

# Moving forward with confidence

Transparency report 2019

April 2020



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# Regulatory context

We have prepared this transparency report to align to our new financial reporting period. This transition required an 18 month reporting period to the 31 December 2019. To ensure we comply with the transparency reporting requirements, in accordance with Article 13 of Regulation No 537/2014 of the European Parliament and of the Council (the EU Audit Regulation) which requires the publication of an annual transparency report by audit firms that carry out statutory audits of public interest entities, we published a voluntary interim transparency report in October 2019 for the 12 month period to 30 June 2019. This transparency report covers the 18 month period to 31 December 2019.

The Audit Firm Governance Code (the Code), issued by the Financial Reporting Council (FRC) in 2010 and revised in 2016 (the revised Code) sets the benchmark for good governance and applies to UK firms auditing 20 or more listed companies. This report includes disclosures required by the revised Code and a reconciliation of how we comply with each of the principles and provisions of the revised code in Appendix A.

The content of this report is in accordance with the Local Auditors (Transparency Instrument) 2015.

Every year Grant Thornton conducts more than 12,000 audits of growing mid-market companies, large FTSE 350 businesses and public sector organisations providing important public services. We conducted the statutory audit for 58 clients that are PIEs in the 18 month period ending 31 December 2019 (Appendix I).

# Part 1

## Introduction

# 1.1 Foreword

## An 18 month period of change and focus



**David Dunckley**  
CEO, Grant Thornton UK LLP

This is the first transparency report aligned to our firm's new accounting date of 31 December. The 18 month period to December 2019 has been one of much change. However, one constant is our commitment to the Audit Firm Governance Code.

Many of the changes we have overseen in the last 18 months reflect our desire to see audit, and the quality of our audit services, as central to our business as a multidisciplinary public accounting firm.

The audit and accountancy profession remains under scrutiny and whilst we will continue to play a vocal part in shaping what audit will look like in the future and how it is to be regulated, it will not slow Grant Thornton from continuing to invest in the quality of our audit services.

One of the major changes we made in the period to 31 December 2019 was to change our operational structure to one of service line management and oversight.

Our Audit Investment Plan has been circulated widely and we continue to work with our regulator as to its implementation. Fiona Baldwin, our Head of Audit, sets out in the following pages the progress we have made, especially as regards greater independent oversight and governance of our audit business. The Audit Investment Plan has now been further developed into the Audit Strategy to 2022 which is underpinned by a Strategic Implementation Plan to ensure we meet our quality and business goals.

A crucial element of our Audit Investment Plan was the creation of the Audit Quality Board. The principle objective of the Audit Quality Board is to drive improved quality across all of our audit services. The Audit Quality Board is chaired by Philip Johnson, who brings to the role a track record of delivering in similar industry roles. The role of the Audit Quality Board will evolve as we continue discussions with the FRC around operational ringfencing and the resultant greater transparency of our audit business.

These very significant changes demonstrate our commitment to improve our quality. But we will continue to do more.

Much of what has been written about the audit profession in the last 18 months relates to the dominance of the Big Four firms in the audit marketplace. We have consistently expressed our clear views on the changes required. For our part:

- We need time to invest further in our capacity to do more larger audits. An environment where larger firms are legally split between non-audit and audit will hamper our ability to invest.
- The audit industry must have an effective regulator. However, that regulator needs to have a positive impact on the marketplace and on market competition. We need an environment where a culture of improvement is fostered and regulatory fines, if imposed, are issued on a proportional basis. Creating such an environment will not only enable all firms to continue to invest in audit quality but also increase our appetite to grow our share of the larger audit market.

Finally, I am conscious that since the end of the period this transparency report covers, my firm, together with society at large, is rising to the challenges that COVID-19 presents. In light of the specific public interest responsibilities we bear, we have implemented proactive measures to ensure that Grant Thornton is well prepared and positioned to respond to this constantly evolving situation. These are focused on protecting the health and wellbeing of our people, clients, and communities as well as our ability to continue to deliver services, and specifically continue to deliver high-quality service to all our clients.

We recognise the fundamental importance of trust in our industry and the public interest responsibilities which we bear. We are proud of the progress our Partners and people have made in the period to 31 December 2019. We are committed to delivering an excellent client experience and the work we are doing is recognised by our clients, who ranked us #2 for client satisfaction in Meridian West's Business Buyers Barometer. We're proud of the excellent feedback we've received from the market. As we move through 2020 I am confident that the changes I have made set us up to maximise the market opportunities in the future, with quality, talent and value at our heart.

# 1.2 Report from the Independent Non-Executive (INE) Chair of the Public Interest Committee and the Partnership Oversight Board on behalf of the independent non-executives



**Ed Warner**  
Independent Non-Executive Chair  
Public Interest Committee and  
Partnership Oversight Board

This is my fifth report as independent non-executive chair of Grant Thornton's Partnership Oversight Board (POB or Board). In May this year, I was reappointed following a vote of the elected members of the POB as chair to 31 March 2021. I also chair the Public Interest Committee (PIC). This report is on behalf of that committee and my fellow INEs, Deena Mattar and Imogen Joss.

The POB is the ultimate strategic and governance oversight body within Grant Thornton UK LLP. The firm has chosen to position me and my fellow INEs within this body as we deem it to be the most appropriate place from which to influence key decisions, ensure our independence from the leadership of the firm and to pursue our responsibilities to all stakeholders in the firm and externally, including those mandated by the Audit Firm Governance Code, namely:

- promote audit quality
- help the firm secure its reputation more broadly, including in its non-audit businesses
- reduce the risk of firm failure.

I and my INE colleagues take these responsibilities very seriously and I am pleased to be able to report that, we continue to have confidence in the way in which Grant Thornton is managed and controls the risks that are inherent in a business with this scale and breadth of operations.

In addition to the Audit Firm Governance Code, we also pay close attention to the Corporate Governance Code and apply its principles in the context of our members and a partnership structure.

## Promote Audit Quality

Reflecting on the continued focus on the quality of audit for the UK's Public Interest Entities, we have in place a Public Interest Committee (PIC) to more formally consolidate some of the work previously carried out by the POB, the Risk and Audit Committee (RAC) and INEs individually. This committee is formed of the three INEs plus the Head of Quality and Reputation and Head of Audit. Others, including the Head of Ethics, are invited to attend as appropriate. It meets at least three times a year. The PIC pays attention to audit quality to ensure that the firm fulfils its public interest remit in accordance with the Code. The Committee received feedback from meetings held with the FRC in respect of its findings from the AQR and from our internal National Assurance Services Review and International audit file reviews. We meet with the Head of Audit to discuss the reports received and to consider the emerging Audit Investment Plan. On an ongoing basis, the PIC receives presentations from the Head of Audit and continue to monitor progress against those actions.

The reputation of audit within the UK's largest public companies is currently under unparalleled scrutiny from a number of Government-backed Independent Reviews. Coupled with that, the FRC has reported specific concerns at certain firms. We are disappointed with the criticisms that Grant Thornton UK LLP received in the FRC's Audit Quality Review (AQR) Team's public report of June 2019 and see it as a key part of our role to ensure the firm's audit quality reputation in the larger listed sector is restored over the medium term.

During the last 18 months and at a time before the AQR's report had been published, I and my fellow INEs considered the firm's proposals for improvement. We were involved in scrutinising and approving the Audit Investment Plan (AIP) that was developed in the early months of 2019 and agreed with the FRC in May 2019. A key element of the AIP was the creation of a new Head of Audit role that would, for the first time, sit on the firm's Strategic Leadership Team. We were pleased that Fiona Baldwin was appointed to the role in June 2019. Since then, we have continued to receive updates on the implementation of the AIP, and its evolution into the Audit Strategy by Fiona and her team. In particular, we were actively involved in the appointment of Philip Johnson who now chairs the Chair the Audit Quality Board.

The INEs have received direct feedback on the firm's ongoing audit quality assessment from the FRC and have had detailed discussions with the relevant people within Grant Thornton to be sure that all issues have been identified and are being addressed appropriately, so that all stakeholders can have continued confidence in the effectiveness and quality of the firm's audit work.

The INEs have met with the FRC in various forums over the past 18 months, both alone and as part of larger groups of INEs drawn from across the major audit firms in the UK. We are enthusiastic contributors to the thematic work that the council is undertaking, believing that a well-supported regulator is vital to the health and integrity of the audit market. We look forward to continued, positive engagement with the FRC in the year ahead.

## Help the firm secure its reputation more broadly, including in its non-audit businesses

The POB meets at least six times a year. It comprises nine members elected from within the Grant Thornton partnership, as well as the three INEs. The elected members are appointed for a term of three years and may seek re-election for a further term at the annual election.

The board invites attendance by members of the SLT. As a standing agenda item, the CEO presents at each POB meeting a report that covers the SLT's activities, key developments within the firm (including any material investment decisions as well as regulatory, legal and reputational matters) and an update on the latest financial position. Over the course of each year, the POB receives, scrutinises and constructively challenges the leadership's strategic plans as well as the annual budget that it sets for the business.

Each board meeting includes time without the SLT present to allow open and thorough debate about all matters relating to the conduct of the firm, the work of the leadership and the risks the business faces. In this regard, the POB continues to behave much like the board of a publicly listed company, albeit with a heightened focus on quality and risk so as to reflect the particular structure of a partnership and the specific requirements of the INEs on the board as obligated by the FRC.

