coordinate and introduce the right experts from across our firm to help achieve business outcomes for their clients.

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**Fraser McNaughton**  
Chief Marketing Officer,  
Grant Thornton Australia

This is underpinned by our national approach and investment in a number of key client initiatives – including our 6 Box model. Using the 6 Box model approach, our partners engaged in 775 growth conversations with clients and prospects during FY2018, unpacking their business issues and strategic aspirations and sharing key insights from across our network. Our investment in our people and expansion of our growth advisory expertise alongside our established technical expertise means that we are genuine growth partners to our clients.

## **Client Voice program: understanding our clients' needs**

The firm's multifaceted Client Voice program helps us to actively listen and respond to our clients, and remain focused on their strategic ambitions.

This year saw our client feedback program expand to include the 'CX Project' where qualitative client interviews were undertaken by an independent consultant to deep-dive into the experience of our clients across all facets of our relationship and service delivery.

This complemented our 'post engagement' on-line feedback survey, our national Relationship Feedback Program and our Executive Engagement (CEO Visits) where Greg Keith meets a wide range of priority clients and contacts – taking the pulse of business in different States and across industries. The trends and themes shared provide insight into a business landscape that is optimistic for growth, but feeling the pinch of regulation requirements and political uncertainty.

We are truly client-focused – all of our programs enable us to better understand client expectations, monitor progress, and make improvements. The feedback we receive is also used to continuously tailor and improve the service levels and value we provide to our clients.

## Expanding our service offering to meet our clients' needs

We have been listening to our clients, and know that we are of most value when we can offer depth and breadth of advice to support and partner with them.

This year we expanded our strategic and operational advisory expertise through the acquisition of GNC Group Consulting. GNC Group provides deep profit optimisation capability experience to some of the largest retailers, consumer products and property companies in Australia and Southeast Asia.

This offering provides clients with specialised advisory services including commercial finance, category management, end-to-end supply chain management, process optimisation, technology strategy, and property services.

We also brought in Partners to bolster our service offering in Human Capital, Audit and Tax, and significantly broadened our financial services expertise in Melbourne and Sydney

We continue to review and bring in the right expertise to help support our clients in an evolving business landscape.

## Deepening our expertise across industries

In addition to being client-first, we also take an industry lens to our work. This allows us to lift out of our service offerings and truly understand the issues and trends facing clients in our key sectors, including financial services, retail, health and aged care, technology and media, life sciences, real estate and construction, food and beverage, manufacturing, not-for-profit, and professional services.

Our specialist teams bring experience across all of our service offerings to help solve challenges and provide advice in response to industry trends, regulatory changes and market forces that impact industry. In particular, we have taken great strides in our health and aged care and financial services industries – which have benefited from responsive and insightful commentary on industry trends – as well as strong leadership and client service.





# Grant Thornton Australia: legal structure and ownership

## Legal structure

Grant Thornton Australia Limited is an unlisted public company with wholly owned special purpose subsidiaries. All shareholders are associated investment entities of the Partners of Grant Thornton Australia. There are no outside shareholders. Statutory audits are conducted by Grant Thornton Audit Pty Ltd – an authorised audit company under the Corporations Act 2001 – which is controlled by the Partners of Grant Thornton Australia, who are senior leaders of our audit practice nationally.

A small number of audits are conducted by other Grant Thornton partnerships that are controlled by Grant Thornton Audit Pty Ltd.

Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL).

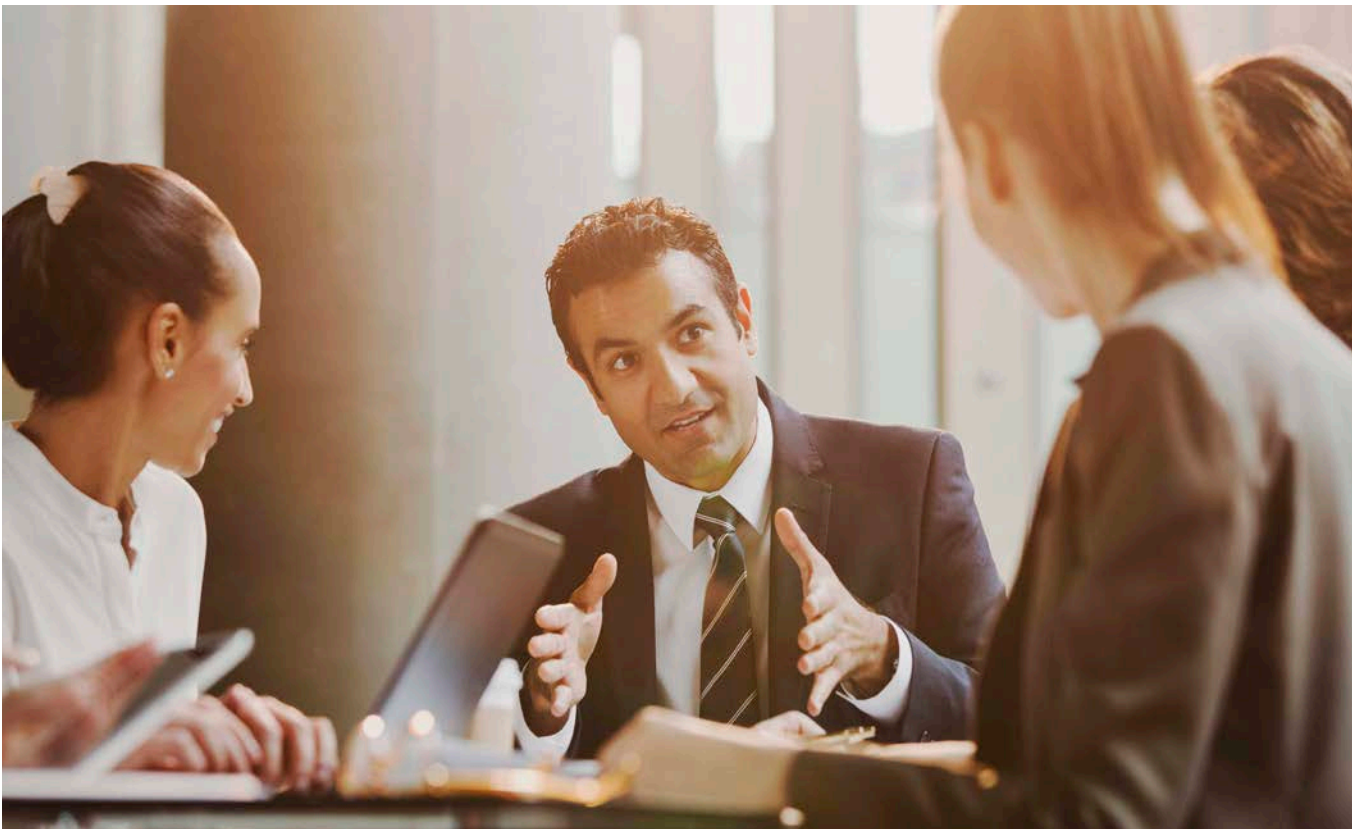
## Regulatory body affiliation

Many of the firm's activities are regulated by a number of independent bodies including:

- Chartered Accountants Australia and New Zealand (CA ANZ)
- Australian Securities and Investments Commission (ASIC)
- Public Company Accounting Oversight Board (PCAOB) – USA
- Public Oversight Board (POB) – UK
- Canadian Public Accountability Board (CPAB) – Canada
- Company Auditors and Liquidators Disciplinary Board (CALDP)
- Tax Practitioners Board
- Australian Prudential Regulatory Authority (APRA)

Grant Thornton Australia is subject to reviews by regulatory authorities including Chartered Accountants Australia and New Zealand, ASIC, PCAOB, CPAB and APRA. Grant Thornton Australia is a member firm of Grant Thornton International.

During FY2018, we have been subject to reviews by the following external bodies: ASIC and PCAOB.



# Grant Thornton Australia: governance and management

## Governance

Grant Thornton Australia is governed by our Board, comprising an Independent Chair, four Executive Directors elected by shareholders, a national CEO and two other external Independent Directors nominated by Grant Thornton Australia's Board (the Board).

The Board's composition enables sufficient oversight, independent thought leadership and a working knowledge of our environments in order to maintain our entrepreneurial business culture.

Our Independent Chair guides the policy and strategy to protect the firm's values at a Board level.

The Board maintains four standing subcommittees:

- Partner Equity & Promotion Committee
- Finance & Audit Committee
- Enterprise Risk Committee
- Nominations Committee

### Board of Directors

The Board oversees the governance of the organisation and protects the interests of shareholders.

Board members – other than independent members – are elected by shareholders for a term of three years.

Persons who directly report to the CEO are not eligible for election to the Board. The key roles of the Board are:

- Governance.
- Setting strategic direction.
- Ensuring the CEO executes our business strategy, approving plans and budgets to support the strategy, and monitoring financial performance.
- Appointment of the CEO.
- Approving major matters in line with the shareholder agreement.

#### As at 30 June 2018, the Board members were:

- Tony Crawford (Independent Chair)
- Greg Keith, CEO
- Louise McCann (Independent)
- Diane Grady (Independent)
- Mark Phillips
- Michael Catterall
- Mauri Mucciacciaro
- Peter Woodley

### Chairman – Tony Crawford

The Board appoints the Independent Chair who is one of the independent members nominated to the Board.

### CEO – Greg Keith

The CEO, who is charged with the day-to-day operations of the firm, is appointed by and accountable to the Board.

The key roles of the CEO are:

- Leadership and vision.
- Propose and execute approved strategies.
- Propose business plans and budgets to support the strategies.
- Appoint senior management.

Operate the business in accordance with the strategies and business plan by the Board.

### Partner Equity and Promotion Committee

This committee's role is to oversee and approve the annual remuneration and equity allocation for Partners, including those Partners who are also directors of Grant Thornton Australia and of the audit company Grant Thornton Audit Pty Ltd.

