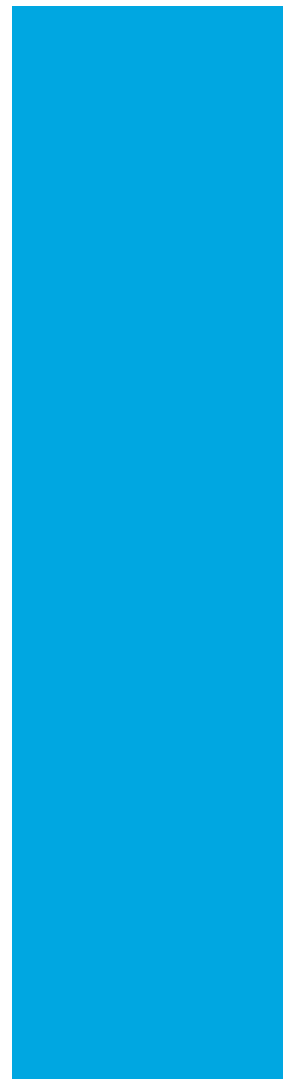


Transparency Report 2020







TRANSPARENCY REPORT FOR THE YEAR ENDED 30 JUNE 2020

RSM (the Firm) is a full-service national accounting firm delivering expert corporate, financial and advisory accounting services to clients across diverse industry sectors.

Our one-firm structure underscores a client-focused culture, which enables our clients to more readily connect to our extensive national and international networks, expertise and industry experience. RSM boasts a national network of 30 offices which, combined with over 95 years' experience, has helped us develop an extensive understanding of Australian business trends and conditions. Our unique culture nurtures strong collaborative client partnerships across growth-focused entrepreneurial businesses, leading multinational organisations operating within diverse industry sectors, not-for-profit organisations, and government entities.

As a single firm, we provide strong service benefits to our clients. Our structure enhances business efficiencies, reduces internal bureaucracy, and underpins our client focused culture. It also assists our clients in readily connecting to partners / directors and senior advisers, providing both leading advice and great value for money.

Legal structure and ownership

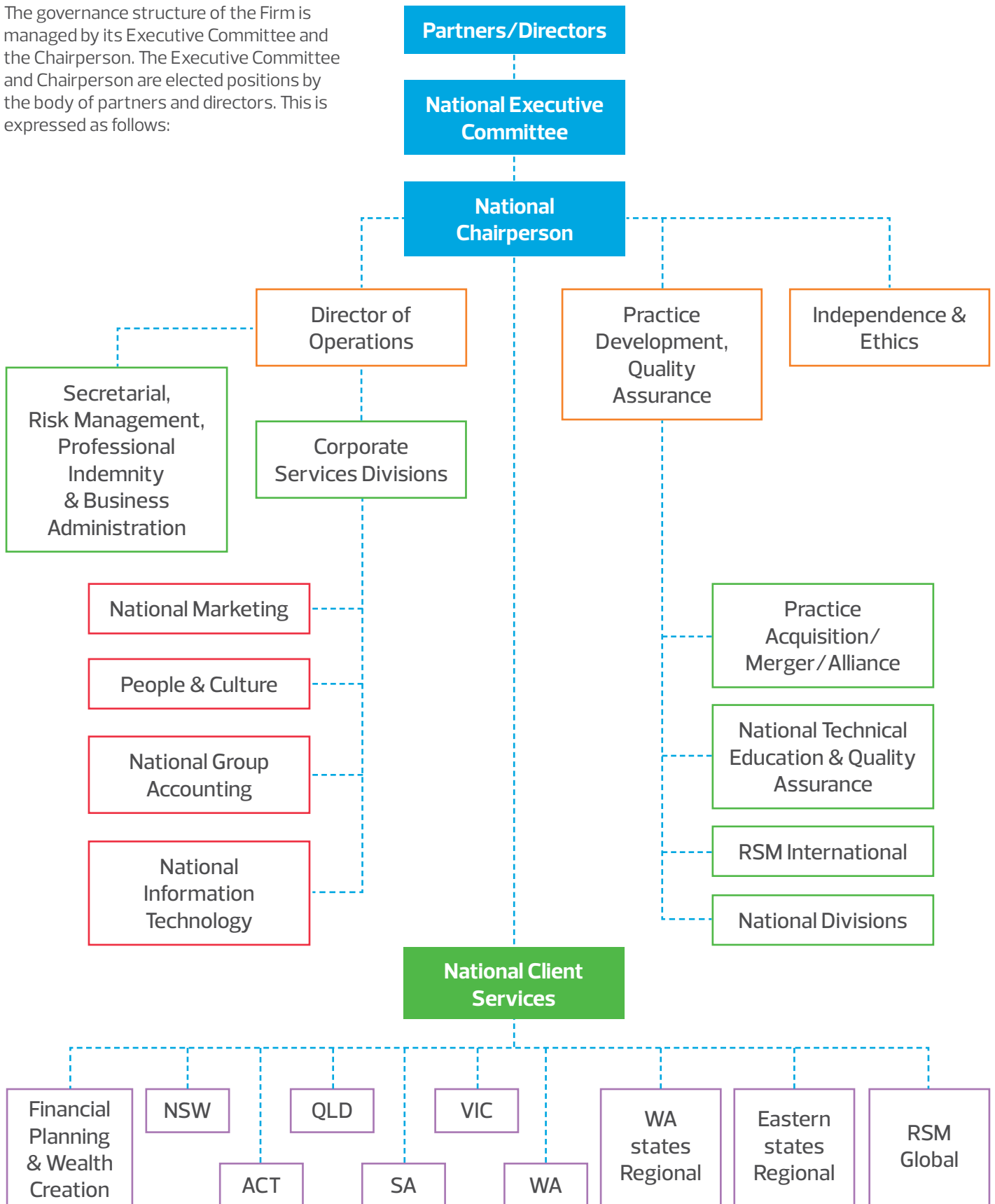
RSM Australia conducts business through the following entities:

- RSM Australia Partners (ABN 36 965 185 036), conducting statutory audit and formal insolvency appointments pursuant to the *Corporations Act 2001*
- RSM Corporate Australia Pty Limited (ABN 82 050 508 024), an Australian Financial Services Licensee conducting corporate advisory services
- RSM Financial Services Australia Pty Limited (ABN 22 009 176 354), an Australian Financial Services Licensee conducting a licensed financial planning business
- RSM Australia Pty Ltd (ACN 009 321 377), as trustee for Birdanco Practice Trust (ABN 65 319 382 479), trading as RSM, conducting all other engagements, including non-statutory audit and insolvency engagements

The above entities are controlled by the partners / directors of RSM.

GOVERNANCE STRUCTURE

The governance structure of the Firm is managed by its Executive Committee and the Chairperson. The Executive Committee and Chairperson are elected positions by the body of partners and directors. This is expressed as follows:



OVERVIEW OF RSM INTERNATIONAL

RSM Australia is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right.

