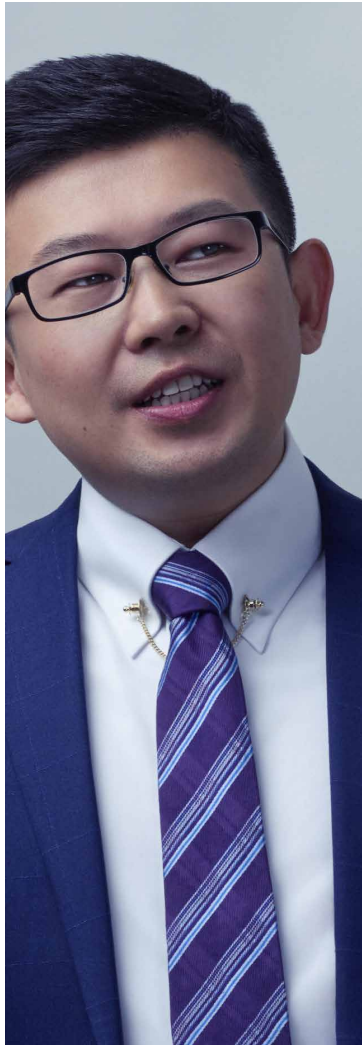


Transparency Report 2021







TRANSPARENCY REPORT FOR THE YEAR ENDED 30 JUNE 2021

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 connect to our extensive national and international networks, expertise and industry experience more readily. RSM boasts a national network of 32 offices. With almost 100 years' experience, the Firm has developed 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

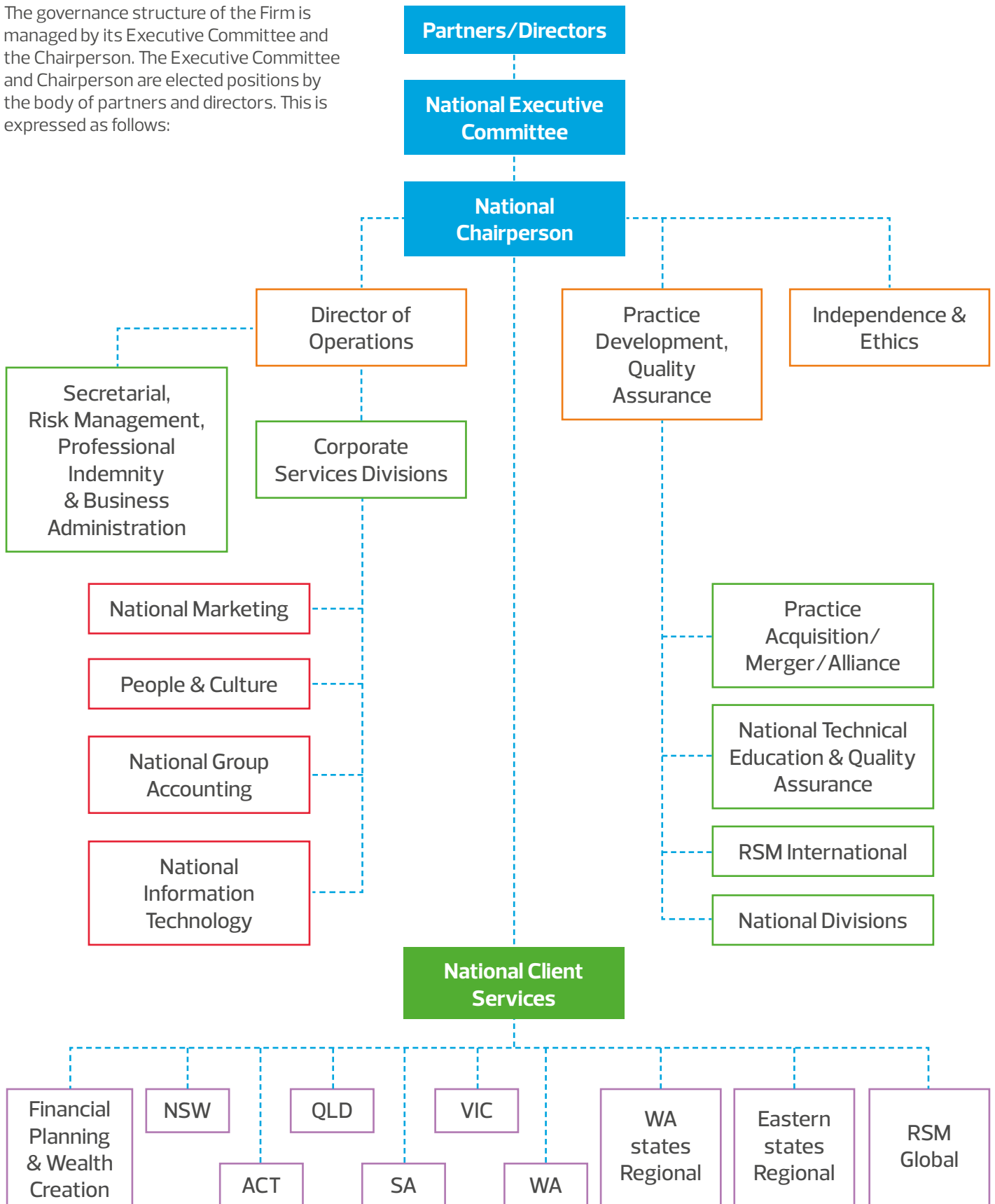
RSM Australia conducts business through the following entities:

- 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 820 offices and 48,000 total staff, and combined revenues in excess of US\$6.3 billion, of which approximately US\$2.8 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.

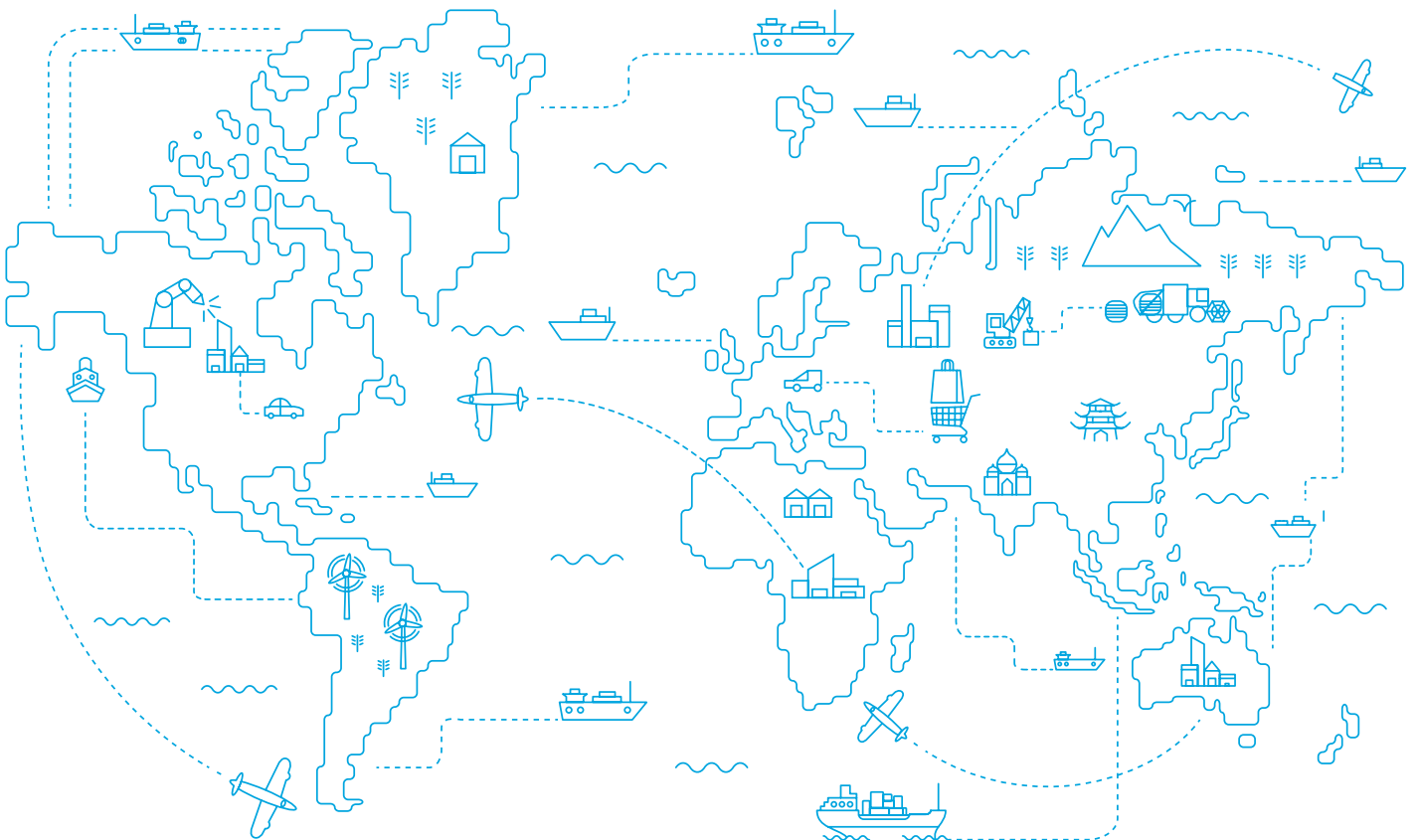
Further information on the RSM International network of firms can be found in the [RSM International Transparency Report](#).