The POB has a number of subcommittees and standing working groups. The four most important subcommittees are each now chaired by an INE. These are the RAC, chaired by Deena Mattar; the Remuneration Committee, chaired by Imogen Joss; and the Profit Sharing subcommittee and PIC, both of which I chair.

The RAC comprises one INE and at least three elected partner members, and has been attended by the Ethics Partner, and the Head of Quality and Reputation, as well as the CEO and other members of the SLT. It meets at least five times a year and addresses, inter alia, issues relating to the quality of the firm's work through an analysis of the risks facing the business and monitors the implementation of the plans intended to mitigate them. Feedback from the FRC, including reports from its Audit Quality Review team, is presented by management to the RAC as well as to the POB itself, and action plans in response agreed accordingly.

The Remuneration Committee meets quarterly to agree performance targets for the CEO and the other members of the SLT, and to monitor progress against those targets. It is made up of two INEs and three elected partner members. At the end of each financial year, the Committee decides the profit share of the CEO in accordance with performance against targets and agrees with the CEO the profit shares for the other partners on the SLT. While financial targets make up an element of how the partners are rewarded, there are a significant number of qualitative objectives that can have a material impact on the profit shares that are ultimately agreed by the committee.

The Profit Sharing subcommittee comprises three INEs and two elected partner members. It meets at least twice a year to oversee the mechanism for the distribution of profits between the firm's partners to ensure a fair and equitable process. Amongst the various determinants of profit share that are scrutinised by the subcommittee is the quality grade awarded to each partner, as it is imperative for the integrity of the firm's activities that the quality of a partner's work – whether in audit or non-audit practice – is reflected in his or her reward to protect the public interest. We also consider, and where appropriate challenge, the gender pay gap at partner level.

The terms of reference for the PIC set out that it shall be responsible for overseeing the public interest aspects of the decision-making of the firm, including the management of reputational risks. The PIC is also responsible for engaging, together with senior management of the firm, in dialogue with the FRC and external stakeholders, in particular representatives of shareholders in public interest entities (PIEs) audited by the firm (the full TOR are available on the website). This committee provides oversight of both the Audit practice and the whole firm.

I am pleased to report that the INEs have continued to find these meetings to be open, frank and invaluable in enabling us to discharge our duties on behalf of the firm's stakeholders. The INEs will also meet to review the firm's process around decisions both to take on new clients and to continue client relationships, conscious that Grant Thornton's reputation is in part a function of the businesses that it works for.

Within a day after each POB meeting, I email the partner group with the headlines of what was discussed. The minutes of the POB meetings are made available to all partners shortly thereafter.

Away from the formal cycle of the POB and subcommittee meetings, the INEs meet regularly alone to discuss the firm's position and our own regulatory responsibilities.

In addition to the information provided for our meetings, we have full access to all partner communications, are invited to attend all partner meetings and visit offices to meet with partners from time to time. We continue to focus on addressing the recommendations from the POB effectiveness review report carried out in 2018 and during the last 18 months the INEs attended a number of partner roadshows and regional office meetings as well as a forum with employee-elected representatives. This has helped provide greater visibility of the POB to the wider partner group and the opportunity for us to gain direct feedback from the wider business.

We also formed a working party to focus on the findings of the report and we continue to work with the leadership team to fine tune and build upon areas highlighted in the report. Recommendations arising from the feedback are now largely complete. They include providing more clarity to the wider partner group on the role of the POB, taking a more active role in the strategy development and review process with the leadership team and introducing more channels for communication between the POB and partners and the wider firm.

I have weekly calls with the CEO and all partners have my personal email if they wish to contact me direct. I am confident the INEs are given unfettered access to any information we want and need in order to fulfil our roles.

### **Reduce the risk of firm failure**

At every POB meeting there is a report from each of the subcommittees and working groups. The report from the RAC is comprehensive, ensuring that key risks to the business and matters pertaining to quality and reputation are brought to the attention of the INEs and the POB as a whole for rigorous debate.

# 1.3 Report from the Head of Audit



Fiona Baldwin  
Head of Audit

The 18 month period to 31 December 2019 has been a period of significant transformation and investment for our audit practice. Our strategy, areas of focus and systemic changes are focussed on the priorities of improving audit quality and creating a team of highly specialist auditors prepared and eager to embrace future market reform. We believe that delivering on this strategy will, as a by-product, deliver future financial growth which will support the long-term sustainability of our practice.

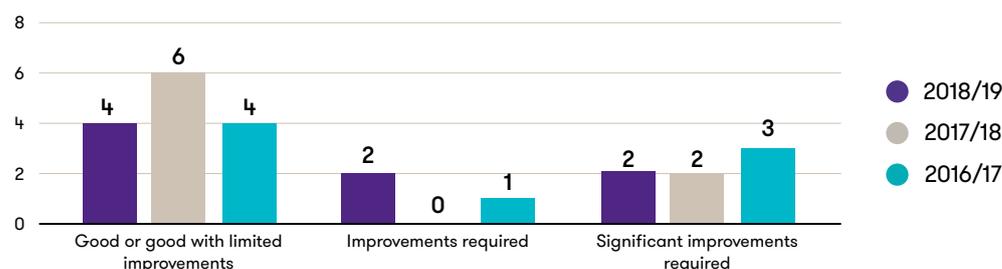
Audit remains a core service offering of Grant Thornton and will continue to be so across our mid market, public services and larger corporate client base.

### Delivering quality audits

We recognised, towards the start of the 18 month period that our audit quality was not consistently strong across our client base. This was confirmed, amongst our AQR population client base, by the disappointing report we received from the FRC in July 2019 which was based on the audit work we performed in 2018.

The report, looking at the trends in our audit quality on our more complex clients, shows that over the past few years, whilst we have performed high quality audits (achieving a 1 or 2a) on the majority of our complex work (58%), there have been more instances than we want where our work across this client base has failed to achieve high quality as evidenced in the following table.

### AQR reviews



Our work in the mid-market, and particularly within the private corporate sector, is more consistently delivered at the high quality standards we set ourselves as detailed by the result of our internal file reviews set out later in this report. Although we recognise that improvements to achieve consistent high quality across all our clients are required.

In advance of the FRC July 2019 report, we had already instigated some key changes to our audit practice and these have now evolved such that we have a 2022 audit strategy with clear goals in each of our strategic priority areas of Quality, Talent and Value backed up by a line by line strategic implementation plan which we have shared with the FRC.

We are confident that delivery of our 2022 audit strategy which has support and sponsorship across all governance levels of the firm will enable us to achieve, well within the 2022 timeframe, a culture of performing consistently high quality audit work supported by new systems, processes and technology.

### Audit Investment plan and Audit Strategy to 2022

In Spring 2019, we produced our Audit Investment Plan (AIP), designed to address these areas and, since my appointment on 1 June 2019, we have been focussing on the key areas within the AIP to achieve the maximum increase in both the quality and the consistency of our work across all of our clients including the large listed sector.

We are in regular dialogue with the FRC who are supporting us and providing healthy challenge along our quality investment journey and we are appreciative of the time they are spending with us to achieve our aims.

The AIP has now been superseded by the Audit Strategy 2022 which takes each element of the AIP and builds on it such that we will fundamentally change how we audit to achieve consistent high quality as well as a team of specialist auditors (and an enhanced and strengthened technical team) with the tools, skills and enthusiasm to meet changing market reform and provide our clients with a genuinely high value-add audit which meets and exceeds their needs.

The key facets of our Audit Strategy 2020 are detailed later in this report.

### The external world of audit

Looking externally, we are operating in a market on the brink of probably the most fundamental change in living memory. There are a number of factors which are contributing to this:

- Sir John Kingman's Review of the FRC recommended the creation of a new Regulator with much broader interventionist powers and a wider scope of activities, focussing on the reporting, governance and audit arrangements in place at our larger companies. Importantly, this Review recognised that accountability for performance in these areas is much wider and that directors, boards and audit committees would all need to be seen to be playing their part. The Review advocated consideration of a Sarbanes Oxley type approach for the governance of UK financial reporting.

- The Competition and Markets Authority (CMA) challenged the dominance of the Big Four audit firms in the UK FTSE 350 and proposed ways of encouraging greater representation from 'challenger' firms such as Grant Thornton, including joint audit arrangements. In addition, the CMA sought to improve the perception of audit independence, and hence audit quality, through operationally separating the audit from advisory parts of the Big Four firms.
- Sir Donald Brydon's Review of the quality and effectiveness of audit has been clear that the market must change and that what an audit is designed to achieve must change. We are excited by the recommendations in the Brydon report and have already put a number of processes in place to develop auditors and an audit product of the future.
- Within public sector audit, Sir Tony Redmond is currently Reviewing the financial reporting and governance arrangements for local authorities, as well as the structural arrangements for supporting the audit regime and the quality and scope of the audit work undertaken. We are actively contributing to the debate in this sector, given the importance this work has to our overall audit practice to ensure that the nature, timing, regulation and remuneration for the work is appropriate so that a sustainable regime can be secured for the future.

