

Transparency report

Grant Thornton UK LLP year ended 31 December 2021

April 2022



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Chief Executive Officer



Dave Dunckley
CEO

In 2021 the Firm as a whole enjoyed a strong year including our Audit line of Service in particular. We have continued our focus on improving Audit Quality whilst supporting our people during the ongoing pandemic. The FRC's 2021 Audit Quality Review (AQR), which covered audits undertaken during 2019/20, showed demonstrable progress in the quality of our audits. The continued focus and investment to improve quality further is key in meeting our strategic objectives and those of our stakeholders.

People

Our number one priority throughout the pandemic has been to support our people. To best understand how to support colleagues as the pandemic stretched on, we introduced regular wellbeing check-ins. Responding to feedback we:

- introduced a Health Boost programme to bring teams together and encourage healthy habits (like daily exercise) during periods of restriction
- gave all our people two 'wellbeing' days off because they told us they needed to rest
- introduced a 'Reconnect' programme to help people transition back to the office as restrictions lifted
- implemented a soft closure at the end of the year to give everyone the opportunity to take a proper break.

Whilst the manner in which auditors work has evolved over the years, the changes which were forced upon us by pandemic have allowed us to reassess working practices in a more holistic way. This is now allowing us to gain the benefits of the new "hybrid" approach to working. Hybrid working brings much greater flexibility in how we deliver our work, allowing teams to

work effectively together to deliver quality work, whilst at the same time being able to support individuals in their unique situations. As part of the changes as we move to hybrid working we have announced a "[Framework for how we work](#)". This outlines the founding principles of how the firm will work moving forward.

Our people have told us that they feel we are better at supporting them in delivering high-quality work through team encouragement, recognition, training and development.

Digital

Our Digital strategy is key to ensuring we have the skills and capabilities to audit our clients today and those we have in the future. As technology continues to change, we are investing heavily in new tools and techniques to support our people and to deliver better audits. We have particularly seen an increase in the number of analytical applications and tools during the year with the creation of Digital teams in each service line including Audit. This investment and focus on digital will continue as part of our firm wide strategy.

Inclusion and diversity (I&D)

A key aspect of the firm's strategy is inclusion. We strive to ensure that each and every person feels included in each and every interaction with colleagues and with clients. We firmly believe that when our people feel included, the quality of our work improves.

We have a firmwide strategy to create a culture where barriers to progression are understood and removed. Some examples of this are:

- we created an Inclusion Advisory Board (IAB) to make sure we make more inclusive decisions
- we were the first major firm to give our people the flexibility on how they use their statutory holiday entitlement allowing them to align these days at times that reflect their lifestyles and beliefs.

Independence and Reputation

We continue our journey towards our vision of having a digitally enabled Ethics Function respected by regulators and trusted by our partners and people. We have added significant new senior resource including our Deputy Ethics Partner. We are challenging ourselves to do things differently, work smarter and adopt a digital mindset. Our investments in digital tools and the improvements to our processes allow us to respond in a more timely and agile way to the needs of the business whilst still making informed, quality decisions in respect of independence and reputation.

We continue to focus heavily on the types of organisations that we perform audit and assurance work for. It has been positive to see the challenge given by our audit teams to client management in respect of their financial statements. I am also pleased to see our willingness to issue, where necessary, appropriately amended audit opinions. Where it is the right thing to do, and after appropriate consultation, we have disengaged with clients where they do not meet our expectations on the importance of a quality audit.

During the year we have agreed the resolution of two of our significant investigations with the FRC, these relate to Patisserie Valerie and Interserve. Whilst the findings are clearly disappointing, we had already implemented changes as result of the root cause investigations in respect of these legacy issues.

The future

In the recent years we have created a strong platform to grow; a platform which allows us to continue to deliver high quality work in our chosen markets. We are a firm with a strong purpose - 'Doing what's right ahead of what's easy'. There will be new challenges and new opportunities as we move forward. Notwithstanding these, we will continue to do what's right ahead of what's easy to deliver high quality work in the public interest.



Dave Dunckley
Chief Executive Officer

Head of Audit

2021 has been another challenging year for all of us with COVID continuing to cause disruption and difficulties for everyone. As an audit practice, we continue to focus on our commitment to improving audit quality and operating a sustainable audit firm working in the public interest.

We have invested significantly to improve the quality of our audits in recent years and I am pleased to see this having a positive impact. The next phase of our strategy is to embed these improvements, make delivering high quality work easier, and continue to grow our audit business. Our strategy is underpinned by our Audit Quality Plan which has evolved considerably since the development of our initial Strategic Implementation Plan in Summer 2019.

Regulatory

The regulatory environment remains demanding as the benchmark expectation of audit quality continues to increase as it has done for many years. I am therefore pleased to see that our focus on sustainable quality is now being evidenced in our review findings. With the Financial Reporting Council (FRC) noting in their public report “There has been a significant improvement in the number of audits requiring no more than limited improvements compared to the number of such audits identified in both our 2019/20 and 2018/19 public reports.” Whilst this is pleasing to see there continues to be work required to maintain and improve our underlying quality.

During the year we have contributed to the consultation from BEIS on “Restoring trust in audit and corporate governance” as well as the proposals from the FRC in respect of the Audit Firm Governance Code (AFGC). I welcome these opportunities to engage with policy makers and look forward to working with ARGAs as the new improvement regulator. It is imperative that this opportunity is not lost to both improve audit quality but also the governance of some of our most critical businesses and organisations in the UK.



Fiona Baldwin
Head of Audit

Culture

Having the right culture is crucial for the delivery of our strategy and particularly quality audits. We engage regularly with the audit practice to understand views and perspectives on our culture. During the year, as part of our long-term Audit Culture Project, we have focused on:

- defining and encouraging people to focus on our “aspirational behaviours”
- taking time with our people to understand their views and understanding with particular focus on “speaking up”. We want our teams to have the confidence and knowledge to speak up about matters that are affecting or concerning them, whether related to client work or internal to Grant Thornton
- embedding the need to apply professional scepticism and challenge more robustly during the audit
- working to improve inclusivity and diversity as well as supporting individuals’ wellbeing as we move out of the pandemic into our new hybrid working model.

We have a number of projects planned for 2022 particularly focused around challenge and speaking up, both with clients and amongst ourselves.

Clients

Over the past two years we have spent considerable time looking at the type of clients we work with. This has focused not only on the nature of the client’s business but also their culture and the risk/reward balance of working with them. I believe that it is important that clients understand and value the audit process and are equally committed to the importance of audit quality and understand how they directly contribute and influence this. This includes an understanding of:

- the volume and range of high-quality audit evidence that we require
- the expectation that we will be challenging of this evidence and the estimates and judgements entities have made in their financial statements
- the impact the above has on the cost and time required to perform a high-quality audit
- the implications if quality evidence is not available.

During 2021 we have continued to win new work in tandem with having conversations with our clients about their role in a high-quality audit. I am proud that, whilst we have had to have difficult conversations on occasions, our teams continually make the right decisions and embody our purpose of “doing what’s right ahead of what’s easy”. Where necessary we have issued audit opinions that are modified, disclaimed or raised uncertainty over an entity’s going concern. In all our team and practice wide discussions, we are clear that we will continue to ensure we obtain sufficient and appropriate audit evidence from our clients.

We believe we have a responsibility, as a mid-tier/challenger firm, to reflect on the current regulatory desire for more competition in the FTSE 350 audit market. However, we remain mindful of the need to balance our decisions, in terms of market, with our responsibilities to our stakeholders (including our partners, people, clients, regulators and funders) to ensure we operate both our audit practice and our whole firm in a financially sustainable manner. As our audit quality has improved, we have now started to undertake audit pitches within this space and plan to continue to do so subject to certain criteria. Our audit teams will only be working with high quality clients who value audit, value the challenge a robust audit provides and are governed appropriately whether they are a FTSE entity or not.

The mission of the audit practice is to:

“Achieve sustainable audit quality comparable to the best of our peers, creating trust and integrity in the audit market such that we are able to re-enter the FTSE350 market with confidence should we choose to do so”

The business purpose of the audit practice remains:

“Create a sustainable talent model comprising specialist auditors with future fit skills delivering gross margin in line with the Firm’s business plan”

People

2021 has been another difficult year for our people with COVID rules changing on a regular basis across each of the devolved nations. The individual circumstances our people have faced, like many others, include increased complexity in life, physical and emotional challenges. I am proud of our people and the resilience and agility they have shown. I am passionate that we continue to support our people. We have continued to provide people with guidance, individual support and flexibility in a range of different forms. As a firm we have invested in several “Wellbeing” tools and services to help people not only during these current challenging times, but also going forward as we move into a hybrid working model.

Our people are critical to our strategy and the delivery of quality. I want our people to have a differentiated experience working in high performing, inclusive and diverse teams. To support this we continue to recruit and promote high calibre individuals. However recruitment and retention is increasingly hard to maintain. There is a continued sense that the attractiveness of audit continues to decrease whilst the competitiveness of the market increases. I am delighted that as a firm we won the Grant Thornton International Limited (GTIL) Go Beyond Quality award due to our improvement in audit quality; this achievement would not have been possible without the hard work of all our people.

We have been and will continue to be focused on having a sustainable people model to create the senior auditors of the future and to ensure genuinely interesting and intellectually challenging career paths. Having listened to our people and reflected on how we organise our audit teams we are adjusting our operating model to align our people to the types of clients they audit. We will however be providing opportunities for our more junior team members to experience a range of clients before making decisions on the next stage of their careers.

Throughout 2021 we maintained our investment in training and education with a particular focus on our virtual three-day case study based annual audit training as well as new digital training. This will be continued and developed further in 2022.

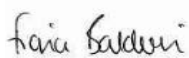
Digital and global

In January 2021 we launched our Audit Analytics Appstore as well as our digital audit team. Having a strong audit focused digital capability is critical to our success. I am pleased with the range of new tools that we have available and are planned for 2022 and beyond. It is also pleasing to see the positive uptake of digital technology across the practice. We will continue to develop, enhance and evaluate the effectiveness of the Audit Analytics Appstore to ensure we deliver high quality audits more efficiently in a way that maximises the use of data and digital auditing techniques. We are also working to improve how we communicate and share ideas and best practice in the use of digital technology.

We are working heavily with a third-party provider to deliver several new tools, particularly around data analytics and data auditing. We have also been working with GTIL on the development of new audit software which we will be trialling during 2022.

During the year we have continued to build our capacity to support UK audits from our network firms. This includes the use of individuals who are based overseas but work on our audits. This has, and will continue to, allow us to access high quality auditors from outside the UK, working both within our teams and as centres of excellence to support our UK audit practice. We will take learnings from the FRC current thematic review on resourcing to identify areas of good and poor practice across all firms who participated in the review.

I am positive that the changes we have made and will make during 2022 will continue to support the audit practice in delivering our strategy.



Fiona Baldwin
Head of Audit

Independent chair of the Audit Quality Board (AQB)

2021 has seen significant developments in the firm's audit quality journey and it has been a pleasure to see the firm's Strategic Implementation Plan bring visible benefits. As Chair of the AQB it is my role to continue to advise the Strategic Leadership Team (SLT) on maintaining and improving the firm's levels of audit quality and to fully support the firm's consideration of the public interest nature of audit. The firm continues to improve its overall performance under Fiona Baldwin's leadership and there is a clear desire to deliver best in class quality.



Philip Johnson
Independent chair of the AQB

The AQRs report issued in July 2021 is the first report that shows the impact of the investment and changes made by the firm to strengthen audit quality. It was therefore encouraging to see the strength of the results and the overall comments from the FRC. The recent Grant Thornton Assessment & Review (GTAR) was also positive with all 10 engagements meeting the required quality standards. In respect of the Patisserie Valerie and Interserve investigations the firm has worked for some time to address issues raised by these matters.

I meet throughout the year with Fiona Baldwin as Head of Audit along with a number of other senior individuals in the firm's leadership team. The AQB receives a monthly update on key projects as well as reports on a range of topics impacting audit quality. Large areas of the SIP have now been completed with focus moving to more forward-looking areas including Audit Culture, Digital tools and the implementation of the Quality Management Approach (QMA).

I have met with the FRC on several occasions during the year and they have attended two of our AQB meetings as observers. Whilst having spent time with several of the engagement leaders in Audit I am looking forward in 2022 to spending time with the wider practice.

I am pleased that the firm has appointed Faried Chopdat to become a second Independent Non Executive (INE) on the AQB. His appointment clearly demonstrates the commitment of the firm in the work of the AQB and wider audit quality. Faried's people centric approach and experience in risk management will bring significant benefit to the board and the firm as a whole.

One significant ongoing challenge that the firm faces is the uncertainty around government policy and particularly the outcome of the BEIS consultation. It is imperative for both the Audit profession and UK business that the benefits from this historic opportunity are not missed.

Independent Non-Executive chair Partnership Governance Board (PGB) and the Public Interest Committee (PIC)

This is my first Transparency Report submission as Chair of the PGB having stepped into the role on 1 April 2021 after three years on the Board as an INE.

The PGB is the primary governance group of the firm and as INEs we sit as non-voting members. In our role we are able to oversee and challenge key decisions whilst maintaining independence from the firm's leadership. We have a responsibility to stakeholders both within the firm and externally and a key part of our role is to ensure the firm meets its obligations under the Audit Firm Governance Code.

These obligations include:

- promotion of audit quality
- helping the firm secure its reputation more broadly, including in its non-audit businesses
- reducing the risk of firm failure.

The work of the PGB and its subcommittees supports these obligations through real and constructive challenge to the firm's leadership across a range of matters. We have remained active in bringing our expertise to the firm and discharging our responsibilities.

The CEO and relevant members of the SLT present to the PGB on key developments within the firm, including operational, legal, financial and structural matters.

The work of the PGB includes time at most meetings without the SLT being present to allow for an open and thorough debate about all matters relating to the firm including SLT activities, key risks and events.

Reflecting on the year in more detail we have continued to communicate with the wider partnership through roadshows, frequent updates from our meetings and ad hoc interactions. We have also met with the firm's CLEARR (See "People and culture") representatives and have considered a range of topics at the PIC. The PIC meets three times a year and includes all the INEs. Philip Johnson as the independent Chair of the AQB, is invited to attend these meetings. Areas of focus at the PIC have included:

- receiving updates from the Head of Audit, chair of the AQB and Ethics Partner at each PIC meeting
- consideration of people and culture matters
- reviewing complaints, whistleblowing issues and other legal matters.

We continue to meet with the FRC with whom we have an open dialogue. We have a strong working relationship with the SLT as well as key individuals at GTIL. As required, I have a direct link into the chair of the GTIL board.



Imogen Joss
Independent Non-Executive
chair of the PIC and PGB

Promote audit quality

As members of the PGB we receive regular updates on the audit business including quality. Over the course of the year, we receive, scrutinise and constructively challenge the leadership's strategic plans and activities, both holistically and at a service line level. Quality is a fundamental part of this conversation.

There are a number of specific ways we are particularly focused on audit quality:

- Philip Johnson as Chair of the AQB and Fiona Baldwin as Head of Audit attend each PIC meeting to provide a comprehensive update on audit and allow us to discuss and challenge relevant matters
- Deena Mattar as Chair of the Risk and Audit Committee (RAC) receives updates on the firm's internal quality review and Transparency Report. During the current year this has included the ongoing implementation of the QMA [\[see page 21\]](#)
- independence is a key element of audit quality and as such the Ethics Partner provides an update on key matters and developments at each PIC meeting
- annually we review the results of the Root Cause Analysis (RCA) work undertaken by the RCA team in audit
- we meet with the Head of People and Culture to consider how quality is embedded into the firm's culture, performance management and reward policies.

Securing our reputation

We seek to support this through consideration of a range of reports and topics at our meetings (as noted above) and engagement with specific activities. During the year, we have also contributed to the firm's response in respect to two key consultations relating to audit market reform and audit governance:

- BEIS consultation on "Restoring trust in audit and corporate governance"
- FRC consultation on the revision to the Audit Firm Governance Code

Our membership of the PGB and subcommittees allows us good visibility over key matters. Deena Mattar in her role as chair of the Ethics Board (EB) helps in securing the firm's reputation in this key area. We also invite to the PIC and have regular contact with Philip Johnson as Chair of the AQB. This approach allows all the firm's INEs to bring their experience in securing its reputation.

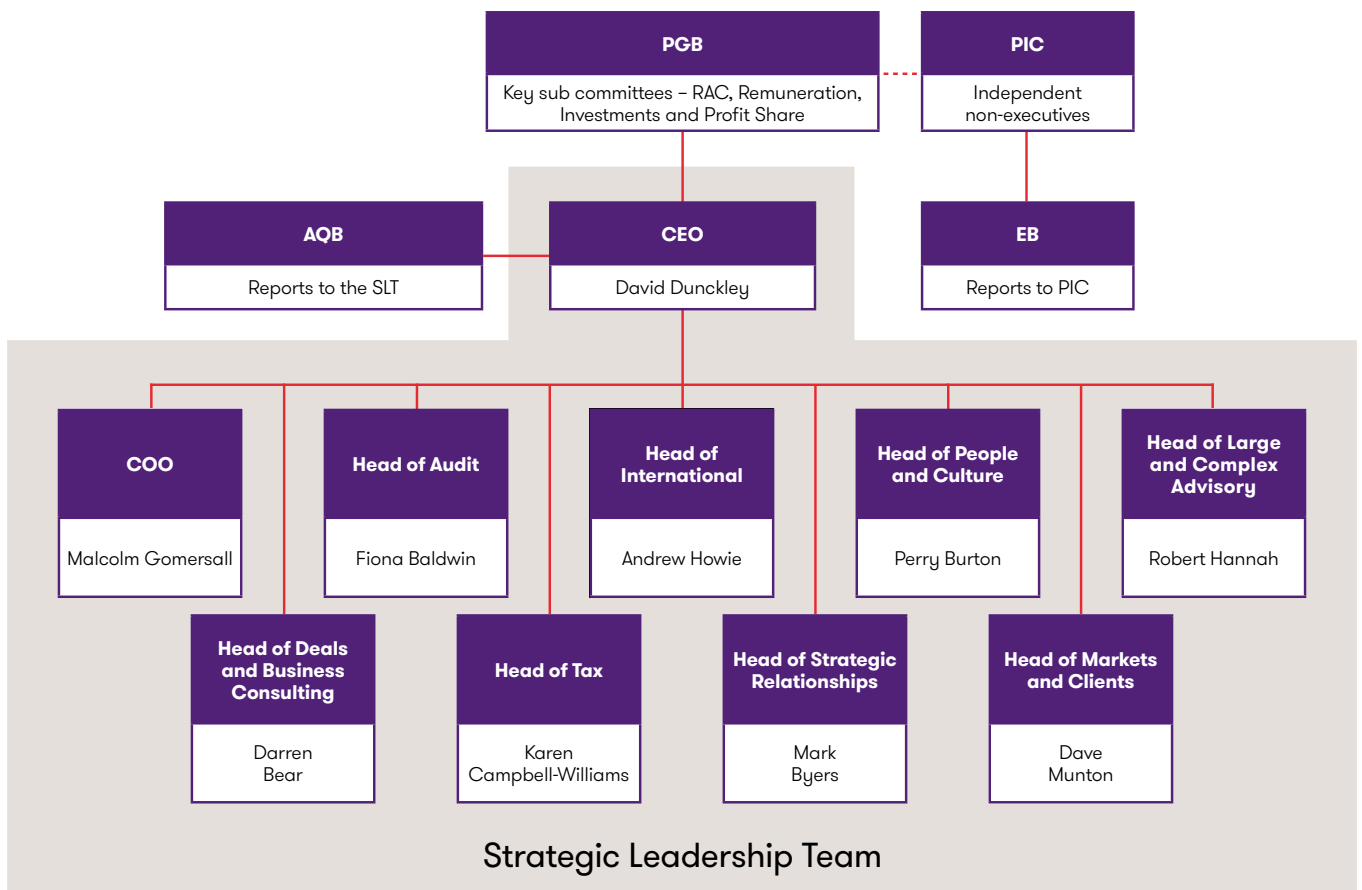
Reduce the risk of firm failure

The PGB meetings consider a range of matters that could influence the firm's ongoing stability. This includes consideration of financial results and key matters which have, or could have, a significant financial impact on the business or its reputation. The INEs are also involved in the consideration of the firm's risks and risk processes as well as the results of internal audits. We continue to have a strong dialogue with members of the SLT, including a monthly call I have with the CEO. Deena Mattar as Chair of the RAC has strong oversight of the firm's approach to risk management, principal risks and risk appetite.

Further details of the work of the PGB and PIC can be found in the [Leadership and governance section](#)

Leadership and governance

The firm is owned by its partners and has two principal leadership and governance groups, the SLT and the PGB. In addition, two groups are focused on quality; the AQB and the EB. Each group works together to provide us with a best practice governance structure. Details of the governance structures, including the rights and obligations of partners, are set out in our Membership Agreement, this was last updated in 2020. We remain committed to and comply with the provisions of the AFGC. The full terms of references for each group can be found on our website at [Leadership and governance](#).



SLT

The SLT is chaired by David Dunckley, our CEO. He has executive authority for the management of the business whilst being bound by our Statement of Principles. The statement was developed by the PGB and is approved every three years by the partnership, the last approval being in December 2019.

The SLT is appointed by the CEO and is responsible for:

- ensuring the firm operates within our Statement of Principles
- assessing and controlling risk, including protecting the goodwill and reputation of the firm
- developing and implementing our strategy
- ensuring we comply with all relevant regulatory and legal requirements
- ensuring we are a profitable and sustainable firm
- putting quality at the heart of everything we do
- fostering an inclusive culture underpinned by our CLEAR values
- ensuring we participate in the wider economic environment as a responsible employer and contributor to growth

The CEO is nominated by the PGB for a four-year period with a maximum tenure of two four-year periods. The appointment is subject to an all-partner vote.

PGB

The PGB includes a group of our partners who have been elected by the whole partnership. The role of the PGB is to oversee the stewardship, accountability and leadership of the firm and to provide clear sighted counsel on our strategic direction and alignment to our Statement of Principles. Membership consists of:

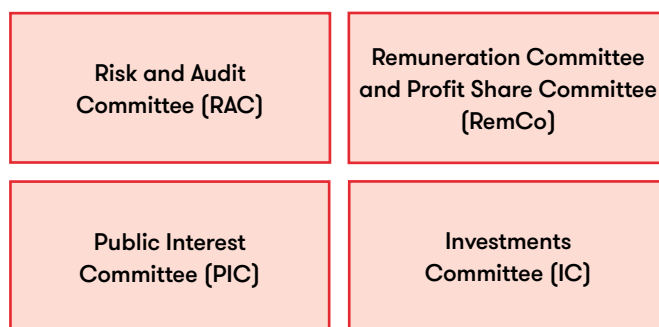
- partners who are elected for a three-year period and who may serve no more than two consecutive terms
- our INEs except for the AQB INEs
- the CEO as an ex officio member and up to two further ex officio individuals appointed by the CEO.

The PGB is chaired by Imogen Joss (Ed Warner until 31/3/2021), one of our INEs. The PGB carries out its role seeking to balance the interests of the multiple stakeholders and to ensure we are successful and have a sustainable future.

