

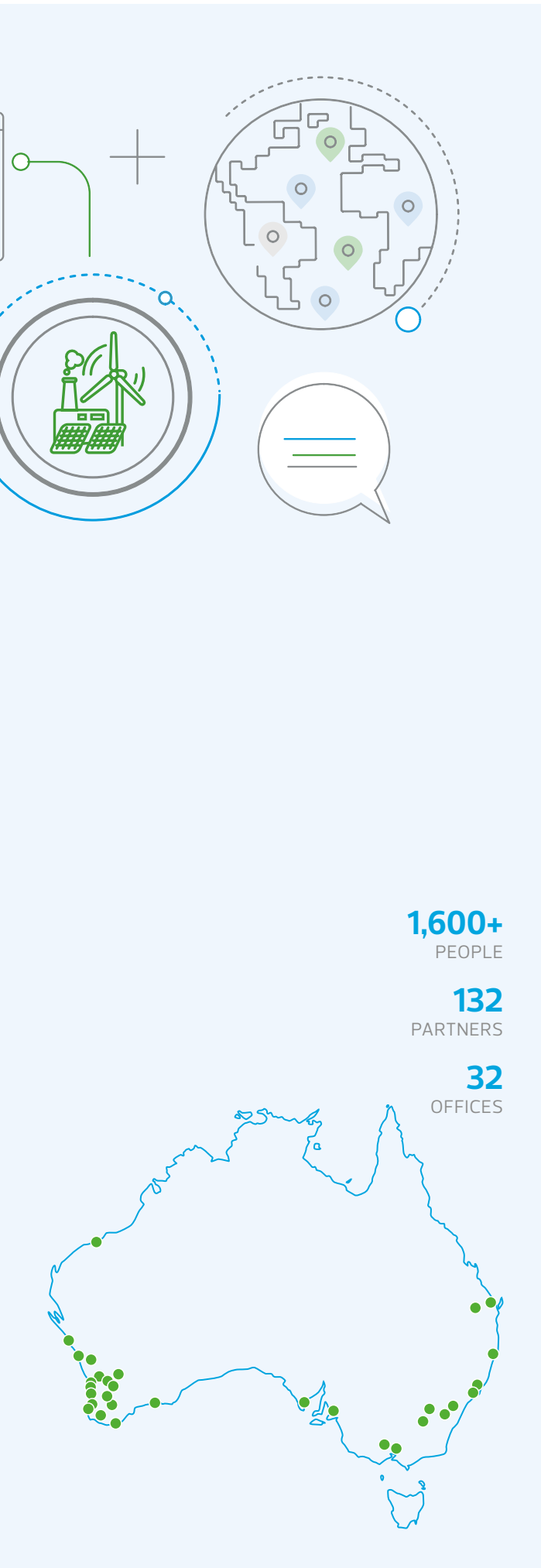
# Transparency Report 2022





# 100

years of supporting  
Australian business



**1,600+**  
PEOPLE

**132**  
PARTNERS

**32**  
OFFICES

## TRANSPARENCY REPORT FOR THE YEAR ENDED 30 JUNE 2022

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

Celebrating our centenary in 2022, the Firm has developed an extensive understanding of Australian business trends and conditions over the last 100 years. Boasting a national network of 32 offices, 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.