### Finance and Audit Committee

The Finance and Audit Committee assists the Board to fulfil its corporate governance and oversight responsibilities in relation to the firm's financial reporting, finance systems, and the internal and external audit functions. They objectively analyse the firm's financial data and ensure the Board receives the information it requires in a timely manner.

### Enterprise Risk Committee

The Enterprise Risk Committee is responsible for implementing risk and compliance initiatives. This group has oversight for risk management and compliance across their area of responsibility and hence for ensuring that the business complies with Grant Thornton Australia's Risk Management and Compliance framework. The Risk & Compliance group, together with the National Managing Partner - Quality & Excellence, and the National Head of Risk, Compliance and Quality, oversee the risk and compliance framework and report to this Committee, the CEO and the Board.

## Nominations Committee

The Nominations Committee ensures effective governance of Director appointments to the Board, Board succession, Board remuneration and Board performance, including that of the CEO.

## Management

The key roles and responsibilities for management within Grant Thornton Australia's structure are as follows (this is also depicted in the Reporting Structure Diagram below):

## Wider Leadership Team

The firm is managed by the CEO and the Wider Leadership Team (WLT). This team consists of the National Managing Partners (NMP) for each of the five service lines, National Managing Partners for Industry and Quality and Excellence, Office Managing Partners (OMP) and four senior leaders responsible for Support Services operations.

The WLT is responsible for the execution of Grant Thornton Australia's strategy and business plan within the annual budget parameters.

## The reporting structure

### Managing Partners

Our Managing Partners collaboratively lead our go-to-market strategies to build our brand, attract quality people, deliver distinctive client service and grow revenue to ensure profitable performance in each local market.

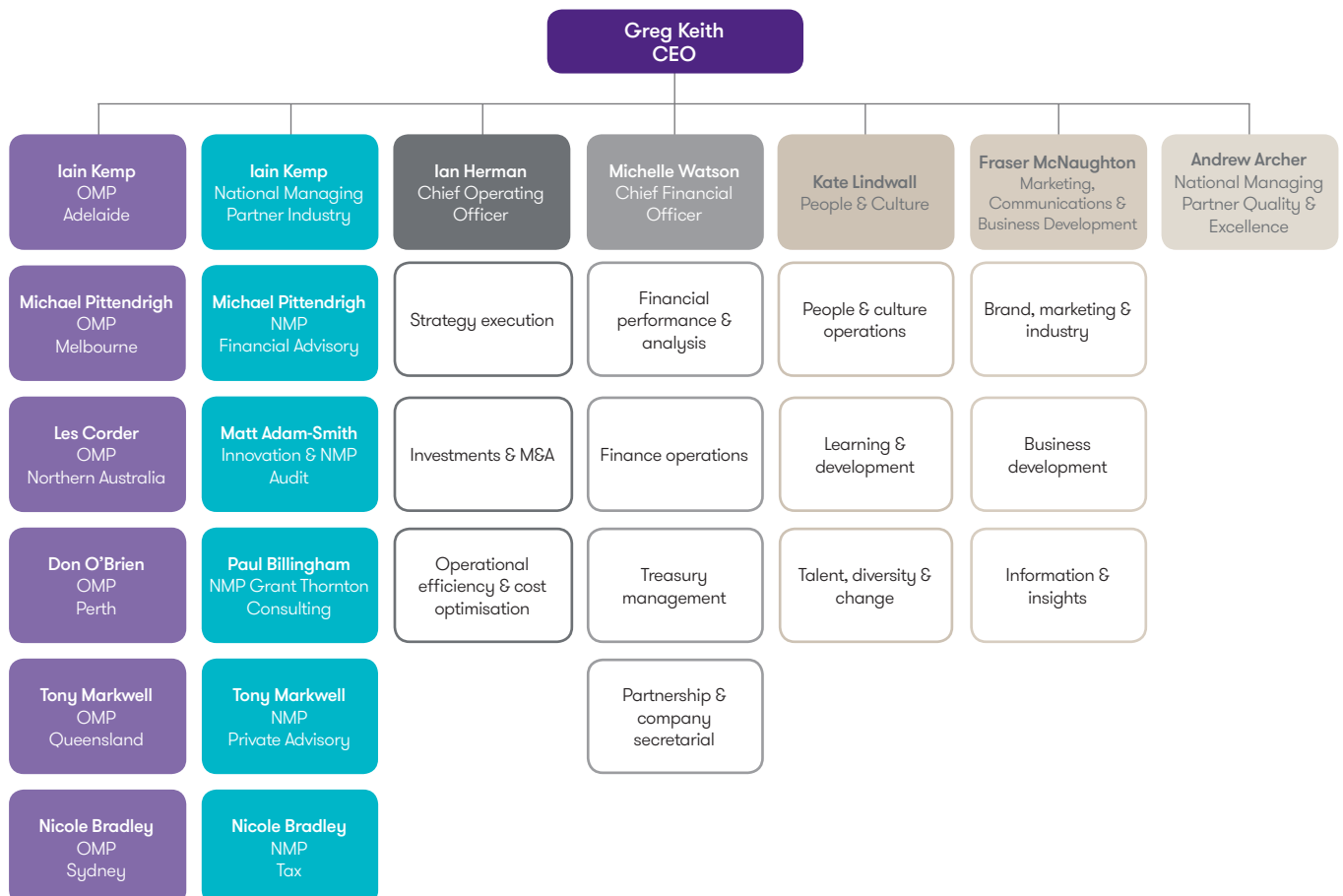
### Leaders

Our Leaders execute our strategy and business plans in respect of each service line. Their goal is to develop and leverage our national technical capability, build our market presence and deliver the highest quality service to clients in support of achieving our growth targets and goal of being a leader in our chosen markets.

Our Leaders cover:

- Audit & Assurance
- Tax
- Financial Advisory
- Grant Thornton Consulting
- Private Advisory

## Grant Thornton Australia leadership structure





# Grant Thornton International

Grant Thornton International Ltd (GTIL) is a private company limited by guarantee, incorporated in England and Wales. It is a non-practising international umbrella entity that does not provide services to clients.

Grant Thornton member firms around the world deliver services to clients. GTIL has more than 135 member firms. Each member firm is a separate legal entity. Membership of the global network does not make any firm responsible for the services or activities of other member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts and omissions. Member firms carry the Grant Thornton name, either exclusively or as part of their national practice names.

## Governance

### Board of Governors

The Board of Governors (the Board) is the principal and overriding authority in GTIL. The Board exercises governance over GTIL and comprises the chair of the Board; the chief executive officer of GTIL (CEO); managing partners from the largest Grant Thornton member firms; managing partners elected or appointed from other Grant Thornton member firms that are not amongst the largest; and independent directors. The Board aims for a reasonable balance of diversity and representation from different geographical areas, including emerging markets. The Board's responsibilities include:

- Approving global strategic direction and policies
- Overseeing the implementation of the global strategy
- Overseeing membership matters (including approving new member firms, suspending the rights of a member firm, or expelling a member firm)
- Appointing and setting the remuneration of the chair of the Board
- Appointing, evaluating performance and setting the remuneration of the CEO
- Approving the GTIL budget and member firm fees
- Overseeing the financial health of GTIL
- Overseeing global enterprise risk management
- Overseeing general governance matters, such as the composition and performance of the Board.

### Chair of the Board

The chair of the Board (the Chair) is a proactive role with a focus on ensuring that the Board functions as a coordinated group in support of the CEO to deliver on the global strategy.

Scott Barnes was appointed Chair as of 1 January 2015 for a term of three years. In December 2017, the Board reappointed Scott for an additional term of two years. The role of the Chair is pivotal to creating the conditions necessary for a highly effective Board focused on the Grant Thornton network's global strategic development.

### The Board of Governors as of 1 January 2018

- Scott Barnes, Chair
- Peter Bodin, CEO
- Pascal Boris, independent member\*
- Vishesh Chandiok, India
- Maria Victoria C. España, Philippines
- Hisham Farouk, United Arab Emirates
- Gagik Gyulbudaghyan, Armenia
- Arnaldo Hasenclever, Argentina
- Xu Hua, China
- Emilio Imbriglio, Canada (observer)
- Anna Johnson, Sweden
- Vassilis Kazas, Greece
- Greg Keith, Australia
- Daniel Kurkdjian, France
- Kevin Ladner, Canada
- Mike McGuire, United States
- Joachim Riese, Germany
- Sacha Romanovitch, United Kingdom
- Judith Sprieser, independent member.

\*term ended in March 2018

### Independent Board members

Independent Board members bring a valuable external business perspective to the deliberations of the Board, add to the network's profile and increase Board transparency. Independent Board members support the network's recognition of its public interest responsibilities and its attitude towards quality, risk management and governance, as well as the network's effectiveness in executing its strategic goals and market positioning. GTIL has processes in place to ensure that the appointment of independent Board members and their ongoing services are compliant with relevant independence rules.

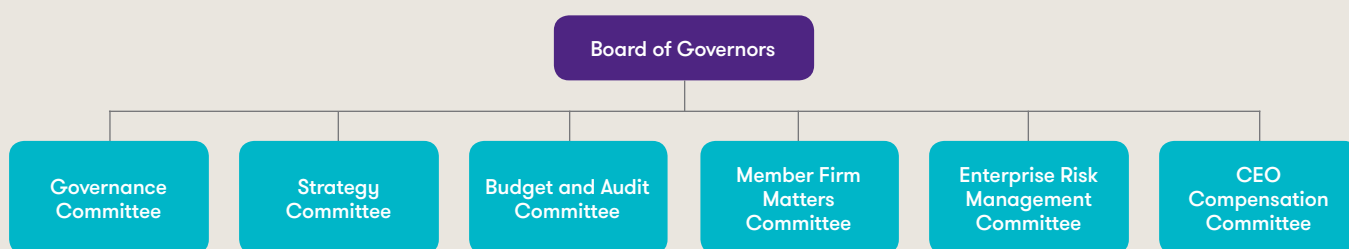
### Standing committees

There are six standing committees with authority and powers for certain matters as delegated to them by the Board.