The focus of the PGB activity is:

- to ensure that we have an appropriate strategy that is consistent with the public interest and overseeing the development and delivery of this strategy by the SLT
- to oversee good financial and cultural governance (including setting the tone from the top on culture and ethics) in the firm
- to ensure we have the best possible executive leadership.

There are several subcommittees of the PGB that support its work and allows the INEs and members of the PGB to discharge their responsibilities.



RAC

The principal role of the RAC is to ensure our quality and risk management framework is in place and operating and to oversee our financial reporting and external audit process. Its specific duties include:

- reviewing and challenging where necessary, the actions and judgements of management in relation to the annual financial statements
- ensuring management has adequately considered the key risks to the business and has developed appropriate alternative strategies
- monitor and review the effectiveness of our internal audit function in the context of our overall risk management system
- considering reports from the Head of Audit, Head of Markets and Clients and our Ethics Partner in respect of quality and reputational matters
- monitoring our relationship with the external auditors.

The RAC consists of members of the PGB, the CEO (or nominee) and Deena Mattar as the INE and chair. The RAC meets at least five times a year and the chair reports at each PGB meeting on the RAC's activities. These activities include:

- reviewing updates from our internal audit team
- providing input to our enterprise risk management processes. This includes the annual review of systemic risks and their mitigation plans
- receiving reports to support their review of the effectiveness of internal controls.

RemCo

The RemCo reviews the remuneration of the leadership team, partner profit-share process, associated diversity indicators and partner exits. Following the completion of the 2020 profit cycle the Profit-Sharing Subcommittee was amalgamated into the RemCo. The committee meets at least four times a year and consists of all INE members of the PGB and at least two elected members of the PGB. It is chaired by an INE. Its specific duties include:

- reviewing the profit share process, to witness the output of that process, and to consider outliers
- to consider if the partner exit process is fair and reasonable
- to monitor gender gap and other diversity indicators in the partner group
- to hear appeals not already resolved by the CEO appeals process.

IC

The IC considers specific circumstances relating to capital and investment expenditure disposals and property matters over £2.5m. The committee agrees with the SLT what constitutes capital and investment. The committee meets generally monthly and has a minimum of the three elected PGB members and/or INEs.

Quality focused groups

AQB

The AQB provides independent oversight on all matters of audit quality with the objective of making the production of high-quality audit work sustainable. The board meets generally monthly and is independently Chaired by Philip Johnson. In addition to Philip the board members are our CEO, Head of Audit, Head of NAS (National Assurance Services) and Audit COO. There are also four observers from the practice.

The board has a number of key functions including:

- ensuring the firm's leadership maintains and appropriate "tone at the top" in respect of audit quality and that we have an appropriate strategy for ensuring audit quality
- ensuring adequate investment and resources to deliver quality and the audit strategy
- ensuring audit partner performance is primarily assessed based on quality and that partner remuneration and bonus systems are aligned with quality and the necessary positive leadership messages. This includes ensuring those who are responsible for the highest profile and highest risk engagements are compensated at levels that recognise this contribution
- that the audit practice has access to appropriate specialists,
- ensuring we maintain appropriate independence monitoring and
- that we anticipate and react to market and regulatory developments appropriately.

On 1 February 2022 we announced the addition of a second Independent member of the board Faried Chopdat.

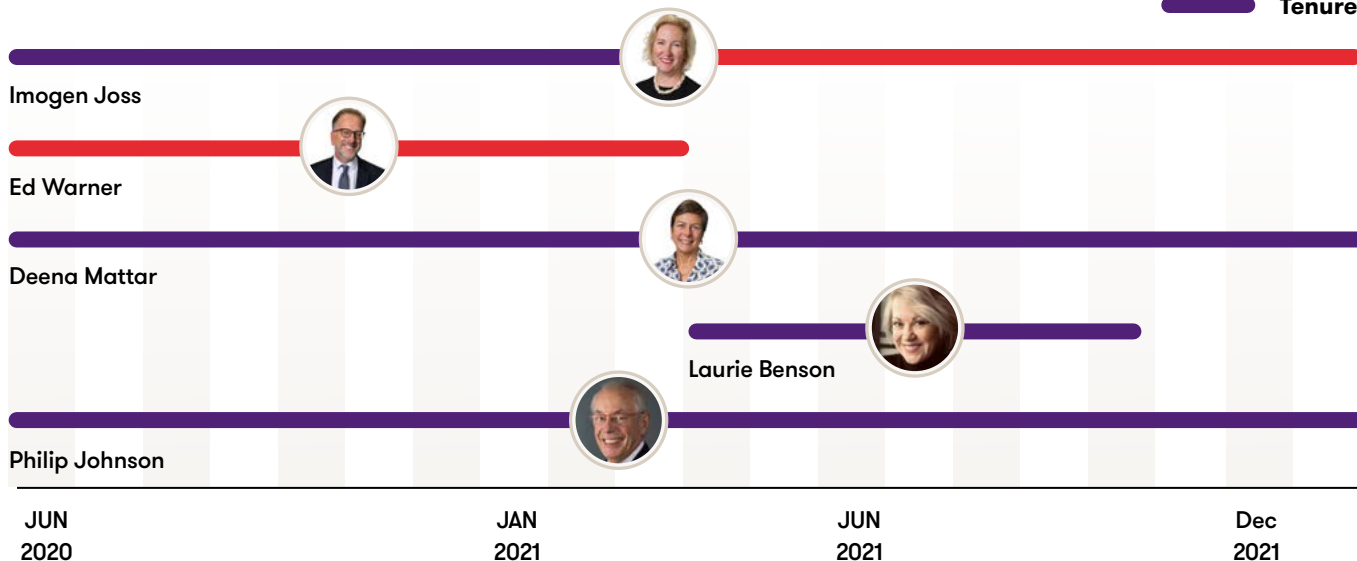
EB

The purpose of the EB is to aid, through oversight and support, the SLT and the Ethics Partner in meeting their responsibilities for ethics and independence including the FRC UK Ethical Standard (Ethical Standard). In the short term at least, the board is present to support the delivery of the Non-Financial Sanction agreed with the FRC in 2020. The EB has an independent Chair, Deena Mattar. In addition the membership of the EB consists of four partners (covering different service lines as well as PGB membership), a member of the legal department, the CEO in an ex officio capacity, with the Head of Audit, Ethics Partner, Deputy Ethics Partner and Operations Lead attending as observers.

INEs

INE Membership

 Chair
 Tenure



As part of our commitment to operate under best practice guidance we have appointed a number of INEs. As a matter of policy, all of our key governance groups are chaired by INEs including the AQB and EB. We believe that this level of independence from the leadership of the firm best serves the public interest by helping to ensure audit quality. We position our INEs to be non-voting members of the PGB as this group is our main governance group. This allows our INEs to bring their experience to bear at this key oversight group.

Our INEs primary remit is restricted to our public interest responsibilities, approach to quality (particularly, but not exclusively, in audit), and our reputation and risk management. This includes oversight of our policies and processes for:

- promoting audit quality
- helping us to secure our reputation more broadly, including in our non-audit businesses
- reducing the risk of firm failure.

During the year we had seen several changes in our INEs. Ed Warner acted as our Chair until 31 March 2021 when he reached the end of his extended tenure. Imogen Joss became Chair on 1 April 2021 following Ed’s departure. Laurie Benson joined as an INE from 1 April 2021 and left on 23 October 2021.

Our INEs are also invited to key partner meetings and have regular meetings with the CEO, members of the SLT, our staff via the CLEARR reps and our regulators.

INE appointments are for an initial term of three years. INEs spend a minimum of 30 days per annum on matters relating to the role. They can be re-appointed by the elected members for additional terms up to a maximum of nine years

Our INEs have a right of access to relevant information and people, to the extent permitted by law or regulation, and a right to report a fundamental disagreement with leadership or the wider partnership to our regulators. Where ultimately this cannot be resolved and the INE resigns, we are required to report this resignation publicly. If there had been such a disagreement, this fact would be disclosed within this Transparency Report. No such disagreement has occurred to date.

In addition to our firm wide INEs, Philip Johnson acts as our independent chair of the Audit Quality Board and has been joined on the AQB by Faried Chopdat in February 2022.

Our INEs are subject to our independence requirements; for more information see [the Ethics section](#). Further details of the appointment, role and responsibilities of our INEs can be found on our website: [Appointment, role, and responsibilities of Independent non-executives](#)

New Independent Experience (PGB)

Following Laurie Benson’s departure we have been actively involved in identifying a replacement. During quarter one of 2022 we have provisionally appointed a new INE who is currently undergoing pre appointment checks.

On 1 February 2022 we announced the appointment of Faried Chopdat as a second Independent member of the AQB.

Faried has experience within audit, risk management, finance, and business transformation. He has a track record of delivering results through people-centric leadership that provides sustainable value to all and has experience working with diverse teams across 40+ countries.

His career includes significant international experience in multi-national organizations such as SABMiller plc, Travelex, Finablr plc and Deloitte. He is a Non-Executive Director on the Great Western Hospitals NHS Foundation Trust board and several sub-committees and an Independent Trustee on the board of Worldskills UK.

His passion for coaching and mentoring others to reach their full potential led him into the world of professional and executive coaching.

PIC

The primary purpose of the committee is to enhance stakeholder confidence in the public interest aspects of our activities. As such, the Committee oversees our policies and procedures promoting audit quality, ensuring the protection of our reputation and reducing the risk of firm failure. The PIC is also responsible for engaging with our leadership groups, in dialogue with our Regulators.

The committee comprises the INEs with the CEO, the Ethics Partner and Head of Audit in attendance at meetings. The chair of the AQB is also invited to attend and provide an update on its activities.

The Committee:

- at each meeting, receives an update from the audit practice and AQB chair, the Ethics Partner and on whistleblowing and complaints
- at least annually, receives an update on quality matters from the Head of Markets and Client Service (or equivalent), a report from the Head of People and Culture and a report from the MLRO
- considers our compliance with the AFGC.

Membership of governance groups, attendance at meetings and further information

Details of the members of our governance groups, meeting attendance and length of service can be found in Appendix C. Biographies of the members of our governance groups can be found in Appendix D

The terms of reference for our governance groups can be found on our website at: grantthornton.co.uk/en/about-us/leadership-and-governance

Further information on the remuneration of audit partners and directors is included in Appendix F.

Complaints and claims

We take all feedback, complaints and allegations seriously. If a client is not satisfied with any aspect of our work, they can discuss this with the engagement leader, head of the relevant service line, Head of Markets and Clients or our legal department. We have internal processes to address both informal and formal matters and complaints. Our confidential whistleblowing phone-line is available to all, including employees, clients and the public. Our internal legal team have access to the RAC and CEO whenever required and report matters regularly to the SLT in respect of ongoing and potential complaints, claims and regulatory action.

Investor and external dialogue

A number of our people, including where appropriate our INEs, actively engage with regulators, standard setters and investor groups to help shape and influence the drive for better reporting and regulatory change where it is necessary. Several of our partners and people participate in various boards, committees, working groups and forums across a diverse range of bodies and subjects relating to our profession and the wider market. They provide comments and feedback on our views of planned developments and issues. We participate in events and consultations organised by the FRC, the Institute of Chartered Accountants in England and Wales (ICAEW), the Policy and Reputation Group (PRG) the International Forum of Independent Audit Regulators (IFIAR) and the International Auditing and Assurance Standards Board (IAASB).

Our INEs, Partners and staff hold regular meetings with our regulators. Our Transparency Report is sent to the Audit Committee chairs for our PIE and Major Audit clients. Whilst we continue to seek to engage with the wider investor committee, getting engagement is challenging as noted by the FRC “evidence suggests limited appetite, in particular among investors, for engagement on governance matters with Firms or their INEs.”¹

We continue, particularly through our Grant Thornton Governance Institute to publish a range of reports and thought leadership in respect of governance themes and other matters throughout the year.

¹ FRC consultation on Proposed Revisions to the Audit Firm Governance Code” August 2021 – page 11

Governance Key Performance Indicators (KPIs)

Our governance KPIs remain broadly consistent with prior year with the exception of the addition of one KPI “Independent members should chair all key governance groups except the SLT” which has been added. The groups to which the relevant KPIs apply are: SLT, PGB, PIC, RAC, RemCo, IC, AQB and EB.

| Area of the AFGC | KPI | Response | | | | | | | | | | | | | |
|------------------|--|---|-------|-------|-----|---|-----|-------------|-----|--------------|-------|---|-----|----------------|----|
| Leadership | Terms of reference are present for each key governance body. These include details of the scope/matters reserved for the body and membership | Terms of reference are in place and are available on our website at grantthornton.co.uk/en/about-us/leadership-and-governance/ | | | | | | | | | | | | | |
| | Terms of reference are reviewed at least every year for the AQB, PIC, EB and key PGB sub committees | This has been completed except for the Investment Committee which was reviewed in March 2022. | | | | | | | | | | | | | |
| | The PGB shall include at least one practicing audit partner | Three audit partners were members of the PGB throughout the year | | | | | | | | | | | | | |
| | Independent members should chair all key non executive governance groups | <table border="1"> <thead> <tr> <th>Group</th> <th>Chair</th> </tr> </thead> <tbody> <tr> <td>PGB</td> <td>Ed Warner to 31 March Imogen Joss from 1 April</td> </tr> <tr> <td>PIC</td> <td>Imogen Joss</td> </tr> <tr> <td>RAC</td> <td>Deena Mattar</td> </tr> <tr> <td>RemCo</td> <td>Deena Mattar from 23 October Laurie Benson 1 April to 23 October Imogen Joss* to 31 March</td> </tr> <tr> <td>AQB</td> <td>Philip Johnson</td> </tr> <tr> <td>EB</td> <td>Deena Mattar</td> </tr> </tbody> </table> <p>The SLT and IC are chaired by Dave Dunckley and Philip Secrett respectively these groups are not governance bodies</p> | Group | Chair | PGB | Ed Warner to 31 March Imogen Joss from 1 April | PIC | Imogen Joss | RAC | Deena Mattar | RemCo | Deena Mattar from 23 October Laurie Benson 1 April to 23 October Imogen Joss* to 31 March | AQB | Philip Johnson | EB |
| Group | Chair | | | | | | | | | | | | | | |
| PGB | Ed Warner to 31 March Imogen Joss from 1 April | | | | | | | | | | | | | | |
| PIC | Imogen Joss | | | | | | | | | | | | | | |
| RAC | Deena Mattar | | | | | | | | | | | | | | |
| RemCo | Deena Mattar from 23 October Laurie Benson 1 April to 23 October Imogen Joss* to 31 March | | | | | | | | | | | | | | |
| AQB | Philip Johnson | | | | | | | | | | | | | | |
| EB | Deena Mattar | | | | | | | | | | | | | | |

The minimum average attendance target for each group is 80% on a rolling 12-month basis

| Group | Target met | Rate |
|-------|------------|------|
| SLT | Yes | 99% |
| PGB | Yes | 100% |
| PIC | Yes | 100% |
| AQB | Yes | 85% |
| EB | Yes | 97% |
| RAC | Yes | 100% |
| Remco | Yes | 100% |
| IC | Yes | 100% |

See Appendix C for details. The overall rolling average was 97%

| Area of the AFGC | KPI | Response |
|------------------|--|---|
| | Members of our governance groups are subject to a formal annual appraisal | All members of the governance groups, including the INEs were subject to a performance appraisal during 2021 |
| | There should be at least three INEs who maintain their independence throughout their appointment | We had three INEs until 23 October 2021 when Laurie Benson left. During quarter one 2022 we provisionally appointed a new INE who is undergoing pre-appointment checks In addition, Philip Johnson acted as the independent chair of the AQB throughout the year In 1 February 2022, it was announced that Faried Chopdat has been appointed as an additional INE for the AQB |
| Operations | The PGB and PIC receive updates from each of the following during the year: <ul style="list-style-type: none"> • Head of Audit • chair of Ethics Board • chair of the RAC | These updates were provided during the year |
| | The chair of the RAC provides updates to the PGB throughout the year | These updates were provided during the year |
| | At least annually the SLT and RAC review the effectiveness of our structure of internal control | This was completed as part of the approval process for this transparency report |
| Reporting | The SLT and RAC review the financial statements and transparency report | This has been completed |
| | The SLT and PIC should receive updates on complaints and whistle-blower matters during the year | These were considered at each PIC meeting during the year |
| | The PIC reviews compliance with the AFGC | This has been completed |
| | A formal external evaluation of the effectiveness of the PGB is undertaken at least every three years | This was initially planned for 2021 but the PGB agreed to delay this due to the COVID situation and change in the chairmanship of the board. The evaluation commenced in March 2022 |
| Dialogue | The INEs consider our engagement with investors and other stakeholders | This has been completed |



Risk management, quality and internal control

Risk management

Each service line and business function is responsible for the ongoing identification, remediation and monitoring of their risks. Risks are reported in a consistent manner against set criteria considering the likelihood of occurrence and potential impact on the business. These risks are categorised in accordance with our risk taxonomy which establishes three primary risk levels reflecting our operating model.

We continue to strengthen the approach we take to risk management and as part of this during 2021, we have formed the Risk and Resilience Board. The board is positioned between our Central Risk Team and the SLT and meets quarterly. The membership includes three members of the SLT, our Finance Partner, Head of Information Security, Audit Quality and Risk Director, Head of Risk and Resilience and the Operations Resilience Lead.

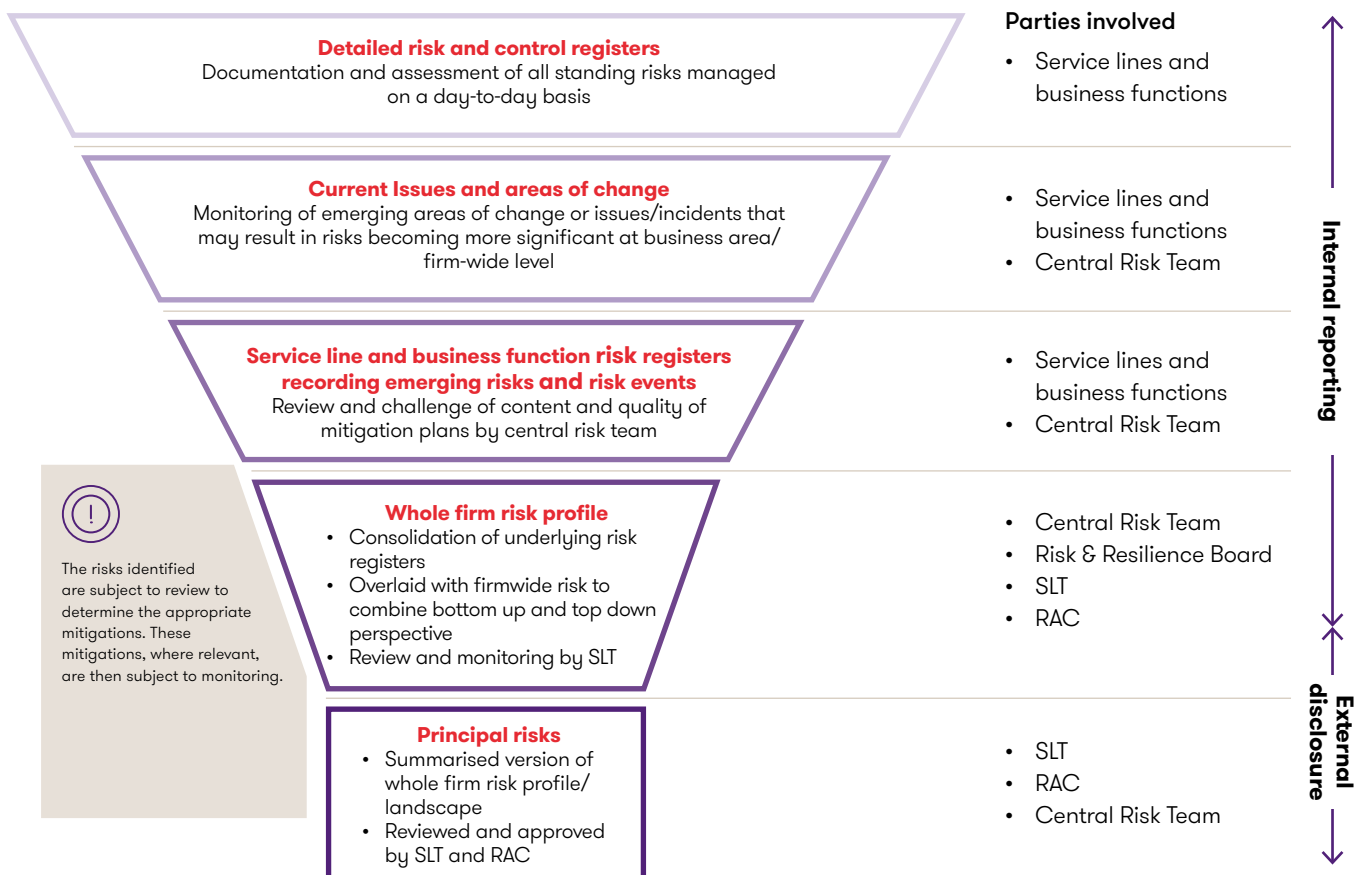
At the highest level the purpose of this group is to support the SLT in meeting their responsibilities in relation to enterprise risk management and operational resilience including:

- considering our policies and strategy for both risk and resilience and providing strategic direction and overseeing the effective operation of these two frameworks
- reviewing, monitoring and moderating our risk profile, appetite and risk exposure.

We have also continued to strengthen our team as well as reassessing our risk appetite across each of our areas of risk. We have quarterly reporting by the Risk and Resilience Team and regular risk discussions with the SLT and RAC.

Our Whole Firm Risks and Principal Risks (Appendix B) are reviewed and approved by the SLT and RAC.

Our approach to risk management

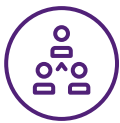


Quality

We're committed to delivering consistently high quality which is key to all that we do. Quality is impacted and influenced by many factors and it remains the key responsibility of everyone to deliver quality in everything they do.

Quality standards

Our quality standards provide clarity to everyone based on our shared expectations around quality.



Leadership

We create and promote an environment where quality and risk management are at the heart of how we operate



Operations

We provide clear and easy to understand procedures to guide and support our people to deliver excellence, drive efficiency and facilitate effective quality control



Risk management

We facilitate growth by actively understanding and managing the risks faced



Document management

We manage our information and records to protect confidentiality, maintain integrity, ensure accessibility and support work done



Skill and competence

We develop and nurture people with the skills, capability and experience to drive and deliver excellence



Quality control

We challenge each other, prior to assignment delivery, to ensure our work meets our high quality standards



Client take-on and continuance

We only take on and work with clients who demonstrate a commitment to pursue their business activities in a responsible and capable manner that avoids unnecessarily causing harm to stakeholders



Quality assurance and monitoring

We monitor and evaluate our work against our quality standards, looking for opportunities to improve and enhance our service delivery

Situation in Ukraine

As the war in Ukraine has changed during the past few weeks our risk management processes have led to a number of changes. These have involved not only the UK firm but also the wider network and take into account the new and changing sanction regimes particularly in the UK, and across the world.

On 1 March 2022 GTIL announced that, FBK, the Grant Thornton member firm in Russia was leaving the network with immediate effect.