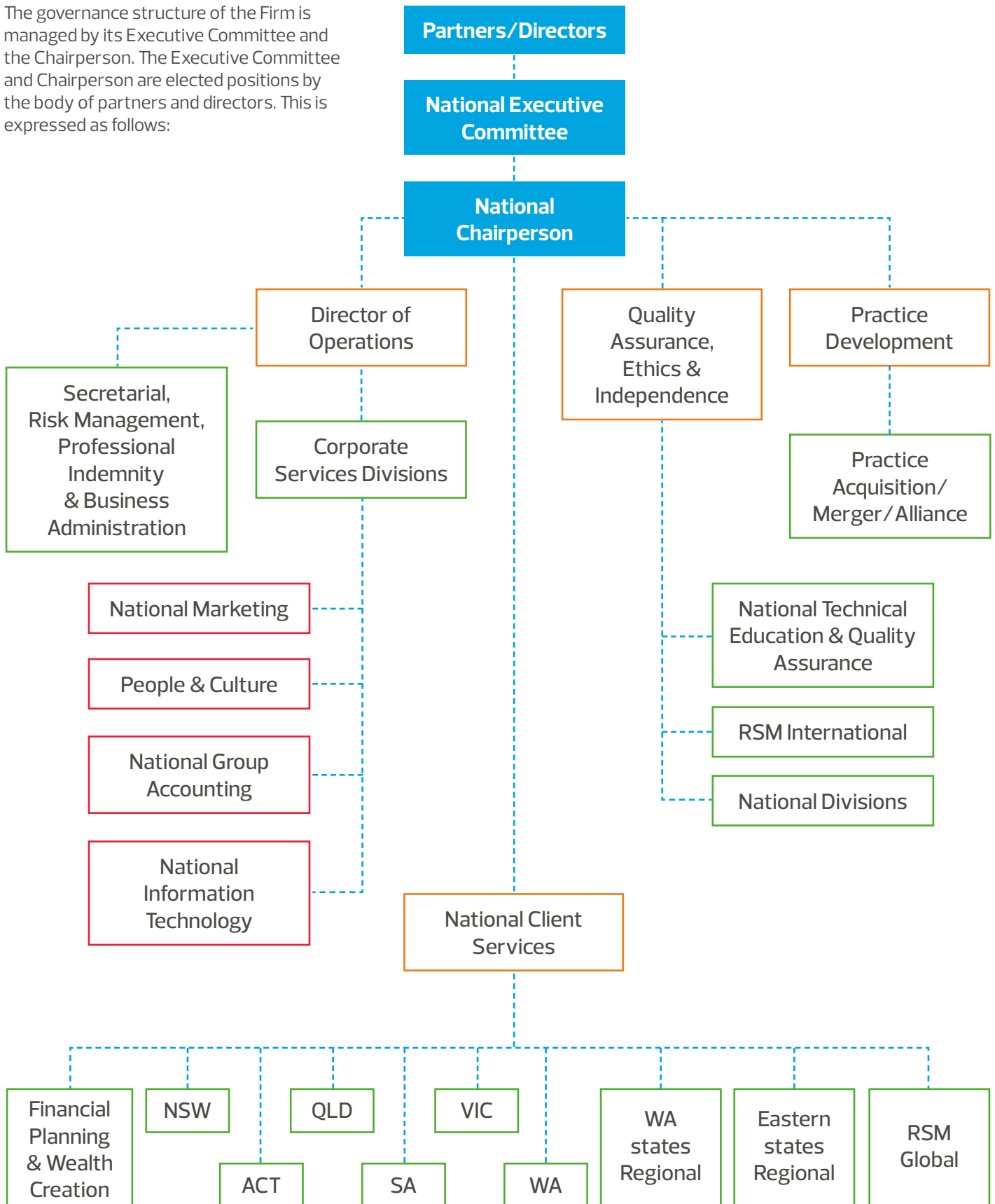
### Legal structure and ownership

RSM Australia conducts business through the following entities, controlled by the partners and directors of RSM:

- **RSM Australia Partners**  
Conducts statutory audit and formal insolvency appointments pursuant to the Corporations Act 2001
- **RSM Australia Pty Ltd, as trustee for the Birdanco Practice Trust, trading as RSM**  
Conducts all other engagements, including non-statutory audit and insolvency engagements
- **RSM Corporate Australia Pty Limited**  
An Australian Financial Services Licensee conducting corporate advisory services
- **RSM Financial Services Australia Pty Limited**  
An Australian Financial Services Licensee conducting a licensed financial planning business

# 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:



## OUR GLOBAL NETWORK

RSM Australia is a member of the RSM network and trades as RSM, which 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. 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.