Notwithstanding the above, we continue to monitor the FTSE 350 market, specifically in the context of our decision to withdraw from tendering for future FTSE 350 audit appointments in 2018. We continue to be regularly invited to participate in such tender processes and remain open to the prospect of returning to this market when conditions are right – namely when we are comfortable that our audit quality is consistently high and when our desire to see a more level playing field is satisfied. We are also actively considering how the increasing dialogue around managed shared audits might be part of our re-entry into the FTSE 350 in the future.

### Looking forward

Since my appointment I have taken time to fully consider our own audit quality and what steps we need to implement to create the audit firm we can be proud of. We now have clarity of focus and a detailed Strategic Implementation Plan which we are confident will set us up for success across all our priorities of Quality, Talent and Value through 2020 and beyond.

Single-minded focus on delivering our strategy will ensure we have the best quality auditors within Grant Thornton, provide a client experience that is designed to provide Those Charged with Governance with true insight and a consistently high quality audit experience across all our client base.

I am excited both about the changes we have already started to make and will continue to make within audit at Grant Thornton and about the opportunities the various market reforms will generate. There has never been a more exciting time to be an auditor – my role is to ensure that Grant Thornton is best placed to be a full contributor to the future of audit in all respects.

Further details of our Audit Strategy 2020 are detailed in Section 2.1 of this report.

# Part 2

## Driving quality and building trust

# 2.1 Our Audit Strategy to 2022

Audit is a vitally important aspect both for Grant Thornton and the economy as a whole. As such, improving audit quality across all firms has to be the single focus for all audit practices going forward and a major strategic imperative for all public accounting firms.

We demonstrated our commitment to being transparent in our approach to audit quality through the release of our Audit Investment Plan in Summer 2019 (AIP). We have subsequently engaged with an independent consultancy business to build that Plan into our Audit Strategy to 2022 and are providing further information on the strategic priorities within that document below. Our Audit Strategy is supported by a detailed Strategic Implementation Plan and approach to quality which enables us to monitor progress against the plan which will be subject to governance at the highest level of the firm.

As part of that governance, we have now created an Audit Quality Board (AQB). This is chaired by a new independent non-executive, Philip Johnson, who joined us in January 2020 following a thorough executive search process specifically for this role. Philip was Head of Quality and Risk Management at a Big Four firm for a number of years, prior to his retirement and has a wealth of experience to bring to Grant Thornton. David Dunckley (as the firm's CEO) is also a member of the AQB to ensure that, at the highest level within the executive, there is understanding of both the audit practice's progress against the Strategic Implementation Plan and the results being achieved, along with an understanding of the investment required to deliver the strategy.

Philip also has regular, direct contact with Ed Warner through the PIC to ensure that the POB has oversight and are able to challenge our focus areas, progress and also support the investment required to deliver the strategy.

Delivery of our Audit Strategy to 2022 is of primary importance to us as a firm and, as such, we are investing £7 million in people, technology, training and tools to ensure we meet the objective of each file reviewed both internally and externally achieving at least a score of 2a by 2021 as well as creating a genuinely sustainable culture of high quality auditing to bring trust and integrity to the market.

The Audit Strategy to 2022 aligns to the firm's strategy and has 10 key focus areas – each of these has a strategic implementation plan to ensure actions are completed appropriately and on a timely basis.

## Our 10 key focus areas

- 1 Clients**

Our client base aligns to our skills, locations and experience. We have a clear view on who we want to audit in 2022. Our clients are aware of and commit to their responsibilities of a modern-day audit and value the work we do.
- 2 People**

we bring the right number and quality of people into the firm in the right locations to achieve our strategy across all four service lines. We provide our people with all the technical and softer skills training to deliver high quality audit work and have a strong, supportive performance management approach. We ensure our teams have the right time allocated to clients to achieve the quality our clients and regulators rightly expect.
- 3 Focussed, risk based activity**

We support audits of our highest risk clients through additional resource, support in dealing with clients at a senior level and additional technical team support reflective of the more complex nature of that work, including the additional ethical restrictions arising from that work. Our technical teams are clear on their future structure, resource requirements and areas of focus.
- 4 Real time lessons learned**

Our quality monitoring activities align with our quality strategy and enable teams to learn quickly and effectively through lessons learned. Root Cause Analysis is undertaken following the results of both internal and external monitoring processes and in response to other quality events. This analysis identifies both positive and negative outcomes and seeks to share learning across the audit practice. More information on our Root Cause Analysis process is set out in section 2.5.
- 5 AQI's provide risk data**

Our suite of Audit Quality Indicators identify issues across our client base before they become quality issues. It also allows us to benchmark with other firms to measure progress over time.
- 6 Timely quality feedback**

Partners/directors and managers have at least one file review of quality assessment per year providing real time information on good practice and areas for development. All are clear on how quality is measured and valued within the firm and how this is reflected in reward and progression.
- 7 Technology**

We use technology fully and effectively and develop a digital strategy for audit to ensure we are constantly evolving new methods of achieving high quality audit evidence.
- 8 Our people deal**

We develop our people with clarity of what is required at each grade level, how progression is achieved and how reward aligns to our quality objectives. Each individual has a clear line of sight on their career progression. We retain a higher proportion of our audit team and achieve our targets in respect of diversity and inclusion.
- 9 Culture**

Our culture prioritises confidence, truth default theory, psychological safety in speaking up and a strengths-based approach. Our teams function strongly as groups of people as well as high performing individuals and we have appropriate well-being support in place. Our teams are fully up to speed and engaged with our strategy.
- 10 Ongoing progress**

Progress against the strategy and strategic implementation plan is well monitored and governed appropriately. All those involved are clear on their roles, responsibilities and associated goals.

## 2.2 Quality and reputation

Our quality and reputation function brings together our approach to driving quality in all we do, our ethical behaviours and our foundations for distinctive client service.

It is a fundamental responsibility of all of our people to deliver excellence in all they do and to behave ethically. This is our first line of defence against risk. It is vital that we make these responsibilities clear and make it easy for our people to know where to turn for guidance. In the last year, we have continued to invest in our ethics department to make it easy for our people to seek guidance and clarification when they need it.

Elsewhere in this report, we make reference to our enhanced client take-on procedures that are aimed at ensuring that we are working with the right clients who fit with our purpose. We have regularly drawn attention to our whistleblowing helpline for those who see when things are not right, and we encourage our people to refer matters of ethical concern to their managers.

We continue to work on ensuring we have the best policies for our people to follow – our second line of defence. We avoid risk of complacency by ensuring that these policies are regularly reviewed by our internal Quality and Risk Assurance teams – our third line of defence.

## Driving quality: our Quality Standards

The firm's Quality Standards provide clarity to our leaders and people on delivering quality. They set out the required standards that must be met by each part of the business to drive quality, manage risks and meet legislative and regulatory requirements. Each standard is supported by a set of baseline requirements that all business areas must meet.



## Behaving ethically: Our Code of Conduct

Our Code of Conduct sets out our ethical and behavioural framework for how we bring our values (collaboration, leadership, excellence, agility, respect and responsibility) to life to guide our people's response to the decisions they make each day.

### Behaving with integrity

We play a range of roles in supporting efficiency, trust and integrity in markets. Fundamental to this is preserving our reputation as people who can act without self-interest and the diversity and quality of our services. We expect our people to be professional, honest and trustworthy, complying with all applicable ethical and professional standards and regulatory requirements, both in the UK and when working overseas. We do what's lawful and right.

### Protecting our business

We share responsibility for protecting the firm's reputation, safeguarding our people, keeping our assets safe and delivering our shared rewards.

### Our culture

We are in the process of refreshing our purpose, which involves discussions with all our people. This will provide even greater alignment on what we stand for, what's important to us and will help shape our ways of working. Our purpose connects what we do with why we do it – it's what motivates us to do our best work for clients every day.

### Working together

We are committed to creating a culture of everyday inclusion where we treat each other with respect and trust each other to make the right choices. We encourage and embrace the value that different perspectives bring and appreciate everyone's contribution to the firm's success.

### Working with clients and others

Our firm is built around our clients, and our success depends on their success. We thrive on creating sustainable value for clients and delivering consistently great quality in this volatile, changing world.

### Getting support

Our Code of Conduct sets out the guiding principles for expected behaviours, and we have a shared responsibility to challenge each other on the commitments we have made.

## 2.3 Risk assessment

The SLT has ultimate responsibility for determining the firm's risk profile and for ensuring risks are being effectively managed. The Risk and Resilience team are responsible for developing the firm's risk management framework and facilitating the business risk management processes, which involve at least an annual systematic review of each service line and business function's risks and controls and the consolidation of these risks into the firm's whole firm risk profile.