Our Financial crime team has supported a detailed project to understand any potential sanctioned entities/ individuals with whom we have relationships. We have considered our audit client base in detail and made necessary changes considering ownership, client operations and trading in Russia and Belarus as well as any audit reporting requirements. We have also considered any of our clients with significant trading/ engagement with the area.

Ongoing impact of COVID on Quality

COVID continued to be a challenge during 2021 both for us and our clients. We have sought to support our people by allowing flexibility in working arrangements, subject to the relevant legal requirements in England, Scotland, Northern Ireland and Wales. This has included working with our clients to determine the best location and method to deliver their audit.

We have had a strong focus on Wellbeing all through training and group sessions as well as access to external support and guidance. Our training programmes have been tailored to meet the specific issues we are seeing at our clients, a number of which are COVID related.

Our people are clear that quality is key and they have worked with our clients to ensure that we can achieve the highest audit quality. On some occasions due to our client's inability to deliver the necessary level and quality of evidence because of COVID, we have had to delay our audit work and final opinion dates. For several of our clients the ongoing uncertainty has required us to issue "material uncertainty on going concern" paragraphs, issuing qualified audit opinions or even disengaging with a client where appropriate.

Quality processes and improvements in the year

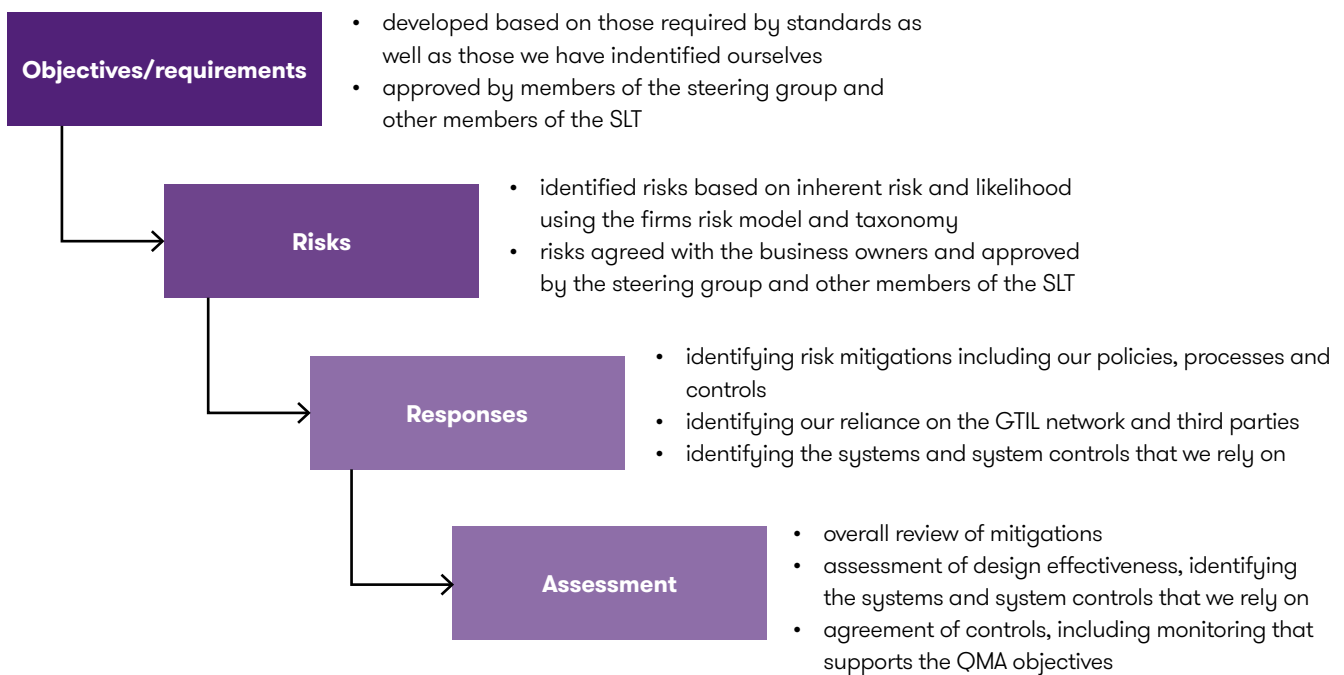
Within Audit, we have a range of quality processes supported by our National Assurance Services team (NAS). NAS is the centre of excellence for our specialists in audit and accounting. Providing support to the audit practice through the provision of training and guidance, a suite of working paper templates and audit software. We continue to adopt a culture of openness and encourage all members of the practice to consult with colleagues, NAS and other teams. This sharing of knowledge and experience is key to the delivery of audit quality and is supported by specific requirements for teams to consult with NAS on key judgemental and complex issues. Our policies, processes and guidance support teams to ensure our audits, including group audits, comply with relevant requirements.

NAS is split into four areas to ensure we focus our skills appropriately:

- 1 **Financial reporting** – Support to teams on technical accounting and reporting matters including through the delivery of our "hot review" programme of the review of financial statements for certain active audits
- 2 **Audit Professional Services (APS)** – Provides the foundational technical auditing guidance, methodology and tools to enable practitioners to deliver high quality audits. The team's work includes providing timely technical support, guidance and training, developing and releasing new audit tools and methodologies as well as engaging with the global network on emerging audit issues. During the year we shifted the focus of the APS team by aligning its activities more closely with the firm's locations. This "local APS support" delivers assistance directly to engagement teams, which has been particularly important as the offices reopened.
- 3 **Quality Monitoring** – Delivers the internal file review programme as well as undertaking thematic reviews and managing the GTIL review programme.
- 4 **Quality Support Team (QST)** – The team undertakes reviews of our highest-risk engagements to provide support to the audit team and Engagement Quality Control Review Partner.

Key developments in the year include

- launching a communication strategy to ensure that we have an effective approach to issuing new guidance and materials to practitioners
- a full refresh of our audit implementation guides and supporting training materials, including a range of video-based, podcast and written guidance
- continued investment in the NAS team to reflect the growth of the firm's business
- ongoing development of the range of digital tools available to our people
- launch of a further tranche of template working papers
- introduction of a new automated process to deliver our core workpapers relevant to each audit
- further refinement of our audit quality indicators and increased use of these for monitoring



QMA

We have continued with the implementation of the QMA. This is our approach to quality management that ensures we deliver quality work and meet the requirements of various regulations including International Standard on Quality Management (UK) 1 (ISQM 1). The QMA is designed around a series of components that cover all the areas of the business that we believe impact quality. The implementation is being led by a steering committee, which meets regularly, chaired by Fiona Baldwin as Head of Audit, the other members being:

- Chief Operating Officer (COO) – SLT member
- Head of People and Culture – SLT member
- Ethics Partner
- Head of Quality Operations
- Head of NAS
- Audit Quality and Risk Director

The objectives we have set for the QMA, are:

- to deliver a risk-based approach to continually improving quality
- for individuals to see quality is more than just basic “tick box” compliance. That Quality is at the centre of everything we do and allows us to meet our stakeholder’s expectations
- to design, implement and operate a system of quality management that provides the firm with reasonable assurance that:²
 - the firm and its personnel fulfil their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements and
 - engagement reports issued by the firm or engagement partners are appropriate in the circumstances
- to establish and maintain a robust monitoring, reporting, root cause and remediation programme
- to ensure the firm is resilient and can identify and respond to changes in the regulatory and environmental environment.

Our approach to implementation has been through a series of stages, fully engaging with those who operate our quality processes, as well as our steering group.

As part of the implementation we are also developing our approach to monitoring and testing of the QMA to ensure that we meet the requirements of ISQM 1 and the AFGC. We have received feedback on our approach from the FRC and will continue to engage with the FRC throughout the implementation.

Internal control

The CEO and SLT have ultimate responsibility for our quality management system and to establish an appropriate structure of internal control to manage our risks. As part of our annual procedures and in compliance with the AFGC, to assess the effectiveness of the system of internal control, we have considered the process undertaken to update the Risk Register for principal risks, controls and monitoring mechanisms and have also:

- validated the firm’s principal risks and summarised version of the whole firm risk landscape
- reviewed the management and monitoring of risks
- reviewed the work of internal audit
- reviewed the reports and findings from regulatory reviews
- reviewed the reports of the external auditors
- reviewed the consolidated risk register which is based on the risk registers for the underlying businesses.

Separately during the year, we have also completed reviews of our internal quality control systems as required by the International Standard on Quality Control (UK) 1 (ISQC 1) and ICAEW audit regulations. We continue to focus on improving our internal controls particularly through the implementation of the QMA. Where findings or weaknesses have been identified but not remediated, plans have been developed and have been or will be implemented. On this basis, the SLT is satisfied that the firm’s internal controls and quality control systems are robust and operating effectively.

² ISQM (UK) 1 para 14

Ethics, independence and compliance

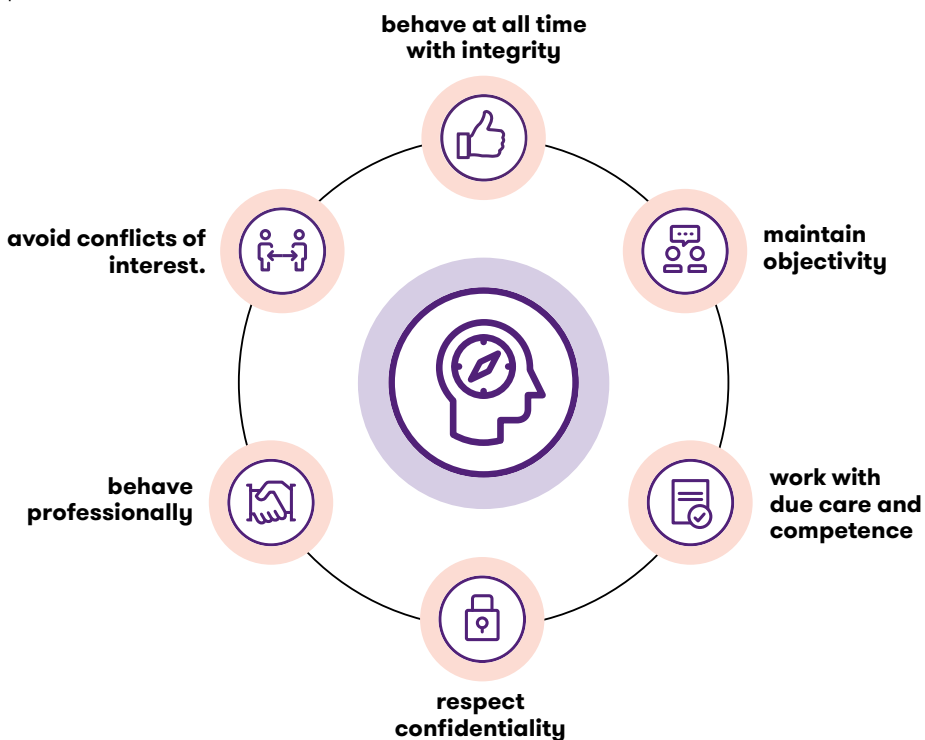
We expect our partners and people to uphold the highest level of ethics and independence by “doing what is right, ahead of what’s easy”. We continue to focus on deepening and developing the strength of our Ethics Function (EF), our processes, understanding of the rules by our people and our culture of compliance and quality.



Andy Wood
Ethics Partner

Code of conduct

All our partners and people are required to comply with the fundamental principles for professional accountants:



These requirements are not new and are key to how our people work. We continue to focus on ensuring these principals are second nature. The principles form the background to our code of conduct which sets out the expectations of all our people and supports our wider purpose of “Doing what’s right, ahead of what’s easy”. The code is also based on our CLEARR principals (See section “People and culture”) and structured into six areas:

- | | | |
|-----------------------------------|-------------------------------------|---|
| 1 a purpose-driven firm | 2 behaving with integrity | 3 working with clients and others |
| 4 working together | 5 protecting the business | 6 getting support |

While it cannot govern every possible situation the code is a key part of our wider stewardship, governance and risk management culture. The code is available on our website at grantthornton.co.uk/united-kingdom/pdf/code-of-conduct.pdf



“As the chair of the EB, I continue to be pleased and encouraged by the progress the firm is making in respect of ethics. The role of the Board is to aid and support the SLT and the Ethics Partner in meeting their responsibilities under the UK Ethical Standard as well as meeting the expectations of the FRC in respect to the current non-financial measures.



Deena Mattar
Chair of the Ethics Board (EB)

We meet regularly as a board to provide support and guidance to the Ethics Partner and the EF. The Board reports directly to the PIC and has day-to-day contact with the Head of Audit and the Ethics Partner. The key areas of focus during 2021 have been on:

- monitoring the progress of the Ethics Strategic Implementation Plan (ESIP)
- resourcing and strengthening of the EF including the appointment of Gail Lamb as the firm’s Deputy Ethics Partner, which we welcome
- assessing the impact of the restructuring of the EF including enhanced monitoring
- overall strengthening of technical knowledge across the practice (including roll-out of mandatory ethics and independence module series)
- a governance audit and effectiveness review of the EB.

Having been an independent non-executive on a wide range of boards for over ten years, as well as being a member of the firm’s PGB, I am able to bring that experience to the EB and to help to keep the leadership team accountable for progress.”

Policies, guidance and learning

We use our intranet to provide details of our policies, procedures and guidance as well as how to consult in relation to questions. This information covers all aspects of relevant regulatory requirements including those issued by the FRC, ICAEW, IESBA, SEC, CIOT, IPA, FCA and general legislation.

All of our people are required to confirm their understanding and compliance with relevant ethical requirements and key policies on an annual basis. Regular training is given to refresh people of key topics and requirements for example, personal independence, provision of services to audit clients, anti-money laundering and information protection.

All managers and above are required to maintain details of their investments and those of persons closely associated to them on our Global Independence System (GIS). This system also tracks the financial interests of the firm and its affiliates.

Our new joiners are provided with access to and training relating to:

- Code of Conduct
- detailed independence requirements, including expected behaviours and access to our policies and processes
- financial crime, data protection and information security.

During 2021, we made a significant investment in additional training in relation to ethics and independence. This was mandatory for managers and above. The training consisted of three modules on ethical principles, corporate independence and personal independence, followed by a practical assessment.

Conflicts of interest and relationships

If a potential conflict is identified at any stage of our work with a client, we engage with all relevant parties to obtain informed consent and implement procedures to adequately safeguard confidential information. These procedures consider any actual or perceived conflicts. Where necessary the relevant head of service line, the EF, the Ethics Partner and other member firms are consulted. All GTIL member firms utilise international relationship checks to identify potential conflicts of interest or independence issues across the network.

If it is not possible to adequately safeguard against the actual or perceived conflict to an extent that an objective, reasonable and informed third party would query our approach, we will not undertake one or more of the services. The final decision as to which if any service is provided, is ultimately ours, but these decisions are made with the involvement of the client(s) concerned.

Financial interests

The following are prohibited from having any direct or material indirect financial interest in an audit client or the parent undertaking of any audit client of Grant Thornton UK LLP, or in any publicly traded audit client (or publicly traded parent of an audit client) of a member firm of GTIL unless specific approval has been given where possible:

- partners
- our INEs
- other individuals who can bind the firm for example, employee Responsible Individuals (RIs) or local public audit key audit partners (KAPs)
- covered persons as defined by the FRC. Broadly a person in a position to influence the conduct or outcome of an audit/other assurance engagement of a PIE, including certain persons with wider firm supervisory, management or other oversight responsibilities
- any persons closely associated with any of the above.

Partners and people may not have a material financial interest in any client to which they personally provide professional services. Any financial interest outlined above, or deemed to create a conflict or independence threat, must be disposed of within five working days.

Supplier and third party relationships

As our independence requirements extend to our suppliers, we carry out checks before we enter new supplier contracts. This is to identify if we perform any audit, or other public interest assurance engagements with the supplier. If relationships are identified, consideration is given to any potential threat to independence. Risk based financial crime risk and third-party code of conduct checks are also undertaken for our suppliers.

Gifts, hospitality and favours

Our people are not permitted to accept, or give audit clients, suppliers or third parties any gifts, favours or hospitality that might, or might be seen to, prejudice our integrity and objectivity in relation to our current or prospective clients. Consideration is given not only to the monetary amounts but also non-monetary considerations for example, the nature, frequency, context and parties involved in this assessment. We have clear limits on what may be accepted or given as gifts and hospitality – these are aligned to the requirements of the Ethical Standard. Above de minimis limits all gifts, favours or hospitality must be recorded in our systems and prior approval must be obtained from the EF and potentially the SLT for certain activities.

Client and engagement take-on

Our Beyond Compliance process provides a framework, prior to Acceptance or Continuance, to consider the identity and characteristics of the clients we act for and the services that we provide, to ensure that we can be confident that they support our reputation. The process is designed to go “Beyond Compliance” to ensure we make the right Acceptance and Continuance decisions. Initial questions are used to focus on the characteristics, behaviours and values of potential and existing clients and how they relate to the values we hold as a firm. It also considers the services we propose to provide to clients to ensure that they are appropriate, that the risks can be managed and we have the skills to deliver the engagement.

As part of our Take-On procedures we consider various matters including client identification, legal structures, ownership, anti-money laundering, current business relationships, sanctions, other conflicts of interest or matters that could impact on our independence for any audits and other public interest assurance engagements.

Where the responses are not straightforward the process is reinforced by consultation with more senior individuals and for the most challenging matters, we hold a Central Take-On Panel (CTOP). This is comprised of our senior leadership, who work to assess such opportunities. The Beyond Compliance and CTOP processes were automated at the beginning of 2021 to enhance the robustness, efficiency and effectiveness of this element of client Take-On.



Audit specific matters

Non-audit services (including other assurance services) to audit clients

Prior to accepting any non-audit service to any audit client, approval must be received from the relevant audit engagement leader. This approval is only given after consideration of the permissibility of any service, the possible threats to our independence and the adequacy of any planned safeguards. Consultation with the EF is required in situations where there is increased complexity as to the permissibility of a service or the proposed safeguards.

Where required, the circumstances are communicated to the audit client's audit committee or those charged with governance and in the case of PIEs, non-audit services are subject to audit committee approval prior to commencement of work.

Audit independence assessment

On each audit engagement, our teams make a full assessment of independence at the planning stage. This assessment is ongoing throughout the audit and considers both the firm and the audit team members independence. This assessment is made through consideration of the six key independence threats:



Specifically, in relation to familiarity we have detailed rules relating to engagement leader and team rotation. These rules are based on the relevant requirements for the specific client, which in most cases is the FRC's Ethical Standard. On occasion we are required to specifically comply with other requirements for example IESBA and the SEC.

| Nature of client | Role | Term (years) | Cooling off (years) |
|---------------------------|--|--------------|--|
| PIE/other listed entities | Audit RI or KAP | 5 | 5 |
| PIE/other listed entities | Engagement Quality Control Reviewer (EQCR) and Other Key Partners involved in the Engagement | 7 | 2 |
| PIE/other listed entities | Other partners and people in senior position | 7 | Subject to assessment of the threat and safeguards |
| Non listed | All roles | 10 | 2 |

On limited occasions we may utilise the exemptions within sections 3.14 and 3.15 of the FRC Ethical Standard. For our non-listed audits, an extension may be given for a limited period, to help maintain audit quality, after consultation, subject to appropriate safeguards.

Support

We have several functions that support our client facing teams to ensure we meet relevant requirements.

Take-On team

We have a centralised Take-On team to support our Acceptance and Continuance process. This is led by a partner and contains over 60 people. The team is responsible for undertaking key Take-On checks, on behalf of client facing teams. These occur at the time of acceptances and on an ongoing basis supporting the wider Beyond Compliance approach. The checks undertaken include:

Financial crime team

We are committed to preventing financial crime and maintain a zero tolerance towards any conduct involving financial crime. We have implemented policies and procedures with the primary objective of preventing our services being used by those who wish to commit crime.

Our Financial crime team is led by our Money Laundering Reporting Officer, Steven Wilson. The team supports us in number of ways including:

- the development of our policies and processes including client risk categorisation
- assessment and oversight of our financial crime risks
- guidance and support for challenging client situations
- training and education
- acting as our suspicious activity reporting channel.

Regulation

The regulation team supports our compliance with the range of regulations that apply to us. These regulations cover both audit and non-audit services. The regulation team ensure that where necessary information and/or returns are required these are made.

Compliance Co-ordination Board

During the year the Compliance Co-ordination Board was established with SLT member Dave Munton as Chair. The board provides oversight in relation to the Firm's compliance activities.

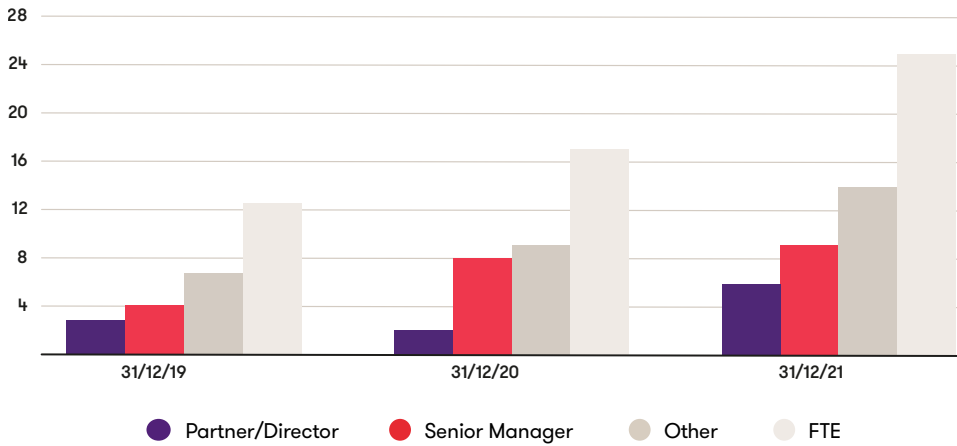
Ethics function (EF)

The EF is fundamental in supporting the practice to meet the requirements of the various independence standards including the FRC's Ethical Standard. The EF continues to undergo transformational change to meet its vision which is aligned to the firm's overall purpose and strategy of being "A digitally-enabled EF, respected by regulators and trusted by our partners and people".

The EF continues to provide support in the application of both external and internal guidance as well as providing consultation support, training and where relevant approval, across the range of independence matters.

The Ethics Partner, Andy Wood, works closely with the Head of Audit but is responsible to the Ethics Board [\[see page 13\]](#). To ensure that the function can properly deliver its role and vision we have continued to invest in the level of resource in the function. This has included the appointment of Gail Lamb as Deputy Ethics Partner during the year, with further investment planned for 2022.

Number of people in the EF



Throughout 2021 we have been monitoring progress on our changes to the function and providing detailed reporting on this and the day-to-day activities to the EB. There are several elements to the programme which go beyond strengthening the level and competence of the EF.

Key achievements for the EF during 2021 have included:

- enhanced Ethics & Independence training to over 2,000 of our people
- the launch of a new Gifts, Favours and Hospitality register
- launch of a new client categorisation and information process within our Appian “Take on system” to support our ES 5 non audit work process
- strengthen the size, capability and culture of the team
- addressing record levels of consultations and queries from the practice, reflecting the increased levels of awareness in the practice.