## RSM Financial Year 2021

Revenue growth  
of **15.8%** from  
**\$6.3bn** to **\$7.26bn**



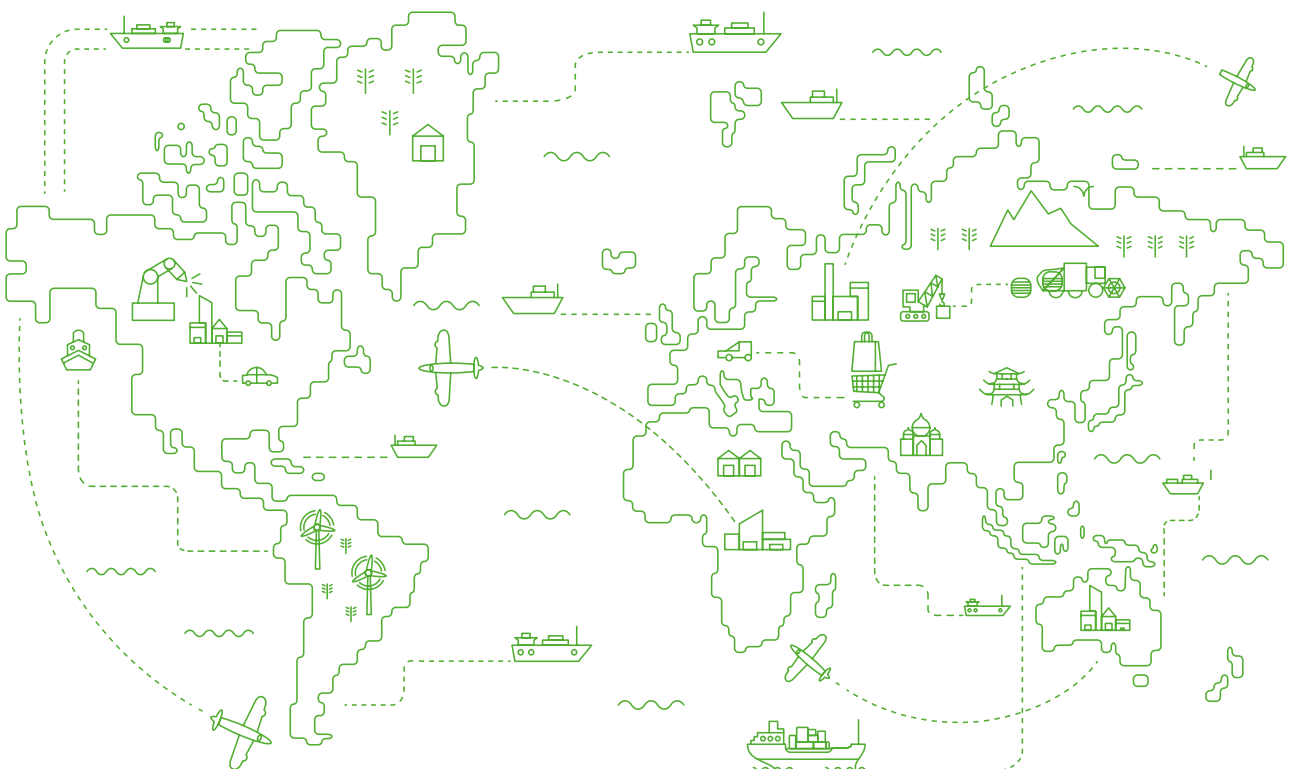
**51,000+**  
people



**860+**  
offices



**123**  
countries

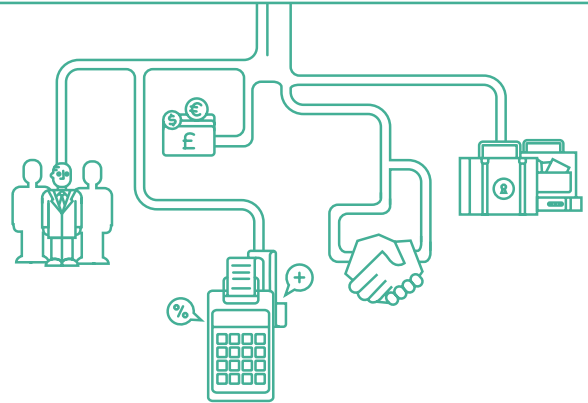


## OUR VALUES AND PURPOSE

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.

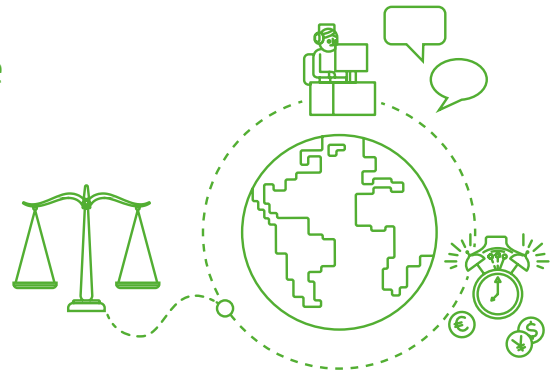
## INTEGRITY IN EVERYTHING

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



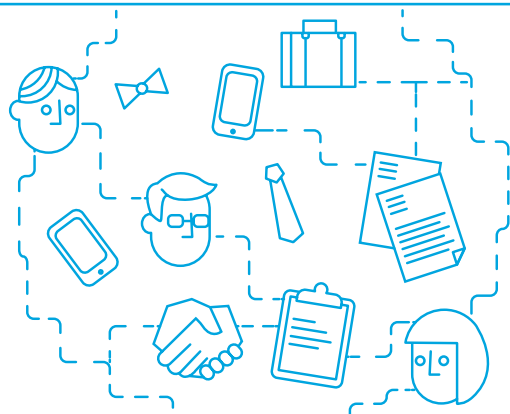
## SUPPORTING CLIENTS EVERYWHERE

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 three distinguishing beliefs – Collaboration, Understanding, and Ideas and Insight.



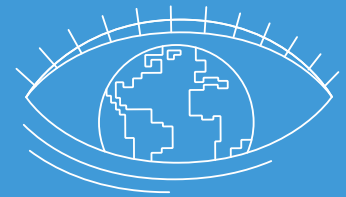
### Collaboration

Building strong, collaborative and lasting relationships with all our clients; being accessible, responsive and adaptive.



### Understanding

Gaining a deep understanding of our clients' needs, strategies and aspirations and striving to be an essential part of their business environment.