RSM is the sixth largest network of independent accounting and consulting firms. The network now comprises members and correspondents in 120 countries with over 810 offices and 43,000 total staff, and combined revenues in excess of US\$5.74 billion, of which approximately US\$2.5 billion was derived from audit services.

The network is administered by RSM International Limited, a company registered in England and Wales. Intellectual property rights used by members of the network are owned by RSM International Association.

Many RSM member firms are among the top seven in their respective countries, and possess some of the best professional resources and experience available. The member firms have a broad client base from large listed and international companies to smaller, owner-managed businesses in the public and private sector. In addition to traditional assurance services, within RSM there are significant resources and experience in tax, transaction support, risk management, internal audit and corporate recovery and insolvency.

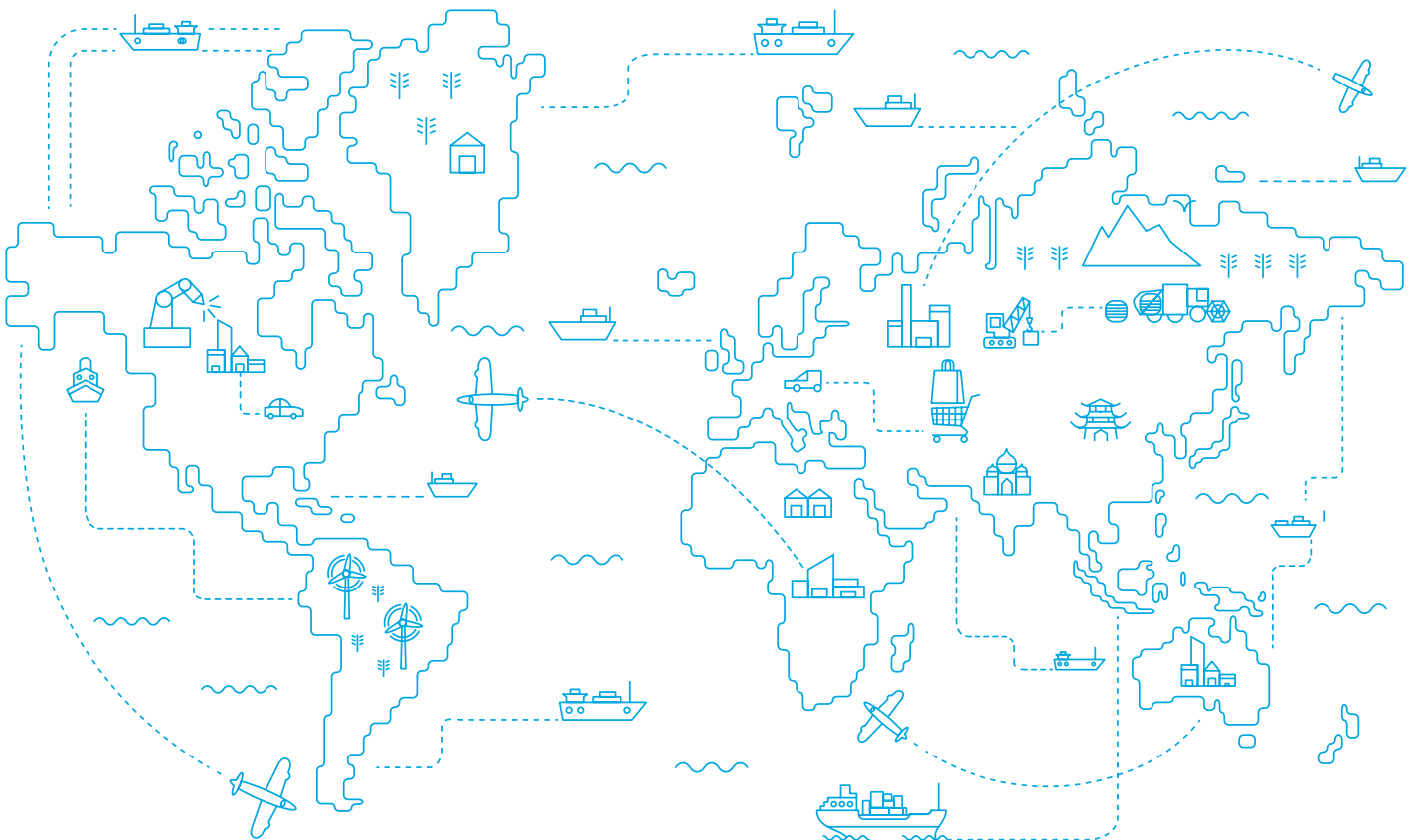
Further information on the RSM International network of firms can be found in the [RSM International Transparency Report](#).

Membership in the forum of firms

RSM is a member of the Forum of Firms, an organisation formally established in 2002 as an association of international networks of accounting firms that perform transnational audits.

RSM is active in and fully supports the objective of the Forum of Firms which is to promote consistent and high-quality standards of financial reporting and auditing practices worldwide and to support convergence of national audit standards with the International Standards on Auditing.

Marion Hannon, Global Leader for Quality and Risk for RSM International, currently represents RSM as member of the Forum of Firms' Transnational Auditors Committee.

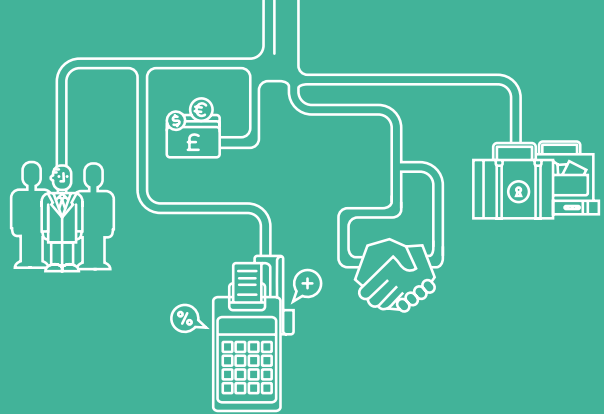


OUR VALUES AND PURPOSE

The RSM network connects member firms through shared core values which focus on the delivery of excellence. This is reflected in common methods and processes, including commonly agreed and applied quality standards. This connection provides comfort to RSM member firm partners and their clients that the quality of service and advice to referred clients will be to a consistently high standard, everywhere in the world.