- **Governance Committee (GC):** ensures efficient and effective operation and oversight of GTIL's leadership structures and performance
- **Strategy Committee (SC):** advises on the development, alignment and execution of the global strategy
- **Budget and Audit Committee (BAC):** oversees the GTIL budget and audit processes to ensure the successful execution of the global strategy and adherence to the fiduciary responsibilities of GTIL

- **Member Firm Matters Committee (MFMC):** considers and determines resolution of recommendations made by the global leadership team relating to member firm matters. Considerations include member firm terminations, complaint handling and proposed changes to the rules and agreements that materially affect member firms.
- **Enterprise Risk Management Committee (ERMC):** has oversight responsibility for ensuring an appropriate enterprise risk management framework is maintained for GTIL and its member firms
- **CEO Compensation Committee (CEOCC):** executes the Board's responsibilities relating to the annual performance evaluation and related compensation of the CEO, the adoption of policies that govern the CEO's compensation and performance, and the oversight of plans for CEO development.

The use of standing committees allows a more efficient and effective discharge of the Board's responsibilities and involves others in the activities of the Board. Each standing committee is chaired by a Board member and its membership includes, but is not limited to, Board members.



Chief Executive Officer (CEO)

The CEO is appointed by the Board for an initial term of up to five years renewable once for a further period of up to three years. Ed Nusbaum’s role as CEO came to an end as of 31 December 2017. In 2017, the Board appointed Peter Bodin, formerly the CEO of the Swedish member firm, to be the GTIL CEO for a term of five years, as of 1 January 2018.

The CEO is responsible for the leadership of GTIL. The role of the CEO includes the development and recommendation of global strategic priorities for ratification by the Board, together with overseeing execution of these priorities. The CEO has responsibility for appointing the global leadership team (GLT), subject to the concurrence of the Board. The GLT assists the CEO in the execution of the global strategy. The CEO works closely with the GLT in maintaining global policies and procedures, including those governing international work for the assurance, tax and advisory service lines.

Management

Global Leadership Team (GLT)

The GLT develops and drives the execution of the global strategy and is chaired by the CEO. It is a full-time management group dedicated to leading the network in the successful execution of the strategy. Between them, GLT members have global development, service lines, functional and regional responsibilities. The diagram below depicts these responsibilities as at 1 January 2018.

A critical role of the GLT is to work with member firms in driving the execution of the global strategy. Our ambition is to be known throughout the world as the leading adviser to dynamic organisations by ‘unlocking the potential for growth’ in our people, clients and communities and to become the next generation professional services network.

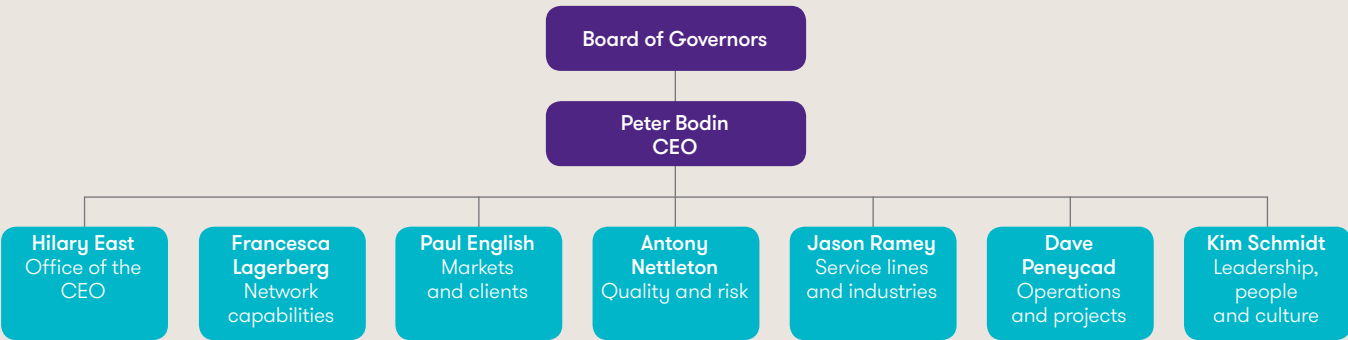
Our Growing Together 2020 global strategy focuses on:

- our people
- our clients
- our markets and communities
- our organisation

It sets out how Grant Thornton will achieve its vision and identifies the actions Grant Thornton will take. The implementation of the strategy builds on strategic frameworks, prioritised investments and growth strategies that are appropriate for our chosen markets.

We care about the work we do for clients, the impact we have in society and the way we treat people. And, as dedicated professionals, our work and influence build trust and integrity in the markets in which we work. We help create the commercial and social environments that enable long-term success and growth for businesses and where people flourish. We do this because we are committed to shaping a vibrant economy.

Global leadership structure



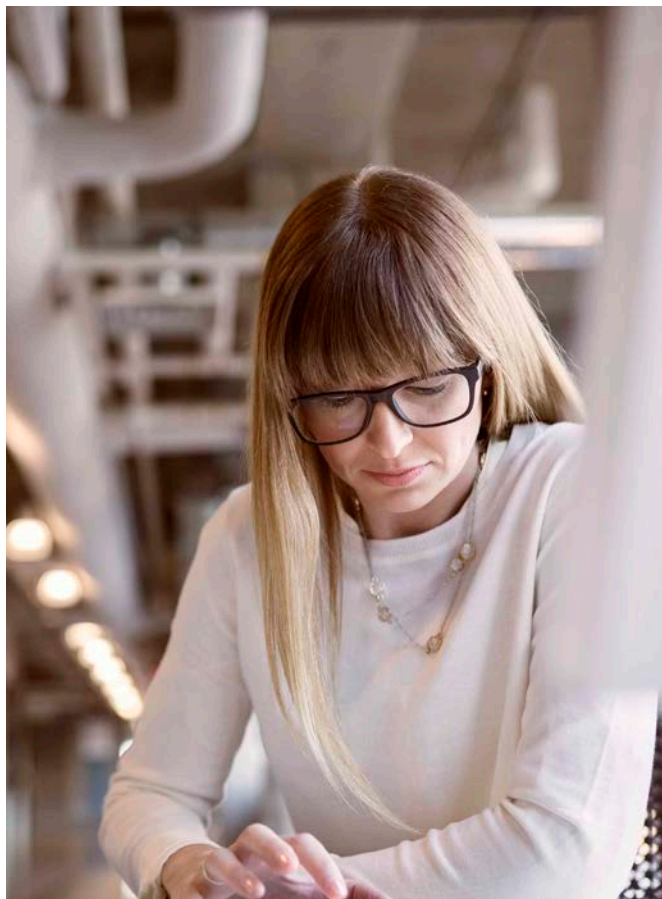


# Audit & Assurance leaders

## National Managing Partner - Audit & Assurance

Matt Adam-Smith is Grant Thornton Australia's National Managing Partner - Audit & Assurance. The firm moved its primary management structure from geographical to national service lines in FY2018 to continue to enhance audit quality and consistency of service delivery.

Matt is responsible for driving audit quality, supported by the Audit & Assurance National Service Line Leadership Team. This team is comprised of the local Audit & Assurance Service Line Leaders, the Head of National Assurance Quality (NAQ), the National Managing Partner - Quality & Excellence, as well as representatives of other firm resources for specialised projects.



## National Assurance Quality (NAQ)

The NAQ team, headed by Marilyn Gwan, works with the National Managing Partner - Audit & Assurance to develop and implement Grant Thornton Australia's audit strategy. This includes:

- Localising and refining audit software and manuals from Grant Thornton International.
- Training and technical guidance.
- Expert advice on complex issues during engagements.
- Ongoing compliance monitoring with key quality and risk management controls.
- Client/market research and data analytics.

NAQ develops thought leadership material on auditing, financial reporting, and other industry-related issues. The team also represents Grant Thornton Australia in local and international regulatory circles, engaging with policymakers regarding the latest technical developments, as well as commenting on regulatory initiatives and proposed reforms during consultation rounds.

# Quality control

## Grant Thornton Australia's ongoing commitment to Audit Quality and Transparency.

Grant Thornton Australia views the core of audit quality as using the best practices, procedures and judgement at our disposal to reach the right audit opinion for our clients and stakeholders. This means maintaining independence, complying with Australian and global laws and audit standards, and putting forward impartial recommendations and appropriate insights to our clients.

### Our firm's culture

A strong and inclusive organisational culture is the first step to conducting a rigorous, quality audit in which our clients and stakeholders can have confidence.

#### Demonstrating leadership in all we do

Grant Thornton Australia aims to lead the audit and assurance profession in Australia with its focus on quality. We have led the profession for many years by preparing and releasing transparency reports at our own initiative well before it became a legislative requirement.

Our people are leaders in their chosen fields. They do this by contributing to the development of the profession through membership of standard setting bodies, as well as through teaching and research positions at Australia's leading universities.

#### Promoting a consistent culture of excellence

Grant Thornton's six global values – Collaboration, Leadership, Excellence, Agility, Respect, and Responsibility (CLEAR) – form the foundation of our approach to audit quality. Alongside our signature behaviours, this framework inspires our people across our entire business.

#### Uniting through global collaboration

Our firm's global scale allows us to tap into a network of experts from all corners of the world. We have international network agreements in place, giving us the tools to consult widely with:

- Grant Thornton International's global audit methodology team.
- Audit specialists in other member firms.
- Our financial reporting help desk.
- Industry specialists around the world.

A comprehensive internal online network equips our people with information on the latest global developments on auditing, financial reporting, ethics and independence standards, as well as guidance on applying these reforms effectively.

We understand that our clients and wider stakeholders often have differing demands of our Audit & Assurance engagement teams, though all parties have a common need: a demand for excellence.

A consistent culture of excellence is an important element of how we think and what we do. Our culture of excellence involves employing strong client acceptance and continuance systems and processes, aligned with the relevant legislative requirements and Grant Thornton International's protocols.

Our audit consultation and risk monitoring activities help drive quality in our work, ensuring clients and the wider market receive a world-class assurance product from our engagement teams.