### Ideas and insight

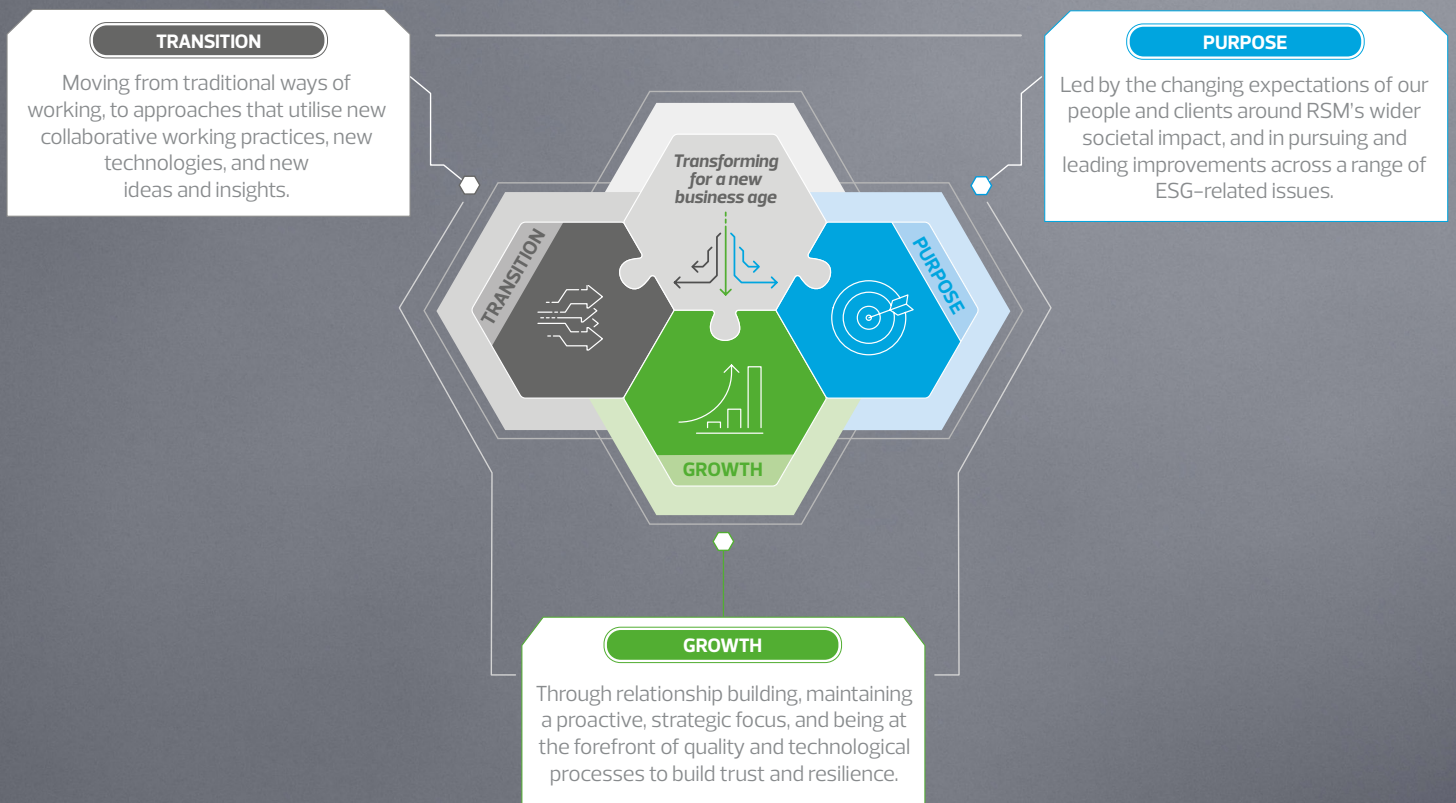
Ensuring every client benefits from tailored thinking and the insight of our professionals locally and globally.



# The Transformation Era

In business, change and transformation occur naturally over time as new trends, technologies, laws, regulations and trade partnerships come into play, and as societal, client and employee expectations evolve. As we have witnessed over the last two years, the global pandemic has acted as a catalyst for the increased rate of change in all these areas and this fast pace of evolution has shown no signs of slowing.

Demonstrating agility and the ability to rapidly transform operations and approaches has become a necessity for businesses and organisations around the world in order to remain relevant, profitable and futureproofed for potential crises. To achieve this, RSM re-assessed its business priorities, activities and initiatives to provide clarity and focus on the key areas of its operations, resulting in the development of the Transformation Era concept. This is summarised in the image below and is supported by three core areas of work: Transition, Growth and Purpose. Furthermore, it highlighted the operational areas that many of our clients will also be focusing on over the coming months and years to remain successful through and post the global pandemic.





## 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.

## OUR SYSTEM OF QUALITY MANAGEMENT

### 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

RSM believes that the forthcoming International Standards on Quality Management (ISQMs) are the basis for continuing the transformation of audit quality in the profession, and both the RSM Global Executive Office and Member Firms have been preparing for the implementation of these new standards on 15 December 2022. This poses a considerable challenge for assurance firms, and the RSM Global Executive Office has provided tools and training to assist RSM Member Firms with their implementation process. These activities will continue as we approach the implementation date.

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 Global Quality Committee (GQC) 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:

- Proprietary Global Methodology
- Global Audit Manual
- RSM template housed in licenced software
- Guidance

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

In 2021, to further enhance quality, several improvements were made to RSM Orb based on feedback from users, most notably, the development of a solution for 'Micro' and 'Dormant' entities. This enables RSM auditors to perform quality audits by focusing directly on the requirements of International Standards on Auditing that are relevant to these entities.

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

### 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 groups are resourced by professionals from various Member Firms who aim to establish common practices, facilitate seamless regional delivery and align RSM's resources. CoEs are particularly focused on building and developing capabilities and as such improving the quality of services internationally.

The purpose of service line groups is to promote consistent services, share best practices and to explore ways in which RSM's collective expertise can be used. Sector groups

seek to ensure engagement teams across Member Firms understand the implications of sector issues that impact clients and apply deep expertise whether it be through delivering audit, tax or consulting services.