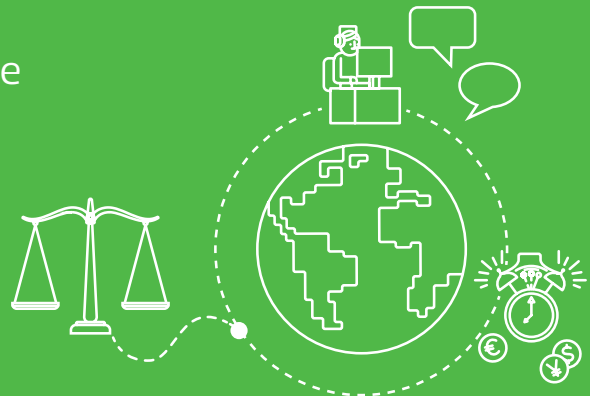
INTEGRITY IN EVERYTHING

Integrity underpins our high standard of professionalism and is paramount to building trusted and collaborative relationships with our clients and each other.



SUPPORTING CLIENTS EVERYWHERE

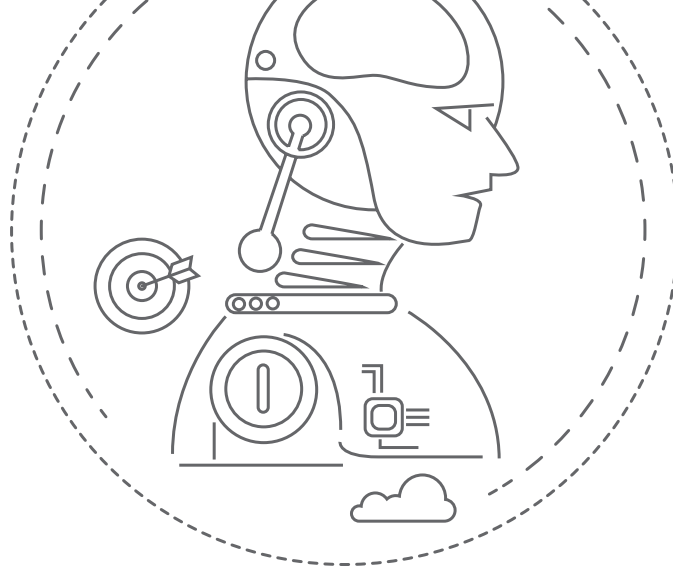
We aim to empower our clients to move forward with confidence, building a deep understanding of what matters most in their needs and aspirations.



DEVELOPING & VALUING EVERYONE

We value the staff diversity and provide a supportive environment for our people to develop in their skills, roles and contributions to the RSM team.





THE POWER OF BEING UNDERSTOOD

We exist to empower our clients to make confident decisions. To achieve this, we focus on a single clarifying thought: The Power of Being Understood. This is the idea that sits as the heart of our brand and guides us in our decisions, behaviours, values and actions.

Our purpose is to deliver the **Power of Being Understood** to our clients, colleagues and communities through:

- **Collaboration**, by building strong, collaborative and lasting relationships with all our stakeholders, by being accessible, responsive and adaptive.
- **Ideas and Insight**, by gaining a deep understanding of clients' needs, strategy and aspirations, and striving to be an essential part of their business environment.
- **Understanding**, by providing every client with the benefits of tailored thinking, and the insight of our more senior experts, both locally and globally.

THE CLIENT COMMITMENT

From new trade rules to talent migration, from big data to cyber threats, the world has been changing at an unprecedented pace. The year 2020 has come with the additional challenge of a viral pandemic, which has led governments to respond with previously unseen measures including stay-at-home orders, border closures and curfews. The markets have responded with significant volatility. At RSM, through our commitment to our people and to innovation, we have been able to rapidly adapt to the world's changing needs, and continue supporting our clients with strong relationships based on a deep understanding of what matters most to our clients. It is our strong, collaborative approach that differentiates us.

We will strive to truly understand each client, their strategies and aspirations and endeavour to be considered the adviser of choice. By sharing the ideas and insights of our most senior professionals, we bring our expert local and global knowledge and resources to each client's environment, so they feel understood and are empowered to move forwards with confidence. This is the power of being understood. This is the RSM experience and our commitment to every entity with which we work together.

INNOVATION AT RSM

RSM has a strong commitment to innovation and entrepreneurship, demonstrated by involvement in several programmes designed to foster and support innovators through expert advisory services, collaboration, budgeting, and financial services.

Working in a collaborative and responsive way means that we tailor our services to ensure clients are at the forefront of international best practice in relation to technology and innovation, within a rapidly changing global economy. Our audit approach reflects the rapid transformations in business that many of our clients are undertaking, with a greater focus on technology, data security and integrity issues, and on the insights that can be gained from effective use of data analytics.

Within RSM, an Innovation Committee drives change activities designed to ensure that quality remains at the forefront of our client relationships. Through an Innovation portal, staff at all levels of the practice are encouraged to submit ideas for ways in which RSM can innovate to promote improved operational effectiveness and client service.

By 2020, over 400 ideas were logged, of which half were either implemented or in implementation at the date of this report. From setting up a focus group to monitor and develop best practice for remote-auditing during this period, to the transformation of our yearly face-to-face National Technical Conferences into an online delivery model, through to new ways of ensuring staff engagement and wellbeing through remote means, RSM has continued to respond rapidly and innovatively to the challenges of a continuously changing business environment, which this year, has been further impacted by the COVID-19 pandemic.

FOUNDATION OF QUALITY

Audit Quality

Quality is the absolute cornerstone of RSM. To reinforce the message that audit quality is of the utmost importance in RSM, the Global Executive Office (GEO) develops and maintains global resources and tools for member firms, including:

- An audit methodology delivered via technology and software that is used globally
- An audit methodology manual and quality assurance and risk containment policies that are designed in accordance with international auditing, quality control, independence and ethics standards
- A comprehensive proprietary intranet service where information is housed for member firms covering topics such as auditing, financial reporting, ethics and independence requirements and training on all topics, processes and protocols enabling consultation with the Global Executive Office with regard to audit, independence and ethics matters

The overall responsibility for effective and high-quality functioning of the member firm's assurance practices lies with the RSM Global Leader for Quality & Risk, Marion Hannon.

The Transnational Assurance Services Executive Committee (TASEC) sets the strategy and direction of the assurance practices, which is then implemented through the RSM Global Leader for Quality & Risk and the Global Executive Office team. The heads of audit from member firms are also called upon to form taskforces, and to seek input with respect to the specific needs of, and projects undertaken by, the Global Executive Office.

The Global Leader for Quality & Risk is also supported in strategy implementation by functional leaders for audit methodology and technology, International Financial Reporting Standards, global inspection and monitoring programmes, and assurance services training.

RSM's Global Audit Methodology: RSM Orb

During 2019, we rolled out our newly redeveloped RSM Global Audit Methodology, the culmination of a multi-year project to develop an audit methodology that is focused on quality but also is effective and efficient. The year 2020 was the first full year of its operation, and we have seen the benefits of the methodology and its four elements:

- A Proprietary Global Methodology
- A Global Audit Manual
- An RSM template (RSM Orb), housed in licenced software (CaseWare)
- Accompanying guidance

This roll-out, with its associated software tools, is an embodiment of RSM's strategic plan – The Power of Focus – for the period to 2022, including:

- **Common Methods and Processes:** the required use of common work programmes throughout the RSM network will aid consistency and high quality in both domestic and global audits. Member firms will reference the same forms, processes and

methodology. Collaboration, one of RSM's key values, is made much easier when we have one way of doing things which we all understand and buy into.