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.

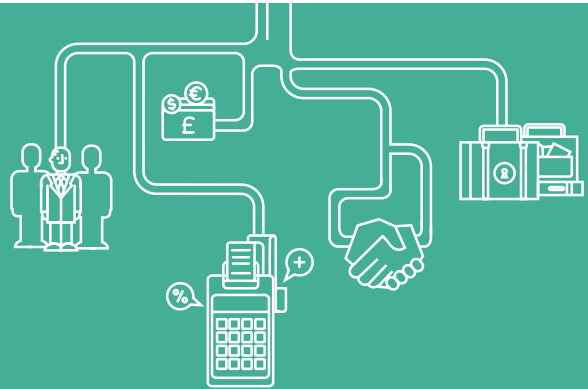


OUR VALUES AND PURPOSE

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.

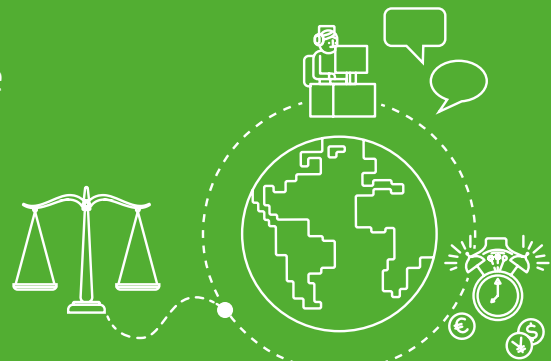
INTEGRITY IN EVERYTHING

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



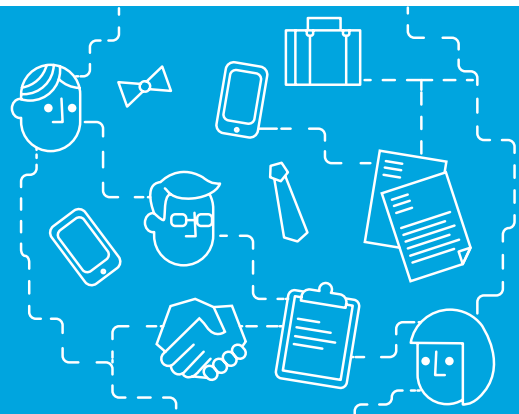
SUPPORTING CLIENTS EVERYWHERE

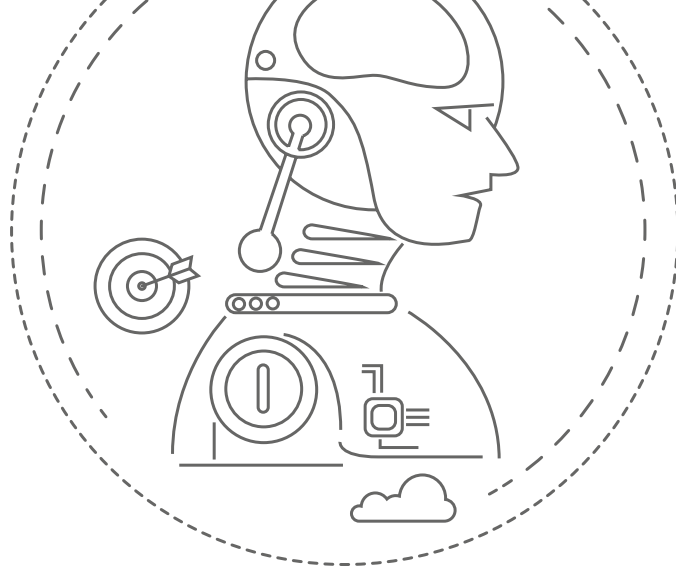
We aim to empower our clients to move forward with confidence, building a deep understanding of what matters most in their needs and aspirations.