There are currently six CoEs:

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

### 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 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.

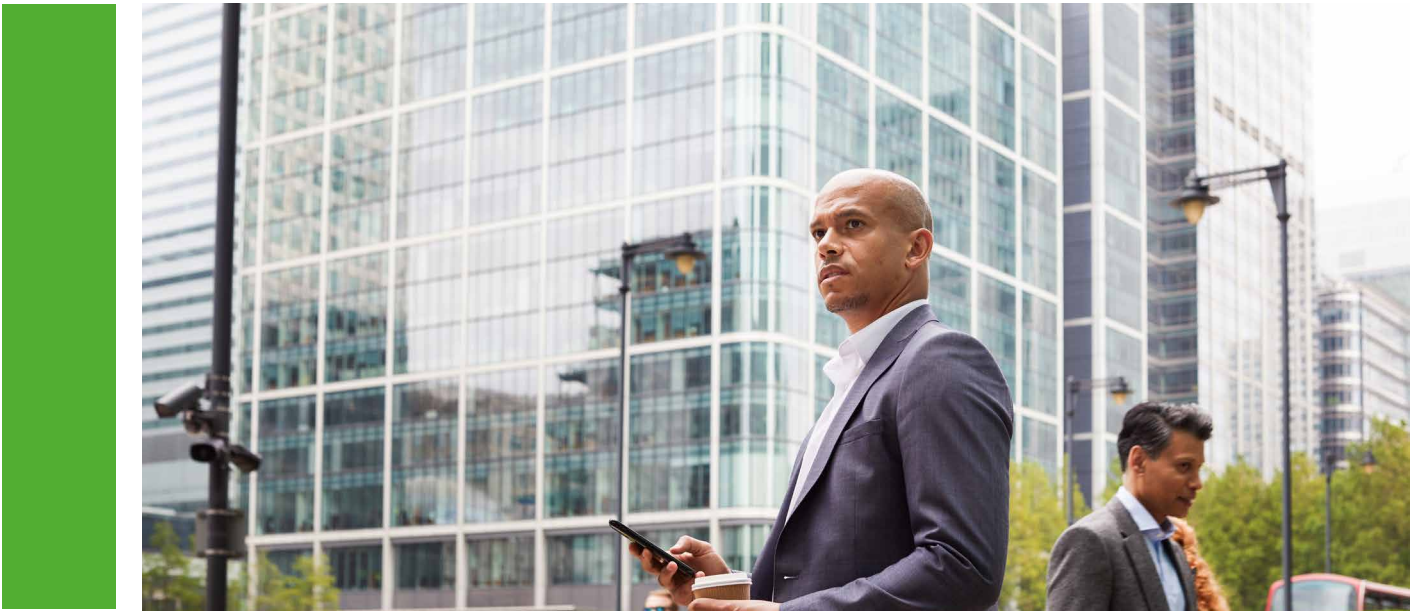
The IFRS Centre of Excellence, under the direction of the IFRS Advisory Committee, promotes global quality and consistency of IFRS services through the following activities:

- 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 sub-committee of the RSM International Board of Directors, the GQC operates as an overseer and a maker of recommendations to the Board for consideration and final approval. The Board established the Global Quality Committee in April 2021 as a successor to the Transnational Assurance Services Executive Committee, to ensure quality matters receive the time and attention necessary to drive uniform high-quality professional services.

According to its terms of reference, the GQC, whose members are appointed by the Board, consists of five to nine members of suitably qualified and experienced partners or equivalent from RSM Member Firms. The composition of the GQC is designed to ensure representation from across the RSM regions. The Chair of



the GQC is selected by the Board from members of the Committee and serves for a term of three years and can be renominated at the end of the three-year term.

The GQC's responsibilities include to:

- Consider and recommend RSM policies in relation to areas such as:
- Ethics and Independence
- Anti-Bribery and Corruption
- Quality Management systems/frameworks
- Member Firm Inspection Programme and Global Inspection Programme
- Learning and Development, including professional development policies
- Non-audit services (to the extent necessary) complying with relevant international professional standards
- Oversee the suitability of software tools or systems which:
- House RSM Orb
- Ensure compliance with RSM Ethics and Independence policies
- Support the delivery of quality services or aid efficiency across the Network, including engagement risk and compliance systems or other systems used by all service lines
- Undertake any other activities pursuant to promoting quality across the Network

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.