- **Market Position:** the new methodology will help to enhance our market position as we go to market with a truly global audit offering and compete in today's global environment. Prospective and current clients of member firms are demanding consistent performance across their global service providers and the new audit methodology will serve to meet those client demands.
- **People:** not only will our people be equipped with state-of-the-art tools, but those auditors who take part in our secondment programmes will also be using familiar software and tools wherever they are in the world.

We have seen the start of the ways in which the RSM Global Audit Methodology will serve our network, even in a year of such disruption.

However, the roll-out of this audit methodology is not the end of the story for RSM's audit approach. We have learned much in the past few years about developments such as blockchain, data analytics and artificial intelligence and auditors need to respond to the increasingly fast pace of technological change. In addition, there will continue to be challenges resulting from regulatory changes in regimes across many countries. In developing our new methodology we have been mindful of the issues which auditors are facing and have taken care to build processes and tools that are flexible and form a foundation conducive to innovation and the strengthening of our audits well into the future.

The RSM Global Audit Methodology incorporates the text of International Standards on Auditing (ISAs), and adds additional guidance paragraphs setting out how RSM has interpreted the requirements. The methodology is therefore optimised and risk-based. It also includes practice aids to provide additional guidance and local additions, where required by country-specific regulations or environments.

New functionality has been added to our audit software, to improve the flow of our audit process, to aid navigation, and to ease the review process.

RSM Orb includes requirements for engagement quality control reviews and mandatory consultations with a member firm's Head of Audit (or their designee), Head of Ethics and Independence (or their designee), or another suitably qualified partner, as appropriate.

RSM Orb complies with the requirements of the following:

- International Standards on Quality Control issued by the International Auditing and Assurance Standards Board (IAASB)
- International Standards on Auditing issued by the IAASB
- International Auditing Practice Statements issued by the IAASB
- RSM Quality Assurance and Risk Containment Policies

RSM Technical Committees

RSM has established the following technical committees, leadership and advisory groups comprised of professionals from member firms around the world. These include:

- Transnational Assurance Services Executive Committee, which is responsible for setting the audit methodology and other audit related policies, and has oversight of all RSM global inspection and monitoring programmes
- IT Committee, which is actively engaged in the review, analysis and support of the IT infrastructure
- International Tax Leadership Group, which supports and develops quality control standards for tax services
- IFRS Advisory Committee, which provides direction and strategy with respect to IFRS services within the RSM network, as well as serving as the top IFRS consultant body within the RSM network.
- Risk Advisory Services Leadership Group, which supports and develops quality control standards for risk advisory services
- Operational Risk Committee, which is responsible for overseeing the development and management of operational risks for the network
- Innovation Committee, which is responsible for identifying and assessing opportunities arising for innovation contributing to the growth and long-term development of the RSM network

RSM Centres of Excellence (CoEs)

CoEs play a critical part in our international business development efforts, and also serve to enhance member firm core competencies in services delivered. The CoEs are groups of professionals from various member firms who aim to establish standard practices, ensure seamless regional delivery and align our resources to enable targeting of mid-size and larger, more sophisticated companies. Based on the needs of the network, the CoEs are globally coordinated and organised on a regional basis.

Global IFRS Resources

Australian Accounting Standards are fully aligned with International Financial Reporting Standards ("IFRS"), and therefore are a core skill for RSM. RSM's National Technical Director is a member of the global RSM IFRS Advisory Committee which is supported by the RSM IFRS Centre of Excellence. The RSM IFRS Advisory Committee comprises several member firm representatives possessing high level IFRS expertise. The responsibility of the IFRS Advisory Committee is to provide direction and strategy with respect to IFRS services to the Global Executive Office as well as serving as the top IFRS consultant body within RSM. The RSM Centre of Excellence comprises representatives from each member firm who possess IFRS expertise in particular facets of IFRS.

The IFRS Centre of Excellence, under the direction of the IFRS Advisory Committee, promotes global quality and consistency of IFRS services through the following activities:

- Operation of an IFRS help desk
- Development and delivery of IFRS training programmes and material, covering timely and relevant IFRS topics
- Publishing technical alerts and monthly bulletins and other technical resources and tools
- RSM is also active in the development of IFRS on a profession-wide scale by contributing global comment letters on proposed new standards and participating in the review process for new training on IFRS offered by standard-setting bodies

Transnational Assurance Services Executive Committee (TASEC)

As an executive committee of the RSM International Board of Directors, TASEC is responsible for developing, promulgating and monitoring compliance with all standards issued by the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA). TASEC is also charged with monitoring the operation of quality assurance activities conducted by the Global Executive Office, including the approval of due diligence reports for the admission of new member firms, the approval of member firm inspection reports, and action plans to address deficiencies noted during the global inspection programme. Other responsibilities of TASEC include developing, promulgating and monitoring compliance with the:

- Requirements of the RSM Audit Manual
- Non-service line specific and assurance services requirements of the RSM Quality Assurance and Risk Containment Policies
- Requirements of the RSM Ethics and Independence Policies
- Requirements of the RSM Anti-Bribery and Corruption Policies
- Requirements of the Policies and Procedures for the Global Inspection Programme and Member Firm Inspection Programme
- Requirements of the RSM Assurance Services Training and Continuing Professional Development Policies

When appropriate, TASEC, upon recommendation of the Global Executive Office, also recommends sanctions against member firms and professionals as a result of non-compliance with the Committee's directives. The RSM Board of Directors ultimately acts on any such recommendations.

According to its terms of reference, TASEC consists of five to nine members of suitably qualified and experienced audit partners or audit directors from member firms. The chair of TASEC is selected by the RSM International Board of Directors from the members of the Committee and serves for a term of three years and can be re-nominated at the end of the three-year term.



PUTTING PEOPLE AT THE HEART OF TRANSFORMATION

By Jean Stephens, CEO of RSM International

When it comes to business related parlance, the buzzwords dominating most current conversations include “digital”, “technology”, “innovation” and “Artificial Intelligence (AI)”. But are we in danger of forgetting that behind every technological or innovative development is, ultimately, a human?

I am always surprised at the number of people I meet who see digital transformation purely as an IT exercise. To experience change, particularly in terms of digital, businesses must first build a culture that encourages people to drive that change.

Human intelligence drives AI, machine learning, the Internet of Things (IoT) and big data. The future of our digital economy, with its assurances of enhanced efficiency and sustainability, needs committed people who fully understand the digital journey, in order to drive transformation.