The EF has been subject to a number of internal and external reviews during the year as follows. Where findings have been raised these have been subject to action plans being development and implemented. In some cases these actions are continuing during 2022:

| FRC | QAD | GTAR | ISQC | Internal audits |
|-----------------|-----------------|-----------------|-----------------|----------------------------|
| firmwide review | firmwide review | firmwide review | firmwide review | Ethics governance |
| | | | | Global Independence System |

Overall, these support functions work with other teams to further support our client facing teams in respect of complaints, data protection, training, assessment and documentation of our independence and regulatory compliance.

INEs independence

We have considered the AFGC, the FRC's Ethical Standard, as well as what an objective, reasonable and informed third party would expect in establishing independence criteria for the appointment of our INEs. The PGB is a 'supervisory board' as envisaged by the FRC's Ethical Standard and, therefore, non-executive members of the PGB and AQB are not partners or covered persons for the purposes of auditor independence. As a result, personal relationships and business or financial interests of the INEs do not bear directly on our independence as auditors.

However, we are mindful of the impact of public perception and so our INEs are not permitted in respect of any of our audit clients listed on our prohibited investments list to:

- be a director
- be a member of the audit committee
- hold a key management position
- hold a direct financial interest

Prior to their appointment, INEs disclose any business interests they have other than those of the firm and declare any conflicts that are apparent to them. We then assess the impact of these on our independence as auditors, as well as the INE's overall independence from the firm and its partners. On an ongoing basis, we require our INEs to disclose any potential conflicts as soon as they become apparent. This includes a quarterly confirmation process that they have no direct financial interests with any of our audit clients listed on our prohibited investments list. In addition, the INEs confirm their independence annually as part of our Annual Declaration process and any changes to their directorships and personal appointments are also confirmed each year.



People and Culture

We put people first – our clients and our teams – in a culture that is collaborative, inclusive and agile. We agree with the FRC’s comment “Central to achieving consistent audit quality is a healthy culture within the audit practice that encourages challenge and professional scepticism”³. Our culture is underpinned by our CLEARR values.



Our people are our business

As a professional services organisation our people are our key asset and strength. We have seen a number of very positive developments in working with our people during the year, including

- supporting individuals through their COVID journey
- maximising the benefits of moving to a hybrid working model to allow people to flex how they work
- continued focus on Wellbeing for all including use of our “Wellbeing Centre”
- flexibility for people to choose the dates they take their public holidays so that they can be taken when they are most meaningful to them, rather than on the fixed bank holiday dates.

I&D

Diversity of thought, background and experience is vital to us. It brings better decision-making, improves the quality of our delivery and helps us to meet the needs of our clients. Building an inclusive culture, where we value difference and respect our colleagues, is the right thing to do, helps our people to perform at their best and grow to their full potential. Through everyday inclusion we can embrace diversity and in several areas we have made good progress but there remains work to do to meet our strategic aim that by 2025 we are the best firm at valuing diversity through everyday inclusion.

As part of our strategy in December 2020 we launched our IAB which consists of 12 of our people. The IAB provides robust, structured support and challenge to the SLT to help ensure that the decisions they make are informed by a diverse range of views.

³ Audit quality report - July 2021 (page 5)

Recruitment

Having the right people with the right skills is fundamental for consistently achieving our CLEARR values and audit quality. We utilise a blend of competency, strength, and skills assessment tools, which cover all entrants from trainee to partner. All our people are subject to detailed vetting and, where applicable, are required to confirm their independence and “fit and proper” status on joining. From a quality perspective, all experienced hires at assistant manager and above to our audit practice are required to sit a technical assessment prior to joining us.

We have continued to recruit throughout the year at all levels, including experienced auditors. We are increasingly focused on digital skills, including our digital qualification in conjunction with BPP. We have seen positive results in recruitment around I&D, with our new hires continuing to be more diverse year on year. This helps to contribute to the wider shift we are working towards across the firm as a whole.

Promotion, development, and remuneration

Everyone has a people manager to support them in developing their skills, confidence and experience to progress with us. We have clear learning pathways that detail the skills required at each grade and the development available to support individual progression.

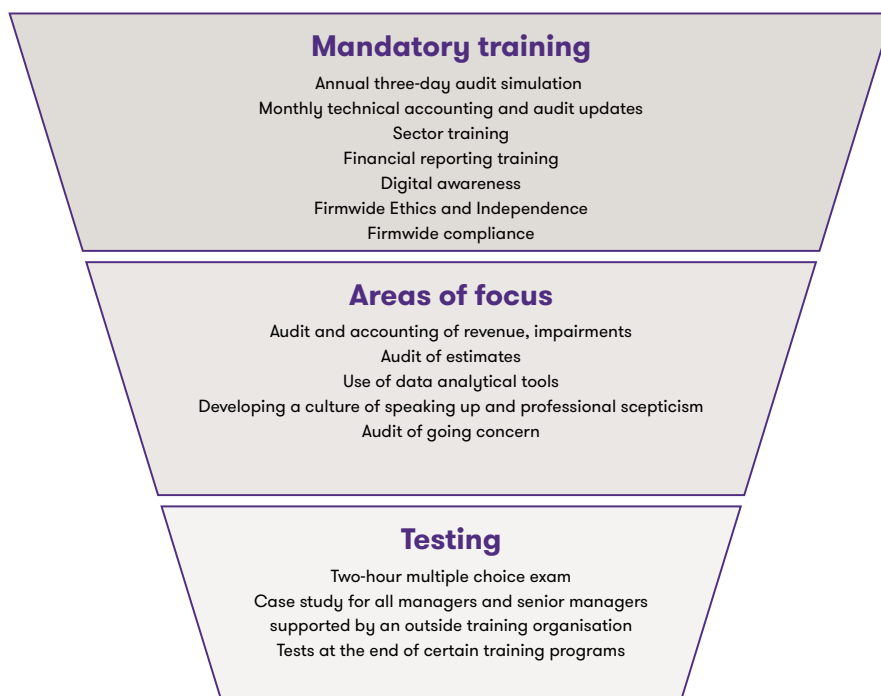
We have clear promotion processes, which for manager, senior manager and director promotes includes a financial reporting assessment prior to promotion. Individuals, including partners, in the audit service line receive quality gradings, which in the case of partners, is used positively and negatively to influence their profit share. We continue to provide a flexible benefits package that is regularly benchmarked against the market. During the year we have promoted 35 individuals to Partner or Director, 130 to Senior Manager or Manager. We have also recruited over 450 new permanent trainees (graduate and school leavers) across all service lines), this was our largest ever intake.

Learning

Our Business School is focused on developing our people to be well-rounded professionals. We are committed to creating environments where our business and people can flourish and to do this, we pay particular attention to our professional development. This includes, for most of our people, the need to undertake appropriate Continuing Professional Development (CPD). To support this, all those working in audit have access to a wide range of learning and development opportunities to build their technical capability, leadership skills and commercial acumen. Our people’s development is supported through virtual face to face sessions, e-learning, webcasts, guidance, classroom content, coaching and on the job learning. Within audit we have, and will, continue to invest in our training programmes throughout the year with several both mandatory and recommended training modules.

During the year, the average number of training hours (partners and qualified people) was 110 (2020 – 99).

Audit Training



People metrics

We carried out several surveys of our people during the year which provides a key opportunity for us to understand our people's experiences, especially in relation to wellbeing. We use the results to help shape actions and activities. Our annual survey includes several quality related questions including three which are asked by all audit firms applying the AFGC (as marked by an *). The responses are in respect of people in our audit practice who agree, or strongly agree, with the following statement.

| | 2021 | 2020 | 2019 |
|---|------|------|------|
| I am encouraged and supported by my team to deliver high-quality work* | 93% | 86% | 89% |
| I have sufficient time and resources to deliver high quality* | 46% | 35% | 28% |
| The training and development I receive from the firm has prepared me to do high quality work* | 74% | 66% | 50% |
| Producing quality work is a top priority in our firm | 94% | 89% | 79% |
| I feel able to challenge or speak up when something doesn't feel right in my work | 87% | 86% | 75% |

Monitoring

Engagements, and the firm more widely, are subject to several quality reviews from both external regulators and as part of our internal processes. We utilise a range of Audit Quality Indicators as well as presenting profession wide indicators in this document. We are also subject to external monitoring primarily by the FRC and the ICAEW (QAD).

External monitoring

The FRC is the competent authority for the regulation and monitoring of audit firms in the UK. The FRC monitors the firm's audit quality directly in respect of our audits of PIEs. The ICAEW continues to have delegated authority from the FRC to inspect our quality in respect of other audits.

The FRC has continued to engage with us in a number of areas as part of their Audit Firm Monitoring and Support (AFMAS) obligations including:

- engagement reviews undertaken by the AQR
- review of firm-wide processes
- thematic reviews

Our CEO, Head of Audit and chair of the AQB, and other members of the firm have met the FRC on several occasions during the year. We have continued to work with the FRC and have appreciated the time they have spent with us and we remain committed to maintaining a positive dialogue with the FRC.

The FRC also performs reviews in respect of certain public sector audits, for further details see [“Public sector audit – including local audit”](#).

Annual report from the FRC – overall corporate audits

The FRC issued their annual Audit Quality Inspection report in July 2021. The report covers reviews of individual engagements and firm-wide processes. The report was the first report issued by the FRC on our audits performed after the commencement of our quality focused SIP. The audits inspected in the 2020/21 cycle had year ends ranging from 30 September 2019 to 31 December 2019. The overall assessment by the FRC noted the following:

“The number of audits reviewed was reduced from previous years to reflect the fall in the number of audits within the scope of the FRC. There has been a significant improvement in the number of audits requiring no more than limited improvements compared to the number of such audits identified in both our 2019/20 and 2018/19 public reports. While it is too soon to identify this improvement as a trend, it is nonetheless an encouraging signal. The finding that contributed most to this year’s inspection results on individual audits related to the challenge and corroboration of key judgements and estimates.”

Grant Thornton initiated its three-year audit quality plan, the Audit Investment Plan (AIP or the plan) in Spring 2019 to improve audit quality. The AIP covers a range of initiatives and is well established and understood throughout the firm. The current plan is due to end early 2022 and needs to be extended on a rolling basis to ensure that audit quality remains a priority focus in the longer term. Regular progress reports are provided to the Audit Quality Board (which includes an Independent non-executive dedicated to the audit practice) and the Audit Executive and an overview is provided to the firm's Senior Leadership Team, the Partnership Governance Board and the Public Interest Committee. We have seen evidence of oversight and challenge from the Audit Quality Board. The firm would benefit from extending its assessment to include the effectiveness of the overall AIP. The firm has been responsive to the points that were raised in the prior year, however, further enhancements and focus are needed on previous key findings identified in respect of continuing to strengthen a culture of challenge.

The firm has continued to strengthen its root cause analysis (RCA) team and processes. The firm's RCA is conducted on an ongoing basis, enabling themes and responses to be developed and responded to promptly. Findings are regularly shared with senior members of the audit practice as well as those responsible for audit governance. These findings would benefit from further analysis of the root causes including a greater depth and quality of interrogation. In addition, consideration should be given to widening the breadth of scope of RCA analysis including in respect of firm-wide reviews.

Given the significant audit quality issues identified in both 2019 and 2020, we are encouraged by the improvement in results this year. It is imperative that the firm ensures that this progress continues, including in respect of the challenge and corroboration of key judgements and estimates in conjunction with ongoing focus on the firm-wide findings⁴.”

Our response to the report:

“In our response to the AQR 2019 report, we stated that we were confident that the actions we have taken through our wide-ranging Audit Investment Plan would have a significant impact on the audits reviewed as part of this cycle and are pleased that 86% of our files have achieved a good grade, and that no engagement files were graded as requiring significant improvements.

These results demonstrate the impact of the fundamental changes we have made in how we approach audit quality as a firm. This change has been effected both through the 100+ workstreams within our Strategic Implementation Plan and the early culture changes we have already started to make within our audit practice.

We are pleased to see that both the FRC and the QAD's inspection results show a significant improvement and that we only have one key finding theme this year in the AQR report compared to five in the previous year which is demonstrable progress. We note that, of the two files requiring improvement identified by the QAD, both of those files were audits performed before the commencement of the Audit Investment Plan.

We are also encouraged to see a significantly larger number of good practice areas highlighted on individual files, which show both a breadth and depth of good practice points identified, particularly around the challenge of management although as this was still a finding, we will continue our focus in this area.

We remain fully committed to audit quality and will continue to invest to ensure consistent, sustained high quality audits are maintained in parallel with our successful ongoing growth of our complex client base⁵.”

⁴ FRC annual “audit quality inspection and supervision” report – July 2021 page 6

⁵ FRC annual “audit quality inspection and supervision” report – July 2021 page 10

GTAR

A review was undertaken by GTIL as part of their triennial cycle GTAR program, this review covered:

- 1 Review of 10 audit engagement files
- 2 Review of firm wide procedures

The review was led by a partner from our network firm based in Canada supported by a team from around the network. All 10 files that were reviewed met the required standard which is equivalent of “Good or Limited improvements required”. The review of our procedures identified only minor areas for improvements for which action plans have been developed.

Other regulatory reviews

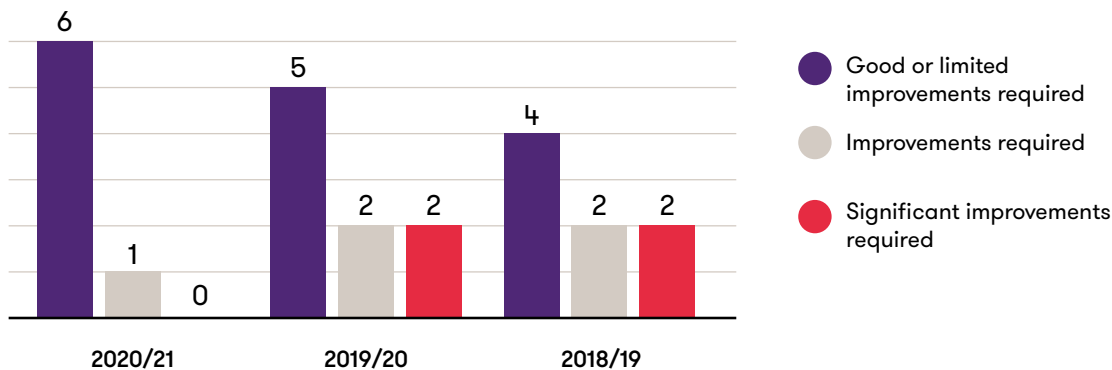
We are subject to review in respect of audit quality by several other regulatory bodies.

| Body | Review in 2021 |
|------------------|--|
| ICAEW – QAD team | Corporate audits not in FRC scope Certain public sector bodies |
| PCAOB | The last review was completed in 2015 and published in May 2016. This report is available on the PCAOB website |
| CPAB | The last review was completed in 2016 and finalised in January 2017 |
| Audit Scotland | Scotland Central Government bodies, Local authorities, NHS bodies |
| Audit Wales | Wales Local authorities, NHS bodies |

Engagement reviews - external

FRC

The AQR reviewed seven files (2020: nine) as part of the review reported in July 2021.

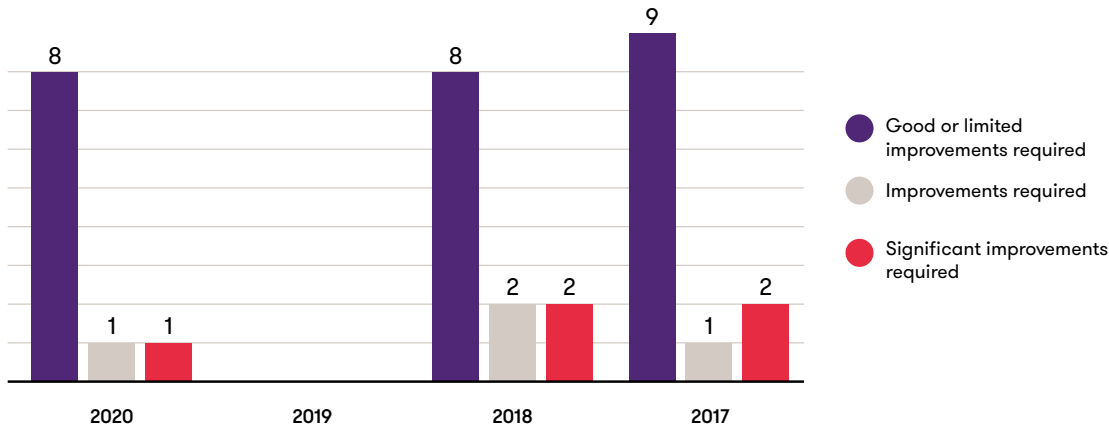


The FRC identified a need to “improve the challenge and corroboration of key judgements and estimates”. We have undertaken root cause analysis and developed actions to address this finding. There were a several areas of good practice also identified in the report:

- evidence of challenge of management in areas of key judgement
- robust procedures relating to the issue of the audit report
- use of certain internal specialists
- consultation on certain audit matters
- audit data analytics

QAD

There was no visit by the QAD during the year in respect of corporate audits. The last visit was reported in 2020.



Engagement reviews – internal

We undertake internal quality reviews for our signing engagement leaders (RIs, KAPs and others who act as public sector auditors). We have two types of review:

- 1 National Assurance Review (NAR) covers the whole audit from planning to completion. This includes a review of detailed audit work across a range of areas. Each engagement leader receives a NAR review at least once every three years, with new engagement leaders being reviewed normally within a year of appointment. Any engagement leader with files that do not meet the expected standard is subject to review in the subsequent year.
- 2 Pulse programme which focuses on two key risk areas of each audit. Any engagement leader who has not been subject to an external or NAR review receives a Pulse review.

Consideration is given in the timing of reviews to those engagement leaders who are subject to external reviews in the year.

Total engagement reviews

During the 2021 review cycle, 113 reviews have been conducted comprising both internal and external reviews. As some engagement leaders are subject to more than one review in a year this represents 99% of engagement leaders potentially in scope for review (2020: 86%, 2019: 70%).

| Number of reviews | 2021 | 2020 | 2019 |
|-------------------|------------|------------|------------|
| External review | 23 | 34 | 15 |
| NAR | 43 | 47 | 45 |
| Pulse Review | 37 | 26 | 43 |
| GTAR | 10 | - | - |
| Total | 113 | 107 | 103 |

| Findings | Internal reviews | | | All reviews | | |
|--|------------------|------|------|-------------|------|------|
| | 2021 | 2020 | 2019 | 2021 | 2020 | 2019 |
| Good or Good limited improvements required | 90% | 85% | 74% | 88% | 75% | 71% |
| Improvements required | 4% | 7% | 16% | 7% | 16% | 17% |
| Significant improvement required | 6% | 8% | 10% | 4% | 9% | 12% |

Firm-wide monitoring

External

The FRC in their annual report detail their firm wide work which is based on the requirements of ISQC 1. The FRC review some areas on an annual basis and others on a three-year rotational basis. The focus for the year as reported in July 2021 was:

- audit quality initiatives
- RCA process
- audit methodology and training
- audit quality focus and tone of our senior management
- complaints and allegations processes.

We have also received the following (non-engagement specific) reports in the year:

| Grant Thornton specific | Profession wide reviews |
|---|---|
| Assessment of Cyber Security Arrangements at Tier 1 Audit firms | Engagement documentation benchmarking |
| Feedback on ISQM 1 implementation status | EQCR and Consultations benchmarking |
| Ethics Function monitoring | Auditing the risk of fraud |
| | Implementation on the FRC Ethical Standard 2019 |

When the FRC raise findings or recommendations these are assessed by senior individuals, including the Head of Audit, and actions plans developed as required.

Internal

We undertake a review of our procedures as part of the requirements of ISQC (UK) 1 and the ICAEW audit regulations. This review was undertaken as part of the QMA implementation ([see page 21](#)). Action plans have been developed for relevant findings.

Internal ethics and independence

We continue to develop our mechanisms to monitor compliance with relevant independence and ethical matters. During 2021 the key monitoring mechanisms were:

- individual NAR file reviews consider how the engagement team addressed ethical and independence matters
- the Annual Declaration process is a comprehensive declaration from all partners and people in respect of understanding and compliance with our policies and procedures in respect of ethics, independence, confidentiality, gifts and hospitality and other regulations
- testing of 20% of partners and 5% of managers and above to check the accuracy and completeness of disclosed financial investments
- consideration of ongoing consultations from engagement teams
- the pre-approval of non-audit services to audit clients
- ensuring that rotation requirements we met at the individual and firm level.

Audit Quality Indicators (AQIs)

As an audit service line we utilise a number of AQI's to support wider monitoring. We have considered the FRC thematic on AQIs published in May 2020 to assist in the ongoing development of our AQI programme. We anticipate that the use of AQIs will continue to develop as data becomes available through the increasing connection between our various systems. Indicators currently used cover areas including:



The PRG identified a number of AQIs, in five areas, that the main audit firms would publish in their transparency report on an annual basis. The table below identifies each AQI and where it can be found in this report:

| AQI area | Location in report |
|---|--|
| Details of internal and external reviews | See above in this section |
| External Investigations related to audit | See page 31 |
| Investment in Audit | Training hours – People and Culture page 33 Wider investment in quality processes see risk management, quality and internal control pages 32-34 |
| <ul style="list-style-type: none"> Partner and staff surveys — Three questions based on: firm's commitment to quality sufficient time and resources to deliver quality training and development | People and Culture page 34 |
| Investor liason | Page 15 |

Root Cause Analysis (RCA)

RCA is undertaken following the results of both internal and external quality reviews. Further RCA is also undertaken in respect of other areas where we have a concern over quality. At the end of reviews and annually themes are identified and actions developed to address those negatively impacting quality as well as to encourage wider uptake of areas of strength.

Our RCA approach is tailored to the subject being considered but includes a combination of:

- data gathering and analysis, with the use of external specialists where appropriate
- interviews with the team including the engagement leader, EQCR and specialists group discussions.

| Number of reviews covered by RCA | 2020/21 | 2019/20 |
|----------------------------------|---------|---------|
| External file reviews | 27 | 10 |
| Internal file reviews | 34 | 22 |

The team also undertook several RCA reviews on recurring issues and themes that impact our overall audit quality, including financial statements findings, the programme to support newly promoted RIs, and time pressures on audits. We have also introduced a programme of working on audit engagements that have just been completed to identify potential challenges faced by teams on a more timely basis.

The results of the RCA are reported to the AQB and PIC. The key themes identified in the 2020/2021 RCA cycle were:



Resourcing

- not enough people
- not always the right people
- lack of consistency of people throughout the audit and year to year



Clarity of documentation

- what we are doing and why
- the outcome/conclusions of work
- improving linkage of evidence across the file



Review

- quality of first review is insufficient
- impact of the quality of first review on the engagement leader review



Response to AQR theme

- insufficient stand back
- insufficient linkage across the file
- lack of professional scepticism and challenge

Good practice

Strong team

Focus on quality, doing the right thing

Clear documentation

Good project management

Good client

Disciplinary and enforcement matters

At the start of the year there were several open investigations by the FRC and ICAEW into our work, as follows.