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 2021 has come with the continued 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.

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 Australia, 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.



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

RSM Australia performs its audits under RSM Orb, RSM's risk-based audit solution, which is used by all RSM member firms worldwide. It is comprised of four elements:

- A Proprietary Global Methodology
- A Global Audit Manual
- An RSM template (RSM Orb), housed in licensed software
- 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.

RSM Orb includes requirements for engagement quality control reviews and mandatory consultations with a Member Firm's Head of Audit, Head of Ethics and Independence (or their designees) or another suitably qualified partner, as appropriate. RSM Orb complies with the requirements of the following:

- International Standard 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 Australia has tailored RSM Orb to include additional requirements arising from local laws and regulations in Australia.

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, 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.

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:

- Global Quality 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 to 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.

They are particularly focused on building and developing capabilities and as such, improving the quality of services internationally. There are currently 5 CoEs:

- Global Audit
- Global Consulting
- Global IFRS
- Global International Tax
- Global Risk Advisory

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 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

Global Quality Committee (GQC)

As an executive committee of the RSM International Board of Directors, the GQC 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). The GQC 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 the GQC include developing, promulgating and monitoring compliance with:

- Requirements of RSM Orb, RSM's global audit methodology
- 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, the GQC, 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, the GQC consists of five to nine members of suitably qualified and experienced audit partners or audit directors from member firms. The chair of the GQC 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.

Other relevant activities

The Global Digital Advisory Committee (GDAC) acts in an advisory capacity to the Global Executive Office, providing impetus to digital activities and aligning strategic technology initiatives with network and Member Firm needs. GDAC also plays in key role in the deploying new technologies to enhance the quality of services delivered.

A Global Strategy Taskforce was established in 2020 to provide input to proposed revisions to the strategy of the network. A Global Innovation Group has been established to collaborate on innovations to enhance service quality and introduce new products and services. This group also provides an internal marketplace to exchange innovations.



STAYING ALERT TO THE FUTURE OF AUDIT

By David Wall, audit partner (Perth)

People are only as good as the tools they possess. So, to consistently deliver high-quality auditing services, we are always investing in innovative auditing methods and tools. We keep our ear to the ground so we can closely follow the latest developments and share them throughout our network.

The future of audit will look very different from today. There will be greater reliance on audit robots with an intense focus on fraud detection and prevention to help foster a culture of compliance. The courts and government are complaining that audit is failing to detect major fraud and the auditing profession can no longer hide behind the outdated mantra: "The auditor is a watchdog, not a bloodhound".

The audit process will move from the current approach of two or three site visits by audit teams to a continuous audit approach with audit firms embedding audit sentinels into business information systems. The sentinels won't sleep and will be programmed to constantly identify transaction anomalies that may be in breach of policies, procedures, standards or regulations. The anomalies will be automatically reported to the auditors through a client dashboard sitting on the auditor's computer. The algorithms behind the sentinels will be tailored for each business, based on the auditor's risk assessment process and other factors such as industry sector and business activities.

Using data leveraging techniques – we will embed business-focused data analytics into our assurance engagements – offering you valuable audit insights. We have delivered these data-driven insights to many of our local clients.

Another aspect of audit that will continue to innovate is the move from providing reactive advice to proactive advice. This will need to be within the bounds of independence, but audit has access to large databanks of information that can be mined, collated and compared to other client's circumstances. Auditors will strengthen their ability to predict business outcomes and compare their insights with their client's results.

Data science will also add value to audit, with audit tools and techniques becoming increasingly sophisticated and leveraging more from data analytics. RSM's latest thinkBIG series provides small business owners with some great ideas, including data analytics and reporting. [Click here to read the full report.](#)