The concept of digital transformation was high on the agenda at our recent annual RSM World Conference in Rome. Each year, the event serves as an opportunity for our network to come together, collaborate and explore how we can further develop a culture of innovation, build agility and shape technologically empowered client services for middle-market business leaders across the world.

One of the key takeaways from this year's 'NextGen RSM' themed conference was a network wide conversation on how 2019 has been instrumental in defining what innovation and digital transformation mean to RSM. We looked forward to what the impact technology will have on our profession and, consequently, what we need to do to ensure we continue adapting, and meet the changing needs of our clients, in this fast-paced and connected world.

Looking towards 2020, how do we ensure we maintain the right momentum in order to make that happen? The answer, of course, is our people.

For so many businesses, decision making is a top down and centralised process. If an opportunity to innovate or use technology to improve client experience is spotted, it will be implemented by senior management. But after the investment of much time and money, how often have businesses witnessed the failure of transformation projects due to lack of further people investment?

For an organisation to fulfil cultural change, embed a new form of technology or adopt new and innovative approaches, it is vital that its people feel valued and part of the process from the beginning. Establishing a people first methodology will act as the driving force to get everyone on board with the broader digital transformation plans.

One of the best things about technology is that it often eliminates hierarchies and silos. Once an entire workforce has bought into a digital culture and is incentivised to follow a clear plan, employees will be motivated to take a level of ownership over the transformation process.

The result is that innovation prospers.

Contrary to popular belief, digital change doesn't have to be a complex and multi-layered process – with the right framework, it can be simple and successful. But it takes empowerment to make that happen.

The successful organisations of tomorrow will not be those who view technology as a bolt on to facilitate doing things just that little bit faster. The truly successful ones will be the businesses that fundamentally change what they do for the better, to reinvent client or user experience. Businesses that will succeed with digital transformation are those that put people central to their reinvention.

In a world where technology is creating incredible opportunities to transform the way we do everything, the biggest advantage a business can have is to realise a culture that sees a workforce which is empowered to use these new technologies to disrupt the status quo.



THE FIRM'S INTERNAL QUALITY CONTROL SYSTEM

The organisational structure, policies, procedures and communication programs promote an internal culture of quality throughout RSM member firms.

In Australia, the National Executive Committee of RSM Australia has responsibility for monitoring compliance with the minimum quality assurance policies and procedures. The Executive Committee has designated responsibilities for quality control as follows:

- National Technical Education & Quality Assurance Committee (NTEQAC), comprised of National Heads of Divisions, National Technical Director and chaired by a representative of the Executive Committee
- National Heads, which each have the responsibility to plan and co-ordinate the quality assurance program for their division. This involves liaising with the National Technical Director and reporting to the Executive on the quality assurance program within their division
- The National Technical Director, who is responsible for reviewing programs for internal quality inspections, analysing findings from internal and external inspections, and assisting with quality control initiatives of the divisions
- The Partner in Charge of Ethics and Independence, who is responsible for implementing and monitoring compliance with independence and ethics policies across all divisions

Acceptance and Continuance of Client Relationships and Specific Engagements

It is the Firm's policy to accept engagements only with those clients who fit the RSM key acceptance criteria. Such criteria includes client integrity, independence, understanding of the client's needs and service requirements, and the Firm's capabilities, in terms of both resources and expertise, to perform the work required by the client and to render the necessary reports to a high standard.

This evaluation is documented and signed by the engagement director. The level of approvals required to accept a client depends on a risk assessment process. Clients assessed as higher risk require additional approvals.

It is the Firm's policy to obtain such information as is considered necessary in the circumstances before accepting an engagement with a new client, when deciding whether to continue an existing engagement, and when considering acceptance of a new engagement with an existing client.

If a potential conflict of interest is identified during the consideration of accepting an engagement from a new or existing client, the firm determines whether it is appropriate to accept the engagement based on whether appropriate safeguards can be implemented to mitigate the risk. Where issues have been identified and the firm decides to accept or continue the client relationship, the engagement director records how the issues were resolved, and any safeguards put in place to mitigate the risk.

During the client acceptance process, the prospective engagement partner, or lead assignment partner, also assesses the level of risk attached to the engagement and determines whether special staffing, supervision and review requirements apply. A second partner is assigned to concur with a conclusion to accept any engagement or a client relationship that meets certain risk profiles.

Human Resources

RSM has developed and maintains hiring policies and procedures to provide reasonable assurance that individuals are recruited and hired on a timely basis to meet the Firm's human resource requirements. An annual recruiting plan is prepared by the Firm based on projections anticipating expected growth, turnover, advancements, retirements and other factors.



The National Executive Committee of RSM Australia has responsibility for monitoring compliance with the minimum quality assurance policies and procedures.

The Firm's personnel needs and hiring objectives are communicated to those involved in hiring. Individuals who are recruited and hired have integrity and the motivation and aptitude for the profession. They have adequate educational backgrounds, and qualifications which are appropriate for the positions for which they are hired.

The stages of recruitment include application by form or resume, interview, checking of references, and offer and acceptance of employment.

The hierarchical structure to career planning and advancement within the Firm has eight formal levels of career development across all divisions of the firm. The Firm's career development plan (CDP) specifies relevant subject knowledge, competencies and training for each of these career levels. This includes both technical knowledge and behaviours.

The structure and content of the CDP forms the basis of the performance appraisal process and is an integral part of assessing the progress and capability of all staff.

The performance of each professional is continuously evaluated by individuals who are most familiar with the professional's performance. Each professional is periodically (and at least annually) formally advised of progress towards their objectives, and their strengths and weaknesses to incorporate into their development plan, by means of an evaluation meeting with an appropriate manager and/or partner / director. The results are recorded in an online system, so that performance can be monitored over an extended period of time.

Advancement decisions are based on performance evaluations so that those selected for advancement have the qualifications necessary for fulfilment of the responsibilities they will be called upon to assume, and have the necessary commitment to, and understanding of, the firm's ethical requirements and quality assurance and risk containment policies.

Personnel files are maintained by the Human Resources division. They include details of the professional's career development, experience, performance evaluations and qualifications. Professional development courses are maintained on the staff training records database.