At 31 December 2019, the principal risks that the SLT consider could most significantly threaten the firm's ability to achieve its strategy and specifically impact the sustainability of the audit practice are as follows:

Risk	Mitigating activities
<p><b>Regulation and legislation</b> Operating in a highly regulated environment, and one in which there is significant publicity of regulatory failures means that breaches of legislation or regulation pose a significant financial and reputational risk to the firm.</p>	<ul style="list-style-type: none"> <li>• Quality Standards incorporate and provide clear direction on legal and regulatory requirements</li> <li>• Ethics team provide training, support and guidance on ethical issues</li> <li>• Centralised global independence systems and monitoring</li> <li>• Centralised client take on team undertake rigorous relationship-checking processes and anti-money laundering (AML) procedures</li> <li>• Whistleblowing hotline in place</li> <li>• Annual self-certification by all our people as to their understanding of and responsibilities for key ethical, regulatory and quality procedures</li> <li>• Review of process to manage our Public Interest Entity audit activity</li> </ul>
<p><b>Quality (audit and non-audit)</b> Providing poor-quality advice or giving incorrect opinions leading to claims and regulatory action or loss of clients due to reputational damage.</p>	<ul style="list-style-type: none"> <li>• Rigorous quality standards include: leadership tone at the top, skills and competence, clear and efficient procedures and quality control</li> <li>• Dedicated service line quality and risk management teams drive application of quality standards</li> <li>• Internal Audit function reports directly to the SLT and RAC sub-committee of the POB</li> <li>• Extensive training programmes administered through Business School and regular service line technical updates</li> <li>• Annual self-certification and Continuing Professional Development (CPD) returns by all our people</li> <li>• Investment in an ongoing programme of audit quality improvement with plans in place to hold leadership to account via the Audit Quality Board</li> <li>• Employee quality pulse surveys</li> </ul>
<p><b>Information and cyber security</b> Use of complex digital technologies, increased sharing of data by and with clients and third parties, and increased personal and corporate use of social channels for communication means there is an increased risk that we fail to safeguard confidential or personal data (firm's or client's). This could result in a breach of contractual, legal and/or regulatory requirements.</p>	<ul style="list-style-type: none"> <li>• Robust information security framework covering individuals, IT systems and infrastructure</li> <li>• Ongoing information security training and awareness programme</li> <li>• Specialist Breach management team manage and respond to information security incidents</li> <li>• ISO27001 accreditation attained for provision of information security management within the National Information Systems (NIS) team</li> <li>• General data Protection Regulation (GDPR) implementation programme in place</li> <li>• Information Security Management System (ISMS) group provides governance</li> </ul>

## Risk

## Mitigating activities

### Disruptive technologies

Disruptive technologies are transforming markets and the cost of providing services. There is a risk that our current service offerings become less relevant and we lose market share. This could be due to the nature of services we provide and/or the way these services are delivered and/or our internal systems and processes.

- Investment in innovative technology solutions to digitally enable, optimise and automate processes
- Digital Leaders Group provides central point for digital development capability and an optimised design process
- Digital strategy in place, focused on optimising current tools and transforming current processes (internal and external) through automation/digital efficiencies

### Global working

The increased importance of international work to the firm's growth plans brings with it enhanced risks relating to:

- loss or failure of GTIL/significant member firm in GTIL
- failure to appropriately serve our international clients as a result of working in a global organisation or global challenges outside out of control
- lack of oversight of risk and control environment in GTUK overseas operations
- cross-border liabilities as a result of engaging with non- domestic clients/contracting outside jurisdiction
- failure to protect our people wherever they are working.

- Member of GTIL network with shared vision and strategy and strong member firm collaboration
- Significant UK involvement and influence in GTIL strategy and governance
- Current International Oversight Group provides input into the firm's international strategy
- Stringent consultation requirements for overseas client acceptance and engagement processes
- Robust GTIL risk policies and protocols (including cross border engagements) and rigorous global quality assurance programme
- Direct equity investment in other jurisdictions
- Firm-wide policies and procedures including risk assessment and use of central travel provider for all overseas travel

### Client base

The identity and characteristics of the clients we act for sends a clear message to the wider community about the firm we are and aspire to be. The firm has chosen to set its reputation alongside a purpose and it is imperative that we work with clients that are aligned to this as well as other principles such as trust and integrity if they are to value what we do and be prepared to pay for our services.

- Targeted business development programmes in place and monitored
- Rigorous client acceptance procedures and consultation/approval requirements
- Central Take On Panel (C-TOP) in place
- Ongoing commercial leverage reviews with specific review of audit client base as part of our Audit Investment Plan
- Whistleblowing helpline

### Technology

There is a risk that we do not invest in and maintain efficient, effective and secure IT systems which support the firm's current and future business models.

- Collaborative approach with GTIL and major GTIL member firms to Ongoing IS infrastructure development and strategy.
- Business Improvement and Information Systems teams implement and drive system and behavioural change programmes using global standard project management methodology
- Clear road maps and delivery priorities for development of Software as a Service (SAAS) based projects
- Digital Leaders Group provides central point for digital development capability and an optimised design process.
- Microsoft Enterprise agreement with shared commitment to development and progression in delivering leading edge technology

## Risk

## Mitigating activities

### Changing external environment

There is a risk we are unprepared for changes in the external business and regulatory environment and the resultant changes in the marketplace and needs/priorities of our clients. This could result in failure of our business model or missing valuable opportunities with the potential for increased profits and growth. This includes:

- political and economic uncertainty (Brexit and wider political outcomes)
- changes in the industry/competition (disruptive change, eg competitors innovating faster than us, emerging market players, non-traditional competitors)
- ongoing scrutiny of the accountancy and audit profession and knock-on impact on regulation
- other regulatory changes.

- Market-scanning reviews, and business/market intelligence and analytics, drive investment and service innovation/development
- Scenario planning by the SLT to identify and manage impact of changing environments
- Individuals with responsibility for monitoring change in specific environments (regulatory, economic, market)
- Annual business planning and budgetary processes in place and regularity reviewed
- Robust financial reporting processes and key indicators review
- Active engagement with key stakeholders (including industry groups, regulatory bodies and GTIL) to identify and influence change and inform and monitor our response
- Engagement plan with regulator in place
- Detailed scenario planning by the SLT considers impact of Brexit on the firm and specific business units with specific action plan in place
- Proactive work with clients to help them create, review and manage their Brexit plans

### Culture

We have created a culture of openness and transparency where all of our people can make a difference and where we value diversity through inclusion. There is a risk that the behaviours of our people are not in line with our values and desired culture, resulting in disengagement and impacting our ability to develop and grow our firm.

- Our CLEARR values set the parameters of how we expect our people to behave and are embedded throughout the business
- Code of conduct communicates commitments underlying the principle of sharing responsibility and is at the heart of our quality and risk management culture
- Diversity and inclusion agenda central to strategy
- People systems including performance management and reward processes are aligned to values and expected behaviours and deal with poor/inappropriate behaviours
- Employee culture pulse surveys

### People and talent

The firm's ability to deliver excellent client service depends upon having high-quality people with the required breadth and depth of skills and experience at all times. There is a risk that the firm is unable to attract, develop and retain an agile and resilient workforce that will enable us to respond to future business models and market changes.

- Focus on building diverse teams and creating a culture of inclusivity, to attract and retain the right talent, regardless of background. These are supported by personal goals of all SLT members
- Increasing engagement with our people is an SLT Team goal for 2020. Feedback to date is very strong
- Strong reputation as a progressive employer in the marketplace attracts the best people
- Considerable investment in technical, leadership and commercial learning, including coaching programmes, to support the development our people in line with our capability framework
- Robust talent strategy systems and processes establish talent fundamentals for all people
- Dedicated People and Culture team ensures that our people's day-to-day experience reflects our progressive reputation

### Business resilience

Failure to anticipate, prevent, respond to and recover from disruptive events, regardless of source could pose a significant threat to the firm's business and its ability to operate, and in particularly its ability to deliver audit services.

- Integrated business continuity (BC) and Disaster Recovery planning and testing approach including key suppliers
- Robust IS infrastructure and office network supports working remotely or from alternative locations
- Network of trained location BC coordinators drive location based BC plans
- Focused approach to scenario planning led by SLT
- Programme underway to enhance existing processes and lay the foundations for a more consistent, inclusive and holistic approach to resilience planning

## 2.4 Statement on the firm's internal quality control systems

The Strategic Leadership Team (SLT) has ultimate responsibility for the firm's quality management systems and the establishment of appropriate internal control systems.

The internal quality control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, or in the case of financial controls, to eliminate the risk of material misstatement of our financial statements.

As reported in our interim transparency report for the 12 month period ended 30 June 2019, the SLT carried out a full review of the effectiveness of its internal quality control systems using the FRC's Guidance on Risk Management, Internal Control and Related Financial and Public Reporting as a framework. The review took into account:

- the findings from regulatory inspections
- reports from the firm's external auditors
- reports from Grant Thornton International Limited (GTIL) on the firm's quality control systems
- the findings of the firm's internal audit function on the operation of quality management systems and the management of risk across the firm.

The firm undertook a further review of internal controls covering the six month period to 31 December 2019 to align to our new financial reporting period.

Based on the reviews and feedback from our regulators, the SLT recognises that there are opportunities to strengthen specific elements of our control systems. They are committed to implementing recommendations made, and to the continued development and promotion of a culture where quality is understood, valued and rewarded as well as implementing improved monitoring and reporting systems. This approach is reflected in the changes made to our central professional support arrangements, including changes to the structure and delivery of technical and risk management support, which reinforce the distinction between the client service teams' responsibility for quality (the first line of defence) and the support and guidance at the centre of the firm (the second and third lines of defence).

However, the SLT remains of the view that no failings or weaknesses identified are of such significance that they undermine the effectiveness of our internal control systems or our ability to identify and rectify any control weaknesses.