FRC: Announcements

Patisserie Holdings plc

On 27 September 2021, the FRC announced sanctions on the firm and the RI in respect of the audits of Patisserie Holdings plc for the financial years 2015, 2016 and 2017. They included a severe reprimand for the firm, a prohibition on the RI carrying out statutory audits for three years, a fine on the firm of £2.34 million (after discounts for early settlement, etc.) and several non-financial sanctions, including requirements to:

- report to the FRC annually for three years on the impact of our remedial actions (including an RCA) relating to audit quality;
- perform a review of the audit practice's culture relating to challenge; and
- put in place additional monitoring in relation to bank and cash audit work.

Interserve plc

On 1 November 2021, the FRC announced sanctions on the firm and the RI in respect of the audits of Interserve plc for the financial years 2015, 2016 and 2017. They included severe reprimands for the firm and the RI, a fine on the firm of

£718,250 (after discounts for early settlement, etc.) and several non-financial sanctions, including a requirement that the firm report to the FRC on its monitoring programme of audit work on loss-making contracts.

FRC: Other matters

Sports Direct International plc

In 2021, the FRC progressed its investigation into the firm's auditing of the financial statements of Sports Direct International plc, further to its announcement in November 2016.

Other matters

The non-financial sanctions in respect of the FRC announcement on 8 July 2020 relating to ethical matters are ongoing.

On 21 January 2021, the ICAEW imposed a fine and reprimand in respect of audits of ours in 2014 of five entities whose names it did not publish and fined us £2,800.

We have ongoing enquiries with the ICAEW which we are working with them to resolve.

Public sector audit – including local audit

Our public sector practice provides statutory and other related audit services to a range of public sector clients including those subject to the Local Audit and Accountability Act 2014 (the Act). The Act requires the auditor of certain public bodies in England to appoint a registered “Local Auditor” as their statutory auditor. Bodies to which the regulations apply include:

- councils
- health trusts (excluding foundation trusts)
- clinical commissioning groups
- police and crime commissioners and chief constables
- fire and rescue services
- national parks
- certain pension funds.

Our work over the past year has been undertaken during the continued backdrop of COVID, when the public sector has faced the huge challenge of providing essential services and helping safeguard the public during the pandemic. Our NHS bodies, in particular, have been at the forefront of the public health crisis. As auditors we have had to show compassion to NHS staff deeply affected by the crisis, whilst staying focused on the principles of good governance and financial management, things which are more important than ever.

Registration

We are registered as a Local Auditor under the requirements of the Act through registration with the ICAEW. At 31 December 2021 we had 27 registered KAPs (2020: 27), the most of any audit firm. Our dedicated public sector audit practice is part of our audit service line and signed the audits for 109 (2020: 99) major local audit clients in the year; details of which entities were signed in 2021 can be found in Appendix H

Structure

The practice follows the same policies, processes and methodologies as the wider audit practice with adaptation to meet the specific requirements of our public sector client base. The team face many of the same challenges faced by our wider audit practice. The Head of Public Sector Assurance reports to the Head of Audit.

Internal control

Our local audit work is subject to our overall internal quality control system. However, there are additional areas of control that are focused on local audit. These include:

- we have a dedicated Public Sector technical team, which provides guidance and support to audit teams in respect of specific accounting, audit and financial reporting matters. This team works closely with our NAS teams to ensure consistency of approach
- the public sector nature of local audits is considered as part of our client Take-On process
- we have specialist technical panels for specific matters which are unique to the public sector, for example, Value for Money.

The review we have undertaken in relation to our internal control system covers the work undertaken on public sector clients.

Recruitment

The public sector practice uses the same recruitment processes as the wider audit practice but with a clear focus on the public sector nature of our work.

Development, appraisal and promotion

Individuals follow the same development, appraisal and promotion processes as those of the wider audit practice. This includes the use of the same competency framework and CPD requirements.

Learning

Given the specialist nature of public sector audit, we take very seriously the need to ensure all people working on local audits keep up to date technically and professionally. People working in the local audit team are subject to the same training requirements as people in the wider audit practice. However, to ensure all individuals maintain and develop their technical competence for public sector work, we provide additional training and support under our sector badging policy. In 2021 for our qualified people this has included:

- a two-day session for all grades from Assistant Manager above. This covered essential topics including scepticism, challenge and reporting, and was followed by a test of competence.
- ongoing training on a range of topics including the audit of estimates, property valuations, journals and sampling and regulatory feedback.
- detailed session on the new Code of Audit Practice requirements around Value for Money.
- weekly updates for teams on 'hot' topics.
- a session for engagement leads on the identification of key risk areas.

In total, training approximated to 10 (2020: 10) days per person. Our associates received their own tailored programme in line with our internal and professional requirements.

Quality monitoring

Our public sector audits are subject to both internal and external monitoring. The internal monitoring is detailed in the "Monitoring" section of this report. We are also subject to potential external review from several regulatory bodies as follows:

| Regulator | Country and entity type |
|--|---|
| FRC and ICAEW | England NHS Foundation Trust |
| FRC | England "Major" audits |
| QAD team of the ICAEW under the direction of NHS improvement | England Non major audits (excluding foundation trusts) |
| Audit Scotland | Scotland Central Government bodies, Local authorities, NHS bodies |
| Audit Wales | Wales Local authorities, NHS bodies |

During the year we were inspected in respect of:

| Type of audit | 2021 | 2020 | 2019 |
|----------------------------------|------|------|------|
| NHS Foundation trusts | 4 | - | 2 |
| Major NHS | 2 | 1 | 1 |
| Non major NHS | - | 3 | 2 |
| Major Local Government | 7 | 5 | 3 |
| Non major local audit | 3 | 4 | - |
| Scottish Local authority Council | - | - | 1 |
| Welsh Local authority | - | - | 1 |

We also undertook a number of internal reviews as part of the NAR programme. In 2021 we undertook nine (2020: 10) and eight Pulse reviews (2020: seven). As a result of these reviews, we identified some key areas which we have focused on in our training, including the valuation of property plant and equipment, our approach to fraud risk assessment and journals testing, and the way in which we pinpoint our significant risk assessments.

The Local Auditors (Transparency) Regulations 2020

Below is outlined our response to the disclosure requirements of the Local Auditors (Transparency) Instrument 2015. As our public sector practice is integrated with our wider audit practice most of our responses cross reference to the wider Transparency Report.

| Provision of the Local Audit Regulations Review | How Grant Thornton UK LLP complies |
|---|--|
| a A description of the legal structure, governance and ownership of the transparency reporting local auditor | See “Appendix E – Legal structure including GTIL” |
| b Where the transparency reporting local auditor belongs to a network, a description of the network and the legal, governance and structural arrangements of the network | See “Appendix E – Legal structure including GTIL” |
| c A description of the internal quality control system of the transparency reporting local auditor and a statement by the administrative or management body on the effectiveness of its functioning in relation to local audit work | See above and section “Risk management, Quality and Internal Control” |
| d A description of the transparency reporting local auditor’s independence procedures and practices including a confirmation that an internal review of independence practices has been conducted | Our public sector practice are subject to the same ethics and independence rules as all other areas of audit practice. This includes firm-wide requirements where applicable. See section “Ethics, Independence and Compliance” |
| e Confirmation that all engagement leads are competent to undertake local audit work and staff working on such assignments are suitably trained | Our engagements leaders for this work are all KAPs under the legislation. They and our people are appropriately trained and competent in the roles See above and in section “People and Culture” |
| f A statement of when the last monitoring of the performance by the transparency reporting local auditor of local audit functions, within the meaning of paragraph 23 of Schedule 10 to the 2006 Act, as applied in relation to local audits by Section 18 and paragraphs 1, 2 and 28(7) of Schedule 5 to the 2014 Act, took place | As set out above the last external reviews were undertaken by the FRC and QAD during the year |
| g A list of major local audits in respect of which an audit report has been made by the transparency reporting local auditor in the financial year of the auditor; and any such list may be made available elsewhere on the website specified in regulation 4 provided that a clear link is established between the transparency report and such a list | See “Appendix H – Major Local Audits” |
| h A statement on the policies and practices of the transparency reporting local auditor designed to ensure that persons eligible for appointment as a local auditor continue to maintain their theoretical knowledge, professional skills and values at a sufficiently high level | See section on “learning” above |
| i Turnover for the financial year of the transparency reporting local auditor to which the report relates, including the showing of the importance of the transparency reporting local auditor’s local audit work | Turnover from local audit work in the 12 months to 31 December 2021 was £31.8 million, (2020: £25.8 million). This represents 5.6% and 5.2% of the firm’s total revenue, respectively. These amounts are included in the revenue disclosed in Appendix F . |
| j Information about the basis for the remuneration of partners | See “Appendix F – Financial information and partner details” |

Appendices

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Appendix A

Audit firm governance code and EU regulations

AFGC

We have set out below how we have complied with the AFGC - July 2016 issued by the FRC.

| Provision of the code | | How complied with |
|-----------------------|---|--|
| A | Leadership | |
| A1 | Owner accountability principle | |
| | The management of a firm should be accountable to the firm's owners and no individual should have unfettered powers of decision. | The PGB provides an elected body which includes INEs. The PGB and INEs hold the CEO and SLT accountable for the benefit of the partnership. Further information can be found in the " Leadership and Governance " section as well as on our website |
| A.1.1 | The firm should establish a board or equivalent governance structure, with matters specifically reserved for its decision, to oversee the activities of the management team. | See • " Leadership and Governance " |
| A.1.2 | The firm should state in its transparency report how its governance structures and management operate, their duties and the types of decisions they take. In doing so the firm should explain how its governance structure provides oversight of both the audit practice and the firm as a whole with a focus on ensuring the Code's purpose, is achieved. If the management and/or governance of the firm rests at an international level it should specifically set out how management and oversight of audit, is undertaken and the Code's purpose achieved in the UK. | See • " Leadership and Governance " and • " Appendix C - Leadership and Governance " • " Appendix D - Members of leadership and governance groups " |
| A.1.3 | The firm should state in its transparency report the names and job titles of all members of the firm's governance structures and its management, how they are elected or appointed and their terms, length of service, meeting attendance in the year, and relevant biographical details | See • " Leadership and Governance " and • " Appendix C - Leadership and Governance " • " Appendix D - Members of leadership and governance groups " |
| A.1.4 | The members of a firm's governance structures, and management should be subject to formal, rigorous and ongoing performance evaluation and, at regular intervals, members should be subject to re-election or re-selection | See • " Leadership and Governance " |
| A.2 | Management principle | |
| | A firm should have effective management which has responsibility and clear authority for running the firm | See • " Leadership and Governance " • our website under About us/Leadership and governance |
| A.2.1 | Management should have terms of reference that include clear authority over the whole firm including its non-audit businesses and these should be disclosed on the firm's website | See our website under About us/Leadership and Governance |
| B | Values | |
| B.1 | Professionalism principle | |
| B.1.1 | A firm should perform quality work by exercising judgement and upholding values of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour in a way that properly takes the public interest into consideration and meets auditing and ethical standards | See • " Risk Management, quality and internal control " • " Ethics, independence and compliance " |
| B.1.2 | The firm's governance structures, and management should establish and promote throughout the firm an appropriate culture, supportive of the firm's public interest role and long-term sustainability. This should be achieved through the right tone from the top, through the firm's policies and practices and by management publicly committing themselves and the whole firm to quality work, the public interest and professional judgement and values | See • " Leadership and Governance " • " Risk management, internal control and quality " • " People and Culture " |

| Provision of the code | How complied with |
|---|--|
| B.1.3 Firms should introduce KPIs on the performance of their governance system, and report on performance against these in their transparency reports | See • “Governance Key Performance Indicators” |
| B.1.4 The firm should have a code of conduct which it discloses on its website and requires everyone in the firm to apply. The Board and independent nonexecutives should oversee compliance with it | The firm has a code of conduct see our website |
| B.2 Governance principle | |
| A firm should publicly commit itself to this Audit Firm Governance Code | See page 11 . We are fully committed to the AFGC |
| B.2.1 The firm should incorporate the principles of this Audit Firm Governance Code into an internal code of conduct | Our full code of conduct can be found on our website under About us/Code of conduct |
| B.3 Openness principle | |
| A firm should maintain a culture of openness which encourages people to consult and share problems, knowledge and experience in order to achieve quality work in a way that properly takes the public interest into consideration | See • “Risk management, quality and internal control” • our code of conduct on our website |
| C Independent Non-Executives | |
| C.1 Involvement of independent non-executive’s principle | |
| A firm should appoint independent non-executives to the governance structure who through their involvement collectively enhance the firm’s performance in meeting the purpose of the Code | See • “Leadership and Governance” |
| C.1.1 Independent non-executives should number at least three and be in the majority on a body that oversees public interest matters; and/or be members of other relevant governance structures within the firm. They should also meet as a separate group to discuss matters relating to their remit. They should have full visibility of the entirety of the business but should pay particular attention to and report on risks to audit quality and how they are addressed. If a firm considers that having three INEs is inappropriate given its size or number of public company clients, it should explain this in its transparency report and ensure a minimum of two at all times. Where the firm adopts an international approach to its management it should have at least three INEs with specific responsibility and relevant experience to focus on the UK business and to take part in governance arrangements for this market; or explain why it regards a smaller number to be more appropriate, in which event there should be a minimum of two | We had three INEs for part of the period (to October 2021), and two for the period 24 October – 31 Dec 2021. At least one INE sits on each of the main governance boards/ committees through which they have full visibility of the business. Our INE’s meet on as a separate group on a quarterly basis to discuss matters relating to their remit. In quarter one 2022 we provisionally appointed a third INE who is currently undergoing pre appointment checks. See “Leadership and Governance” |
| C.1.2 The firm should disclose on its website and in its transparency report information about the appointment, retirement and resignation of independent non-executives; their remuneration; their duties and the arrangements by which they discharge those duties; and the obligations of the firm to support them. The firm should report on why it has chosen to position its independent non-executives in the way it has (for example, as members of the main Board or on a public interest committee). The firm should also disclose on its website the terms of reference and composition of any governance structures whose membership includes independent nonexecutives | See • “Leadership and Governance” • our website under About us/Leadership and governance |
| C.1.3 The independent non-executives should report in the firm’s transparency report on how they have worked to meet the purpose of the code defined as: • Promoting audit quality • Helping the firm secure its reputation more broadly, including in its non-audit businesses • Reducing the risk of firm failure | See • “Independent Non-Executive chair of the Public Interest Committee and Partnership Governance Board” |
| C.1.4 Independent non-executives should have regular contact with the Ethics Partner, who should under the ethical standards have a reporting line to them | The INEs have regular contact with the Ethics Partner who attends each PIC meeting. Deena Mattar (INE) chairs the Ethics Board which was formed during the year See • “Leadership and Governance” sub section “PIC” |
| C.2 Characteristics of independent non-executives’ principle | |
| The independent non-executives’ duty of care is to the firm. They should command the respect of the firm’s owners and collectively enhance shareholder confidence by virtue of their independence, number, stature, experience and expertise. They should have a balance of relevant skills and experience including of audit and a regulated sector. At least one independent non-executive should have competence in accounting and/or auditing, gained for example from a role on an audit committee, in a company’s finance function, as an investor or at an audit firm | All our INEs bring finance skills however Deena Mattar is a Fellow of the ICAEW and has been chair of several audit committees See • “Leadership and Governance” . |

Provision of the code

How complied with

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| C.2.1 | The firm should state in its transparency report its criteria for assessing the impact of independent non-executives on the firm's independence as auditors and their independence from the firm and its owners | See <ul style="list-style-type: none">• “Ethics, Independence and compliance” sub section “INEs” |
| C.3 | Rights and responsibilities of independent non-executives' principle | |
| | Independent non-executives of a firm should have rights consistent with their role including a right of access to relevant information and people to the extent permitted by law or regulation, and a right to report a fundamental disagreement regarding the firm to its owners and, where ultimately this cannot be resolved and the independent non-executive resigns, to report this resignation publicly | See <ul style="list-style-type: none">• “Leadership and Governance”• our website under About us/Leadership and governance |
| C.3.1 | Each independent non-executive should have a contract for services setting out their rights and duties | Each of our INEs and the chair of the AQB has a contract for services |
| C.3.2 | Independent non-executives should be appointed for specific terms and any term beyond nine years should be subject to particularly rigorous review and explanation | See <ul style="list-style-type: none">• “Leadership and Governance” sub section “INE's” and our website under About us/Leadership and governance |
| C.3.3 | The responsibilities of an independent non-executive should include, but not be limited to oversight of the firm's policies and processes for: <ul style="list-style-type: none">• promoting audit quality• helping the firm secure its reputation more broadly, including in its non-audit businesses• reducing the risk of firm failure | See <ul style="list-style-type: none">• “Independent Non-Executive chair of the Public Interest Committee and Partnership Governance”• “Leadership and Governance” sub section “INE's”• our website under About us/Leadership and Governance |
| C.3.4 | The firm should ensure that appropriate indemnity insurance is in place in respect of legal action against any independent non-executive in respect of their work in that role | Appropriate indemnity insurance is in place |
| C.3.5 | The firm should provide each executive with sufficient resources to undertake their duties including having access to independent professional advice at the firm's expense where an independent non-executive judges such advice necessary to discharge their duties | Sufficient resources, including access to independent legal advice, is available to our INEs |
| C.3.6 | The firm should establish, and disclose on its website, procedures for dealing with any fundamental disagreement that cannot otherwise be resolved between the independent non-executives and members of the firm's management team and/or governance structures | See <ul style="list-style-type: none">• “Leadership and Governance” sub section “INE's”• our website at About us/Leadership and Governance |
| D.1 | Compliance principle | |
| | A firm should comply with professional standards and applicable legal and regulatory requirements. Operations should be conducted in a way that promotes audit quality and the reputation of the firm. The independent nonexecutives should be involved in the oversight of operations | This is considered throughout this report specifically in sections: <ul style="list-style-type: none">• “Governance Key Performance Indicators”• “Risk management, Quality and Internal control”• “Ethics, Independence and compliance”• “People and Culture”• “Monitoring” |
| D.1.1 | The firm should establish policies and procedures for complying with applicable legal and regulatory requirements and international and national standards on auditing, quality control and ethics, including auditor independence. | The firm has policies and procedures to ensure compliance. See <ul style="list-style-type: none">• “Risk management, Quality and Internal control”• “Ethics, Independence and Compliance” |
| D.1.2 | The firm should establish policies and procedures for individuals signing group audit reports to comply with applicable standards on auditing dealing with group audits including reliance on other auditors whether from the same network or otherwise | Policies and procedures are in place to meet this requirement See <ul style="list-style-type: none">• “Risk management, Quality and Internal control” |
| D.1.3 | The firm should state in its transparency report how it applies policies and procedures for managing potential and actual conflicts of interest | See <ul style="list-style-type: none">• “Ethics, Independence and Compliance” sub section “Conflicts of Interest and relationships” |
| D.1.4 | The firm should take action to address areas of concern identified by audit regulators in relation to the firm's audit work | See <ul style="list-style-type: none">• “Monitoring” |
| D.2 | Risk management principle | |

Provision of the code

How complied with

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| | A firm should maintain a sound system of internal control and risk management over the operations of the firm as a whole to safeguard the firm and reassure stakeholders | See <ul style="list-style-type: none">• “Risk management, Quality and Internal control” subsections “Internal control” and “Root Cause Analysis” subsection |
| D.2.1 | The firm should, at least annually, conduct a review of the effectiveness of the firm’s system of internal control. Independent non-executives should be involved in the review which should cover all material controls, including financial, operational and compliance controls and risk management systems as well as the promotion of an appropriate culture underpinned by sound values and behaviour within the firm | See <ul style="list-style-type: none">• “Risk management, Quality and Internal control” subsection “Internal control” |
| D.2.2 | The firm should state in its transparency report that it has performed a review of the effectiveness of the system of internal control, summarise the process it has applied and confirm that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified from that review. It should also disclose the process it has applied to deal with material internal control aspects of any significant problems disclosed in its financial statements or management commentary | See <ul style="list-style-type: none">• “Risk management, Quality and Internal control” subsection “Internal control” |
| D.2.3 | The firm should carry out a robust assessment of the principal risks facing it, including those that would threaten its business model, future performance, solvency or liquidity. This should reference specifically the sustainability of the audit practice within the UK | See <ul style="list-style-type: none">• “Risk management, Quality and Internal control” subsection “Risk management”• “Appendix B” |
| D.3 | People management principle | |
| D.3.1 | A firm should apply policies and procedures for managing people across the whole firm that support its commitment to the professionalism, openness and risk management principles of this Audit Firm Governance Code | See <ul style="list-style-type: none">• “People and Culture” |
| D.3.2 | The firm should disclose on its website how it supports its commitment to the professionalism, openness and risk management principles of this Audit Firm Governance Code through recruitment, development activities, objective setting, performance evaluation, remuneration, progression, other forms of recognition, representation and involvement | See section <ul style="list-style-type: none">• “People and Culture” and• our website |
| D.3.3 | Independent non-executives should be involved in reviewing people management policies and procedures, including remuneration and incentive structures, to ensure that the public interest is protected | Our INEs are involved in people matters as part of their role on the PGB and the PIC, including receiving reports from the Head of People and Culture |
| D.4 | Whistleblowing principle | |
| | A firm should establish and apply confidential whistleblowing policies and procedures across the firm which enable people to report, without fear, concerns about the firm’s commitment to quality work and professional judgement and values in a way that properly takes the public interest into consideration. The independent non-executives should be satisfied that there is an effective whistleblowing process in place | The INEs receive reports of matters raised through the whistleblowing process. See <ul style="list-style-type: none">• “Leadership and governance” sub section “PIC”• our website |
| D.4.1 | The firm should report to independent non-executives on issues raised under its whistleblowing policies and procedures and disclose those policies and procedures on its website | The INEs received updates on matters raised under our whistleblowing policies and hotline. See <ul style="list-style-type: none">• our website at About us/Leadership and Governance |
| E | Reporting | |
| E.1 | Internal reporting principle | |
| | The management of a firm should ensure that members of its governance structures, including owners and independent non-executives, are supplied with information in a timely manner and in a form and of a quality appropriate to enable them to discharge their duties | Our governance groups, which include our INEs, received relevant and timely information to enable them to discharge their duties |
| E.2 | Governance reporting principle | |
| | A firm should publicly report how it has applied in practice each of the principles of the Audit Firm Governance Code and make a statement on its compliance with the Code’s provisions or give a considered explanation for any non-compliance | We are compliant with the principles of the AFGC. This is explained in this appendix and throughout this report |
| E.2.1 | The firm should publish on its website an annual transparency report containing the disclosures required by Code Provisions A.1.2, A.1.3, B1.2, C.2.1, D.1.3, D.2.2, E.2.2 and E.3.1 | This report is published on our website under About us/ Annual reports |
| E.2.2 | In its transparency report the firm should give details of any additional provisions from the UK Corporate Governance Code which it has adopted within its own governance structure | Not applicable |