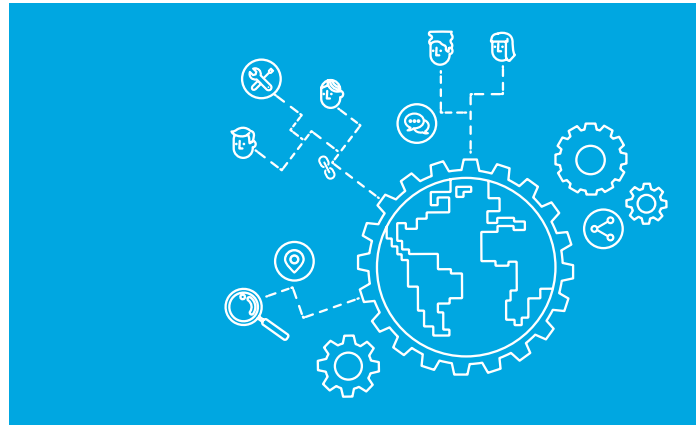
Training and Continuing Professional Development (CPD)

RSM creates and maintains training and CPD programmes that provide directors and professional employees with adequate training and training updates. The National Learning & Development (L&D) division is responsible for professional development, education and training. The National Executive is ultimately responsible for training overall, with NTEQAC taking responsibility for technical training. All staff attend a compulsory annual technical training conference for their relevant service line and CDP level. Attendance records are maintained, and details added to the training database. All participants complete evaluations on the conferences and presenters and this information is collated by the L&D division and reviewed by the National heads of each division.

During 2020, the firm migrated from planned face-to-face training to a virtual, online, mode of delivery, making use of its proprietary learning and development platform, OWL (Our Way of Learning), which runs on Cornerstone software. The OWL platform allows us to deliver both pre-recorded and live content digitally, while tracking attendance and completion of learning material.

RSM Assurance and Advisory Services Training and CPD policies require all partners / directors and qualified professional employees to develop and maintain competencies relevant and appropriate to their work and professional responsibilities. The responsibility for developing and maintaining competence rests primarily with each director and qualified professional employee.

Each partner / director and qualified professional employee must complete a minimum of 30 hours of Structured CPD per year, with a minimum of 90 hours in every three-year period.



Each qualified partner / director and professional employee must complete a minimum of 120 hours CPD (including unstructured CPD) in every three-year period.

This policy is consistent with the requirements of the Chartered Accountants Australia and New Zealand (CAANZ) Continuing Professional Education Requirements under which members must undertake a minimum of 120 hours over a three-year period. At least 20 hours (including a maximum of 10 hours of technical reading) must be completed annually.

As a member of the RSM International network, the Firm is required to create and maintain training and CPD programmes that provide directors and professional employees with adequate training and training updates (covering changes to underlying rules and standards) in the following areas:

- RSM Audit Methodology and Australian Auditing Standards
- Ethics and Independence policies
- International Financial Reporting Standards (IFRS)
- Relevant taxation laws which affect the determination of amounts and disclosures in the audited financial statements
- IT applications used by directors and professional employees for their employment duties and as evaluators of IT systems in the context of the financial statements audit
- Industry or product specific knowledge and understanding

Assignment of Engagement Teams

The Head of each service line is responsible for establishing and maintaining suitable processes for the assignment of a lead director to each engagement, to take responsibility for that engagement on behalf of the firm. They also ensure that the basis upon which such assignments are made are reviewed regularly, and that such basis include the requirements that the identity and role of the engagement director are communicated to the key members of client management and those charged with governance. The

responsibilities of the engagement director are clearly defined and communicated to that director.

The engagement director is responsible for ensuring that the engagement team has the appropriate expertise, ability and time to perform the engagement in accordance with professional standards and applicable local regulatory or legal requirements, to enable an appropriate report / other deliverable(s) to be issued in the circumstances.

Engagement Performance

NTEQAC is responsible for ensuring each service line develops specific performance and documentation requirements for services provided in their service line, including the form and content of workpapers.

The engagement director has the overall responsibility for the direction, supervision and performance of the engagement in compliance with applicable professional standards, regulatory and legal requirements and for ensuring an appropriate report is issued.

Specific responsibilities to ensure quality control are:

- Ensuring engagement team compliance with ethical and independence requirements
- Ensuring appropriate acceptance and continuance procedures are performed and documented
- Ensuring engagement team has appropriate competence and experience
- Ensuring an engagement quality control reviewer (EQCR) is assigned where required
- Ensuring appropriate consultations take place
- Reviewing work performed to ensure it is compliant with applicable professional standards, regulatory and legal requirements and supports the conclusion
- Ensuring report(s) or other deliverable(s) are in accordance with the terms of the engagement and any specific policies applying to the type of engagement
- Considering whether any deficiencies arising from the monitoring and inspection process have any effect on the engagement

Supervision and Review

The level of supervision and review will vary with the type of engagement and composition of the team. Each service line is responsible for determining specific review requirements for services they provide. As a minimum, our review requirements ensure that work has been properly carried out, concluded upon and documented in accordance with any additional service line policies. In addition, the review is designed to ensure that there is a reasonable basis for the opinions, presentations or conclusions expressed in the report or other deliverable.

RSM policy requires engagement quality control reviews (EQCRs) to be conducted for any engagement or a client relationship in specified circumstances which indicate an engagement or client to be of higher than normal risk. This will include engagements with disclosing entities and other major public interest entities.

The purpose of an EQCR is to provide the firm with assurance, in high risk situations, that adequate work has been performed and supporting evidence obtained and properly evaluated, in support of the report or other deliverable prior to their release. It provides an objective evaluation of the significant judgements made by the engagement team, the conclusions reached in formulating the report or other deliverable and the compliance with applicable professional standards, regulatory and legal requirements.

The Head of each principal service line is responsible for developing processes for assigning an EQCR to an engagement. An EQCR is required to be an independent partner or director, or other suitably qualified person or team, who is not engaged in the performance of the engagement or the provision of other services to the client entity or group of entities. They are required to have the necessary authority, technical competence and industry sector experience to perform an independent review of the quality of the particular engagement or service provided to the client entity or group of entities to which they have been assigned. For example, an engagement quality control reviewer assigned to the audit of a listed entity should be an individual who has sufficient experience and authority to serve as an engagement director on audits of listed entities.

Consultation

RSM professionals are expected to seek assistance from persons possessing specialised knowledge and expertise whenever they encounter situations where they lack sufficient knowledge and experience and in certain specific situations prescribed by RSM policy. The engagement director is responsible for ensuring that the issue on which consultation was sought and the results of the consultation – including the decisions taken, the basis thereof and how those decisions were implemented – are fully documented and agreed with the person(s) consulted.

INTERNAL MONITORING AND INSPECTION

Global Inspection and Monitoring Programmes

In our relentless pursuit of quality, RSM has developed both individual member firm inspection and monitoring programmes, as well as RSM's global inspection and monitoring programme. Under the joint operation of these programmes, RSM member firms are provided with the necessary information with regard to the design, implementation and operating effectiveness of their quality control practices surrounding their assurance practices as well as other service lines.

Each individual RSM member firm is required to establish a monitoring process designed to provide it with reasonable assurance that the policies and procedures relating to the system of quality control over its assurance practice are relevant, adequate, operating effectively, are aligned with RSM expectations and all applicable professional and regulatory requirements.