On this basis, the SLT is satisfied that the firm's internal quality control systems are robust and operating effectively.

## 2.5 Internal monitoring

We run a continuous cycle of internal audit quality reviews to ensure that the audits we deliver are of a consistently high quality and to shape our continuous improvement plans. These include:

### i) National Audit Reviews

Key features of our National Audit Review process are:

- use of a standard methodology developed by Grant Thornton International Limited (GTIL)
- the Audit Quality Monitoring Team (AQMT), a central resource to review audits that fall within the scope of the FRC's Audit Quality Review
- non-FRC scope reviews are undertaken by experienced auditors, led by an experienced audit partner, using standard methodology developed by GTIL
- all reviews are completed under the direction of the AQMT to ensure integrity and consistency of the process
- each engagement leader is reviewed at least once every three years
- all new engagement leaders are reviewed within a year of appointment
- engagements for review are selected with a bias towards more complex or higher-risk assignments
- the setting of file grades is moderated by the AQMT to ensure consistency between reviewers and with the approach of external reviewers
- operating procedures in each office location are reviewed on a three-yearly cycle
- the local office audit leaders develop and implements targeted action plans to address the findings of reviews undertaken
- engagement leaders with files reviewed falling below expected standards are reviewed again within 12 months
- the annual National Audit Review findings are summarised and reported to the SLT
- themes arising from the National Audit Review are communicated to the Audit practice through training events, conferences and other technical update channels
- Root Cause Analysis is completed on all significant findings from the National Audit Review
- results from the National Audit Review are a principal factor in engagement leader quality scoring.

### Metrics on the results of internal quality reviews

The results of our most recent National Audit Review, which was carried out between January 2019 and December 2019, are set out below along with the previous three years:

	2019	2018	2017	2016
Number of audit engagements reviewed	45	49	54	49
Percentage of audit engagements reviewed that were graded either 'Good' or 'Good with limited improvements required'	67%	61%	56%	55%
Percentage of audit engagements reviewed that were graded 'Improvements required'	20%	29%	33%	35%
Percentage of audit engagements reviewed that were graded 'Significant improvements required'	13%	10%	11%	10%

The firm had set an expectation that all files would be graded 'Good' or 'Good with limited improvements required'. The results of the 2019 inspection indicate that there are still improvements required to reach that goal.

Percentage of Engagement leads subject to the firm's own audit quality reviews are set out below:

	2019	2018	2017	2016
Engagement leads reviewed	36%	39%	42%	37%

### ii) Audit quality measures

In addition to the National Audit Review process, we perform regular, focused audit quality reviews under the guidance of the National Assurance Services team. The measures are updated every year to incorporate areas of focus from internal and external monitoring. The audit quality measures provide a timely means of assessing the quality of audit files and identifying the effectiveness and impact of training and guidance. The review findings are communicated to the Audit practice and directly to the individual teams so that any learning points can be addressed and taken into account in the annual quality grading process.

The areas of focus for audit quality measures are compliance with certain aspects of the Ethical Standard, engagement leader involvement, Engagement Quality Control Reviewer involvement, communication with those charged with governance, revenue testing, going concern review and the financial statements.

In 2019, the firm has reconsidered the role that Audit Quality Measures in assessing quality and has taken the decision that these will no longer be completed and will be replaced by a new, more focused approach as described below.

In 2018 every Engagement lead had two files reviewed for selected Audit Quality Measures, the average pass rate was 82%. Up until the withdrawal of Audit Quality Measures 87 Engagement leads had one file reviewed, the average pass rate was 85%.

### iii) Measuring Audit Quality in 2019

From July 2019, the approach to measuring quality has changed. All engagement leads will be reviewed annually in one of three ways:

- National Audit Reviews
- External Reviews
- Pulse Reviews

A Pulse Review will be completed for any engagement lead who has not been reviewed either by the National Audit Review or by External Review in the year. A Pulse Review is an in-depth review of two risks within the audit.

	2019
Number of audit engagements reviewed	43*
Percentage of audit engagements reviewed that were graded either 'Good' or 'Good with limited improvements required'	81%
Percentage of audit engagements reviewed that were graded 'Improvements required'	12%
Percentage of audit engagements reviewed that were graded requiring 'Significant improvements required'	7%

\*There are currently 5 additional pulse reviews on going which are yet to receive final gradings.

The reviews covered a range of offices, industries and client sizes. The Pulse Reviews identified some good examples of audit documentation, and it is planned to leverage these best practice examples across the firm. Documentation of professional scepticism and demonstrating effective challenge of management remain challenges in some files and we are looking at responses to this. This will include specific training and development of workpaper templates.

Results and feedback on the Pulse Review process will be discussed with the Audit Quality Board and will be communicated to audit engagement leads at the next national meeting.

### iv) Internal people metrics

In order to understand our people's experience of working at our firm and the support and encouragement they feel they receive, we undertake regular pulse surveys of all our people.

These surveys include three industry standard questions that are asked across the profession, year-on-year.

Below are the results of these standard questions for the audit part of the firm from our most recent survey that was conducted in July 2019, with comparisons from 2018.

#### Partner and people surveys

Question	2019	2018	2017
I am encouraged to deliver high-quality work	89%	91%	93%
I have sufficient time and resources to do my job	28%	35%	36%
The training and development I receive from Grant Thornton has prepared me for the work I do	50%	63%	69%

#### Metrics on investment

	18 months to 31 Dec 2019	12 months to 30 Jun 2018	12 months to 30 Jun 2017
Average number of hours training per person (partners and qualified people) in audit	106.9	61	68.7
Number of engagement leaders directors/partners in audit	51/67	56/65	58/69
Number of engagement leaders in audit to total number of people in audit	118/1,875	121/1,661	127/1,617

#### Time, resource and training

Over the last 18 months we have committed over 15% more training hours per person on an annualised basis. However, we are aware, both from the results above and also other research we have done, that our teams feel they don't have sufficient time and resources to complete their work. To address this, we are performing a line-by-line review of our audit client base, working to a capacity model to ensure that we only commit to performing a volume of work which is sustainable for delivering good quality and supporting the wellbeing of our people. This review is well underway and will reduce the volume of clients we work with, specifically to address this point. Each audit partner/director has been given clear goals around this client base review to ensure we deliver on this element of our strategy.

We have also strengthened our capability within the data analytics tools we have within Grant Thornton and are embarking on additional training for our teams such that they can maximise the benefits (both in quality and efficiency) for our teams. We are also developing a suite of enhanced digital training modules which are being incorporated into our Audit Quality Academy.

#### Investment in research and development in audit

We continue to invest time and energy to make sure that the firm is at the forefront of debate about the future direction of the profession and continue to debate profession-wide matters relating to quality and excellence. The firm's lead for the audit technical function has been elected to the ICAEW's Council and continues to be a member of the Institute's "Technical and Practical Auditing Committee". The firm is implementing data analytics based methodologies and has contributed to the FRC's thematic review on the use of technology in audit.

The head of the firm's Audit Technical function has been appointed as Vice-Chair of the ICAEW's Learning & Professional Development Board, so is a member of the group responsible for the strategy of the ACA learning and examination. The firm continues to participate in the profession's debate about key skills for auditors and is represented on the 'Mid-market Tech Forum', which discusses technology and the related learning needed for the audit of the future.

The firm benefits from being at the centre of debate in many ways, with a very tangible output being the impact it has on technical learning. We are able to shape the curriculum of our core training to help equip our teams with class-leading technical materials and examples, and we run a series of monthly technical updates for the whole audit practice to share our insight and thinking to help them deliver higher quality work.

We continue to invest in the research and development of our audit practice through a combination of in-house development and strategic collaboration with third parties. In June 2019, we entered into a new services agreement with a data analytics software provider to significantly expand our use of this technology on Grant Thornton audits and improve the quality of our responses to fraud risk on the statutory audits we perform.

#### v) Root cause analysis

Root Cause Analysis is undertaken following the results of both internal and external monitoring processes and in response to other quality events. Both negative outcomes and positive outcomes are considered.

The number of file inspections subject to Root Cause Analysis for 2018/2019 and 2017/18 were:

Inspection period	External File Inspections	Internal File Inspections	Other*
2018/2019	26	22	6
2017/2018	23	24	0

\*Grant Thornton International, combined with Internal File Inspections

Root Cause Analysis is performed by experienced professionals who have received appropriate training, together with external consultants specializing in Root Cause Analysis.

Techniques are tailored to the subject of review. Individual interviews with team members, Engagement Quality Control Reviewers and other specialists involved in the outcome take place, together with further corroboration to supporting evidence where considered appropriate. For certain file reviews and thematic investigations, the review takes place in a group setting.

Root causes from investigations are aggregated to identify common themes. These are reported to internal and external stakeholders including the Strategic Leadership Team, the Public Interest Committee, the FRC and the ICAEW. Common themes and mitigating actions identified result in the development of related action plans which support and inform the Audit Investment Plan and Audit Strategy to 2022.