Provision of the code

How complied with

E.3 Transparency principle

| | | |
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| | A firm should publish on an annual basis in its transparency report a commentary on the firm's performance, position and prospects | See <ul style="list-style-type: none">• "David Duncley – Chief Executive Officer"• "Fiona Baldwin – Head of Audit"• "Appendix F" |
| E.3.1 | The firm should confirm that it has carried out a robust assessment of the principal risks facing the audit firm, including those that would threaten its business model, future performance, solvency or liquidity. The firm should describe those risks and explain how they are being managed or mitigated | See <ul style="list-style-type: none">• "Risk management, Quality, and Internal control" subsection "Risk management"• "Appendix D" |
| E.3.2 | The transparency report should be fair, balanced and understandable in its entirety | This report is based on the principals and requirements of: <ul style="list-style-type: none">• The AFGC• The Local Auditors (Transparency) Regulations 2020 regulations and• EU Audit Regulation - Article 13 of the EU Regulations 537/2014 The report has been drafted with input from a range of individuals in the firm, including senior leadership. The report has been reviewed and approved by members of the SLT and RAC |

E.4 Reporting quality principle

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| | A firm should establish formal and transparent arrangements for monitoring the quality of external reporting and for maintaining an appropriate relationship with the firm's auditors. | Policies and procedures are in place to monitor quality these and the relationship with the external auditors is monitored by the RAC |
| E.4.1 | The firm should establish an audit committee and disclose on its website information on the committee's membership and terms of reference which should deal clearly with its authority and duties, including its duties in relation to the appointment and independence of the firm's auditors. On an annual basis, the audit committee should publish a description of its work and how it has discharged its duties | See <ul style="list-style-type: none">• "Leadership and Governance"• our website under About us/Leadership and Governance |

E.5 Financial statements principle

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| | A firm should publish audited financial statements prepared in accordance with a recognised financial reporting framework such as International Financial Reporting Standards or UK GAAP and should be clear and concise | See <ul style="list-style-type: none">• "Leadership and Governance" subsection "Investor and external dialogue" |
| E.5.1 | The firm should explain who is responsible for preparing the financial statements and the firm's auditors should make a statement about their reporting responsibilities, preferably in accordance with the extended audit report standards | This statement is made in our financial statements |
| E.5.2 | The firm should state whether it considers it appropriate to adopt the going concern basis of accounting and identify any material uncertainties to its ability to continue to do so, with supporting assumptions or qualifications as necessary | This statement is made in our financial statements |

F Dialogue

F.1 Firm dialogue principle

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| | A firm should have dialogue with listed company shareholders, as well as listed companies and their audit committees, about matters covered by this Audit Firm Governance Code to enhance mutual communication and understanding and ensure that it keeps in touch with shareholder opinion, issues and concerns | See <ul style="list-style-type: none">• "Leadership and Governance" subsection "Investor and external dialogue" |
| F.1.1 | The firm should disclose on its website its policies and procedures, including contact details, for dialogue about matters covered by this Audit Firm Governance Code with listed company shareholders and listed companies. It should also report on the dialogue it has had during the year. These disclosures should cover the nature and extent of the involvement of independent non-executives in such dialogue | See <ul style="list-style-type: none">• "Leadership and Governance" subsection "Investor and external dialogue" |

F.2 Shareholder dialogue principle

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| | Shareholders should have dialogue with audit firms to enhance mutual communication and understanding | See <ul style="list-style-type: none">• "Leadership and Governance" subsection "Investor and external dialogue" |
|--|--|---|

F.3 Informed voting principle

| | | |
|--|---|---|
| | Shareholders should have dialogue with listed companies on the process of recommending the appointment and re-appointment of auditors and should make considered use of votes in relation to such recommendations | This is primarily the responsibility of shareholders. See <ul style="list-style-type: none">• "Leadership and Governance" subsection "Investor and external dialogue" |
|--|---|---|

EU Regulations

We set out below how we comply with Article 13 of the EU Regulations 537/2014 which has been enshrined into UK Law

| Summarised requirement | How complied with |
|---|--|
| <p>A statutory auditor or an audit firm that carries out statutory audits of public-interest entities shall make public an annual transparency report at the latest four months after the end of each financial year. That transparency report shall be published on the website of the statutory auditor or the audit firm and shall remain available on that website for at least five years from the day of its publication on the website. If the statutory auditor is employed by an audit firm, the obligations under this Article shall be incumbent on the audit firm</p> | <p>This transparency report, along with our prior reports are available on our website under About us/Annual reports</p> |
| <p>Statutory auditors and audit firms shall communicate to the competent authorities that the transparency report has been published on the website of the statutory auditor or the audit firm or, as appropriate, that it has been updated.</p> | <p>The FRC and ICAEW are informed of the publication of this Transparency Report</p> |
| <p>The annual transparency report shall include at least the following:</p> | |
| <p>a a description of the legal structure and ownership of the audit firm</p> | <p>See section • “Leadership and Governance”</p> |
| <p>b where the statutory auditor or the audit firm is a member of a network: i a description of the network and the legal and structural arrangements in the network ii the name of each statutory auditor operating as a sole practitioner or audit firm that is a member of the network iii the countries in which each statutory auditor operating as a sole practitioner or audit firm that is a member of the network is qualified as a statutory auditor or has his, her or its registered office, central administration or principal place of business iv the total turnover achieved by the statutory auditors operating as sole practitioners and audit firms that are members of the network, resulting from the statutory audit of annual and consolidated financial statements</p> | <p>See • “Appendix E – Legal structure including GTIL”</p> |
| <p>c a description of the governance structure of the audit firm</p> | <p>See • “Leadership and Governance”</p> |
| <p>d a description of the internal quality control system of the statutory auditor or of the audit firm and a statement by the administrative or management body on the effectiveness of its functioning</p> | <p>This is discussed throughout this report but specifically in sections • “Leadership and Governance” • “Risk management, Quality and Internal control” • “Ethics, Independence and compliance” • “People and Culture” • “Monitoring”</p> |
| <p>e an indication of when the last quality assurance review referred to in Article 26 was carried out (External review)</p> | <p>See • “Monitoring”</p> |
| <p>f a list of public-interest entities for which the statutory auditor or the audit firm carried out statutory audits during the preceding financial year</p> | <p>See • “Appendix G – UK Public Interest Entities”</p> |
| <p>g a statement concerning the statutory auditor's or the audit firm's independence practices which also confirms that an internal review of independence compliance has been conducted</p> | <p>See “Monitoring” sub section “Firm-wide monitoring”, “Ethics, independence and compliance”</p> |
| <p>h a statement on the policy followed by the statutory auditor or the audit firm concerning the continuing education of statutory auditors referred to in Article 13 of Directive 2006/43/EC</p> | <p>All of our qualified people are required to take part in appropriate continuing professional education</p> |
| <p>i information concerning the basis for the partners' remuneration in audit firms</p> | <p>See • “People and Culture”</p> |
| <p>j a description of the statutory auditor's or the audit firm's policy concerning the rotation of key audit partners and staff in accordance with Article 17(7)</p> | <p>See • “Appendix F – Financial information and partner details”</p> |
| <p>k where not disclosed in its financial statements within the meaning of Article 4(2) of Directive 2013/34/EU, information about the total turnover of the statutory auditor or the audit firm, divided into the following categories: i revenues from the statutory audit of annual and consolidated financial statements of public-interest entities and entities belonging to a group of undertakings whose parent undertaking is a public-interest entity; ii revenues from the statutory audit of annual and consolidated financial statements of other entities; iii revenues from permitted non-audit services to entities that are audited by the statutory auditor or the audit firm; and iv revenues from non-audit services to other entities</p> | <p>See • “Ethics, Independence and compliance” sub section “Audit specific matters”</p> |
| <p>The transparency report shall be signed by the statutory auditor or the audit firm</p> | <p>The report is signed by Dave Dunkley on behalf of Grant Thornton UK LLP</p> |

Appendix B

Firm's principal risks

At the time of this transparency report the principal risks that the SLT consider could most significantly threaten the firm's ability to achieve its strategy and specifically impact the sustainability of the audit practice are as follows:

| Risk | Landscape | Mitigation |
|---|--|--|
| Reputational/brand damage | | |
| <p>Adverse or inaccurate media coverage directed at the firm could cause damage to our brand and reputation, loss of client confidence and public trust.</p> <p>This could be caused by:</p> <ul style="list-style-type: none"> client failure resulting in media scrutiny, public criticism, and further regulatory focus failings in our peoples' conduct or breaches of confidentiality working for an inappropriate client or taking on an unsuitable assignment failure to respond appropriately to contentious societal and social issues contagion due to reputational issue elsewhere in the GTIL network or loss of or failure of GTIL/significant member firm in the network | <ul style="list-style-type: none"> continued public scrutiny of professional services firms with a particular interest in audit quality increasing societal expectations for example surrounding Environmental, Social and Governance (ESG) means firms are watched and judged on what they say and do as corporate citizens high profile historic quality and reputational issues in the past few years offset by our investment in Audit quality paying off and resulting in strong results in 2021 AQR | <ul style="list-style-type: none"> our purpose of 'doing what's right, ahead of what's easy', CLEAR values and code of conduct drive the behaviours of our people continued program of internal communications to inform and engage our people around the firm's priorities and performance. As well as reminding them of their obligations around compliance and confidentiality communications team protects and enhances the firm's reputation through external media and social channels and supports the SLT in the development of the firm's corporate narrative 'Beyond Compliance' framework to ensure we are confident that the clients we act for and the services that we provide support our reputation a confidential public interest disclosure/whistleblowing hotline available to employees, clients, and members of the public significant UK involvement and influence in GTIL strategy and governance. GTIL risk policies and protocols and member firm obligations engagement with regulators, institutes, and governmental bodies to play our part in the development of the industry and contribute to the debate on public interest issues |
| Information and cyber security | | |
| <p>Inadequate protection of the firm's, personal or our clients' confidential information (including electronic and hard copy documentation) could result in non-compliance with data protection or privacy laws, regulations and contractual requirements.</p> <p>This could be caused by</p> <ul style="list-style-type: none"> failure to identify and manage potential cyber threats vulnerabilities because of reliance on the actions of our people inadequate data strategy, governance, management and protection dependency on third party technology providers to meet their contractual obligations around security and service levels | <ul style="list-style-type: none"> ever evolving and increasing Cyber threats hybrid working model places increased reliance on our technology infrastructure and greater security and data loss risk if not adequately maintained increased sharing of data by and with clients and third parties increasing importance of governance as data is moved to a cloud environment | <ul style="list-style-type: none"> continuous focus on the maintenance of a robust, secure and resilient IT environment with policies and processes to protect the firm's and clients' data physical security controls ISO 27001 accreditation and Cyber Essentials Plus certification use of Security Operations Centre and threat intelligence services information security management system management team oversee strategic and operational management of information security within the firm. service continuity plans for all business-critical IT services and applications ongoing activities with our people to promote awareness of cyber and data security, including employee e-learning and more regular communications about threats due diligence conducted on all technology suppliers with ongoing relationship management collaborative approach with GTIL and major GTIL member firms to ongoing IS infrastructure development and strategy data protection team develop and maintain the necessary data protection and privacy policies and procedures including breach management processes |

| Risk | Landscape | Mitigation |
|--|--|---|
| Attracting and retaining talent | | |
| <p>Inability to attract and retain high quality talent, including partners, could impact our ability to respond to current and future client needs</p> <p>Specifically;</p> <ul style="list-style-type: none"> our people do not feel connected with our purpose or culture failure to offer attractive and flexible working arrangements, inability to recruit high quality people with the right skills a lack of career progression and personal development opportunities partners losing confidence in the firm's strategy or leadership failure to offer an attractive partnership model | <ul style="list-style-type: none"> competitive market impacting ability to access and keep hold of talent to meet business requirements and growth plans. talent shortage in the UK market of qualified professionals further compounded by the attractiveness of the profession evolving expectations of employees for example around ESG matters changing client needs necessitating different talent skillsets extended periods of working from home may mean our people find it harder to build and maintain connection with the firm | <ul style="list-style-type: none"> increased people engagement and regular pulse surveys to understand how our people are feeling how we work framework to support employees in adopting our new hybrid working model effectively diversified central resourcing model including Implementation of agile talent solution and utilisation of global network resources technical, leadership and commercial learning programmes and a focus on coaching to support the career development of our partners and employees robust talent strategy systems and processes including succession planning dedicated People and Culture team ensures that our people's day-to-day experience reflects our reputation in the marketplace as a progressive employer compelling employer brand brings our purpose to life for our people and new hires and builds connection and belonging schedule of regular partner engagement including monthly calls, annual conference and roadshows provides opportunities for partners to provide feedback and influence firm matters and strategy dedicated Partner support unit offering interventions, resources, and specialist support for all partners |
| Quality of work (audit and non-audit) | | |
| <p>Providing poor-quality advice or giving incorrect opinions could lead to claims and regulatory action or loss of clients due to reputational damage</p> <p>This could be caused by:</p> <ul style="list-style-type: none"> failure to manage the quality of evolving service offerings and methods of delivery not using the right team with the right skills, knowledge, and experience poor quality culture Inconsistent or ineffective tools and methodologies taking on inappropriate work or clients which increases the risk of not meeting quality requirements inappropriate contractual terms lead to client expectation issues inconsistent depth of expertise in offerings across the network | <ul style="list-style-type: none"> public scrutiny of the audit profession continues to influence this risk ongoing historic regulatory investigations offset by our investment in Audit quality which continues to deliver improvements resulting in outstanding results in 2021 AQR additional challenges in managing risks to quality because of COVID and changing ways of working changing nature of services we deliver and the way we deliver them, particularly involving technology | <ul style="list-style-type: none"> rigorous quality standards include leadership tone at the top, skills and competence, clear and efficient procedures, and quality control service line quality and risk management teams and legal department support robust client and engagement take-on processes and contracting protocols extensive training programmes administered through 'Business School' and regular service line technical updates supplemented by dedicated technical support annual self-certification and CPD returns by all our people investment in an ongoing programme of audit quality with leadership held to account via the AQB implementation of the QMA which covers all aspects of the Audit Service line employee quality pulse surveys performance reward systems incorporate individual quality gradings 'new Initiatives' process includes consideration of quality issues for all changes to the way we work with clients or how and what we deliver to clients complaints/potential claims reporting procedures and maintenance of sufficient professional indemnity insurance provision of specific guidance and regular communication about additional risk factors due to COVID and the potential impact on the delivery of audit and non-audit engagements global audit methodology and rigorous global quality assurance programme Wellbeing pulse surveys to understand how our people are feeling and ongoing initiatives to support the health and wellbeing of our people throughout COVID |

| Risk | Landscape | Mitigation |
|--|---|--|
| <p>Material breach of regulation or legislation</p> | <ul style="list-style-type: none"> regulatory environment is becoming more assertive, requiring increased monitoring, and reporting to ensure the firm is compliant the current regulatory and public policy landscape can result in frequent changes to regulation and legislation risk of people working outside firm's policies and procedures is enhanced by remote working | <ul style="list-style-type: none"> firmwide Quality Standards incorporate and provide clear direction on legal and regulatory requirements Ethics Function provide support, guidance and training on ethics and independence issues centralised global independence systems and monitoring annual training plan and monitoring to ensure full understanding of our regulatory and quality commitments rigorous client take-on and continuance processes including relationship checks, client verification and due diligence strengthened systems and processes to manage any exposure to Financial Crime Risks whistleblowing procedures in place annual self-certification by all our people as to their understanding of and responsibilities for key ethical, regulatory, and quality procedures engagement with regulators, institutes, and governmental bodies to understand and play our part in the development of the industry regulation oversight committee undertaking necessary oversight of regulatory obligations including GTIL firm requirements additional challenges in managing risks to quality because of COVID and changing ways of working Wellbeing pulse surveys to understand how our people are feeling and ongoing initiatives to support the health and wellbeing of our people throughout COVID |
| <p>Changing environment and unplanned events</p> | <ul style="list-style-type: none"> instability in general economic conditions/issues and continued uncertainty for business following easing of lockdown continued uncertainty following Brexit and prospects of the UK financial services industry. changing competitive landscape uncertain political outlook continued focus on the audit profession following recommendations from the CMA, Kingman and Brydon reviews and ongoing BEIS consultation which may result in legislation | <ul style="list-style-type: none"> bi-monthly survey of UK mid-market businesses building insight on specific issues, challenges or milestones facing our market dedicated political and economic affairs team bring together political and economic insights competitor trend analysis firmwide dashboards enabling continuous monitoring of business and financial performance ongoing active engagement with key stakeholders (including regulators, industry groups and professional institutes) to identify and influence change and inform and monitor our response forward looking horizon scanning processes at firmwide and service line level enhanced business continuity and crisis management processes incorporating learnings from COVID. Continued central coordination and management of the firm's responses to ongoing challenges posed by COVID holistic approach to resilience planning covering all areas of the firm's activities including client and business activity, technology, third parties, property and physical security risk and resilience board sets the resilience strategy and monitors' progress continued central coordination and management of firm's response to ongoing challenges posed by COVID |

| Risk | Landscape | Mitigation |
|---|--|--|
| Technology | | |
| <p>Our ability to adapt and evolve our client offerings, operating model and data strategy in the face of rapid technology change could impact our ability to remain competitive and create value for our clients, people and our business</p> <p>Specifically:</p> <ul style="list-style-type: none"> • we do not develop and invest in our technology infrastructure, people, and processes to address future business needs • failure to equip people with the right digital tools and capabilities • inadequate data strategy, governance and management means we are unable to realise the benefits of data as an asset | <ul style="list-style-type: none"> • fast evolving digital transformation landscape influencing client expectations and the cost of providing service • increasing expectations for data insights to inform business decision making • technology becoming increasingly democratised creating opportunities but also additional risks • changing competitive landscape and the profession is being faced with a very different competitor type • ethical use of data is gaining increased focus | <ul style="list-style-type: none"> • digital and data strategies drive investment in the use of technology and data to create value for our people, our clients and our business • Digital Leadership Group responsible for maintaining and overseeing the firm's digital and data strategies. Provides central point for digital development capability and an optimised design process • service Line digital panels prioritise investment and effort in digital initiatives • 'new Initiatives' policy and process defines the mechanism for and supports innovation throughout the firm • data Governance Board supports and advocates for data governance to ensure that our data is managed as a strategic asset and in line with the firmwide data management frameworks • data protection and ethical impact assessments to ensure data handled in accordance with privacy laws and ethical best practice • data Centre of Excellence facilitates defined training pathways and access to high level digital training to allow our people to be certified as proficient in the tools and technologies that we help our clients with |
| Financial planning and liquidity | | |
| <p>Insufficient liquidity to fund working capital requirements or a significant financial issue without the time in which to address it</p> <p>This could be caused by:</p> <ul style="list-style-type: none"> • inaccurate financial data impacting operational decisions, growth, and overall liquidity management • unforeseen drop in partner numbers • unreliable financial forecasting leading to poorly defined growth plans vs resourcing requirements • we do not budget effectively impacting our ability to manage within funding limits • lack of timely financial oversight of commitments to significant long-term costs • servicing the firm's pension fund liability • availability and affordability of external funding | <ul style="list-style-type: none"> • period of significant growth in the firm increasing our potential working capital requirement • external factors in the banking market such as capital loan availability and pricing increases | <ul style="list-style-type: none"> • annual budgeting process in place with SLT and PGB review and approval • stringent financial controls in place across the firm • rolling quarterly forecasting aligned with strategic workforce planning and reviewed and approved by SLT • monthly management account reporting at whole firm and service line level • our Finance Partner has full visibility of SLT decisions • relationship management/engagement plans with both current and potential future bankers • robust finance policies and controls in place • monitoring of section 75 debt position and funding plan in place to reduce pension shortfall • clear working capital targets and increased balance sheet focus for our service line teams |
| I&D (Inclusion and Diversity) | | |
| <p>Failure to achieve a level of diversity in our partner and people group to meet our peoples, clients and the markets expectations and failure to create an inclusive culture where diverse talent can thrive, develop, and grow</p> <p>Specifically:</p> <ul style="list-style-type: none"> • we do not address I&D within our business • we do not meet clients/future clients and other stakeholders' increasing expectations around I&D • inadequate data to properly assess where the firm is at and how we can measure effectiveness of I&D initiatives • fail to change our people's behaviours in relation to I&D matters • we do not make required disclosures, or we make incorrect disclosures/reporting in relation to I&D matters | <ul style="list-style-type: none"> • diversity of workforce and an inclusive working environment is increasingly high on the agenda of our people, our clients and other stakeholders and is a priority for all large firms • lack of diverse candidates across the industry impacts our ability to attract and retain specifically around gender and ethnicity | <ul style="list-style-type: none"> • CEO led I&D Strategy with Board sponsors for each strand of diversity (visible and invisible) and personal goals for all SLT members • IAB works with the SLT to help make the most inclusive decisions • specific diversity talent programs to empower future leaders • dedicated I&D leader responsible for coordinating the firmwide I&D agenda with • investment in resource to focus directly on I&D • network of Inclusion Allies work towards making everyday inclusion a reality • monitoring and review of inclusion and diversity data and the policies and processes that support how we work, to drive the required change towards ensuring fair and equitable opportunities for all employees • I&D pulse survey to measure the experiences of diverse talent • a confidential public interest disclosure/whistleblowing hotline available to employees, clients, and members of the public |

| Risk | Landscape | Mitigation |
|---|---|---|
| Health, safety and wellbeing | | |
| <p>We fail to protect the health, safety and wellbeing of our partners and employees</p> <p>Specifically:</p> <ul style="list-style-type: none"> we fail to provide a safe working environment for our people we fail to ensure the physical security of our people including when travelling for business and working abroad we do not protect the health and wellbeing of our people | <ul style="list-style-type: none"> increased pressures of work due to pandemic, remote working and increased workloads impacting people's health and wellbeing. heightened requirements around H&S in connection with COVID evolving H&S considerations as we transition to a hybrid work approach where people split time between home, the office and clients | <ul style="list-style-type: none"> firmwide H&S policies and procedures with dedicated H&S officers COVID Recovery group meets regularly to discuss and agree how we adjust policies as we continue to respond to COVID H&S induction training for all new employees and homeworking risk assessments to help people identify and minimise potential risks in their home working environment. working from home dedicated equipment provision with firmwide accessibility network of wellbeing champions and mental health First Aiders regular wellbeing pulse surveys to understand how our people are coping "Health Hub!" provides comprehensive resources to support peoples' psychological wellbeing, physical health, financial fitness, social health and foster a healthy work culture emergency management plans in place across all locations supported by annual H&S compliance returns firm-wide policies and procedures including risk assessment and use of central travel provider for all overseas travel |
| ESG (Environmental, Social and Governance) | | |
| <p>Failure to tackle ESG risks and opportunities as a firm and deliver the business strategies and infrastructure we need to create long term value and meet societal and client expectations. This includes building ESG capability and capacity focused on our client's needs</p> <p>Specifically:</p> <ul style="list-style-type: none"> we do not meet clients/future clients increasing needs in relation to support with ESG we do not address ESG issues within our own business inadequate data to properly assess where the firm is at and how we can measure effectiveness of ESG initiatives fail to change our people's behaviours in relation to ESG matters we do not make required disclosures, or we make incorrect disclosures/reporting in relation to ESG matters we work with clients and other third parties with poor ESG credentials which could damage our reputation | <ul style="list-style-type: none"> ESG matters are front of mind for regulators and standard setters, with consultations ongoing and new/additional regulation and reporting standards expected soon. increasing stakeholder pressure on businesses (driven by investor engagement and public sentiment) means ESG is becoming a determining factor in who will do business with us | <ul style="list-style-type: none"> dedicated ESG Market Development leader in place responsible for coordinating the firmwide ESG agenda close liaison with the Grant Thornton global network to leverage the wider network's sustainability agenda ESG market-facing steering committee integrated into all our client facing activity we comply with SECR (Streamlined Energy and Carbon Reporting) and ESOS (Energy Savings Opportunity Scheme), report to CDP (formerly the Carbon Disclosure Project) and are ISO 14001 accredited we have set science-based targets verified and published by the Science Based Targets Initiative established programmes in to place to help address social and economic challenges responsible purchasing policy and supplier code of conduct I&D is a 'distinct' area of ongoing focus for the firm |

Appendix C

Leadership and governance – attendance at meetings and length of service

Meeting attendance during 2021

Shown below are the membership and attendance (available to attend and did attend) at the various governance groups including changes in the year. Also detailed is the length of the individuals membership of the group as at 31 December 2021.