RSM policies require a partner to be specifically assigned as the partner responsible for the Member Firm's Inspection Program. In Australia, this responsibility is assigned to NTEQAC, and more specifically, to the divisional heads. The responsibilities taken on include:

- The maintenance of policies and procedures for the inspection program, which will meet or exceed RSM International and local inspection requirements
- The overall planning of the program including office rotation, scope, selection of inspection teams and appointment of team captains, selection of engagements for review, the development and issuance of inspection instructions, training and documentation requirements
- Overall supervision of the program and the inspection teams
- The summarisation and communication of inspection results and conclusions
- Monitoring the implementation of corrective action plans

The division heads are required to communicate deficiencies noted as a result of the inspection process to the relevant engagement directors and personnel, including recommendations for appropriate remedial action (which may include changes to the firm's quality control policies and procedures or disciplinary action for repeated failure to comply with Firm policies). Deficiencies are also analysed by the National Technical Director to assess the need to modify future training programs.

Inspection program reports are presented to NTEQAC on an annual basis. A report on the audit and assurance practice is also submitted to the RSM International Global Executive Office commenting on the process and results of the inspection, any deficiencies identified and the remedial actions and recommendations that will be implemented to address them.

Under RSM's global inspection programme, RSM periodically oversees and/or participates in all member firm inspection programmes on a cycle not exceeding three years. Such inspections are referred to as globally coordinated inspections. RSM globally coordinated inspections are conducted by independent qualified partners and senior personnel of other member firms under the direction of the Global Executive Office personnel and the RSM Global Leader for Quality & Risk. The RSM global inspection programme is also designed to meet the membership obligations of the Forum of Firms, of which RSM is a member network.

RSM's Transnational Assurance Services Executive Committee (TASEC) is responsible for establishing policies and guidelines for both the RSM member firm inspection programme and the RSM global inspection programme. The RSM Global Executive Office is then responsible for the implementation and operation of the global inspection programme. The RSM International Board of Directors has the authority to impose sanctions on a member firm to ensure compliance with professional requirements and RSM methodologies, policies and procedures.

EXTERNAL MONITORING AND INSPECTION

External monitoring under Australia's regulatory framework is conducted by the following bodies:

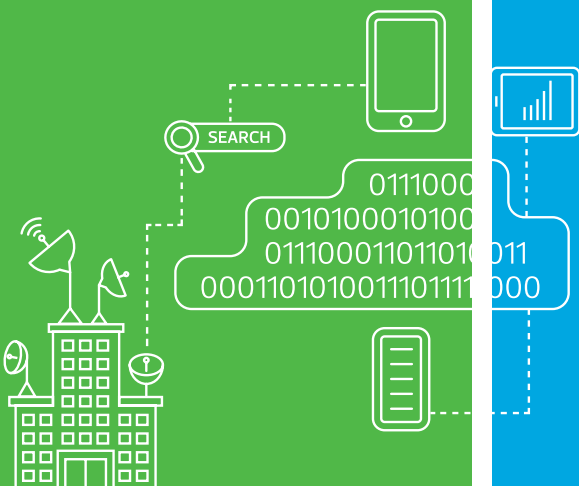
Australian Securities and Investments Commission (ASIC)

ASIC has responsibility for oversight of auditors in Australia. ASIC is responsible for administering the requirements of the Corporations Act 2001 as it relates to auditor independence (Divisions 3, 4 and 5 of Part 2M.4) and audit quality (Division 3 of Part 2M.3).

ASIC introduced a continuous inspection process for the largest firms in 2014. RSM was added to this process in 2015 and is now subject to rolling file reviews in each inspection cycle. The inspection for the current 18-month cycle is currently in progress.

Chartered Accountants Australia and New Zealand (CAANZ)

CAANZ has a quality review program to monitor whether members have the quality control policies and procedures in place to comply with professional standards and legal requirements. The program is compliance focused.



Under CAANZ's approach for major firms, an online quantitative survey is used to assess the perceptions of various respondent groups (partners, managers, qualified staff and graduates) on the firms' commitment to the drivers of audit quality.

For the compliance aspect of the reviews, rather than conducting file reviews, CAANZ rely on ASIC's Audit Inspection Program and the firms' national and international reviews, as well as examining any remedial action taken by the firms.

INDEPENDENCE PRACTICES IN THE REPORTING YEAR

RSM maintains Ethics and Independence policies to provide reasonable assurance that member firms, partners and professional employees comply with the independence and ethical requirements of the following:

- International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants
- The Accounting Professional and Ethical Standards Board's Code of Ethics for Professional Accountants
- RSM International
- CAANZ and other local professional organisations
- Local security exchange regulators
- Other relevant regulatory authorities

Every member firm has a partner responsible for independence, whose responsibility it is to augment these policies, as necessary, to the specific requirements of their member firm to reflect additional local ethical codes or regulatory requirements, which establish higher standards than those reflected in the basic RSM Ethics and Independence policies. Any amendments made to the RSM basic policies to include additional local requirements must be submitted to the Global Executive Office for review and must be approved by the Global Leader for Quality & Risk.

Partners or professional employees who have a question regarding the RSM independence and ethics policies are required to consult promptly with their member firm's partner responsible for independence. If the member firm partner responsible for independence has a question regarding these policies, he or she consults with the Global Executive Office.

Member firms are required to maintain a listing of all clients to which the RSM Ethics and Independence policies apply. The list is made available to all partners and professional employees. Additions and deletions to the list are made available, when they occur, to all partners and professional employees.

Engagement directors are required to follow a process to ensure the Firm's independence is established before a client engagement is accepted. They must obtain and document

such information about the prospective engagement and services to be provided, to enable them to evaluate the overall impact, if any, on independence.

The RSM Ethics and Independence Policies require partners / directors and employees to immediately notify the Director Responsible for Ethics and Independence, when circumstances or relationships are identified that could create a threat to independence. Consultation will then take place to determine the appropriate course of action, in accordance with the Firm's consultation policies.

RSM maintains an online independence, relationship and conflict of interest tracking tool called the Global Relationship Tracker and the Firm maintains an Australian prohibited securities list on its intranet site.

The RSM Ethics and Independence policies contain requirements for the rotation of senior engagement personnel on audits of listed entities. The rotation policy complies with the requirements of the Corporations Act 2001 applicable to audits of financial reports.

Monitoring of audit independence requirements occurs on three levels – individual, client and Firm.

At the individual level, compliance is monitored via the annual Independence confirmation process. Partners and professional employees are required to annually complete an independence compliance questionnaire confirming that they:

- have read the RSM Ethics and Independence policies
- understand the applicability of the policies to their activities
- are, and have been for the past year, in compliance with those policies

Any qualifications to such confirmation are fully explained in writing and corrective action taken. The annual independence declarations are tested for accuracy and completeness.

At the engagement level, the engagement director is responsible for monitoring the independence of the engagement team as well as the provision of other services.