The common themes identified following the 2018/2019 period of quality inspections and the principal actions being taken are:

Key themes for positive outcomes	Key themes for negative outcomes
<p><b>Project management</b> Including timely and sufficient review and client engagement <b>Action:</b> Good practice incorporated into development of project management training</p>	<p><b>Project management</b> Including inadequate oversight and engagement with clients <b>Action:</b> Being addressed through mandatory project management training</p>
<p><b>Technical expertise</b> Including consistent use of established audit approaches and template working papers <b>Action:</b> Development of a further suite of template working papers and increase in mandated use of selected templates</p>	<p><b>Technical expertise</b> Including inadequate use of available resources <b>Action:</b> Being addressed as part of the People focus area in the Audit Strategy to 2022</p>
<p><b>Sector expertise in audit teams</b> <b>Action:</b> Introduction of badging system to identify, develop and focus on sector specialists</p>	<p><b>Insufficient application of professional skepticism</b> Including inadequate challenge of management in the audit process and step back and critical thinking on review <b>Action:</b> Being addressed as part of the Clients focus area in the Audit Strategy to 2022 to provide more space to step back, challenge and think critically, and related skills focus in mandatory audit technical training</p>

## 2.6 External monitoring

The FRC has statutory responsibility for oversight of the regulation of statutory auditors. The firm is registered and authorised to undertake statutory audit work by the Institute of Chartered Accountants in England and Wales (ICAEW). External monitoring is undertaken by the FRC, ICAEW and other regulators and external bodies.

Under the new Audit Firm Monitoring and Supervision (AFMAS) approach, the UK's competent authority for audit, the FRC has responsibility for the regular monitoring and mitigation of risks in the audit market. These include the risks of systemic deficiencies within an audit firm network, which could lead to the demise of any audit firm; disruption in the provision of statutory audit services, whether in a specific sector or across sectors; and the impact on the overall stability of the financial sector.

The FRC has continued to focus its attention on five key pillars:

- 1 Leadership and governance
- 2 Values and behaviours
- 3 Business models and financial soundness
- 4 Risk management and control
- 5 Evidence on audit quality.

During the year the FRC commenced work on the Audit Firm Governance Code and Internal Audit as part of the leadership and governance and risk management and control pillar. The findings from these reviews will be known in 2020 and will be actioned by the firm.

As part of the leadership and governance pillar, during the year, our Chief Executive and Head of Audit both met with the FRC in order for them to consider the experience, skills and attributes for their key roles. Both individuals were acceptable to the FRC.

### **i) Financial Reporting Council (FRC) – Audit Quality Review (AQR)**

The AQR team of the FRC undertakes an independent inspection of the quality of the firm's auditing function in relation to listed and other major PIEs. It also reviews our audit quality policies and procedures.

The AQR's report on the findings of its 2018/19 inspection of the firm was published in July 2019 and is available on the FRC's website.

The report focused on the key areas requiring action by the firm to safeguard and enhance audit quality. The findings cover matters arising from reviews of both individual audits and the firm's policies and procedures that support and promote audit quality.

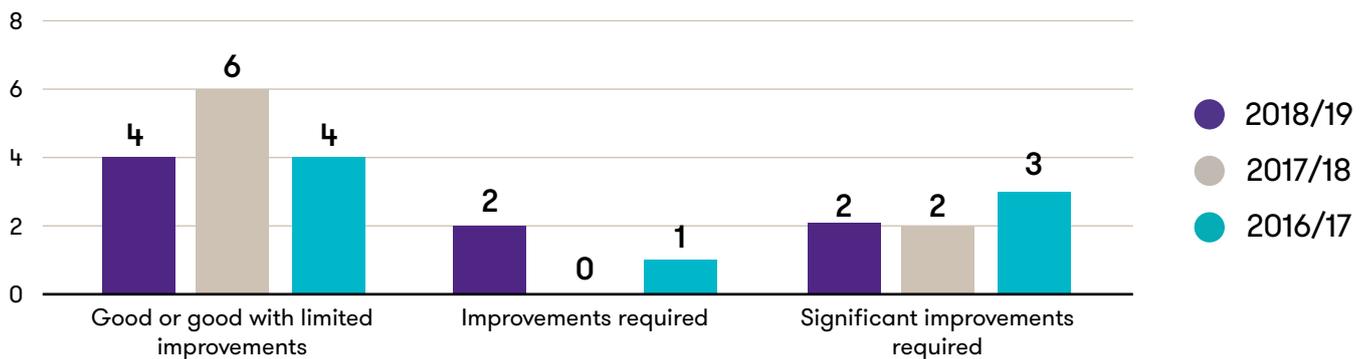
The FRC's assessment of our overall performance was as follows:

"We assessed four out of eight audits as requiring more than limited improvements, compared with two of eight in 2017/18. We have assessed 10 of the 39 audits that we have reviewed over the past five years as requiring significant improvements. This percentage (26%) is markedly higher than any other firm we have inspected over the period. This level of audit quality is unacceptable.

The quality of the audits inspected in the year, and indeed the overall lack of improvement in quality over the past five years, is a matter of deep concern. We have therefore required the firm to prepare and implement a detailed action plan to undertake an overhaul of its audit practice to improve quality

The firm has made senior management changes in the past year and must now take urgent action to enable audit teams to improve audit quality significantly. The firm has recognised that the quality of its audits must improve and has shared details of the actions it intends to undertake. We have met the firm on a number of occasions to discuss the plan. We do not consider that the plan is, at present, sufficiently developed or detailed to deliver the firm's objectives".

**External Metric: The results of AQR reviews on the firm are shown below.**



Our response to the FRC inspection was as follows:

“We are disappointed that the focus we have given to audit quality in previous years has not resulted in the improvement we hoped for. As such, as detailed in our Audit Investment Plan (AIP) which we started to develop in late 2018, we are now embarking on a root and branch change programme to ensure that our 2021 report meets the FRC target of audits being at a standard of good (or with limited improvements). We are committed to this as a goal and are working closely with the FRC to achieve this.

The steps we take in addressing audit quality across our AQR population clients will also be extended to all audit work we perform such that all of our audits, regardless of size/complexity meet the highest standards set by the FRC.

Our AIP will achieve our goals through investment (in people, additional training and technology) and an additional level of governance through our new Audit Quality Board such that our audit practice is strengthened to one which is specialist and technology enabled and is valued by our people, our clients and our regulators”.

Our overall position is disappointing given the high standards we set ourselves and we have recognised there is work to do to demonstrate consistent delivery of high quality. As a result, we made changes to the leadership and governance of our audit practice and developed a comprehensive Audit Investment Plan as set out in section 2.2 of this report.

The AQR identified the following areas where improvements were required and we have outlined against each examples of actions that we have or are committed to take. The full response to each of these findings is contained in the FRC 2018/19 public report and is summarised below:

**Urgently improve the extent and rigour of challenge of management in areas of judgement**

- Creating space and time for the audit team to reflect and apply critical thinking by reviewing our client base and more focused risk assessment
- Upskilling the audit practice on project management skills
- Introduction of standard work papers
- Independent review of challenging audits including introduction of support panel
- Strengthen work on integrity of data provided by management
- Further use of experts and specialists

**Improve the consistency of audit teams’ application of professional scepticism**

- As with challenge of management, creating space and time for the audit team to reflect and apply critical thinking
- Summer 2019 training with focus on professional scepticism
- On-the-job coaching
- Introduction of support panel

**Strengthen the effectiveness of the audit of revenue**

- As with challenge of management, creating space and time for the audit team to reflect and apply critical thinking
- Increased training on audit of revenue both in 2018 and 2019
- Revised approach on IT general controls by use of IT experts
- Introduction of standard mandatory work papers

**Improve the audit of going concern**

- Upskilling the audit practice on project management skills
- Increased training on audit of going concern in 2019
- Introduction of standard mandatory work papers

**Improve the audit of the completeness and evaluation of prior year adjustments**

- Increased training on audit of prior year adjustments in 2019
- Upskilling the audit practice on project management skills

**ii) Financial Reporting Council (FRC) – thematic reviews**

The FRC also completes thematic reviews to make comparisons between the major audit firms with a view to identifying both good practice and areas of common weakness. The reviews look at firms’ policies and aspects of audit or firm-wide procedures.

This exercise is valuable in enabling us to benchmark to current practice, highlighting areas of particular strength, and provides constructive discussion of where we could develop our practices. The thematic reviews are available on the FRC’s website.

In December 2018, the FRC published a thematic review of other information in the annual report. As a result of this review, the firm’s policies and procedures were updated.

In September 2019, the FRC published a thematic review of transparency reporting. This transparency report has been updated for the findings arising from that review and we will continue to respond to the best practice identified in future versions of our transparency reports.

The FRC is currently conducting thematic reviews into audit quality indicators and the use of technology in audit. The findings from these reviews will be known later in 2020 and will be actioned by the firm.

**iii) Institute of Chartered Accountants in England and Wales (ICAEW) – Quality Assurance Department (QAD)**

The QAD of the ICAEW is responsible for performing reviews of most audits that fall outside the scope of work of the AQR. The findings are reported privately to the firm and are not publicly available.

The most recent full review was undertaken in 2018.

The QAD’s assessment of our overall performance was as follows:

“...the audit work we reviewed on the majority of files was of a generally acceptable standard. Of our standard file reviews, four were satisfactory and four were generally acceptable. However, one file required improvement and two required significant improvement. This grading profile is very similar to 2017, although we note more files were satisfactory this time.”