### Acting with agility and ensuring deep respect for people

The audit and assurance landscape is changing, with advancements in technology and the rapid emergence of disruptive industries. In line with the transformations around us, Grant Thornton Australia has shown our commitment to the continued professional education and training of all our people, fostering a culture of agility, adaptability, innovation and respect for each team member's strengths. We do this by making full use of our resources, including:

- Global, national and local training, delivered both face-to-face and online.
- Regular firm-wide and industry and/or service line-specific communications.
- National support staff and industry experts sharing knowledge across offices.

### Taking responsibility for our actions

Grant Thornton Australia recognises our wider impact on our clients and stakeholders. We act with integrity, openness and accountability to stay true to our purpose and behave in a way that is consistent with our values. In Audit & Assurance, we demonstrate this commitment to our responsibilities through strong ethical practices promoted with consistent messages, including:

- Annual ethics and independence training.
- Our Audit and Risk & Compliance 'Alert' programs.
- National bulletins and technical training.

## Delivering and measuring audit quality

Audit quality is an essential element of Grant Thornton's business. We pride ourselves on our commitment to continuous improvement in quality and service delivery. We respect the trust that our clients place in Grant Thornton Australia. To maintain this trust, we have a stringent quality control system in line with the high bar of legal and professional requirements both in Australia and abroad.

#### **We make full use of the resources at our disposal to maintain a culture of robust client acceptance, and quality of work at all stages of an audit. These resources include:**

Client continuance systems aligned with Australian legislative and regulatory requirements as well as Grant Thornton International's stringent protocols and audit methodology, supported by a globally utilised state-of-the-art software suite.

Policies and procedures in our audit guidance material benchmarked against stringent international auditing regulations and standards.

Regular ethics and independence training, Audit and Risk & Compliance 'Alert' programs and national bulletins and technical training.

Mechanisms to monitor quality and our supporting risk management methodology.

## Supervision, consultation and review

A strong culture where our people can exchange feedback and consult with one another on challenging issues is essential to a successful and high-quality audit engagement. We embed this throughout our audit methodology, to provide the right level of quality control and support for audit engagement teams.

We make use of our extensive resources, in line with the requirements of the Australian Standard on Quality Control (ASQC 1), including:

- Engagement quality control reviewers (EQCR) on publicly-traded entities and other specified engagements.
- Experienced support partners on higher-risk engagements.
- Technical specialists (e.g. valuations, IT audit, taxation).
- Industry specialists.
- The NAQ team.
- National Managing Partner - Audit & Assurance.
- National Managing Partner - Quality & Excellence.
- The Audit Quality Panel.
- The Extended Audit Report Panel.
- The Client Acceptance Panel

This synergy of experience and technical ability – coupled with our culture of constructively challenging one other – ensures quality and rigour in all stages of the audit.

## Professional development as a priority

Our Audit & Assurance practice prioritises maintaining and improving the skills and technical competencies of all our people, ensuring we meet all professional and legal benchmarks.

We take pride in reinforcing the need for broad business insights, technical excellence, audit quality, critical thinking, and ethical behaviours in all team members, from induction through to continuous learning programs.

Applying technical expertise is a key competency which is reviewed during our six-monthly Performance Inspiring Conversations, together with team members' personal development plans.

Within Audit & Assurance, our people have access to firm-delivered and external learning via Grant Thornton Australia's Learning Pathway on financial reporting, company law, ethics and auditing matters. This is in addition to the annual and quarterly technical updates the entire team receive.

Our people complete industry-specific training where appropriate, taking into account their range of clients and their industry presence.

## Before the audit – engagement acceptance and continuance

An important part of audit quality is the right choice of clients. Grant Thornton Australia employs a rigorous client engagement acceptance and continuance policy, taking into account risk, complexity and specialised experience requirements.

### Looking at potential and new engagements

We assess each potential and current audit engagement, assigning them to a risk category to help drive additional quality control procedures where required.

For a new audit engagement, a partner from outside the proposed audit team and a Managing Partner must approve the initial acceptance.

In the case of high-profile engagements, such as listed and other Public Interest Entities, the Client Acceptance Panel, headed by the National Managing Partner - Quality & Excellence, must review and approve the proposed engagements. In certain exceptional circumstances, we will also consult with and obtain approval from our colleagues at Grant Thornton International.

### Solutions following client acceptance

If we identify weaknesses in governance and internal control systems during the audit, we work with clients to identify and recommend actions for improvement.

We run through a similar annual process for continuance of an engagement. If we identify significant changes in circumstances (such as intention to become a listed entity) or if other risk indicators are present, we require the Client Acceptance Panel to review and approve the engagement before our teams proceed with the audit.

### Corporate governance and engagement continuance

A client's corporate governance and the robustness of its financial reporting system are critical to an effective audit.

Any concerns we identify about a client's corporate governance through our client acceptance and continuance procedures need careful consideration to determine whether we act for that client.





# Independence and regulatory compliance

Independence from an audit and assurance client is paramount to a successful engagement, both in legal and ethical terms.

When accepting an audit client, Grant Thornton Australia's strict policies and processes safeguard us from providing prohibited services.

Grant Thornton people assigned to an engagement must adhere to:

- The independence rules prescribed by the Corporations Act 2001.
- Professional standards and codes.
- Relevant foreign legislation and regulations.
- Grant Thornton's internal policies, including declarations that team members are free from prohibited financial interests in – and relationships with – a client, its management, partners and significant owners.

## Using Grant Thornton International's independence framework

In keeping with best practice, we adopt Grant Thornton International's global policies, designed to safeguard independence on assurance engagements and identify circumstances that could pose a conflict of interest.

Our firm's global independence policies and procedures are based on the International Ethics Standards Board's (IESBA) Code of Ethics for Professional Accountants, with supplements to govern compliance with our global independence and international relationship checking processes.

We tailor our global independence policies to fit with local requirements, including those outlined in the Corporations Act 2001 and APES 110.

## Personal independence monitoring

We monitor personal independence through our Risk & Compliance Group and web-based Global Independence System (GIS). Controls are also built into our acceptance and continuance tool for non-audit services to make sure we consult and seek approval to provide these services. In cases where a conflict may arise, we consult the engagement Partner on the audit to determine the appropriate safeguards and remove threats to independence or ethical concerns.

## Partner rotation and other compliance monitoring

The NAQ team works to monitor engagements from planning through to archiving. This monitoring includes reviewing all engagements in line with the rotation provisions under the Corporations Act 2001 s324DA-DD, APES 110 Code of Ethics for Professional Accountants s290 and those of foreign regulators such as the US Securities and Exchange Commission (SEC).

With the changes to APES 110 during the year, APRA regulated entities are now captured in the listed rotation requirements from 1 January 2019.

Where clients are registered organisations, we ensure that rotation and independence provisions are in line with the Fair Work (Registered Organisations) Act 2009.

# Independence practices

## Maintaining objectivity and independence of thought is vital to conserving Grant Thornton Australia's reputation.

Grant Thornton Australia has a strong system of independence and conflict checks, which is designed to identify potential conflicts of interest at the earliest possible juncture and deal with them appropriately.

Independence has particular meaning in the audit environment, but is equally relevant throughout the whole firm. Independence standards are clearly defined in our Independence Policy and Guidelines and in our Assurance Quality and Control Manual.

Independence compliance is monitored actively, and the firm, Partners and client facing managers are required to record their financial interests (and those of their immediate family members) in our automated tracking system, the Global Independence System (GIS).

During the year, our internal monitoring identified an independence matter relating to a compliance plan audit. We self-reported this matter to ASIC. We have conducted additional sector training, to minimise the risk of a repeat of this breach.

Financial interests of the firm and its affiliated entities are also recorded in GIS. A list of the firm's audit clients with publicly-traded securities is maintained and can be accessed on the firm's intranet by all Grant Thornton people. Compliance with the independence policy by all of the firm's personnel is checked formally on an annual basis as part of the firm's Annual Independence Declarations process. A review of a sample of GIS accounts is performed to establish compliance of individuals with the policy and whether the firm's suppliers are audit clients and – if they are – whether a threat to independence might arise.

To maintain our objectivity when delivering services to clients, we have policies and procedures in place to identify any existing client, vendor, or business relationship with a prospective client or its affiliate prior to accepting the appointment. The nature and effectiveness of the firm's procedures for maintaining independence are under constant review. We obtain assurance about their operation from annual audits of user accounts in GIS, cold reviews of audit files and internal reviews of non-audit practice areas of the firm. Where weaknesses or breakdowns are revealed, appropriate corrective action is taken.

Our procedures are designed effectively and are generally operating as intended.

We have joined other Grant Thornton member firms in adopting the Global Relationship System (GRS) – Grant Thornton International's independence system – an automated solution to aid collection and assessment of individual independence declarations. We have also enhanced our vendor risk assessment program which incorporates independence considerations, and delivered a new training format for all independence training.

Grant Thornton's GRS is a global web application that streamlines the International Relationship Check (IRC) process between Grant Thornton member firms and provides insight into client and business relationships worldwide, supporting the identification of cross border business development opportunities. This global relationship checking tool was rolled out to all Grant Thornton member firms during FY2018. It has facilitated the preparation, communication and workflow for international relationship check requests.

It provides a robust platform and includes regular processes for assessing potential threats to independence or conflicts of interest identified during client acceptance.

Grant Thornton Australia's Independence Compliance Officer (ICO) is also the Head of Independence and Quality Control and is responsible for determining and enforcing sanctions. GIS reports are monitored by the Head of Independence and Quality Control, and exceptions are reported to the National Managing Partner - Quality & Excellence. Continued or repeated failure by any GIS user to comply with their obligations will be subject to escalation to the relevant Office Managing Partner, and then to the CEO; this is in addition to the mandated sanctions for GIS non-compliance by Grant Thornton International. In some circumstances, Grant Thornton Australia may also report the person's conduct to law enforcement authorities for appropriate action. Breaches are also taken into account during Partner and team member performance evaluations.