SLT – including attendance at other meetings

| | | Length of service | Could attend | Did attend | Attendance at other meetings | | | | |
|-------------------------|---------------|-------------------|--------------|------------|------------------------------|-----|-----|-------|----|
| | | | | | PGB | PIC | RAC | Remco | IC |
| David Dunckley | CEO and chair | 3 years 8 months | 11 | 11 | 6 | 3 | 4 | 4 | 5 |
| Andrew Howie | | 1 year 6 months | 11 | 11 | 1 | - | - | - | 5 |
| Darren Bear | | 2 years 4 months | 11 | 11 | 2 | - | - | - | - |
| Dave Munton | | 3 years 8 months | 11 | 11 | 1 | - | 3 | - | - |
| Fiona Baldwin | Head of Audit | 2 years 6 months | 11 | 11 | 2 | 3 | 1 | -* | - |
| Karen Campbell Williams | | 1 year 4 months | 11 | 10 | 1 | - | - | - | - |
| Malcolm Gomersall | | 3 years 8 months | 11 | 11 | 6 | - | 7 | 1 | - |
| Mark Byers | | 6 years 6 months | 11 | 11 | 2 | - | - | - | - |
| Perry Burton | | 1 year 6 months | 11 | 10 | 1 | 1 | - | - | - |
| Robert Hannah | | 3 years 1 month | 11 | 11 | 1 | - | - | - | 2 |

* attended two meetings of the Profit Sharing Subcommittee prior to its amalgamation with the Remco

PGB

| | | Length of service | Could attend | Did attend |
|------------------|-------------------------------|-------------------|--------------|------------|
| Imogen Joss | INE and chair from 1/4/2021 | 4 years 6 months | 6 | 6 |
| Ed Warner | INE and Chair until 31/3/2021 | n/a | 1 | 1 |
| Deena Mattar | INE | 5 years 9 months | 6 | 6 |
| Laurie Benson | INE | n/a | 3 | 3 |
| Dan Hartland | | 2 years 2 months | 6 | 5 |
| Dana Ward | | 1 year 6 months | 6 | 6 |
| Hemal Shah | | 1 year 6 months | 6 | 6 |
| Michael Frankish | | 1 year 6 months | 6 | 6 |
| Norman Armstrong | | 3 year 6 months | 6 | 6 |
| Paul Naylor | | 2 year 2 months | 6 | 6 |
| Philip Secrett | | 4 years 2 months | 6 | 6 |
| Sean Croston | | 2 year 6 months | 6 | 6 |
| Simon Bevan | | 5 years 6 months | 6 | 6 |

Keys

INE Independent Non-Executive
* Ex officio
Observer

PIC

| | | Could attend | Did attend |
|---------------|------------------------------|--------------|------------|
| Imogen Joss | INE and chair from 1/4/2021 | 3 | 3 |
| Ed Warner | INE and chair (until 1/3/21) | 1 | 1 |
| Deena Mattar | INE | 3 | 3 |
| Laurie Benson | INE | 1 | 1 |

AQB

| | | Could attend | Did attend |
|-----------------------------|-------------------|--------------|------------|
| Philip Johnson | Independent chair | 12 | 12 |
| David Dunckley ¹ | CEO | 12 | 10 |
| Fiona Baldwin | Head of Audit | 12 | 12 |
| Chris Smith | | 12 | 11 |
| Donna Steel ^{1#} | | 2 | 2 |
| Joanne Brown [#] | | 12 | 9 |
| Marc Summers [#] | | 12 | 10 |
| Mark Bishop ^{2#} | | 8 | 7 |
| Pete Dawson | | 12 | 12 |
| Rhian Owens [#] | | 12 | 8 |

1 joined November 2021
2 left September 2021

EB

| | | Could attend | Did attend |
|-----------------------------|-------------------|--------------|------------|
| Deena Mattar | Independent chair | 10 | 10 |
| David Dunckley ¹ | CEO | 10 | 4 |
| Fiona Baldwin [#] | Head of Audit | 10 | 10 |
| Andy Wood [#] | Ethics Partner | 10 | 10 |
| Cherryl Cooper | | 10 | 10 |
| Kevin Gale | | 10 | 10 |
| Mike Radcliffe | | 10 | 9 |
| Mo Merali | | 10 | 9 |
| Paul Naylor | | 10 | 9 |

RAC and RemCo

| | | RAC | | RemCo ¹ | |
|------------------|------------------------|--------------|------------|--------------------|------------|
| | | Could attend | Did attend | Could attend | Did attend |
| Deena Mattar | INE and chair of RAC | 7 | 7 | 3 | 3 |
| Imogen Joss | INE and chair of Remco | n/a | n/a | 4 | 4 |
| Ed Warner | INE | n/a | n/a | 1 | 1 |
| Laurie Benson | INE | n/a | n/a | 2 | 2 |
| Dan Hartland | | n/a | n/a | 4 | 4 |
| Dana Ward | | n/a | n/a | 3 | 2 |
| Michael Frankish | | n/a | n/a | 3 | 3 |
| Norman Armstrong | | 7 | 7 | 4 | 4 |
| Paul Naylor | | 7 | 7 | n/a | n/a |
| Philip Secrett | | 7 | 7 | 2 | 2 |
| Sean Croston | | 7 | 7 | n/a | n/a |
| Simon Bevan | | n/a | n/a | 1 | 1 |

Keys

INE Independent
Non-Executive
* Ex officio
Observer

Following the completion of the 2020 profit cycle the Profit-Sharing Subcommittee was amalgamated into the RemCo. Prior to this there were two meetings of the Profit-Sharing Subcommittee these were both chaired by Ed Warner and attended by all its members, Dana Ward, Deena Mattar, Imogen Joss, Michael Frankish and Simon Bevan. Our COO and Head of Audit also attended both meetings.

IC

| | | Could attend | Did attend |
|----------------|-------|---------------------|-------------------|
| Imogen Joss | INE | 6 | 6 |
| Philip Secrett | Chair | 6 | 6 |
| Sean Croston | | 6 | 6 |
| Hemal Shah | | 6 | 6 |
| Dave Dunckley | | 5 | 5 |

Appendix D

Leadership and governance – Biographies and changes

The following are the members and permanent observers of our leadership and governance groups as at 31 December 2021. The primary governance group to which the individual is a member is shown in brackets. All the members of our governance groups are partners except for:

- Cheryl Cooper — Director
- Deena Mattar — INE
- Imogen Joss — INE
- Philip Johnson — INE

The changes in the year are

- Laurie Benson — INE from 1 April 2021 to 23 October 2021
- September 2021 — Mark Bishop left the AQB as an observer
- November 2021 — Donna Steel joined the AQB as an observer.



Andrew Howie (SLT)
Head of International

Andrew is Head of International for the UK firm, ensuring that we have the right capability in the UK and overseas to help our clients achieve their international ambitions. He is also the Managing Partner of the Scottish practice.

Andrew is an experienced auditor having worked predominately with large privately held companies in Scotland who have grown both domestically and across borders. Andrew has also been the Business Leader for Scotland, Northern Ireland and the North of England.



Andy Wood (EB)
Ethics Partner

Andy is our Ethics Partner and works closely alongside the Head of Audit, Fiona Baldwin, and the chair of Ethics Board, Deena Mattar. He is also the Managing Partner of our Yorkshire region. Previously he has held a variety of leadership roles across our regional practice.

Andy is an experienced audit partner of nearly 20 years and during his career has worked with a broad range of businesses in the Yorkshire region – listed, private equity backed and entrepreneurial groups – and brings a blend of relevant insight and perspective into the Board room. He is also a member of the ICAEW's Ethics Standards Committee.



Cheryl Cooper (EB)

Cheryl is a Solicitor and Director in our Legal Department. She deals with contentious matters as well as our various insurance matters. She has a wealth of experience in working on risk management and training projects for service lines across the business. Cheryl is the legal representative on the Ethics Board and is also on our Ethnicity Board is actively involved in our I&D agenda.



Chris Smith (AQB)
Head of National Assurance Services

Chris is an experienced audit partner and has over 20 years specialising in listed and large corporate audits, both in the UK and internationally. Chris oversees our audit and accounting technical function NAS which is an integral part of improving quality throughout our audit practice.



Dan Hartland (PGB)

Dan has been with Grant Thornton for over 20 years and is our national head of 'Grant Thornton Private', a tax advisory service helping entrepreneurs' in creating, transforming and protecting their private wealth. Dan advises a portfolio of high-net-worth entrepreneurs and their families on a range of matters from business structuring and disposals through to estate and succession planning.



Dana Ward (PGB)

Dana has been a partner with Grant Thornton for 15 years and has led the creation and development of our Financial Services Tax Practice. She is responsible for the provision of tax services to Banks, Insurance Companies and Asset Managers. In addition to her client facing role, she has been a member of the Financial Services Leadership Group since 2015.



Darren Bear (SLT)
Heads of Deals and Business Consulting

Darren has focused on Corporate Finance Advisory for over 20 years and has been a partner for ten years. He was appointed to the SLT as Head of Deals and Business Consulting in 2019. Deals and Business Consulting focuses on event driven transactionally minded businesses operating within the mid-market. Darren also maintains a client facing role focused on Corporate Finance Advisory.



David Dunckley (SLT)
Chief Executive Officer

Dave was appointed as CEO on 1 December 2018. Since taking up the role, his leadership has been focused on keeping clients at the heart of the business, creating a culture in which people feel included and can thrive, and ensuring we continue to have a strong social conscience.

Dave is a member of the Board of Governors for GTIL the umbrella organisation for Grant Thornton network.



Dave Munton (SLT)

Head of UK Markets and Clients

Dave's focus as Head Markets and Clients, is on supporting the client journey and building and enabling our presence in our chosen markets. The role includes leadership across many aspects of our engagement and firmwide protection teams, including Client Selection and Client on Boarding, Quality, Risk, Legal and Regulation. Dave also has responsibility for the delivery of our internal and external ESG priorities and leads the Firms marketing and business development teams, helping to ensure that our client selection is carefully mapped to our strategy and risk appetite. Dave was appointed to the SLT in 2018 and prior to this has held several leadership roles throughout the firm and has been a partner for 19 years.



Deena Mattar (PGB)

INE

Deena is an experienced FTSE 250 Finance Director and Fellow of the ICAEW. She has excellent plc board experience and knowledge of the City. She has strong relationships with institutional shareholders and buy and sell side analysts. Deena brings her extensive experience in restructuring, refinancing and strategic planning as well as 10 years as a non-executive director on several listed and unlisted boards.



Donna Steel (AOB observer)

Donna is based in our Sheffield office and is the audit quality lead for the Yorkshire region. She joined us in 1999 as a graduate trainee and became a partner in May 2020. Donna has experience of auditing owner managed and listed, domestic and international businesses.



Fiona Baldwin (SLT)

Head of Audit

Fiona has nearly 30 years' experience as an accountant and auditor. She was appointed to the SLT as Head of Audit in June 2019. This is a full-time leadership role, with a focus on driving quality to the core of the practice, overseeing investments to strengthen our capabilities, and ensuring that our audit teams have the skills, resources and culture to deliver continuously high audit quality.



Gail Lamb (EB)

Gail is the Firm's Deputy Ethics Partner, working closely with Andy Wood, the Firm's Ethics Partner, to continue to deliver on our vision of a digitally-enabled Ethics Function, respected by our regulators and trusted by our partners and people. She joined the Firm in November 2021 and has over 30 years' experience in audit and regulation having worked in professional services firms and at the FRC.



Hemal Shah (PGB)

Hemal specialises in transaction advisory services and supports entrepreneurs, corporates, private equity and debt funders in executing successful transactions. Hemal has over 18 years' experience across buy-side, sell-side, refinancing and public market transactions in the UK and many overseas markets. He started his career with Grant Thornton Kenya in 1998 and moved to the UK in 1999. Hemal is focused on technology, media and telecoms (TMT) and consumer deals and is often recognised for his practical and commercial advice on issues that inevitably arise on transactions.



Imogen Joss (PGB)

INE

Imogen brings her global experience to the firm with a strong commercial and client-focused approach from her work in the fintech sector including her roles as Commercial Director of the London Stock Exchange and latterly President of two S&P Global businesses.

Imogen specialises in remuneration, strategy, data/analytics and ESG. She serves on the boards of several businesses in the professional services and fintech sectors. Current roles include Euromoney Institutional Investor plc, Senior Independent Director at Fintel plc and Non-Executive Director at IPSX commercial property exchange.



Joanne Brown (AOB observer)

Joanne is an Audit Partner in our Public Sector Audit Team. Joanne leads our Scottish audit team and has 20 years' experience in working with Health, Local Government and Central Government clients delivering external audit and wider assurance services. Joanne joined the partnership in July 2019.



Karen Campbell-Williams (SLT)

Head of Tax

Karen is based in our Manchester office and has been a tax partner for 24 years. As well as leading the Grant Thornton tax business nationally she has a client-facing role working with a variety of organisations and their stakeholders to help them effectively meet their tax obligations at each stage of their business life cycle. Her clients include mid-market privately held and PE backed businesses, listed companies and not-for-profit organisations.



Kevin Gale (EB)

Kevin is based in our Milton Keynes office and has been a Tax Partner for over 20 years. He works with private clients and family-owned businesses and his areas of interest include succession planning, business disposals and business structuring. As well as his client-facing role, Kevin is also a member of our Tax Risk Committee and is responsible for aspects of our tax quality assurance processes. He is also a member of the quality interview panel for Tax Director and Tax Partner promotions.



Malcolm Gomersall (SLT)

Chief Operating Officer

Malcolm is our full time COO having previously acted as an Audit Partner. His focus is on delivering our strategy whilst generating value for and protecting the interests of the firm's stakeholders. A key element of this focus is driving operating model improvements through the lens of our three strategic priorities – Quality, Talent and Value. Prior to his current role he served on the firm's SLT as both the Head of Operations and Head of People & Client Experience.

Malcolm remains a key sponsor for various I&D strands and is a trustee on the Access Accountancy Patron Group.



Marc Summers (AOB observer)

Marc is a Business Support Services, Consumer and Technology auditor and transaction specialist. During his 25 years within professional services, Marc has worked across the audit and advisory business. He has experience of auditing, floating and financing international businesses, having led the retail and more recently the Business Support Services sector teams.



Mark Byers (SLT)

Head of Strategic Relationships

Mark has taken leading client service roles in corporate finance advisory, restructuring and insolvency during his career and is a former global leader of our restructuring services. He regularly works with major financial institutions and their regulators on supporting restructuring strategies designed to promote financial stability. Mark leads our strategic client relationships as well as having responsibility for several of our international investments. His focus is on ensuring we are well placed to establish and maintain deep and long-lasting relationships that are valued by our key clients.



Michael Frankish (PGB)

Michael is an audit partner, has been with the us for five years, and has over 25 years of experience since qualification. Michael is Head of Audit for our Northwest practice. He works with a range of clients across many sectors, including AIM listed PLCs, private companies, PE backed businesses and sixth form colleges. Michael has also held governance roles outside of his role with the firm.



Michael Radcliffe (EB)

Michael is a partner in our Forensic and Investigation Services team. He leads the Disputes Advisory practice in the UK. Michael has specialised in forensic accounting for over 17 years, with a particular focus on complex cross-border litigation and arbitration, often involving an investigative element. Michael's experience covers many sectors including the extractive industries, financial services, telecoms and real estate. Michael's work has seen him frequently working alongside other functional specialists and overseeing delivery by overseas teams.



Mo Merali (EB)

Mo is UK Head of our Transaction Advisory Services practice and Head of Private Equity. Mo has been a partner since 2001. He focuses on due diligence for buy-side and sell-side transactions for corporate acquirers and private equity houses and for equity capital market issuances. Mo is also chair of the ICAEW's Corporate Finance Faculty Board.



Norman Armstrong (PGB)

Norman has worked in the profession for nearly 30 years and been an audit partner at Grant Thornton for the last 16. He leads our focus on Private Equity in audit and works across the South Region with a range of larger mid-market groups, many with international operations. Norman has formerly been an ICAEW District Society President (SOSCA), Practice Committee Member and been recognised for his work in governance roles outside the firm.



Paul Naylor (PGB)

Paul is an audit partner based in the London office, having joined us in 1995. He focuses on the Technology, Media and Telecoms sector where he works with fast-growing and entrepreneurial businesses, either privately held, PE backed or publicly listed. Prior to this, Paul was practice leader of our Cambridge office and has also spent three years working with Grant Thornton in Australia.



Perry Burton (SLT)

Head of People and Culture

Perry has 25 years of experience as an auditor and supporting corporate transactions through our corporate finance team. Perry has held several leadership roles before moving into his current role on the SLT.

He has worked with boards on leadership and cultural change. He is a qualified coach and is passionate about understanding behaviour and behavioural change.



Pete Dawson (AQB)

Audit COO

Pete is a partner, with over 30 years' experience in the profession, the majority of which has been spent as a Transaction Advisory specialist. Pete was appointed our Audit practice COO in 2020. He brings a breadth of experience to the role having previously been the UK Transactions Services leader from 2010, Grant Thornton Global Transactions Leader in 2013 and Financial Advisory leader from 2015, roles he stepped down from in 2019.



Philip Johnson (AQB)

Independent Chair of AQB

Philip was an audit partner at Deloitte for 30 years. He led the integration of Arthur Andersen UK into Deloitte LLP while, at the same time, leading Audit Quality and Risk Management for Deloitte in the UK. He specialised in providing advisory and assurance services to publicly listed entities private company audit clients and professional firms.

Since retirement, Philip has acted as a non-executive director for several entities and been a member and chair of a number of audit committees. He has also acted as an independent expert in relation to matters concerning accounting activities. He has represented the UK audit profession at Accountancy Europe, acting as President between 2010 and 2012, and has been a member of the IAASB Consultative Advisory Group. For six years until December 2019, he was a member of the Standing Advisory Group of the PCAOB in the United States. Philip is also a member of the ICAS Council and chairs their Policy Leadership Board.



Philip Secrett (PGB)

Philip is a corporate finance partner and is Head of Public Company Advisory. With 26 years' experience at Grant Thornton, he has been advising on public company corporate finance transactions for over 23 years and his experience has included supporting growth companies access to UK equity markets and leading public company M&A transactions. Philip is chair of the AIM Advisory Group at the London Stock Exchange, a group that provides input and advice on all matters affecting the operation and regulation of AIM.



Rhian Owen (AQB observer)

Rhian is an audit partner with responsibility for leading the audit practice in the Cardiff and Bristol office. Having been with us for 17 years, she has a wealth of experience helping dynamic businesses achieve their strategic goals and potential for growth. Her clients range from fast-growing, privately owned and PE-backed businesses to international and listed groups.



Robert Hannah (SLT)

Head of Large and Complex

Large and Complex focuses on our services to large corporates, regulators and Governments. Robert has led this part of our business since December 2018 having previously held positions on the leadership team for the regional business and then the client delivery teams across the whole firm. Robert has worked in audit and corporate finance during his client facing career with us. He also leads the global network's International Business Support Function.



Sean Croston (PGB)

Sean leads the Corporate simplification group in London and has been a licensed insolvency practitioner for more than 20 years. He has been sector lead for Healthcare Services for us with a focus on advising NHS Trusts. Sean has spent a large part of his career advising on large and complex group restructurings and has worked in several overseas jurisdictions including Asia, Germany and the United States.



Simon Bevan (PGB)

Head of Partner Matters

Simon is London based, with a four-decade audit career focused on knowledge businesses and professional service firms. He leads the firm's China Britain Business Group. Simon joined as a partner in 2012 from another leading firm, where he had held leadership and governance positions. He chairs Partner Selection Panels and deals with partner succession and retirements.

Appendix E

Legal structure including GTIL

Grant Thornton UK LLP (OC 307742) is a limited liability partnership incorporated in England and Wales. It is part of Grant Thornton International Limited (GTIL or the network) which itself is a private company limited by guarantee, incorporated in England and Wales. GTIL provides the international umbrella entity and does not provide any services to clients.

As at 30 June 2021 the GTIL network had more than 56,000 people in over 140 member firms across the globe with the latest reported revenue of USD5.72bn (2020: USD5.80bn)⁶.

Grant Thornton UK

We are a leading provider of financial and business advisory services.

The firm is entirely owned by its partners. During the 12 months to 31 December 2021 the average number of partners was 190 (2020: 188). A full list of partners is available at our registered office at 30 Finsbury Square, London, EC2A 1AG.

We have 22 offices in the UK plus offices in The British Virgin Islands and Cayman Islands. A full list of our office locations and services can found at [Locations | Grant Thornton](#)

| | At 31/12/21 | At 31/12/12 |
|--|-------------|-------------|
| Number of engagement leaders partners/directors in audit | 48/66 | 43/73 |
| Number of engagement leaders in audit to total number of people in audit | 114/1,915 | 116/1,725 |
| Ratio of engagement leaders to people | 6.0% | 6.7% |



Audit

Delivers statutory and voluntary statutory audits, non-statutory audits including compilation reports, outsourced accounting, financial reporting advice, public sector audit and assurance. We audit clients across many sectors including a significant number of public sector and Not for Profit organisations/charities. In addition, our clients also include FTSE 350, AIM listed, PE backed as well as privately owned businesses.



Tax

Provides services across the spectrum of taxes to corporates, individuals and partnerships, Not for Profit organisations/charities and certain public sector bodies. Services cover Corporate and International, Personal, Indirect and Real Estate Tax. We also provide Employer Solutions and Tax Dispute Resolution services. We help to manage compliance obligations, tax risk and relief maximisation.



Large and Complex Advisory

Our focus is primarily on supporting large, international, corporate clients and government bodies by providing consulting, advisory and assurance services to address their complex needs. We focus our services through our Financial Services Group, Public Sector Advisory, Insolvency and Asset Recovery, Forensic and Investigation and Business Risk teams.



Deals and Business Consulting

Provides services to clients that are event driven, often transactional in nature and when they are undergoing periods of change or uncertainty. The key focus being to realise and preserve value through helping clients, to exit, acquire, undertake change, or restructure. The services we provide include, Restructuring, Business Consulting, Corporate Finance, Transaction Advisory Services, Valuation and Modelling, and Financial Accounting Advisory Services.