Improvements were required as follows:

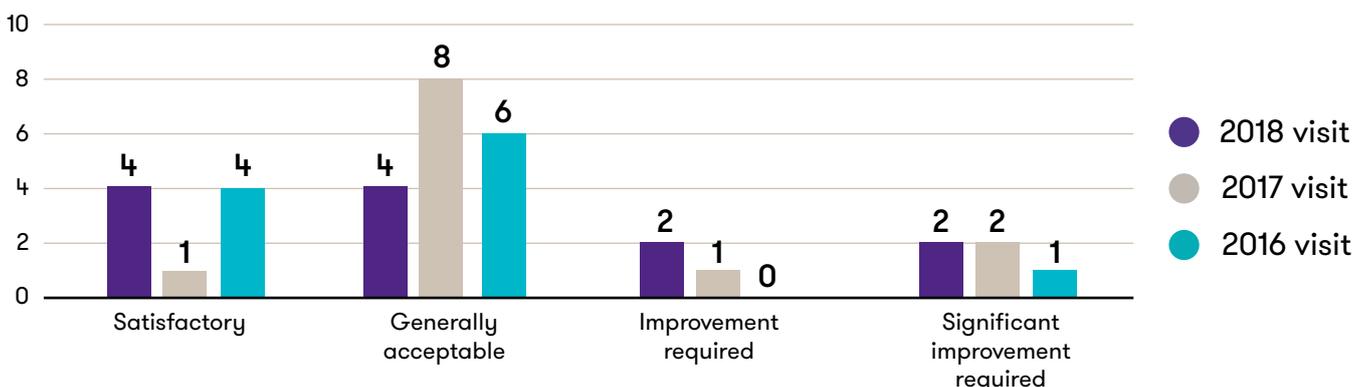
- Significant ethical and audit quality issues relating to Growth Securities Ownership Plan
- (GSOP) for two private groups
- Quality of audit work on first year AIM audit
- Further improvement needed in the audit of income

In response to these findings, and in addition to the improvement measures already included under the AQR reviews, we have:

- required consultation on ethical matters relating to GSOP
- provide additional training and guidance.

The Audit Investment Plan has also been developed to address audit quality.

**Metric: The results of QAD reviews on the firm are shown below.**



#### iv) Public Sector Audit

During the period covered by the transparency report (July 2018 to December 2019), the arrangements for regulation of public sector audit work changed. Separate arrangements were in place for NHS and Local Government audits during the year, and we outline these below:

- NHS: With effect from audit year 2017/18, all major NHS audits excluding Foundation Trusts are regulated by the Financial Reporting Council (FRC). The Quality Assurance Department (QAD) of the ICAEW is responsible for non-major audits. Foundation Trust audits were subject to inspection by the QAD, under the direction of NHS Improvement.
- Local Government: For audit year 2017/18, local government audits were regulated by Public Sector Audit Appointments Ltd (PSAA). PSAA commissioned the FRC to review a sample of audits on their behalf. For 2018/19, responsibility for the regulation of major local governments was taken over by the FRC. The QAD are responsible for the quality monitoring of non-major local government audits.

In the course of the year, the firm was inspected on one NHS and three Local Government engagements by the FRC. The QAD reviewed two NHS Foundation Trusts and two other NHS audits. We also undertook 10 full internal quality reviews in respect of audit year 2017/18, and a further 10 reviews in respect of 2018/19. We also undertook a much larger number of spot check reviews looking at key quality measures.

PSAA's Annual Quality Review Report, which sets out the results of our local government reviews, is published on PSAA's website. For 2018/19, PSAA has assessed Grant Thornton as continuing to meet its overall standards both for audit quality and regulatory compliance. The firm's overall assessment is Amber, which is in line both with our performance in 2017/18 and with most other firms in the market

For all improvement areas identified by internal or external quality reviewers, we agree an action plan and follow this up to ensure it has been implemented. The key areas on which we have focused our improvements on over the last year include:

- the valuation of Property, Plant and Equipment
- the valuation of Pension liabilities
- ensuring that we demonstrate professional scepticism and a challenging mindset throughout our audits.

We have also increased the level of training and guidance provided to local teams, as well as strengthening individual quality targets for all team members, along with the quality support arrangements within each of our regional centres of excellence.

During the year we surveyed over 50 bodies to assess their satisfaction with our work. Our average score was 8.5/10 (prior year 8.8/10) showing that audited bodies remain very satisfied with our work.

#### v) Other UK external indicators

##### Metrics on external investigations

Number of cases in the last 18 months in which the FRC has found against the firm or one of its members:

July 2017 to June 2018 = 0

July 2018 to December 2019 = 2

These two cases for the period under review are detailed below.

##### Nichols plc and University of Salford

In August 2018, the FRC announced that the firm had agreed that it be severely reprimanded, fined £3 million (after a discount for settlement) and pay costs of £165,000 with respect to breaches that created self-interest threats and resulted in the loss of independence in respect of its audits of Nichols plc and University of Salford from 2010 to 2013 inclusive. The FRC also disciplined four former partners of the firm.

##### Other publicly listed company

In December 2019, the FRC announced that the firm had agreed that it be fined £422,500 (after a discount for admissions and early disposal), and that there be a declaration that its 2016 audit report of a publicly listed company did not satisfy certain relevant requirements, in that the work done on the sampling of assets was inadequate, amongst other matters. The FRC also disciplined a former partner of the firm.

##### Ongoing FRC investigations

##### Sports Direct International plc

In November 2016, the FRC announced an investigation into the firm's audit of the financial statements of Sports Direct International plc for the 2016 year. The FRC's investigation is continuing.

##### Patisserie Holdings plc

In November 2018, the FRC announced an investigation into the firm's audit of the financial statements of Patisserie Holdings plc for the 2015, 2016 and 2017 years. The FRC's investigation is continuing.

##### Interserve plc

In April 2019, the FRC announced an investigation into the firm's audit of the financial statements of Interserve plc for the 2015, 2016 and 2017 years. The FRC's investigation is continuing.

[In addition, there is one other legacy ongoing investigation by the FRC into the firm's audits that the FRC has not publicly announced.]

Number of cases in the last 18 months in which the disciplinary committee of any other regulatory body found against the firm or one of its members:

July 2017 to June 2018 = 1

July 2018 to December 2019 = 2

These two cases for the period under review are detailed below.

### **Cliveden Country House Hotel Limited and other companies**

In November 2018, the ICAEW announced that the firm had agreed to an order that it be severely reprimanded, fined £40,000 and pay costs of £10,755 with respect to a complaint that the firm issued audit reports for six companies for the 2008 year and for 10 companies for the 2009 year that had not been conducted in accordance with international standards on auditing.

### **Frontier Smart Technologies Group Limited**

In October 2019, the ICAEW announced that the firm had agreed to an order that it be reprimanded, fined £24,850 and pay costs of £2,430 with respect to a complaint that in March 2017 the firm issued an audit report in respect of the financial statements of Frontier Smart Technologies Group Limited when it had failed to obtain sufficient appropriate audit evidence, in breach of an international standard on auditing.

[In addition, there are four other legacy ongoing enquiries by the ICAEW into the firm's audits that the ICAEW has not publicly announced.]

### **vi) Grant Thornton International Limited (GTIL) audit review**

GTIL completes an inspection of a selection of audits on a cyclical basis. The review is completed on a triennial cycle and is called Grant Thornton Audit Review. Further detail is provided in Appendix E. The last review was completed in 2018, the firm has received a clean opinion with no findings arising.

### **vii) Overseas regulators – Public Company Accounting Oversight Board (PCAOB)**

In the United States of America the firm is registered with the PCAOB, which inspects firms on a periodic basis. Inspections are designed and performed to provide a basis for assessing the degree of compliance by a firm with applicable requirements related to issuer audit work.

The last inspection of the firm was completed in 2015 and the final report was published in May 2016 and is available on the PCAOB website. This included the review of the audit files for one direct issuer and two other engagements in which the firm played a role but was not the principal auditor, as well as the firm's related quality control procedures.

The review did not identify any audit performance issues that, in the inspection team's view, resulted in the firm failing to obtain sufficient appropriate audit evidence to support an audit opinion or to fulfil the objectives of its role in other engagements.

Additionally, the inspection team did not identify anything that it considered to be a quality control defect that warrants discussion in a PCAOB inspection report.

### **ix) Overseas regulators – Canadian Public Accountability Board (CPAB)**

In Canada the firm is registered with CPAB who inspects firms on a periodic basis.

In 2016 the firm had one audit inspected by CPAB that identified a significant finding. The firm agreed with CPAB the additional audit procedures to be completed. The result of those additional procedures was that there was no need to restate the financial statements due to material error, and the final report was agreed with CPAB in January 2017. There have been no inspections of our audits since then.

### **ix) Overseas regulators – Crown dependencies**

The AQR monitors audits of entities incorporated in Jersey, Guernsey and Isle of Man by private contractual arrangements with the relevant regulatory authorities in the Crown dependencies.

The results of any reviews completed under these arrangements are included in the AQR results above.

### **x) Investor liaison:**

Representatives of our firm actively engage with regulators, standard setters and investors, shaping and influencing the drive for better reporting (audit committee and auditor) and supporting regulatory change where it is necessary. Our INEs, as well as many of our partners and employees, participate in various boards, committees, working groups and forums across a diverse range of bodies and subjects relating to our profession and the wider market, and provide comments and feedback on the firm's view on planned developments and issues. This includes regular meetings with our regulators and with the UK government, alongside representatives from institutional investors, the business community and the accounting profession.