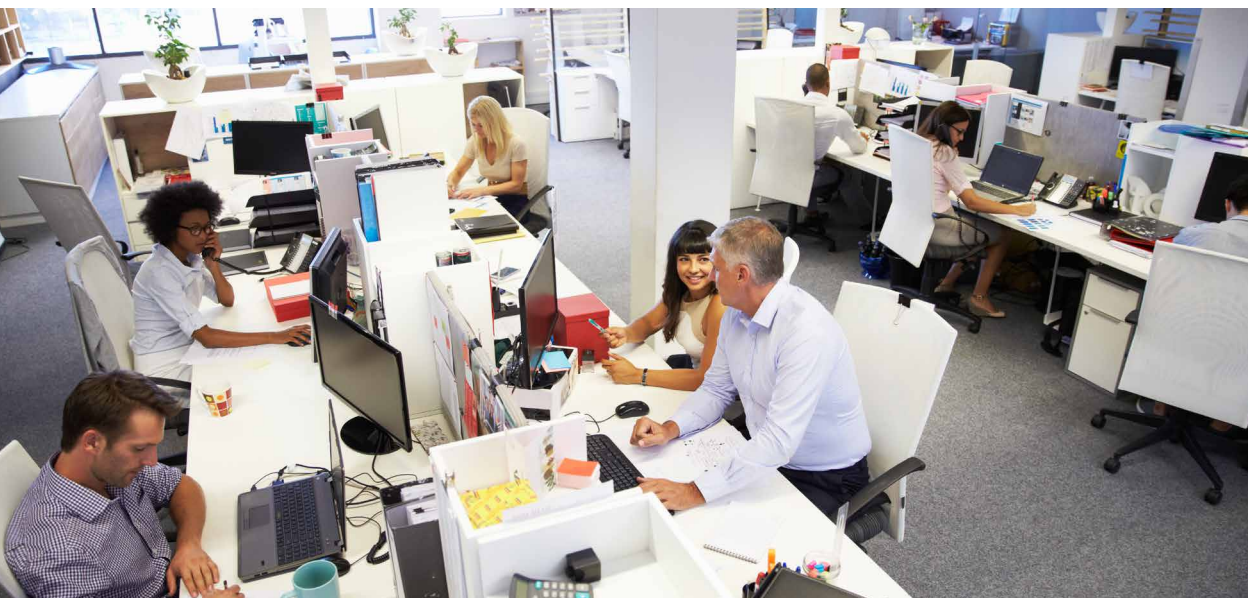
### Other Relevant Activities

The Global Digital Advisory Committee (GDAC) acted 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 played a key role in the deploying new technologies to enhance the quality of services delivered. This group was closed in October 2021 and replaced by RSM's 'Digital Visionaries'.

The Global Strategy Taskforce conducts research and leads projects that inform recommendations to the Board with regard to the strategy of the Network.

The Global Innovation Group comprises national innovation leaders who collaborate on innovations to enhance service quality and introduce new products and services. This group is supported by an innovation platform that helps identify and exchange innovations within and between Member Firms.





## 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 the National Heads of Divisions, the 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 National Technical Director also acts as 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. 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.

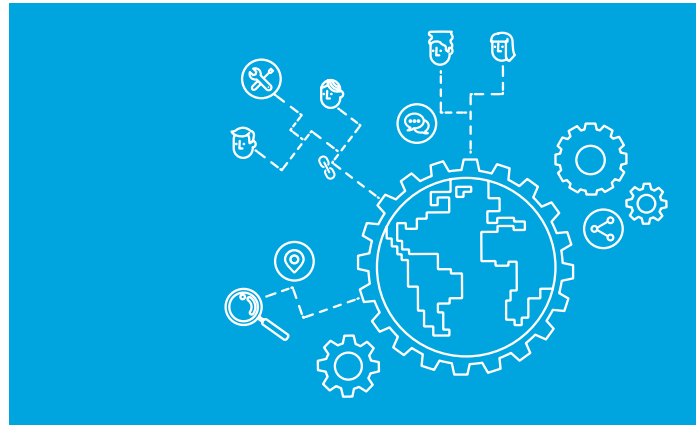
Advancement decisions are based on performance evaluations so that those selected for advancement have the qualifications necessary for fulfilment of the responsibilities they will be called upon to assume, and have the necessary commitment to, and understanding of, the firm's ethical requirements and 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 CPD 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 the COVID pandemic, 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. Going forward, the firm will use a hybrid model of training delivery, allowing staff to benefit from both digital content and in-person seminars and workshops.



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. The ongoing pandemic meant that, for a second year, all Member Firm and global inspections were successfully carried out remotely. RSM continues to evaluate the structure and content of the Member Firm and Global inspection programmes, particularly in the light of the forthcoming implementation of ISQM 1.

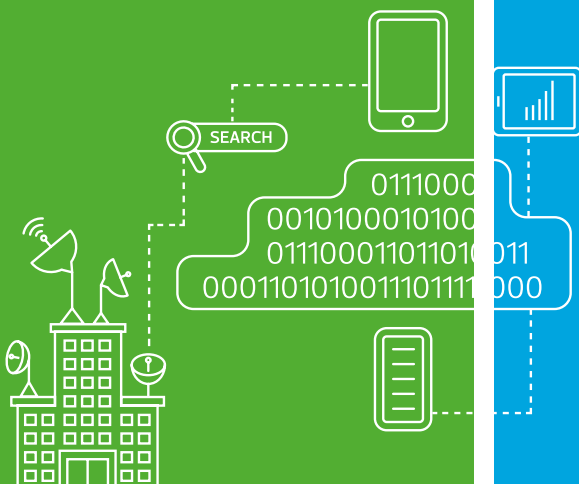
Firm inspection programmes provide the Member Firm with reasonable assurance that the policies and procedures relating to the system of quality control over its assurance and other professional services practices are relevant, adequate, operating effectively, and are aligned with RSM expectations and all applicable requirements established by the International Federation of Accountants (IFAC) standard-setting boards including:

- International Standard on Quality Control (ISQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Statements, and Other Assurance and Related Services Engagements
- International Standard on Auditing (ISA) 220, Quality Control for an Audit of Financial Statements
- IESBA International Code of Ethics for Professional Accountants (including International Independence Standards)

Further objectives of an RSM Member Firm's inspection programme are to provide an evaluation of:

- The extent of the Firm's alignment with RSM policies and procedures
- The Firm's adherence to local/national professional standards and applicable local/national legal and regulatory requirements
- Whether the Firm's quality control system has been appropriately designed and implemented, so that reports that are issued by the Firm or engagement partners are appropriate in the circumstances
- Areas where further actions are needed by either the Firm or RSM in order to take corrective actions or make improvements to the Firm's quality control system

A distinct benefit of the inspection process is that it provides the opportunity to identify areas for improvement in engagement management and client service production and delivery systems. Under RSM's global inspection programme,





an inspection team comprised of partners and staff from other Member Firms periodically performs an inspection at Member Firms on a cycle not exceeding three years.