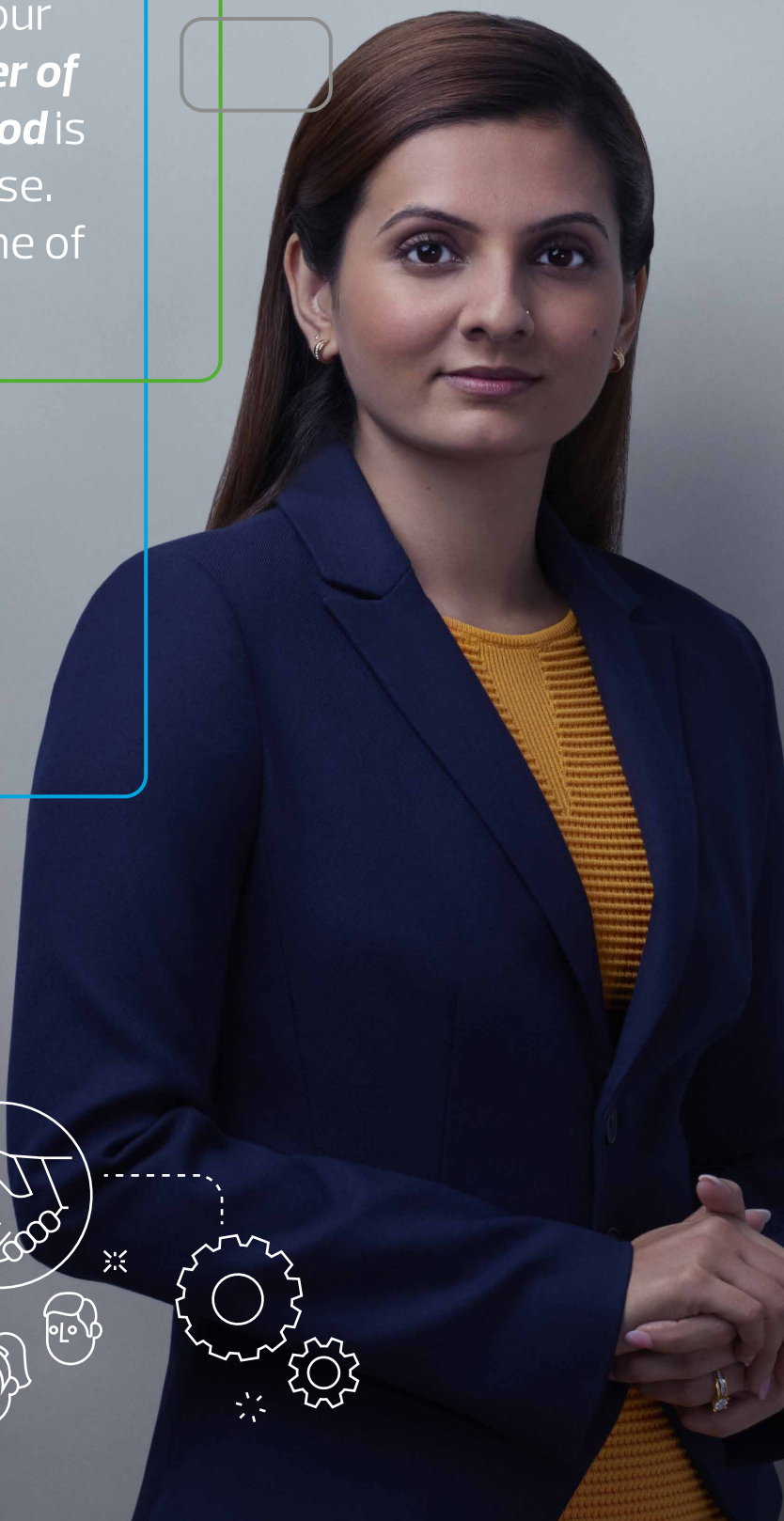
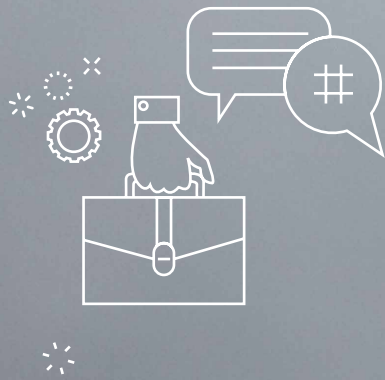
Auditors working remotely will become the norm. Tools and techniques will be further developed following the learnings from the COVID-19 pandemic. The travel restrictions forced on auditors by the pandemic required auditors to become more agile, work from home and not attend client premises to deliver their services.

Instead, audits were conducted remotely, with a heavy reliance on clients uploading their records and documents to cloud systems. The savings in travel and time has been significant. However, there are still further developments and education required for auditors and clients on how to make this approach more efficient, but there are clear signs that this approach has been just as effective as on-site client visits.

Staying alert to the future of audit is always a priority for RSM. The way that auditing is performed will always evolve and RSM will continue to advance and innovate with it.



At the heart of our brand, ***The Power of Being Understood*** is our brand promise. It is the backbone of the RSM DNA.