# Our Audit methodology

## Audit technology and Grant Thornton International's important role

Grant Thornton International assists all member firms in delivering consistent, rigorous and high-quality audits, achieved through a range of initiatives including:

- Global audit methodology and software.
- Protocols to facilitate consultation with audit specialists in other member firms.
- GTINet, our global data network with up-to-date information on relevant professional standards and global assurance guidance.
- Worldwide restricted entity list.
- IFRS help desk and topical alerts.

## Horizon, our global audit methodology and technology

Grant Thornton member firms make use of Grant Thornton International's Horizon\* global audit methodology, implementing it through our Voyager\* software suite. The Horizon global audit methodology equips member firms' Audit & Assurance teams with a clear link between:

- Financial reporting risks they identify.
- Evaluating the entity's internal controls addressing the identified risk.
- Audit procedures the engagement team performs that directly respond to the identified risks.

This approach enables Grant Thornton Australia's Audit & Assurance team to judge how the current environment affects a client's financial reporting and any risks identified.

It also gives the audit team a clear opportunity to design the appropriate audit response, maintaining ongoing dialogue with the client.

Our global audit methodology includes integrated quality control processes including policies and procedures for engagement quality control review. We benchmark these against ISA, ISQC and IESBA Regulations, Codes and Standards. We then apply the Horizon global audit methodology using our integrated Voyager suite of proprietary software tools.

### The Voyager suite currently includes:

**Voyager\*** – a tool for assisting audit teams to identify financial statement risks, and links to the processes and internal controls established to address those risks. Voyager also assists audit teams in documenting, evaluating and testing internal controls and designing an appropriate substantive response.

**TBeam\*** – a trial balance and work paper generation tool fully integrated with Voyager, which allows audit teams to automatically update lead sheets for changes to the trial balance, perform analytical procedures, evaluate misstatements, and create standard and customised work papers.

**Voyager Information System\* (VIS) Tracking** – an application that provides Grant Thornton member firms with the ability to view information about their assurance clients contained in Voyager files, manage and monitor concurring review policies, review and respond to technical consultations, control and monitor the archiving process for annual and interim periods, and control the storage and protection of archived Voyager files.

\*Trademarks of Grant Thornton International

Using the Voyager suite, audit teams in all Grant Thornton International member firms achieve a common level of –and approach to – audit quality. Grant Thornton member firms produce a seamless audit product, regardless of whether one member firm performs the audit for local purposes or many member firms collaborate in the case of group engagements.

We supplement the Voyager suite with Grant Thornton International's Audit Manual (our guide to the overall global audit methodology), suggested formatting for working papers/ financial statements, checklists and practice aids – all regularly maintained by the NAQ team and available via our firm's internal network.

Grant Thornton International continually evaluates its audit methodology and software applications, and provides annually updated versions to member firms.

## LEAP: Our new audit tool

Each year we make further investments in audit methodology development, technology, training, communications and guidance toward the continuous improvement of service quality. In late 2017, we piloted a revised global methodology referred to as LEAP (Leading Effective Audit Practice), delivered through a new platform developed in partnership with Microsoft. A series of global learning programmes will be run nationally to drive adoption and engagement of this change.

Among other benefits, our revised methodology:

- Provides a clear link to auditing standards using the ISA based terms.
- Applies an account-based approach to address the risk of material misstatement.
- Allows the tailoring of audit risk and responses to each client.

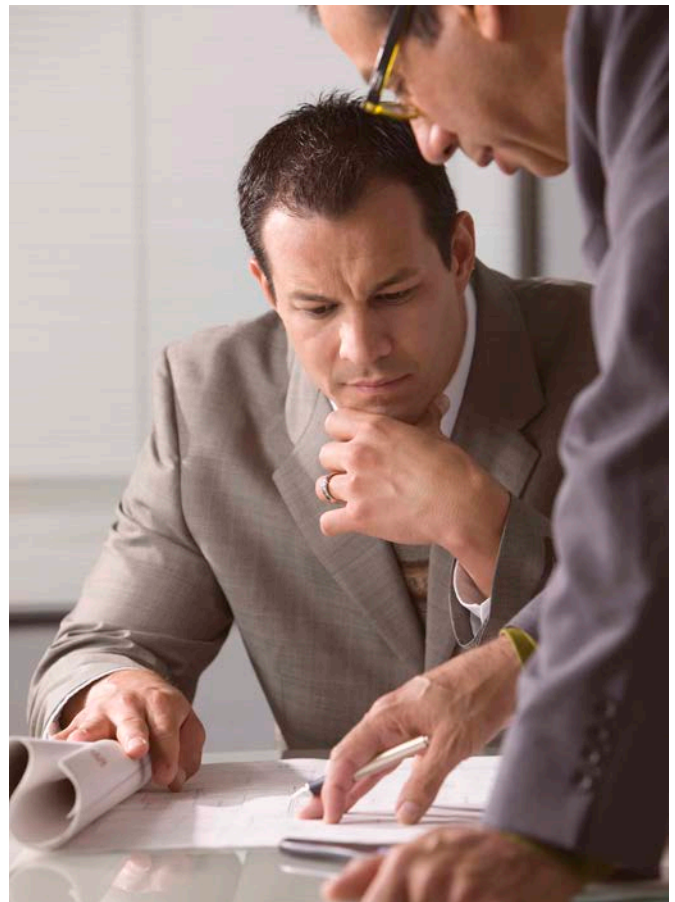
Our new audit platform tool:

- Offers flexibility and scalability to perform audits of all types and sizes.
- Puts global and local methodology guidance at auditors' fingertips.
- Allows for rapid responses to regulatory changes.
- Enables auditors to perform high-quality audits more efficiently.
- Gives auditors the ability to provide clients with better insights into their business and operations.

The tool user interface was designed based on extensive feedback gathered from auditors throughout the design and development process.

The global learning programmes developed to support these changes include the ISA proficiency series, methodology proficiency series, tool proficiency series, and Audit 360 simulation.

The ISA proficiency series includes various online modules focused primarily on the professional standards themselves. It is methodology agnostic as it is the foundation for all the other learning.





# Communicating our Audit findings

## The Audit Planning Report and Audit Findings Report

Grant Thornton Australia's audit process is not merely about issuing a standard audit report. We strive to enhance our clients' businesses – within regulatory guidelines – working to bridge the expectation gap between our audit process and how Audit Committees, Boards and those charged with governance understand those processes.

To succeed in this, we use tools such as the Audit Planning Report and Audit Findings Report, which provide clarity about topics including:

- The scope of our audit.
- Identified threats and mitigations.
- Key risks and judgements.
- Emerging issues.
- Regulatory changes.
- Any other findings that must be communicated.

## Factors affecting audit quality outside the control of auditors

On many occasions there are factors the engagement team cannot anticipate or control.

Making use of the engagement team's knowledge of the client's industry – and with research and analysis from the NAQ team – we can pinpoint factors outside the control of our audit process as risks within our audit tools. Our collaborative culture and internal processes ensure that engagement teams put in place the right responses to address these risks throughout the audit.

Some examples of factors outside the control of auditors that have the potential to affect audit quality include:

- The client's culture and their focus on financial reporting.
- The resources of the client's internal finance team and their Audit Committee.
- Quality, timeliness and availability of the client's financial information.
- Changes in the regulatory environment in which the client operates, including reporting deadlines.

## Reporting to clients – the Audit Findings Report (AFR)

Following extensive testing, analysis and use of professional judgement, our engagement teams report to clients using both the formal audit report (the audit report) – which is made public, and an internal Audit Findings Report (AFR).

The AFR outlines the primary considerations, judgements and results of our audit. The content and format is tailored to each client's needs, but all include:

- The scope and approach of our audit.
- An explanation of any ethical or independence matters (including safeguards in place).
- Principal audit judgements.
- An outline of any control weaknesses identified.
- Insight into upcoming changes in reporting requirements or other relevant legislative/regulatory changes.

The audit reports and AFRs for listed client engagements also contain a description of Key Audit Matters (KAMs) identified during the audit and procedures to address them.

As part of the drafting and finalisation of audit reports for listed entities, the Extended Audit Report Panel, led by the Head of National Assurance Quality, conducts a comprehensive quality review of the description of identified KAMs and the ways in which the audit addressed each issue. This process ensures our Extended Audit Reports are comprehensive and understandable to investors, including those without a technical accounting background.

# Monitoring activities

It is a common adage that continuous improvement is better than delayed perfection. Grant Thornton Australia's Audit & Assurance practice takes on board the recommendations of all reviews – both internal and external – incorporating them into our plans for continually improving audit quality. We also monitor and respond to ongoing regulatory, industry and other developments in financial reporting and audit, further delivering improvements in the quality of our work.

## Internal reviews

The National Assurance Quality (NAQ) team drives the Internal Quality Control Reviews (IQCR) process to assess the quality of completed audit work and its compliance with the firm's quality and risk management framework. The IQCRs are conducted over a two year rotation period to capture each Partner and each office. The review teams are comprised of experienced Partners, Directors and Managers from other offices and the engagements selected are those that NAQ and the Review Team Leader (a member of the Local Service Line Leadership team) consider to be more complex or of higher risk.

The IQCR process tests the effectiveness of our quality controls in areas such as client acceptance, training, compliance with ethical standards and independence.

The findings from the IQCR process are then collated in our Root Cause Analysis to form part of our Audit quality action plan.

The NAQ team communicates thematic findings from the root cause analysis to the entire Audit & Assurance team through regular training sessions, workshops and technical updates. We make sure that areas for improvement are built into audit quality action plans.

During FY2018, Grant Thornton Australia's internal quality inspection reviewed 13 engagement files.

## Internal monitoring

Grant Thornton Australia engages in ongoing monitoring programs, all with the aim of continually ensuring the strength of our quality framework and performance in addition to our IQCR process. These stringent internal monitoring policies include:

- Grant Thornton International Audit Review (GTAR) – last inspection, December 2017. Grant Thornton International reviewed 11 engagement files.