RSM global inspections are conducted by independent qualified partners and senior personnel of other Member Firms under the direction of GEO personnel and the Global Leader, Quality & Risk. The RSM global inspection programme is also designed to meet the membership obligations of the Forum of Firms. The RSM International Board has the authority to impose sanctions on a Member Firm to ensure compliance with professional requirements and RSM methodologies, policies and procedures.

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.

## 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.

## OUR ETHICS AND INDEPENDENCE PRACTICES

### **Ethics and Independence Policies**

RSM maintains Ethics and Independence policies which member firms are required to adopt 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

Each Member Firm has a Head of Ethics and Independence – a partner (or equivalent position) who has responsibility to augment these policies, as necessary. This also includes ensuring that their Member Firm reflects any additional local ethical codes or regulatory requirements that establish higher standards than those reflected in the minimum RSM ethics and independence policies.

Any amendments made to the global RSM policies (to include additional local requirements) must be submitted to the GEO for review. Partners or professional employees who have any questions regarding the RSM ethics and independence policies are required to consult promptly with their Member Firm's Head of Ethics and Independence. If the Member Firm's Head of Ethics and Independence has a question regarding these policies, they consult with the GEO.

Partners and professional employees are required annually to complete an independence compliance questionnaire confirming that they:

- Have read the RSM global ethics and independence policies
- Have read their Member Firm's ethics and independence policies
- Understand the applicability 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 actions are taken by a Member Firm.

RSM has an Independence Committee comprised of members of the GEO and representatives from Member Firms. The committee provides input to the GEO on independence matters.

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.

### **RSM In Trust**

In April 2022 RSM launched a new integrated global independence, entity management and service authorisation system, RSM InTrust, which replaced the Global Relationship Tracker (GRT). Maintained by the GEO, RSM Australia is required to use RSM InTrust (the GRT prior

to April 2022), to list assurance and 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 InTrust.

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

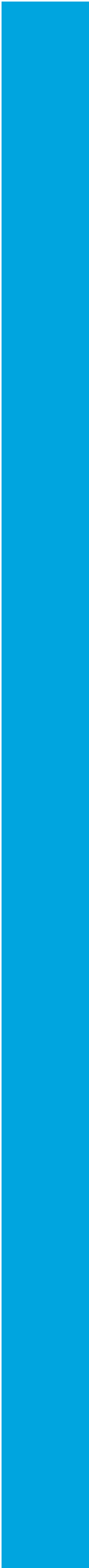
Member Firm partners and professional employees are required to consult the GRT, or from April 2022 RSM InTrust, and take such other precautions that are considered necessary in the circumstances to ensure compliance with the RSM Ethics and Independence policies with respect to financial, business, family, or employment interests.

They are also required 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 to assess the completeness and accuracy of their client information required to be included on the GRT, or from April 2022 RSM InTrust, 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 system 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 which the Member Firms are required to follow.