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 share RSM's core values, by only accepting client relationships with those who fit key RSM acceptance criteria, and who are prepared to pay a fair fee for high quality work.

Such criteria include client integrity (including compliance with all local laws and regulations, including anti-money

laundering requirements), independence (including compliance with RSM's ethics and independence policies), understanding the client's needs and service requirements, and having the capabilities, in terms of both resources and expertise, to perform the work required and to render the necessary reports and other deliverables within the reporting time frames, to a high standard.

This evaluation is documented and signed by the prospective engagement partner, or lead assignment partner. 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.



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

RSM's People

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 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 2021, 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

Diversity and Inclusion

Diversity and Inclusion play a critical role in facilitating high levels of employee satisfaction as a result of belonging, connectedness, critical thinking and personal growth. Diversity and inclusion benefit individual employees, and enhance the employee experience, but they also have a broader benefit to families and communities, while simultaneously advancing business initiatives, and client service through higher levels of engagement, increased productivity, and the forging of stronger relationships.

The recent appointment of a Global Diversity and Inclusion Leader, who works with RSM member firms to reap the business benefits of a diverse and inclusive workforce is another way that we demonstrate that RSM has a culture that puts its people first.

At RSM Australia, we have worked with the NeuroLeadership Institute to put all our leadership team through decision making training that will empower our teams to make objective people and business judgements that are free from bias. We have also implemented 'Flexible Work at RSM' to create greater awareness of our flexible work policies and practices. Ultimately, our firm understands we need an agile workforce to manage the changing business environment, and allow all our employees to reach their potential.

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 situations of increased audit risk or public interest, 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 Global Quality Committee 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 implements a continuous inspection process for the larger audit firms, including RSM. As such, we are subject to rolling file reviews in each inspection cycle. The inspection for the current 12-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 (GEO), 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.

INDEPENDENCE, RELATIONSHIP, AND CONFLICT OF INTEREST TRACKING

RSM uses an online independence, relationship and conflict of interest tracking tool called the Global Relationship Tracker (GRT), maintained by the GEO. RSM Australia is required to use GRT to list assurance or non-assurance clients in the following categories:

- Public interest entities, including listed entities
- Private equity groups or funds
- Private entities with ownership or affiliates located in another jurisdiction or country

Additionally, all clients that are affiliates of groups meeting the above criteria are required to be included on the GRT.

The GEO, under the direction of the Global Ethics and Independence Leader, is responsible for overseeing the timely maintenance of the GRT by Member Firms and for overseeing the adequate functioning of the relevant policies and processes.

Member Firm partners and professional employees are required to consult the GRT and take such other precautions that are considered necessary in the circumstances to ensure compliance with the RSM Ethics and Independence policies with respect to financial, business, family, or employment interests.

Member Firm partners and professional employees are also responsible for consulting the GRT and taking such other precautions that are considered necessary in the circumstances to ensure compliance with respect to identifying potential conflicts of interest in the services Member Firms provide to clients or prospective clients, particularly international groups.

Annually, Member Firms are required to perform procedures sufficient to assess the completeness and accuracy of their client information required to be included on the GRT and report accordingly to the GEO.

When a Member Firm partner or professional employee identifies a potential impairment of independence or conflict of interest with respect to a client or prospective client of another member Firm through GRT searches and other conflict of interest checks, the Head of Ethics and Independence of the Member Firm is required to be informed. The Head of Ethics and Independence communicates the relevant details of the client (or prospective client) and engagement to the Head of Ethics and Independence of the other Member Firm(s).

The relevant Heads of Ethics and Independence then assess the facts and circumstances relating to the potential impairment of independence or conflict of interest and apply the appropriate safeguards, which may include withdrawal from an engagement or opportunity.

If Member Firms are unable to agree appropriate safeguards, the CEO and the Chair of the Board are requested to consider the potential impairment of independence or conflict of interest. The Member Firms provide the GEO with the necessary information regarding the relevant facts and circumstances, which will be used to assess the potential impairment of independence or conflict of interest. The CEO and the Chair of the Board will then, after considering the request and information provided, make a recommendation as to the resolution of the potential impairment of independence or conflict of interest.