⁶ 6.4% growth on 2020 revenues in constant currency – source: Grant Thornton Global Transparency report June 2020 – page 20 grant-thornton-transparency-report-20202.pdf (grantthornton.global)

GTIL

The board of governors provides the principal and overriding authority for the network.

The board has a number of responsibilities including:

- approving and overseeing the implementation of the global strategic direction and policies
- overseeing member firms including approving new member firms, suspending rights and expelling firms
- overseeing the financial health of GTIL, enterprise risk management, technology and innovation strategy and general governance.

The board has an independent chair Judith Sprieser who was appointed on 1/1/2020 for three years. In addition the board consists of two independent members Martin Geh and Aliza Knoz, the chief executive of GTIL and 13 managing partners member firms. There are several standing committees to assist in the more efficient and effective discharge of the board's responsibilities.

Independent board members

The role is to support the networks recognition of public interest responsibilities. The networks attitude towards quality, risk management and governance as well as assessing the networks effectiveness in executing its strategic goals and market position.

Chief Executive Officer

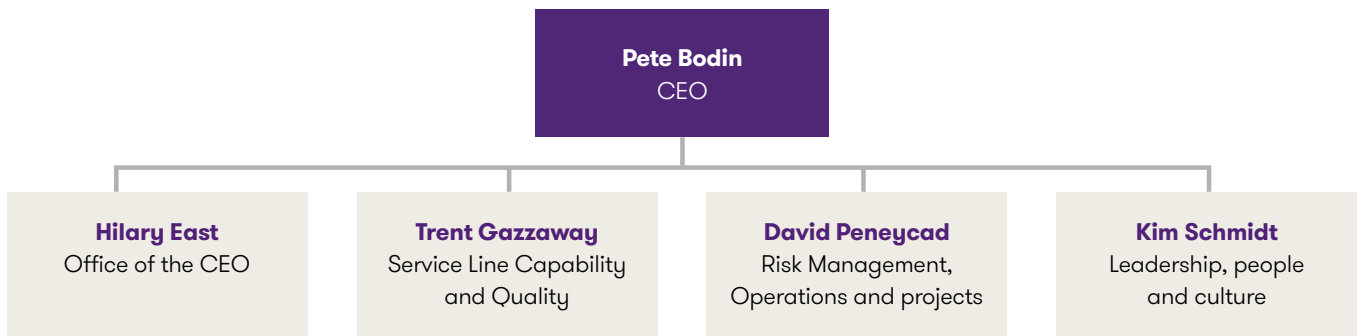
The CEO is appointed for an initial five-year term with a potential extension of up to three years. Peter Bodin was appointed CEO from 1 January 2018, as CEO he is responsible for the:

- leadership of GTIL
- development and recommendation of strategy priorities for the board to ratify
- appointment of the global leadership whom he works closely with to implement the strategy including monitoring global policies and procedures.

Global Leadership Team (GLT)

The GLT is a full-time management group that is chaired by the CEO and develops and drives the implementation of the global strategy. The team have global development, service lines, functional and regional responsibilities.

A critical role of the GLT is to work with member firms to implement the global strategy. Our ambition is to be known throughout the world as the leading adviser to dynamic organisations through our Growing Together strategy.



Legal entities

Grant Thornton UK LLP – Principal Subsidiaries

| Name | Company number | Principal activities |
|--|------------------|--|
| Fulwood Insurances Limited | 14085 (Guernsey) | Insurance Services |
| Grant Thornton ARF Limited | 12352344 | Asset Recovery services |
| Grant Thornton Agile Talent Solutions Limited | 12727029 | Provision of contractors to GT UK LLP |
| Grant Thornton Services (British Virgin Islands) Limited | 1039630 (BVI) | Insolvency and restructuring services |
| Grant Thornton Business Services Limited | 1224178 | Employment of personnel and other services to Grant Thornton UK LLP and trading subsidiaries |
| Grant Thornton Specialist Services (Cayman) Limited | 183163 (Cayman) | Insolvency and restructuring services |

Grant Thornton UK LLP – Joint venture

| Name | Company number | Principal activities |
|------------------------|----------------|-------------------------------------|
| Grant Thornton Limited | 2917818 | 50% owned by Grant Thornton Limited |

Member firms for EU and EEA

| Country | Member Firm |
|----------------|---|
| Austria | Grant Thornton Austria GmbH |
| | Grant Thornton VERAX Wirtschaftsprüfungs - und Steuerberatungs Gesellschaft mbH |
| Belgium | Grant Thornton Bedrijfsrevisoren CV |
| Bulgaria | Grant Thornton OOD |
| Croatia | Grant Thornton revizija d.o.o. |
| Cyprus | Grant Thornton (Cyprus) Ltd |
| Czech Republic | Grant Thornton Audit s.r.o. |
| | Fučík & partneři, s.r.o |
| Denmark | Grant Thornton Statsautoriseret Revisionspartnerselskab |
| Estonia | Grant Thornton Baltic OÜ |
| Finland | Revico Grant Thornton Oy |
| | Idman Vilen Grant Thornton Oy |
| | Advico Finland Oy |
| France | Grant Thornton |
| | AEG Finances |
| | IGEC |
| | Tuillet Audit |
| | Cabinet Didier Kling & Associates |
| | Carib Audit & Conseil |
| Germany | Warth & Klein Grant Thornton AG |
| | Warth & Klein Grant Thornton GmbH & Co. KG |
| | Trinavis GmbH & Co. KG |
| | WPG Wohnungswirtschaftliche Prüfungs- und Treuhand GmbH |

| Country | Member Firm |
|-----------------|--|
| Gibraltar | Grant Thornton (Gibraltar) Ltd |
| Greece | Grant Thornton SA |
| Hungary | Grant Thornton Audit Kft. |
| Iceland | Grant Thornton endurskoðun ehf |
| Ireland | Grant Thornton Grant Thornton (NI) LLP |
| Italy | Ria Grant Thornton S.p.A. |
| Latvia | Grant Thornton Baltic Audit SIA |
| Lichtenstein | Grant Thornton AG, Schaan |
| Lithuania | Grant Thornton Baltic UAB Grant Thornton Baltic UAB Kauno filialas |
| Luxembourg | Grant Thornton Audit & Assurance |
| Malta | Grant Thornton Malta |
| Netherlands | Grant Thornton Accountants en Adviseurs BV |
| Norway | Grant Thornton Revisjon AS |
| Poland | Grant Thornton Frąckowiak Sp. z o.o sp.k. Grant Thornton Polska Sp. z o.o. Sp.k |
| Portugal | Grant Thornton & Associados, SROC,Lda |
| Romania | Grant Thornton Audit SRL |
| Slovak Republic | Grant Thornton Audit, s.r.o. |
| Slovenia | Grant Thornton Audit d.o.o. |
| Spain | Grant Thornton, S.L.P. Grant Thornton Andalucia, S.L.P. Cruces Y Asociados Auditores, S.L.P. |
| Sweden | Grant Thornton Sweden AB |

Total assurance revenues attributable to EU/EEA member firms is \$513m (excluding the UK) (2020: \$435m)

Appendix F

Financial information and partner details

Revenue

Detailed below is the analysis of the firm's turnover for the year ended 31 December 2021 showing the relative importance of statutory audit work and the split of our other services between audit and non-audit clients.

| Name | Year ended 31 December 2021 | | Year ended 31 December 2020 | |
|---|-----------------------------|------------|-----------------------------|------------|
| | £ million | % | £ million | % |
| Public interest entities | 4.1 | 1 | 4.9 | 1 |
| Other entities | 141.4 | 25 | 125.6 | 25 |
| Statutory audit and related fees | 145.5 | 26 | 130.5 | 26 |
| Non-audit work to audit clients | 48.8 | 9 | 48.7 | 10 |
| Sub-total audit clients | 194.3 | 35 | 179.2 | 36 |
| Non-audit work to non-audit clients | 376.0 | 65 | 317.2 | 64 |
| Total | 570.3 | 100 | 496.4 | 100 |

Profitability

The Consultative Committee of Accountancy Bodies issued a Voluntary Code of Practice on Disclosures of Audit Profitability (the Audit Profitability Code) in March 2009. Under the code, revenue, direct costs, and overheads for the reportable segment are recognised and measured on a basis consistent with our consolidated financial statements.

Revenue from audit services for this purpose includes any audit required by UK statute and required to be carried out in accordance with the ISAs (UK) along with other work that 'fits naturally' with the auditor's statutory responsibilities.

Operating profit has been calculated after direct costs for example, employment costs and allocating other overheads for example, property, technology central overhead. Overheads are deducted based on pro rata headcount or turnover attributable to audit. Partner remuneration is excluded from Operating profit.

| Derived from the financial statements | Year ended 31 December 2021 | Year ended 31 December 2020 |
|---------------------------------------|-----------------------------|-----------------------------|
| Revenue | 145.5 | 130.5 |
| Operating profit | 15.7 | 11.3 |

Partner drawings

The primary distribution on profits is in accordance with partners' profit-sharing units, these are allocated depending on the role and a previous track record of performance. A further percentage of the profit pool each year is allocated based on a balanced assessment of behavioural and operational metrics in the year. The aim of this is to link performance to the three areas of our strategy i.e. Quality, Talent and Value,

as well as the achievement of its long-term goals. This assessment has a particular focus on ensuring quality is at the heart of everything we do.

Any behaviours inconsistent with our values and expected standards of behaviour as set out in the Code of Conduct result in a reduction of profit shares.

CEO and SLT remuneration

As noted on page 13, the Remco, a subcommittee of the PGB, is responsible for setting the basis and criteria against which the CEO is measured, including the setting of targets and assessment of actual achievements. It also approves the CEO's allocation of profit-sharing units to other partners on the SLT.

Remuneration of audit personnel

Managers and above in Audit receive an annual quality rating. For Partners and Directors who sign audit opinions this is based on the complexity, risk and quality of the work for which they are responsible. The gradings consider a range of quality criteria including the results of both internal and external monitoring, attendance at mandatory training, ethical matters and feedback on any technical roles that they perform. The rating contributes towards the level of remuneration received by each audit partner and director. People in the audit practice, including audit partners are not remunerated by reference to sales of non-audit services to their audit clients.

INE remuneration

Our INEs are remunerated based on their roles:

| | 12 months to 31 December 2021 | 12 months to 31 December 2020 |
|----------------|-------------------------------|-------------------------------|
| | £ | £ |
| Imogen Joss | 128,750 | 75,250 |
| Deena Mattar | 114,584 | 75,250 |
| Philip Johnson | 110,000 | 101,083 |
| Laurie Benson | 42,262 | - |
| Ed Warner | 33,750 | 135,250 |

Appendix G

Public interest entities

Below is a list of EU public interest entities (as defined in EU Directive 2014/56/EU) for which we signed an audit report during the year ended 31 December 2021. It therefore does not necessarily include all EU public interest entities for which we are appointed the statutory auditor.

| Entity Name | Company No |
|---|--------------------|
| Accent Capital Plc | 12007129 |
| Allianz Technology Trust Plc | 3117355 |
| Aptitude Software Group Plc | 1602662 |
| Aurora Investment Trust Plc | 3300814 |
| Bristol City Council | n/a |
| Darktrace Plc | 13264637 |
| Ediston Property Investment Company Plc | 9090446 |
| EverArc Holdings Limited | n/a BVI registered |
| HgCapital Trust Plc | 1525583 |
| Invesco Perpetual Select Trust Plc | 5916642 |
| JD Wetherspoon Plc | 1709784 |
| JPMorgan Japan Small Cap Growth & Income Plc | 3916716 |
| Kirklees Metropolitan Council | n/a |
| Medica Group Plc | 8497963 |
| Municipal Mutual Insurance Ltd | 76678 |
| National Exhibition Centre (Developments) Plc | 3301940 |
| Quarto Group, Inc (The) | FC013814 |
| Schroder UK Public Private Trust Plc | 9405653 |
| Swan Housing Capital Plc | 9362244 |
| The Wrekin Housing Group Limited | RC00 8067 |
| Wilmington plc | 3015847 |
| Witan Investment Trust Plc | 101625 |
| Yorkshire Housing Finance Plc | 9227343 |

Appendix H

Major Local Audits

Below is a list of Major Local Audits (as defined The Local Audit (Professional Qualifications and Major Local Audit) Regulations 2014) for which we signed an audit report during the year ended 31 December 2021. It is therefore does not include all Major Local Audits for which we are appointed the statutory auditor.

| | |
|--|---|
| Avon Pension Fund | London Borough of Hammersmith and Fulham Pension Fund |
| Barnsley Metropolitan Borough Council | London Borough of Lewisham |
| Birmingham City Council | London Borough of Lewisham Pension Fund |
| Bournemouth Christchurch and Poole Council | London Borough of Sutton |
| Brent London Borough Council | London Pensions Fund Authority |
| Brent Pension Fund | Maidstone and Tunbridge Wells NHS Trust |
| Brighton and Hove City Council | Manchester CCG |
| Bristol City Council | Mayor's Office for Policing and Crime |
| Buckinghamshire Healthcare NHS Trust | Medway Council |
| Chief Constable of Avon and Somerset | Merseyside Pension Fund |
| Chief Constable for Merseyside Police | NHS Bedfordshire Clinical Commissioning Group |
| Chief Constable for West Midlands Police | NHS Bristol, North Somerset and South Gloucs CCG |
| City of Westminster Council | NHS BSW (Bath and North East Somerset, Swindon and Wiltshire) CCG |
| Commissioner of Police of the Metropolis | NHS Cheshire Clinical Commissioning Group |
| Cornwall Council | NHS Cumbria Clinical Commissioning Group |
| Cornwall Pension Fund | NHS Devon Clinical Commissioning Group |
| Cumbria County Council | NHS East Lancashire Clinical Commissioning Group |
| Cumbria Pension Fund | NHS Gloucestershire Clinical Commissioning Group |
| Devon Pension Fund | NHS Herefordshire and Worcestershire Clinical Commissioning Group |
| Doncaster Metropolitan Borough Council | NHS Kernow Clinical Commissioning Group |
| East Sussex County Council | NHS Kent and Medway Clinical Commissioning Group |
| East Sussex Healthcare NHS Trust | NHS Leicester City Clinical Commissioning Group |
| East Sussex Pension Fund | NHS Liverpool Clinical Commissioning Group |
| Gloucestershire CC Pension Fund | NHS Northamptonshire Clinical Commissioning Group |
| Gloucestershire County Council | NHS Salford Clinical Commissioning Group |
| Hammersmith and Fulham Pension Fund | NHS Shropshire Clinical Commissioning Group |
| Kent County Council | NHS Somerset Clinical Commissioning Group |
| Kent Pension Fund | NHS South Eastern Hampshire Clinical Commissioning Group |
| Kingston upon Thames Pension Fund | NHS South West London Clinical Commissioning Group |
| Kirklees City Council | NHS Walsall Clinical Commissioning Group |
| Lancashire County Council | NHS West Hampshire Clinical Commissioning Group |
| Lancashire Pension Fund | NHS Wigan Borough Clinical Commissioning Group |
| Leeds City Council | NHS Wirral Clinical Commissioning Group |
| Leicester City Council | North Bristol NHS Trust |
| Leicestershire County Council | Nottingham City Council |
| Leicestershire Pension Fund | Nottinghamshire County Council |
| Lewisham and Greenwich NHS Trust | Nottinghamshire Pension Fund |
| Lewisham Pension Fund | |
| London Borough of Hammersmith and Fulham | |

Pennine Acute Hospitals NHS Trust
Plymouth Hospitals NHS Trust
Police and Crime Commissioner for Merseyside
Police and Crime Commissioner for Avon and Somerset
Police and Crime Commissioner for West Midlands
Rotherham Metropolitan Borough Council
Royal Borough of Greenwich
Royal Borough of Greenwich Pension Fund
Royal Borough of Kensington and Chelsea
Royal Borough of Kensington and Chelsea Pension Fund
Royal Cornwall Hospitals NHS Trust
Sandwell and West Birmingham NHS Trust
Somerset County Council
Somerset Pension Fund
Solihull Metropolitan Borough Council
South Gloucestershire Council
Surrey County Council
Surrey Pension Fund
Sutton Pension Fund
Swindon Borough Council
University Hospital of North Midlands NHS Trust
Warwickshire County Council
Warwickshire Pension Fund
Walsall Metropolitan Borough Council
West Midlands Combined Authority
West Midlands Pension Fund
Westminster Pension Fund
West of England Combined Authority
Wirral Metropolitan Borough Council
Wolverhampton City Council
Worcestershire Acute Hospitals NHS Trust
Worcestershire County Council
Worcestershire Pension Fund



Appendix I

Definitions and contacts

Definitions

Advocacy threat

When the firm undertakes work that involves acting as an advocate for an entity relevant to an engagement and supporting a position taken by management in an adversarial or promotional context

AFGC

Audit Firm Governance Code

AFMAS

Audit Firm Monitoring and Support – FRC programme

APS

Audit Professional Services

AQB

Audit Quality Board of the firm

AQR

Audit Quality Review team of the FRC

ARGA

Audit, Reporting and Governance Authority

BEIS

Business, Energy & Industrial Strategy

CEO

Chief Executive Officer

CIOT

Chartered Institute of Taxation

COO

Chief Operating Officer

Covered person*

A person in a position to influence the conduct or outcome of the engagement

CPAB

Canadian Public Accountability Board

CPD

Continuing Professional Development

CTOP

Central Take-on Panel

EB

Ethics Board of the firm

EEA

European Economic Area

EF

Ethics Function of the firm

Engagement leader/Partner*

The partner or other person in the firm who is responsible for the engagement and its performance and for the report that is issued on behalf of the firm

EQCR

Engagement Quality Control Review*. A process designed to provide an objective evaluation, on or before the date of the report, of the significant judgments the engagement team made and the conclusions it reached in formulating the report

Ethical standard

Revised Ethical Standard 2019 issued by the FRC

ESIP

Ethics Strategic Implementation Plan

EU

European Union

Familiarity threat

When the firm or a covered person predisposed to accept, or is insufficiently questioning of, the point of view of an entity relevant to the engagement. Such threats may arise, for example, where close personal relationships are developed with such an entity's personnel through long association with the entity

FCA

Financial Conduct Authority

FRC

Financial Reporting Council

GIS

Global Independence System

GLT

Global Leadership Team

GTAR

Grant Thornton Assessment & Review

GTIL

Grant Thornton International Limited

H&S

Health and Safety

IAB

Inclusion Advisory Board

IAASB

International Auditing and Assurance Standards Board

ICAEW

Institute of Chartered Accountants in England and Wales

IESBA

International Ethics Standards Board for Accountants

IFIAR

International Forum of Independent Audit Regulators

INE

Independent Non-Executive

Intimidation threat*

An intimidation threat arises when the conduct of the firm or a covered person is influenced by fear or threats

IC

Investment Committee of the firm

IPA

Insolvency Practitioners Association

ISAs (UK)

International Standards on Auditing (UK) – Issued by the FRC

ISQC 1

International Standard on Quality Control (UK) 1: Quality control for firms that perform audits and reviews of historical financial information and other assurance and related engagements

ISQM 1

International Standard on Quality Monitoring (UK) No 1

KAPs

“Key Audit Partner” is the individual registered with the ICAEW to sign audit reports for audits subject to the Local Audit and Accountability Act 2014

key audit partner

The statutory auditor of a particular audit engagement who signs the audit report. The statutory auditor of the group and the statutory auditor designated at the level of material subsidiaries

KPI

Key Performance Indicator

Local auditor

Audit firm registered under the Local Audit and Accountability Act 2014

Major Local Audit

An entity where either:

- a the higher of the relevant authority’s total income (from all sources) for that financial year and its total expenditure (from all sources) for that financial year exceeds £500 million
- b the relevant authority is required to maintain a pension fund under regulations under section 1 of the Public Service Pensions Act 2013(8) as they relate to local government workers (within the meaning of that Act) and either:
 - (i) more than 20,000 members of a scheme established under those regulations, in relation to local government workers within the meaning of that Act, have rights relating to that fund, or
 - (ii) the fund has gross assets of £1,000 million or more

Management threat*

Where the firm provides non-audit/additional services and based on that work, management are required to make judgments and take decisions. The persons conducting the service may become closely aligned with the views and interests of management and this may erode the distinction between the entity and the firm, in turn, impairing or calling into question the ability of the persons conducting an engagement to apply a proper degree of professional scepticism

NAR

National Assurance Review

NAS

National Assurance Services

Other key partner

A partner, or other person in the engagement team (other than the engagement partner or engagement quality control reviewer) who either:

- a is involved at the group level and is responsible for key aspects of the engagement, including decisions or judgments on significant matters or risk factors that relate to the engagement for that entity
- b is primarily responsible for the engagement work in respect of a significant affiliate, division or function of the entity

Partners

Members of Grant Thornton UK LLP

PCAOB

Public Company Accounting Oversight Board (US regulator)

PIC

Public Interest Committee of the firm

PIE

Public interest entity – these are:

An issuer whose transferable securities are admitted to trading on a UK regulated market

A credit institution within the meaning of Article 4(1)(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council, which is a CRR firm within the meaning of Article 4(1)(2A) of that Regulation;

A person who would be an insurance undertaking as defined in Article 2(1) of Council Directive 91/674/EEC of 19 December 1991 of the European Parliament and of the Council on the annual accounts and consolidated accounts of insurance undertaking as that Article had effect immediately before exit day, were the United Kingdom a Member State

PGB

Partnership Governance Board of the firm

PRG

Policy and Reputation Group. The PRG brings together representatives from the large UK audit firms to develop an understanding of evolving public interest issues
See www.theprg.uk

QAD

Quality Assurance Department of the ICAEW

QMA

Quality Management Approach

QST

Quality Standards Team

RAC

Risk and Audit Committee of the firm

RemCo

Remuneration Committee and Profit Share Committee

RI

“Responsible Individual” an individual registered with the ICAEW to sign audit reports on behalf of the firm – except in the public sector see KAP

SEC

Securities and Exchange Commission

SIP

The Strategic Investment plan is the audit wide plan for fundamental quality improvement projects

Self-interest threat

When any of the firm, its partners, staff or other covered persons, has financial or other interests which might cause the firm or any covered person to be, or perceived to be, reluctant to take actions in connection with the engagement that would be adverse to such interests of the firm or any such person

Self-review threat*

When the results of non-audit/additional services, or where the subject matter of such services, whether performed by the firm, the engagement team or others within the firm, are addressed in the engagement or reflected in the amounts included or disclosed in the financial statements or other subject matter information of the engagement

SLT

Strategic Leadership Team of the firm

“firm”

Refers to “Grant Thornton UK LLP” and certain subsidiary entities

“our”

Refers to “Grant Thornton UK LLP”

“us”

Refers to “Grant Thornton UK LLP”

“we”

Refers to “Grant Thornton UK LLP”

Definitions denoted with an * have a more detailed definition in the FRC’s glossary of terms available at [www.frc.org.uk/getattachment/d4968a74-15d1-47ce-8fc4-220ae3536b06/Glossary-of-Terms-\(Auditing-and-Ethics\)-\(Updated-Jan-2020\).pdf](http://www.frc.org.uk/getattachment/d4968a74-15d1-47ce-8fc4-220ae3536b06/Glossary-of-Terms-(Auditing-and-Ethics)-(Updated-Jan-2020).pdf)

Contact details

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