- Global Independence System audit of declarations – conducted annually, with quarterly interim reconciliation. Last audit June 2018. Next audit scheduled for June 2019.
- Audit Quality Panel continuous monitoring of high risk, in-progress audit engagements.
- National Engagement Quality Control Review allocations on all audit engagements, matching clients with reviewers armed with the right set of experience and industry expertise.
- Consultation reviews requested by engagement teams with subject matter specialists and industry experts within the firm.
- Extended Audit Report Panel, ensuring every listed entity's report released to the market is comprehensive and easy to understand.
- NAQ Team accounting, audit and methodology technical consultations.

## Internal Quality Control Review program

The firm's IQCR review program extends beyond the review of individual engagement files. The program assesses the design and implementation of firm policies and procedures, and how effectively they serve their purpose. It comprises a compliance review component to assess performance against relevant legislation, regulatory standards, industry codes and our own policies.

As an example, Grant Thornton member firms use the standardised Grant Thornton International ISQC 1 reporting mechanism to form a basis for internal reviews. Each member firm submits a final inspection report of its quality control system to Grant Thornton International for monitoring and follow-up.

This is in line with the requirements of the following standards:

- International Standard on Quality Control (ISQC 1), Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
- International Standards on Auditing (ISA 220), Quality Control for Audits of Historical Financial Information.
- IESBA Code of Ethics for Professional Accountants.

The NAQ team coordinates Grant Thornton Australia's audit review teams, approved by the Audit & Assurance National Service Line Leadership Team.

# Embracing external monitoring of Audit & Assurance activities

## Engagement with regulators

The changing audit regulatory environment has a clear effect on the quality of audit and assurance work. Given this, Grant Thornton member firms maintain an open and constructive relationship with their national regulators, consistent with our global policy of embracing external oversight, along with our support of balanced public reporting of external inspection programs.

As a leading international network of independent professional services firms, Grant Thornton meets several times each year with the International Forum of Independent Audit Regulators (IFIAR) and regularly contributes to the public debate on major industry issues.

## Grant Thornton Australia's leading role

Grant Thornton Australia actively engages with regulators, standards setters and investors to shape and influence the drive for regulatory improvement. These activities help us develop constructive responses to emerging financial reporting and audit reforms, helping us shape the future of our profession in Australia.

Grant Thornton Australia's people actively participate in various boards, committees, working groups and forums across a diverse range of bodies and topics, and provide commentary and feedback on the firm's view of planned developments and issues.

This includes the Australian Securities and Investments Commission (ASIC) Accounting Liaison Group, as well as roundtable meetings arranged by standard setters including the Australian Accounting Standards Board (AASB), the Auditing and Assurance Standards Board (AUASB) and the Accounting Professional & Ethics Standard Board (APESB).

We also continue to work closely with Australia's professional accounting bodies Chartered Accountants Australia & New Zealand (CA ANZ), CPA Australia, the Institute of Public Accountants (IPA) and the Australian Institute of Company Directors (AICD) on emerging issues.

## External reviews

In keeping with our legislative and regulatory requirements, Grant Thornton Australia is subject to a program of scheduled monitoring of its audit quality, as well as monitoring of compliance with independence rules.

### **Grant Thornton Australia's Audit & Assurance Practice's external monitoring under Australia's co-regulatory framework includes:**

**ASIC** – continuous quality reviews. Latest inspection commenced June 2018 – five engagement files expected to be reviewed as at publication of this report. ASIC's previous inspection cycle took place during 2017/18. Number of engagements inspected: five.

**CA ANZ** – analysis of the drivers of audit quality. Last survey conducted 2012.

**PCAOB Review** – at least every three years. Last inspection December 2017. Number of engagements inspected: three. Next inspection scheduled for December 2020.

# Responding to reviews

## Risk mitigation

Grant Thornton Australia assesses all risk issues identified through review and monitoring activities, determining appropriate remedial and Improvement Actions (IA) for issues identified. IAs are loaded to our centralised Risk Management System (RMS).

Our Risk & Compliance team – along with NAQ – use the firm’s Audit Quality Action Plan and RMS to track the progress of actions to address issues through to completion. RMS data and information from our Risk Assessment Program are combined to improve quality standards across the firm.

Results are communicated to the firm’s management teams through all levels, up to and including the Enterprise Risk Committee and the Board. The results of our quality monitoring and risk assessment programs are used to effectively allocate resources where needed to maintain or improve quality performance.

Where the actions being taken are considered insufficient to meet the completion deadlines – or insufficient to fully and appropriately resolve the issue – the Head of Risk and Compliance has the authority to escalate the issue to the Enterprise Risk Committee, National Managing Partner - Quality & Excellence, and the Board.

All compliance breaches are carefully considered on a case-by-case basis and an investigation conducted to determine the impact, extent and reasons the breach occurred, and then the appropriate action to address it.

A goal of our compliance program is to minimise the chance of a breach occurring and mitigate the impact if one does occur.

During the last 12 months, no issues have been raised which we believe have had – or have the potential to result in – a material negative impact on the quality of our statutory audits.





# Partner related entity remuneration

Grant Thornton Australia's Partner Equity & Promotion committee (PEP) is a board subcommittee that oversees fair and responsible remuneration practices for all partners

The Partner Performance and Earnings Policy is reviewed and updated annually to meet the changing needs of the business. The updated policy is approved by the Board and communicated to all Partners. The Partner Remuneration Framework is made up of four components:

## Fixed Profit Draw (FPD)

Partners will be assessed against criteria and their FPD will be adjusted in line with their performance – performance is considered over a two year period. Each Partner is mapped to a Fixed Profit Draw band that is linked to the contribution margin of their managed client base. From there, movement within the remuneration bands is dependent on a Partner's holistic contribution which considers total financial contribution, leadership & culture, contribution to industry and intermediaries and client experience.

Grant Thornton Audit Pty Ltd – being the authorised audit company – has seven directors who do not receive any remuneration as directors. The directors do receive Partner Fixed Profit Draw. Equity Audit Partners and staff are not remunerated by reference to non-audit services sold to their audit clients.

## Variable Profit Draw (VPD)

The allocation of the VPD pool is based on performance against agreed criteria and is determined after review by the National Moderation Committee (NMC) and PEP.

## Equity

Grant Thornton Australia is an unlisted public company. All shares in the company are owned and controlled by entities related to individual Partners.

Grant Thornton Australia distributes profits as determined by the company's policy. The company distributed 88 per cent of its profit in FY18. All profit distributions are approved by the Board, based on the profitability and cash flow of the firm, subject to agreed retention levels.

Equity pool payments are declared based on shares on issue. These shares hold value and are independently valued annually. They cannot be sold to third parties.

## Outperformance

Participation in the Outperformance pool is considered as part of the national moderation process.

## Assessing performance

Partner performance is formally assessed annually using a scorecard system. This assessment forms the basis of the FPD review and confirming the allocation of VPD. Gatekeeping criteria further underpin the requirements for all Partners and acknowledge what being a Partner in Grant Thornton Australia means. These are of significant importance and include:

### Quality, Risk and Independence

- Maintain high quality in all engagements including satisfactory results in internal and external quality reviews.
- Adhere to risk, independence and governance protocols.
- Adhere to regulatory, other external, Grant Thornton International and internal peer review outcomes.

### Partner behaviours and obligations

- Uphold the values of the firm and adhere to firm policies and procedures.
- Fulfil the role and obligations of a Partner under the Partnership.
- Maintain a high standard of ethical behaviour in all dealings with clients, Partners and team members.

### Operational hygiene

- Appropriately manage lock-up, billings, production and client satisfaction.

In cases where the gatekeeping criteria has been breached a penalty is applied (percentage reduction in VPD) and assessed by the National Moderation Committee and approved by the Board.

The CEO is the only Partner whose role stands outside the Partner remuneration framework. Remuneration of the CEO is assessed upon the achievement of objectives and KPIs set and agreed by the Board.

# Statement of the firm's internal quality control systems

The Board has ultimate responsibility for Grant Thornton Australia's quality management systems and the establishment of appropriate internal control systems across the firm.

The policies and procedures that serve as the basis for the system of quality management for Grant Thornton Australia and its controlled entities outlined in this report are designed to manage rather than eliminate the risk of failure to achieve business objectives, or in the case of financial controls, the risk of material misstatement of our financial statements. Accordingly, they provide only reasonable and not absolute assurance against such failure or material misstatement.

Through the activities of the Finance & Audit and Enterprise Risk Committees during the year, the Board reviewed:

- The design and operation of the quality management systems as described in this report.
- The findings from regulatory inspections and subsequent follow up and/or remedial actions.
- Reports from the firm's external auditors.
- Reports from Grant Thornton International and various

compliance programs operated by our firm on the firm's quality control systems.

- Assessment of the impact of non-compliance on the Partners balance scorecards.

The review by the Board has not identified any failings or weaknesses that it deems to be significant, but identified actions which it believes will strengthen controls to mitigate significant risks. On the basis of the review, the Board is satisfied that the firm's internal quality control systems are operating effectively. In addition, the Board confirms an internal review of our internal independence processes has been conducted during the year.

We continually seek to improve all aspects of our business and use the findings of the practice review, other internal reviews and external regulatory reviews to enhance our system of quality control.