At the Firm level, the Director Responsible for Ethics and Independence monitors compliance with all aspects of the Ethics and Independence policies. In addition, the Firm monitors compliance with all RSM quality policies, including independence, through its internal monitoring and inspection program.

RSM Australia is required to report annually to the RSM Global Executive Office, that the Firm has adopted the minimum policies and procedures set forth in the quality assurance policies, which includes reference to the Ethics and Independence policies.



RELEVANT BODIES AUDITED DURING THE YEAR

Entities in section 332 (A) of the Corporations Act 2001, for which RSM conducted an audit under Div 3 of Pt 2M.3 in the reporting year, are:

3333D Limited	GoConnect Limited	Peppermint Innovation Limited
Accelerate Resources Pty Ltd	Great Boulder Resources Limited	Pharmaust Limited
Admiralty Resources NL	Greenvale Energy Limited	Pointsbet Holdings Limited
Alderan Resources Limited	Hansen Technologies Limited	Primewest Group Limited
Aldoro Resources Ltd	Harris Technologies Limited	Q Technology Group Ltd
Althea Group Holdings Limited	Hazer Group Limited	Rafaella Resources Limited
Ambition Group Limited	High Peak Royalties Limited	Raiden Resources Limited
American Pacific Borate & Lithium Ltd	Hipo Resources Limited	Real Estate Investar Group Limited
Aquis Entertainment Limited	Hot Chili Limited	Red Mountain Mining Limited
archTIS Limited	Hydrix Limited	Red River Resources Ltd
Argosy Minerals Limited	Identitii Limited	Red Sky Energy Limited
Astro Resources NL	Imagion Biosystems Limited	Registry Direct Ltd
AuMake International Limited	Indiana Resources Limited	rent.com.au Limited
Aurora Minerals Limited	Intelicare Holdings Limited	Resource Base Limited
AustChina Holdings Limited	Jayride Group Limited	Respiri Limited
Austsino Resources Group Limited	Kalium Lakes Limited	Roto-Gro International Limited
Beam Communications Limited	Kingwest Resources Limited	Roto-Gro International Ltd
Bid Energy Limited	Kollakorn Corporation Limited	SAMSON OIL & GAS Limited
Bioxyne Limited	Kopore Metals Limited	Soon Mining Limited
Bisan Limited	Krakatoa Resources Ltd	Sportshero Limited
Boss Resources Limited	Lotus Resources Limited	SportsHero Ltd
Bowen Coking Coal Ltd	Love Group Global Ltd	Structural Monitoring Systems PLC
Caprice Resources Limited	Lycopodium Limited	Sultan Resources Limited
Catalyst Metals Limited	Mach 7 Technologies Limited	Tempus Resources Limited
Celsius Resources Limited	MedAdvisor Limited	The Market Herald Limited
Crater Gold Mining Limited	Metal Bank Limited	Tiny Beans Group Ltd
Croplogic Ltd	Mie Pay Limited	Torian Resources NL
Crossland Strategic Metals Limited	Millinium Capital Managers Limited	Tribune Resources Limited
Crowd Mobile Ltd	Mineral Resources Limited	UCW Limited
CV Check Limited	Moho Resources Limited	UUV Aquabotix Limited
Decmil Group Limited	Nanollose Limited	Valmec Limited
EHR Resources Limited	Navarre Minerals Ltd	Vanadium Resources Limited
Eneco Refresh	Neuroscientific Bipharmaceuticals Limited	Vango Mining Limited
Esperance Minerals Limited	New Age Exploration Limited	Victory Offices Limited
Estrella Resources Limited	Novita Healthcare Limited	Voltage IP Limited
Experience Co Limited	OBJ Limited	Vonex Ltd
Faster Enterprises Limited	Odin Metals Limited	VRX Silica Limited
Focus Minerals Limited	Orcoda Limited	Vulcan Energy Resources Limited
Freehill Mining Ltd	Paradigm BioPharmaceuticals Limited	Waterco Limited
Fremantle Community Financial Services Limited	Paragon Care Ltd	Wellness and Beauty Solutions Limited
Genesis Resources Ltd	Parkd Ltd	Whitehawk Inc
GetSwift Limited	Paterson Resources Limited	Zyber Holdings Limited
	Peninsula Mines Limited	



FINANCIAL INFORMATION

The relevant financial information for the 2020 year is as follows:

	\$m
Total Firm revenue	204.0
Revenue from auditing of financial statements	38.3
Revenue from other services	165.7

Basis for remuneration of the Firm's partners/directors

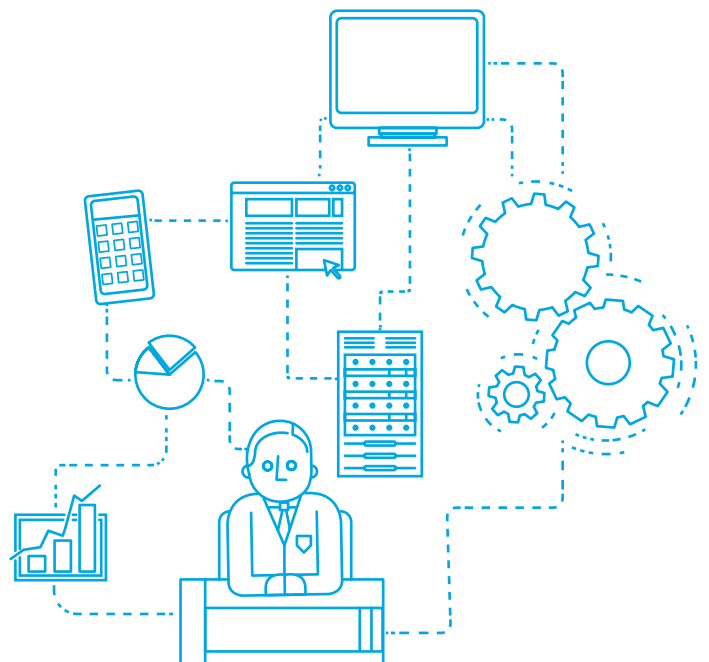
The Firm's partners/directors are remunerated by salary and income share, the latter determined by reference to assessment criteria that includes reporting in accordance with outcomes from the Firm's quality control system.

Statement by the Executive Committee on the effectiveness of the functioning of the quality control system

The Executive Committee of the Firm confirms that to the best of its knowledge and belief, the Firm's system of quality control operated effectively during the year ended 30 June 2020 to provide reasonable assurance that assurance engagements comply with applicable legal, regulatory and professional requirements.

JAMIE O'ROURKE
National Chairman
30 October 2020

ROBERT MIANO
Chair of NTEQAC
30 October 2020



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RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network.

Each member of the RSM network is an independent accounting and consulting firm each of which practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 50 Cannon Street, 2nd Floor, London EC4N 6JJ.

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