## OUR CLIENTS

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  
789 Holdings Limited  
Admiralty Resources NL  
Aerison Group Limited  
Agrimin Limited  
Alderan Resources Limited  
Aldoro Resources Limited  
Althea Group Holdings Limited  
Amaero International Limited  
Anax Metals Limited  
Aobo Environmental Technology Limited  
Aquis Entertainment Limited  
Arcadia Minerals Ltd  
ArchTIS Limited  
Argenica Therapeutics Pty Ltd  
Argosy Minerals Limited  
Astro Resources NL  
AuMake International Limited  
Aurum Resources Limited  
AustChina Holdings Limited  
Austral Resources Limited  
Australian Gold & Copper Limited  
Beam Communications Limited  
Bill Identity Limited  
Bioxyne Limited  
Boss Energy Limited  
Bowen Coking Coal Limited  
Buddy Technologies Limited  
Burgundy Diamond Mines Ltd  
C29 Metals Limited  
Caprice Resources Ltd  
Careteq Limited  
Catalyst Metals Limited  
Celsius Coal Limited  
Cosmo Metals Limited  
Crater Gold Mining Limited  
Crowd Media Holdings Limited  
Culpeo Minerals Limited  
CV Check Limited  
Decmil Group Limited  
Delorean Corporation Limited  
Dough Technologies Limited  
Dropsuite Limited  
Duratec Limited  
Eastern Metals Limited  
EcoGraf Limited  
EDU Holdings Limited  
Energy Action Limited  
Epsilon Healthcare Limited  
Estrella Resources Limited  
Experience Co Limited  
Faster Enterprises Limited  
Fitzroy River Corporation Limited  
Focus Minerals Ltd  
Fremantle Community Financial Services Limited  
Genesis Resources Ltd  
Great Boulder Resources Limited  
Green Technology Metals Limited  
Greenvale Mining Limited  
Hansen Technologies Limited  
Hazer Group Limited  
High Peak Royalties Limited  
Hiremii Limited  
Hiro Brands Limited  
Hot Chili Limited  
HSC Technology Limited  
Identitii Limited  
Imagion Biosystems Limited  
Indiana Resources Limited  
Innlanz Limited  
Intelicare Holdings Ltd  
Jayride Group Limited  
Kalium Lakes Ltd  
Kingwest Resources Limited  
Kogi Iron Limited  
Kopore Metals Limited  
Krakatoa Resources Limited  
Kuniko Limited  
Lithium Plus Minerals Limited  
Lotus Resources Limited  
Love Group Global Ltd  
Lycopodium Limited  
Macarthur Minerals Limited  
Mach 7 Technologies Limited  
MedAdvisor Limited  
Metal Bank Limited  
Mie Pay Limited  
Mighty Craft Limited  
Milinium Alternatives Fund  
Mineral Resources Limited  
Miramar Resources Limited  
Mitre Mining Corporation Limited  
Moho Resources NL  
Mt Malcolm Mines NL  
My Foodie Box Limited  
My Rewards International Limited  
Nanollose Limited  
Navarre Minerals Limited  
Neuroscientific Biopharmaceuticals Limited (NSB)  
New Age Exploration Limited  
NIMY Resources Limited  
Nova Minerals Limited  
Odin Metals Limited  
Olympio Metals Limited  
One Click Group Limited  
Ovato Limited  
Paradigm Biopharmaceuticals Limited  
Paragon Care Ltd  
Parkd Limited  
Paterson Resources Limited  
Peppermint Innovation Limited  
PharmAust Limited  
Pointsbet Holdings Ltd  
Polymetals Resources Limited  
PropTech Group Limited  
Q Technology Group Limited  
Q Mines Limited  
Quantum Graphite Limited  
QX Resources Limited  
Rafaela Resources Limited  
Raiden Resources Limited  
Red Mountain Mining Limited  
Red River Resources Ltd  
Red Sky Energy Limited  
Redhill Education Limited  
Registry Direct Limited  
Rent.com.au Limited  
Resources & Energy Group Limited  
Respiri Limited  
Rimfire Pacific Mining NL  
Rincon Resources Limited  
Rocketbooks Limited  
Roto-Gro International Limited  
Sierra Nevada Gold Inc Limited  
SportsHero Ltd  
Sultan Resources Limited  
Suvo Strategic Minerals Limited  
Tempus Resources Limited  
Tesoro Resources Ltd  
The Environmental Group Limited  
The Market Herald Limited  
Torrens Mining Limited  
Toys "R" Us ANZ Limited  
Trajan Group Holdings Limited  
Tribune Resources Limited  
Vanadium Resources Limited  
Vango Mining Limited  
Vection Technologies Limited  
Victory Offices Limited  
Vonex Ltd  
VRX Silica Limited  
Vulcan Energy Resources Limited  
Waterco Limited  
Wellfully Limited  
West Cobar Metals Limited  
Whitehawk Limited  
Wide Open Agriculture Limited  
Wiluna Mining Corporation Limited  
Xantippe Resources Limited  
Xerion Limited  
Yowie Group Limited



## FINANCIAL INFORMATION

The relevant financial information for the year ended 30 June 2022 is as follows:

	\$m
Total Firm revenue	<b>281.4</b>
Revenue from auditing of financial statements	<b>48.2</b>
Revenue from other services	<b>217.4</b>

### Basis for remuneration of the Firm's partners/directors

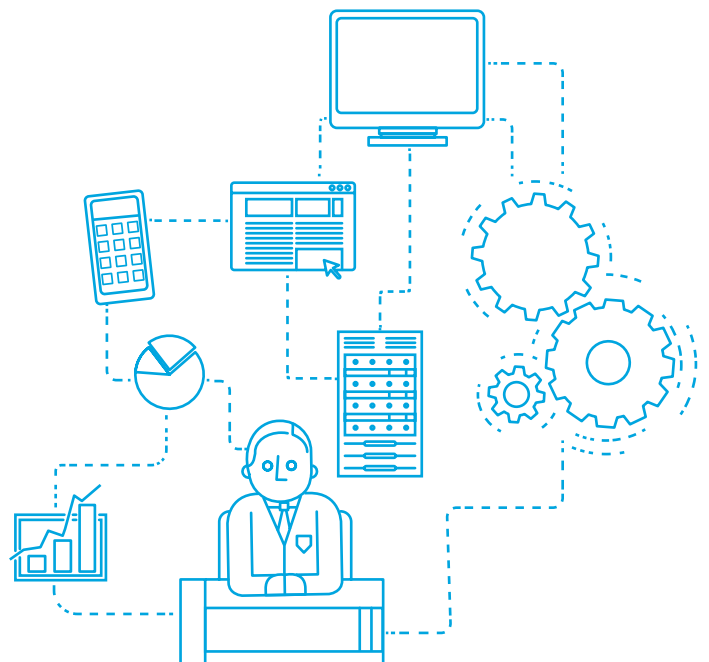
The Firm's partners/directors are remunerated by salary and income share, the latter determined by reference to assessment criteria that includes reporting in accordance with outcomes from the Firm's quality control system.

### 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 2022 to provide reasonable assurance that assurance engagements comply with applicable legal, regulatory and professional requirements.

JAMIE O'ROURKE  
National Chairman  
30 October 2022

ROBERT MIANO  
Chair of NTEQAC  
30 October 2022



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AUDIT | TAX | CONSULTING

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