# Financial information for Grant Thornton Australia and Controlled Entities

<b>Turnover</b>	<b>2018 (AU\$m)</b>	<b>2017 (AU\$m)</b>
Fees (turnover) from statutory audits	79.1	75.6
Fees (turnover) from non-audit services charged to audit clients	18.9	19.2
Fees (turnover) from non-audit services charged to non-audit clients	147.1	130.8
Total revenue from audit and non-audit services to clients	245.1	225.6
Other revenue	3.3	3.7
<b>Total fees (turnover)</b>	<b>248.4</b>	<b>229.3</b>

<b>Firm</b>	<b>2018</b>	<b>2017</b>
Number of Partners	145	142
Number of Professional staff (FTE)	859.6	832.3
Number of Non-professional staff (FTE)	169	191
<b>Total</b>	<b>1,173.6</b>	<b>1,165.3</b>

<b>Audit</b>	<b>2018</b>	<b>2017</b>
Number of Partners	40	39
Number of Professional staff (FTE)	307.6	293.1
Number of Non-professional staff (FTE)*	12.6	17.3
<b>Total</b>	<b>360.2</b>	<b>349.4</b>

\* Excludes firm wide shared services (e.g. IT, HR, Marketing, etc)

# Public interest entities

The following is a list of Public Interest Entities where we performed statutory audits in the financial year ended 30 June 2018:

3D Oil Limited	Automotive Solutions Group Ltd	Chalmers Limited
Abilene Oil and Gas Limited	Avita Medical Ltd	Chant West Holdings Limited
Adavale Resources Limited	Baker Young Stockbrokers Limited	China Magnesium Corporation Limited
Adcorp Australia Limited	Balmain Discrete Mortgage Income Trust	Citation Resources Ltd
Adslot Ltd	Baptist Financial Services Australia Limited	Class Limited
Advanced Share Registry Limited	Bass Metals Ltd	Clean Seas Seafood Limited
Alchemia Limited	Benitec Biopharma Limited	Clinuvel Pharmaceuticals Limited
Alexium International Group Limited	Berkut Minerals Limited	Comops Limited
Alto Metals Limited	Bisan Limited	Copper Strike Limited
Anatara Lifesciences Ltd	Bluglass Limited	Core Exploration Limited
Animoca Brands Corporation Limited	Brain Resource Limited	Countplus Limited
Anteo Diagnostics Limited	Bulletproof Group Limited	Cygnus Gold Limited
Aphrodite Gold Limited	Buymyplace.com.au Limited	Dacian Gold Limited
Apiam Animal Health Limited	Cairns Penny Savings and Loans Limited	DigitalX Limited
Applydirect Limited	Cannindah Resources Limited	Domacom Limited
Archer Exploration Limited	Cape Credit Union Limited	Dome Gold Mines Limited
Argo Exploration Limited	Carbon Energy Limited	Draig Resources Limited
ASF Group Limited	Catapult Group International Ltd	DWS Limited
Asian American Medical Group Limited	Celamin Holdings NL	Eagle Health Holdings Limited
Asset Resolution Limited	Cellmid Limited	EECU Limited (Nexus Mutual)
Astron Corporation Limited	Central Coast Credit Union Limited	Ellex Medical Lasers Limited
Ausmon Resources Limited	Century Australia Investments Limited	Emergent Resources Limited



Empired Ltd	Kazia Therapeutics Limited	MyLifeMyMoney Superannuation Fund
Enegex Limited	Kidman Resources Limited	NetComm Wireless Limited
Ennox Group Ltd	Kingston Resources Limited	NGE Capital Limited
Enterprise Metals Limited	Kneomedia Limited	NGR Holding Company Pty Ltd
Enzumo Limited	Laboratories Credit Union Limited	Northern Cobalt Limited
Fastbrick Robotics Ltd	Latam Autos Limited	Novogen Limited
First Option Credit Union Limited	Latitude Consolidated Limited	NuCannaco Science Limited
Firstwave Cloud Technology Limited	Lawson Gold Limited	Octanex Limited
Fleetwood Corporation Limited	Lawson Gold Ltd	Papyrus Australia Limited
Flinders Mines Limited	Leaf Resources Ltd	Peako Limited
Fox Resources Limited	Leigh Creek Energy Limited	Pearl Global Limited
Fremont Petroleum Corporation Limited	Lincoln Minerals Limited	Pengana Capital Group Limited
Funtastic Limited	Lycopodium Limited	PeopleCare Health Limited
Gascoyne Resources Limited	Managed Accounts Holdings Limited	Petratherm Ltd
Genera Biosystems Limited	Manalto Limited	PNX Metals Limited
Golden Deeps Limited.	Marine Produce Australia Ltd	Police Bank Limited
Gooroo Ventures Limited	Marmota Limited	POZ Minerals Limited
Greatcell Solar Limited	Maximus Resources Limited	PPK Group Limited
Helix Resources Limited	McMillan Shakespeare Limited	Praemium Limited
High Grade Metals Limited	Medusa Mining Limited	Prophecy International Holdings Limited
Horizon Credit Union Limited	Merlin Diamonds Limited	Pureprofile Ltd
Hunter Hall Investment Trusts	Metals Australia Ltd	Quantum Graphite Limited
Immuron Limited	Metgasco Limited	Quest Minerals Limited
Imugene Limited	Metminco Limited	Ramelius Resources Limited
Indoor Skydive Australia Group Limited	MGM Wireless Limited	Rand Mining Limited
Innate Immunotherapeutics Limited	MHM Metals Limited	Rectifier Technologies Ltd
Integrated Payment Technologies Limited	Micro-X Limited	Reef Casino Trust
International Base Metals Limited	Mildura Health	Regeneus Ltd
Investigator Resources Ltd	Millennium Limited	ResApp Health Limited
IPE Limited	Minotaur Exploration Ltd	Reverse Corp Limited
iSignThis Ltd	Mithril Resources Limited	Sabre Resources Limited
Jadar Lithium Limited	MOD Resources Limited	Saferoads Holdings Limited
Jayex Healthcare Limited	Monax Mining Limited	Sensera Limited
Jupiter Mines Limited.	MRG Metals Limited	Silver Heritage Group Limited
Kalamazoo Resources Limited	Musgrave Minerals Limited	Sirtex Medical Limited
Kangaroo Island Plantation Timbers Ltd	Myanmar Metals Limited	Smart Parking Limited

Southern Gold Limited	Yojee Limited
Sovereign Credit Pty Ltd	ZKP Group Limited
Sovereign Insurance Australia Pty Ltd	
Spitfire Oil Ltd	
Strategic Energy Resources Limited	
Summerland Credit Union Limited	
Sunbridge Group Limited	
Sydney Credit Union Limited	
Synertec Corporation Limited	
Teachers Federation Health	
Teachers Mutual Bank Limited	
Terramin Australia Limited.	
Toro Energy Limited	
TPC Consolidated Limited	
Transport Mutual Credit Union Limited	
TTA Holdings Limited	
Tychean Resources Ltd	
TZ Limited	
United Overseas Australia Limited	
Unity Bank	
UraniumSA Limited	
UXA Resources Ltd	
Vector Resources Limited	
Victor Group Holdings Limited	
Vimy Resources Limited	
Viralytics Limited	
Visioneering Technologies, Inc.	
Vita Group Limited	
Westfund Limited	
Whitebark Energy Ltd	
Windlab Limited	
Woolworths Employees Credit Union	
WPG Resources Ltd	
Xenith IP Group Limited	
XPD Soccer Gear Group Limited	
Yellow Brick Road Holdings Limited	

# In the profession

We are committed to investing the time of our senior people in professional leadership positions. This ensures our clients have access to excellent technical support and awareness of emerging issues, and their interests are properly represented as public policy is developed.

<b>Andrew Archer</b>	<ul style="list-style-type: none"> <li>• Australian Securities &amp; Investments Commission, Accounting Liaison Committee</li> <li>• Chartered Accountants Australia and New Zealand, Program Member Advisory Panel – Audit &amp; Assurance</li> <li>• University of Technology Sydney – Adjunct Professor</li> </ul>
<b>Andrew Cornes</b>	<ul style="list-style-type: none"> <li>• Building Active Connected Communities FNQ Ltd – Director and Treasurer</li> <li>• Chartered Accountants</li> </ul>
<b>Andrew Hewitt</b>	<ul style="list-style-type: none"> <li>• Portsea Surf Life Saving Club – Vice President</li> <li>• Portsea Surf Life Saving Club Foundation – Director and Trustee</li> </ul>
<b>Cameron Bacon</b>	<ul style="list-style-type: none"> <li>• Wesley College Melbourne – Director/Council Member</li> <li>• Wesley College Melbourne – Chair, Finance and Risk Management Committee</li> <li>• Wesley College Melbourne – Strategy Committee</li> <li>• Wesley College Melbourne – Remuneration Committee</li> </ul>
<b>Darren Scammell</b>	<ul style="list-style-type: none"> <li>• Equity Trustees Limited and Equity Trustees Wealth Services Limited – consultant to the Audit Committee</li> <li>• Haileybury College - Councillor and Chair of Finance and Risk</li> <li>• Chartered Accountants Australia and New Zealand – Past President (2016) and Fellow</li> </ul>
<b>Dean Marsh</b>	<ul style="list-style-type: none"> <li>• South Australian Cricket Association (SACA) – Board member and Vice President</li> <li>• SACA – Finance &amp; Audit Committee Chairman</li> <li>• SACA – Honorary Nominations Committee Member</li> <li>• Adelaide Oval Stadium Management Authority (AOSMA) – Board Member</li> <li>• Commercial Operations Pty Ltd – Board Member</li> <li>• AOSMA – Finance &amp; Audit Committee Member</li> <li>• Commercial Operations Pty Ltd – Finance &amp; Audit Committee Member</li> </ul>
<b>Elizabeth Lucas</b>	<ul style="list-style-type: none"> <li>• The Taxation Institute, FBT and Employment Taxes Committee</li> <li>• The Taxation Institute, Not for Profit Subcommittee</li> <li>• Australian Taxation Office, FBT working group</li> <li>• CBM Australia, Board member and Chair of Finance and Risk Committee</li> </ul>
<b>Eric Passaris</b>	<ul style="list-style-type: none"> <li>• Grant Thornton Foundation Ltd – Board Member</li> <li>• Companies Auditors – Disciplinary Board Member</li> <li>• CPA Australia – Disciplinary Committee Member</li> <li>• Australian Charities and Not-for-profits Commission - Professional Users Group</li> <li>• IBL Limited – Board Member</li> <li>• IBL Limited – Audit Committee Chairman</li> <li>• IBL Limited – Investment Committee Member</li> <li>• Catholic Development Fund Archdiocese of Melbourne – Board Member</li> <li>• Catholic Development Fund Archdiocese of Melbourne – Audit &amp; Risk Committee Member</li> <li>• Catholic Development Fund Archdiocese of Melbourne – People &amp; Organisation Committee Chairman</li> <li>• Genazzano FCJ College Ltd – Board Member</li> <li>• Genazzano FCJ College Ltd – Finance Committee Chairman</li> <li>• Berry Street Inc. – Board Member</li> <li>• Berry Street Inc. – Finance, Audit and Investment Committee Member</li> <li>• Berry Street Inc. – Education Committee Member</li> <li>• Project New Dawn Limited – Finance Committee Member</li> </ul>