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:

333D Limited	Genesis Resources Ltd	Peninsula Mines Limited
Accelerate Resources Limited	GetSwift Limited	Peppermint Innovation Ltd
Admiralty Resources NL	GoConnect Limited	PharmAust Limited
Alderan Resources Limited	Great Boulder Resources Limited	Pointsbet Holdings Ltd
Aldoro Resources Limited	Greenvale Mining Limited	Primewest Group Limited
Althea Group Holdings Limited	Hansen Technologies Limited	Q Technology Group Limited
Amaero International Limited	Harris Technology Group Limited	QX Resources Limited
Ambition Group Limited	Hazer Group Limited	Rafaella Resources Limited
American Pacific Borates Limited	High Peak Royalties Limited	Raiden Resources Limited
Anax Metals Limited	Hiremii Limited	Red Mountain Mining Limited
Aobo Environmental Technology Limited	HomeStay Care Limited	Red River Resources Ltd
Aquis Entertainment Limited	Hot Chili Limited	Red Sky Energy Limited
Arcadia Minerals Ltd	Identitii Limited	Redhill Education Limited
ArchTIS Limited	Imagion Biosystems Limited	Registry Direct Limited
Argenica Therapeutics Pty Ltd	Indiana Resources Limited	Rent.com.au Limited
Argosy Minerals Limited	Intelicare Holdings Ltd	Resource Base Limited
Astro Resources NL	Jayride Group Limited	Resources & Energy Group Limited
AuMake International Limited	Kalium Lakes Ltd	Respiri Limited
AustChina Holdings Limited	Kingwest Resources Limited	Rimfire Pacific Mining NL
Australian Gold & Copper Limited	Kollakorn Corporation Limited	Rincon Resources Limited
Beam Communications Limited	Kopore Metals Limited	Roto-Gro International Ltd
Bill Identity Limited	Krakatoa Resources Limited	Soon Mining Limited
Bioxyne Limited	Kuniko Limited	SportsHero Ltd
Blackham Resources Limited	Longevity Group Australia	Sultan Resources Limited
Boss Resources Limited	Lotus Resources Limited	Tempus Resources Limited
Bowen Coking Coal Limited	Love Group Global Ltd	Tesoro Resources Ltd
Buddy Technologies Limited	Lycopodium Limited	THC Global Group Limited
Burgundy Diamond Mines Ltd	Mach 7 Technologies Limited	The Environmental Group Limited
Caprice Resources Ltd	MedAdvisor Limited	The Market Herald Limited
Catalyst Metals Limited	Metal Bank Limited	Tiny Beans Group Ltd
Celsius Coal Limited	Mie Pay Limited	Torrens Mining Limited
Crater Gold Mining Limited	Mighty Craft Limited	Trajan Group Holdings Limited
CropLogic Limited	Millinium Alternatives Fund	Tribune Resources Limited
Crowd Mobile Ltd	Mineral Resources Limited	UCW Limited
CV Check Limited	Miramar Resources Limited	UUV Aquabotix Limited
Decmil Group Limited	Moho Resources NL	Valmec Limited
Delorean Corporation Limited	Nanollose Limited	Vanadium Resources Limited
Duratec Limited	Navarre Minerals Limited	Vango Mining Limited
EcoGraf Limited	Neuroscientific Biopharmaceuticals Ltd (NSB)	Ventnor Resources Limited
Eneco Holdings Co., Ltd.	New Age Exploration Limited	Victory Offices Limited
Energy Action Limited	Nova Minerals Limited	Vonex Ltd
Epsilon Healthcare Limited	Novita Healthcare Limited	VRX Silica Limited
Estrella Resources Limited	OBJ Limited	Vulcan Energy Resources Limited
Experience Co Limited	Odin Metals Limited	Torian Resources Ltd
Faster Enterprises Limited	Orcoda Limited	Wellness and Beauty Solutions Limited
Focus Minerals Ltd	Paradigm Biopharmaceuticals Limited	West Cobar Metals Limited
Freehill Mining Limited	Paragon Care Ltd	Whitehawk Limited
Fremantle Community Financial Services Limited	Parkd Limited	Waterco Limited
	Paterson Resources Limited	



FINANCIAL INFORMATION

The relevant financial information for the 2021 year is as follows:

	\$m
Total Firm revenue	241.3
Revenue from auditing of financial statements	43.1
Revenue from other services	198.2

Basis for remuneration of the Firm's partners/directors

The Firms' 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 2021 to provide reasonable assurance that assurance engagements comply with applicable legal, regulatory and professional requirements.

JAMIE O'ROURKE
National Chairman
30 October 2021

ROBERT MIANO
Chair of NTEQA
30 October 2021



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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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