<b>Gail Curtis</b>	<ul style="list-style-type: none"> <li>Chartered Accountants Australia and New Zealand – Chartered Accountants Advisory Group (WA)</li> <li>Zonta House Women's Refuge – Deputy Chair</li> <li>Zonta House Women's Refuge – Housing Project Committee Chair</li> </ul>
<b>Greg Keith</b>	<ul style="list-style-type: none"> <li>Habitat for Humanity – Board of Advisory</li> </ul>
<b>Joseph Box</b>	<ul style="list-style-type: none"> <li>Board Member of the Family Law Practitioners Association of Queensland</li> </ul>
<b>Katherine Shamai</b>	<ul style="list-style-type: none"> <li>Extended Families Australia – Vice-Chair, Committee of Management</li> <li>Grant Thornton Foundation – Committee Member</li> <li>South East Warriors Basketball Club Inc – Committee of Management</li> <li>Association of Certified Fraud Examiners - Editorial Advisory Board, Fraud Magazine</li> <li>Institute of Internal Auditors (US) - Editorial Advisory Board, Internal Audit Magazine</li> </ul>
<b>Mark O'Hare</b>	<ul style="list-style-type: none"> <li>Stuartholme School – Chair Finance and Facilities Committee (end date 31/12/18)</li> </ul>
<b>Merilyn Gwan</b>	<ul style="list-style-type: none"> <li>Australian Public Policy Committee of the Accounting Bodies and major accounting firms</li> <li>Australian Securities &amp; Investments Commission – Accounting Liaison Committee</li> <li>Auditing &amp; Assurance Standards Board – Consultative Group</li> <li>Chartered Accountants Australia and New Zealand – Technical Research Group</li> </ul>
<b>Michael McCann</b>	<ul style="list-style-type: none"> <li>Advisor to the ARITA Board</li> </ul>
<b>Michael Pittendrigh</b>	<ul style="list-style-type: none"> <li>Strathcona Baptist Girls Grammar School – Board Member</li> <li>Strathcona Baptist Girls Grammar School – Finance Committee Member</li> <li>NewHope Church – Advisor to Finance Committee</li> <li>Wattle Park Emmaus Football Club – Committee Member</li> </ul>
<b>Paul Banister</b>	<ul style="list-style-type: none"> <li>The Taxation Institute – Chair of State Council (Queensland Division)</li> <li>Member of Brisbane Catholic Education Council Finance Committee</li> </ul>
<b>Paul Billingham</b>	<ul style="list-style-type: none"> <li>Cruising Yacht Club of Australia Limited – Commodore/Chairman</li> <li>Rolex Sydney Hobart Yacht Race – Chairman of the organising committee</li> <li>Safety of Life at Sea Trusts – Director</li> <li>Liberal Party NSW – President Manly State Electorate Committee</li> <li>Australian Accounting Industry Hall of Fame (University of Melbourne) – Selection Committee Member</li> </ul>
<b>Peter Hills</b>	<ul style="list-style-type: none"> <li>Association of Mineral &amp; Exploration Companies (AMEC) – Corporate Regulation &amp; Taxation Committee member</li> </ul>
<b>Peter Parsons</b>	<ul style="list-style-type: none"> <li>The Tax Institute – Queensland Professional Development Committee</li> <li>Australian Taxation Office – Crypto Currency Working Group</li> </ul>
<b>Robert Samuel</b>	<ul style="list-style-type: none"> <li>Australian Information Industry Association (AIIA) Health Special Interest Group, Government Advisory Group and founding member of the Women in Stem Initiative</li> </ul>
<b>Sheenagh Edwards</b>	<ul style="list-style-type: none"> <li>Independent member of the RSPCA SA Inc Finance, Audit and Risk Committee</li> <li>Director of RSPCA SA Inc</li> </ul>
<b>Simon Trivett</b>	<ul style="list-style-type: none"> <li>Business Reporting Leaders Forum</li> <li>Australian Securities &amp; Investments Commission Accounting Liaison Committee (VIC)</li> <li>Victorian Council of Social Services, Audit &amp; Risk Committee – Director and Chair of Finance, Audit and Risk committee</li> </ul>
<b>Steve Westaway</b>	<ul style="list-style-type: none"> <li>Board of Taxation's consulting panel</li> <li>Member of the ATO's Professional Practices Working Group representing the Taxation Institute of Australia of which I am a Life Fellow.</li> </ul>
<b>Stuart McDowall</b>	<ul style="list-style-type: none"> <li>Basic Rights Queensland Inc. – Board Member and Treasurer</li> </ul>
<b>Tim Hands</b>	<ul style="list-style-type: none"> <li>QUPEX Inc, (Queensland Petroleum Exploration Association) Treasurer</li> </ul>
<b>Vince Tropiano</b>	<ul style="list-style-type: none"> <li>International Grammar School – Board member</li> </ul>

# Compliance map

The following table maps the requirements for audit transparency reports as set out in s332-332G of the Corporations Act 2001 and Schedule 7A of the Corporations Regulations 2001 to our Transparency Report.

Narrative	Page
A description of the transparency reporting auditor's legal structure and ownership	12
If the transparency reporting auditor belongs to a network, a description of: the network, the legal arrangements of the network and the structural arrangement of the network	15-17
A description of the transparency reporting auditor's governance structure	13-14
A description of the transparency reporting auditor's internal quality control system	19-21
A statement by the transparency reporting auditor's administrative body or management body (or the company's board of directors) on the effectiveness of the functioning of the transparency reporting auditor's internal quality control system in the relevant transparency reporting year	31
The name of each body that is authorised to review the transparency reporting auditor (e.g. ASIC or a professional accounting body) and the date of the most recent review of the transparency reporting auditor conducted by the body	28
The names of the bodies of the kinds mentioned in subsection 332A(1) of the Corporations Act for which the transparency reporting auditor conducted an audit under Div 3 of Part 2M.3 of the Act in the relevant transparency reporting year	33-35
A statement about the transparency reporting auditor's independence practices in the relevant transparency reporting year, including the date on which the transparency reporting auditor most recently conducted an internal review of its independence compliance	22-23
A statement about the policy that the transparency reporting auditor follows regarding the minimum amount and nature of continuing or other professional education that professional members of an audit team must undertake during the relevant reporting year	8-9
Financial information for the transparency reporting auditor that relates to the relevant transparency reporting year, including: total revenue and revenue relating to audits of financial statements conducted by the transparency reporting auditor and other services provided by the transparency reporting auditor	32
Information concerning the basis for remuneration of the audit firm's partners or the authorised company's directors	30



# About Grant Thornton

Grant Thornton is an award-winning globally recognised professional services network and is one of the world's major organisations of independent assurance, tax and advisory firms.

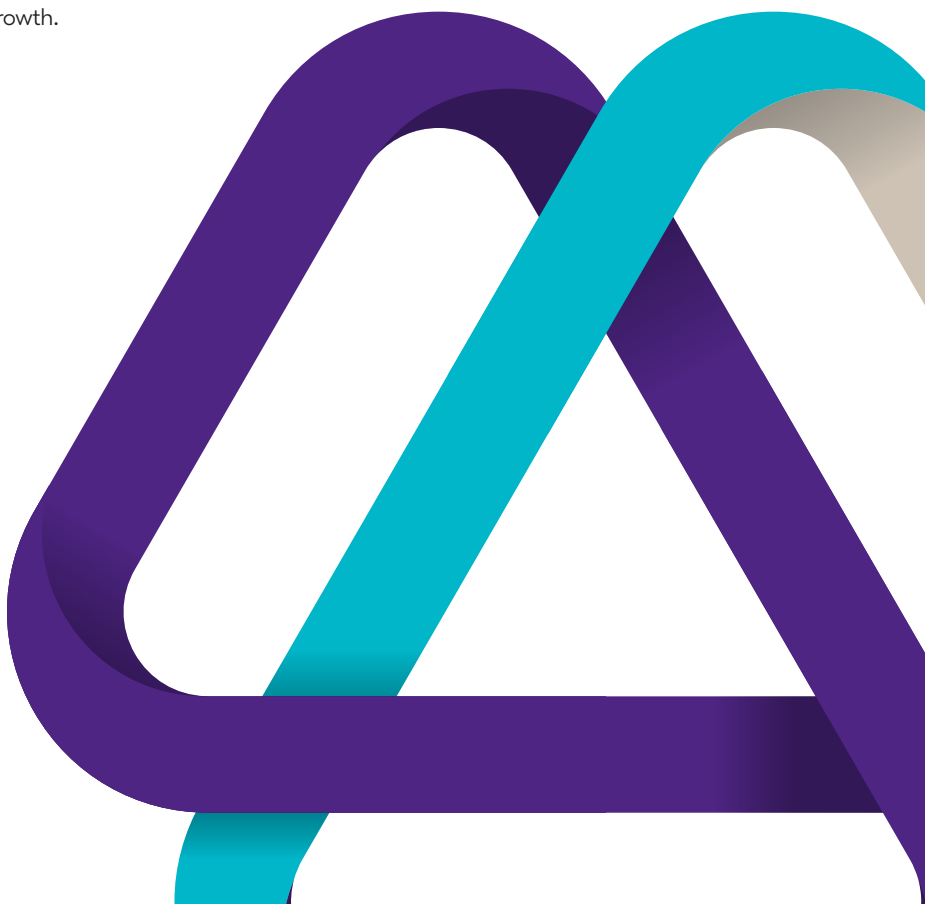
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