As part of our investor dialogue, the Head of Audit meets annually with the Company Reporting and Auditing Group (CRAG).

Our Grant Thornton Governance Institute publishes its annual corporate governance review looking at trends in compliance and disclosure of the FTSE 350. This forms an important element of our external engagement and dialogue with investors.

Additionally, we participated in a number of events organised by the FRC and Policy and Reputation Group (PRG) as part of an ongoing investor dialogue programme, and in the past year key Grant Thornton personnel and our INEs have attended stakeholder meetings and working groups with the FRC, the International Forum of Independent Audit Regulators (IFIAR) and CRAG.

# Part 3

## Structure and governance

# 3.1 Leadership and governance

The firm's principal leadership and governance bodies are the SLT and the POB. The SLT develops and implements the firm's strategy and is responsible for day-to-day management. The POB provides oversight to the SLT on behalf of the members of the LLP (the 'partners'). Together they aim to achieve the highest standards of governance and collaborate to serve the best interests of all the firm's stakeholders.

The firm's membership agreement sets out the members' rights and obligations, the firm's governance framework and the key responsibilities for the management of our business.

## Management of our business

### i) Chief Executive Officer (CEO)

The CEO has full executive authority for the management of the business. The CEO is nominated by the POB with the appointment confirmed by an all-partner vote, and may be appointed for no more than two, four-year terms. David Dunckley was appointed CEO for a first term on 1 December 2018.

The CEO is bound by the firm's Statement of Principles, which is the firm's highest-level statement of objectives, values and philosophy. This is developed by the POB and approved by the partners at least every three years. The Statement of Principles was formally approved by all partners in December 2019.

### ii) Strategic Leadership Team (SLT)

The CEO appoints the SLT, which is responsible for:

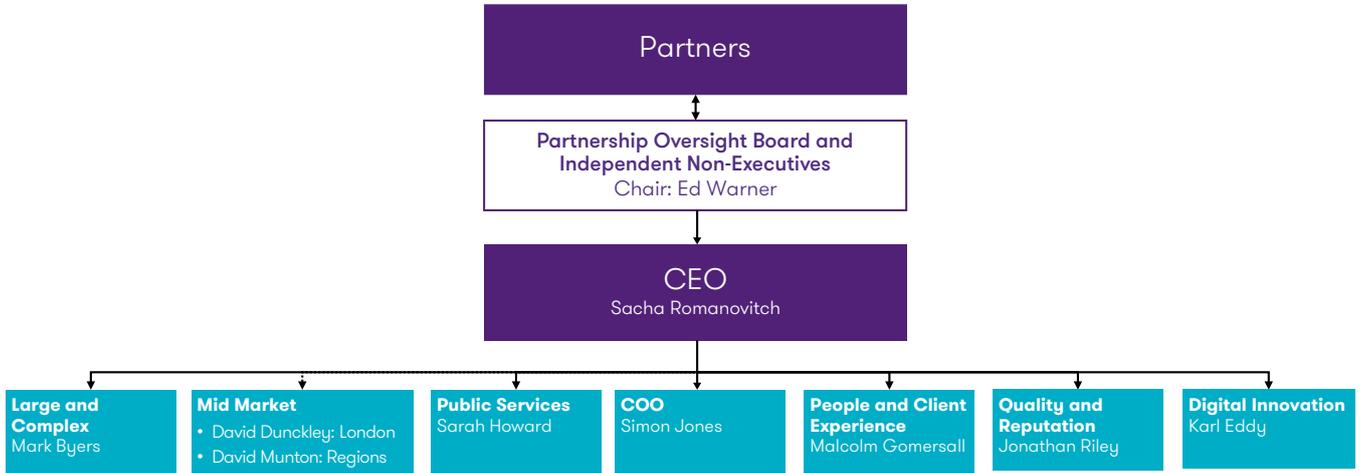
- ensuring the firm operates within the firm's Statement of Principles
- protecting the goodwill and reputation of the firm
- developing and implementing the firm's strategy
- ensuring the firm complies with all relevant regulatory and legal requirements
- ensuring the firm participates in the wider economic environment as a responsible employer and contributor to growth

- putting quality at the heart of everything we do
- promoting collaboration and agility to enable the best ideas and approaches to be adopted
- designing our structure to further empower our people and reduce cultural hierarchy
- driving a profitable and sustainable firm.

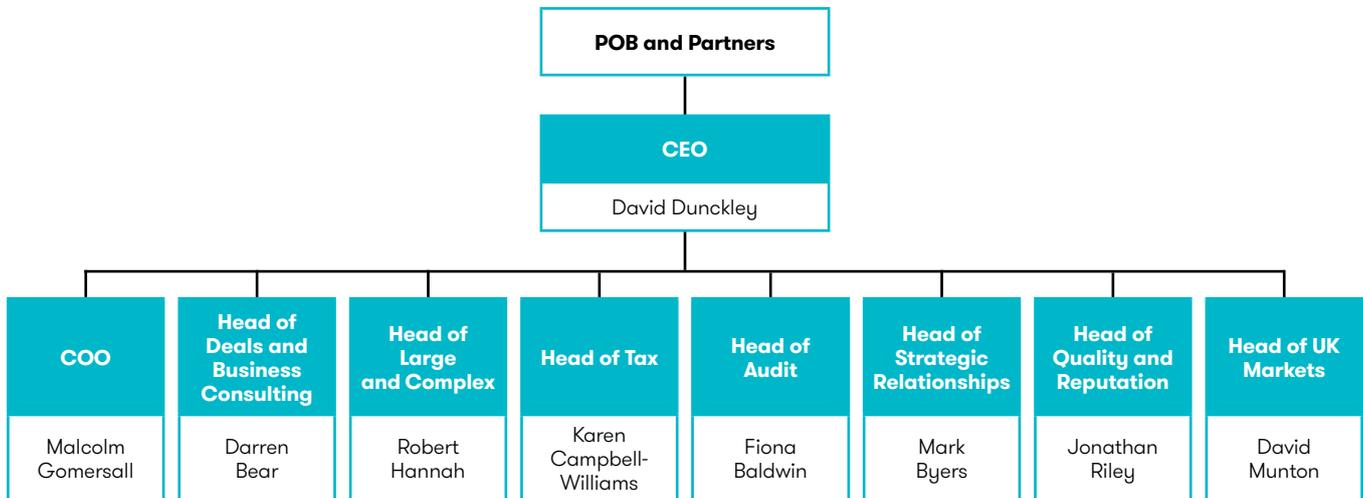
The members of the SLT are appointed and removed by the CEO and subject to ongoing performance evaluation by the CEO and the Remuneration Committee, a subcommittee of the POB.

At the start of the period covered by this transparency report, the SLT's structure and membership reflected the firm's historical approach to operational management. As mentioned elsewhere in the 18 month period we have changed the structure of the firm so that operational leadership is in the hands of the service line leaders, supported on the SLT by the firm's Chief Operating Officer, Head of Quality and Reputation, Head of UK Markets, and Head of Strategic Relationships.

## Firm's leadership and governance structure as at 1 July 2018



## Firm's leadership and governance structure as at 31 December 2019



### iii) Partnership Oversight Board (POB)

The POB is responsible for the protection of members' interests, standards of corporate governance within the firm and the oversight of the SLT. Its principal duties are:

- development of the firm's Statement of Principles
- appointment (and, if required, the removal) of the CEO, subject to the vote of members
- establishing the CEO's remuneration framework
- approving the firm's leadership structure, and the terms and conditions relating to any management roles proposed by the CEO
- monitoring the CEO's stewardship of the business
- overseeing the principles and criteria for profit sharing and presiding over appeals in relation to profit share
- oversight of risk and quality policies and procedures
- approving the maximum borrowing limits of the LLP
- review and approval of the amount of financial compensation payable to an outgoing partner in excess of £300,000 and those who hold a senior management role
- recognising that we have a public interest role that extends beyond any potential short-term interests of the partners.

The POB consists of nine members elected by the partners, three INE members, and three ex officio non-voting members (being the CEO and two other members of the SLT). Elected members are appointed for a period of three years and may serve for one further consecutive term if re-elected.

The membership agreement includes a non-exhaustive list of indicators requiring consultation with the POB, namely, capital expenditure or investment of £2.5 million or more, the opening or closing of an office or service that would change revenue by 10% or more, or new or amended borrowing where the total borrowing would exceed £100 million.

Brief biographies of the POB members at 31 December 2019, including their appointment dates, and meeting attendance records during the year are set out in Appendices E and F.

### iv) Independent Non-Executives (INEs)

The firm has three INEs with a wide range of experience and skills, including experience of professional partnerships, corporates and the investor community covering a wide range of sectors including professional services, financial, technology, retail, charity, media and construction.

The INEs are 'outside members' of Grant Thornton UK LLP as defined by the firm's membership agreement, and as such are part of our POB with voting rights that are only exercised by the INEs when to do so would not compromise their independence. Each INE serves an initial first term of three years.

All three INEs were in post throughout the year.

Ed Warner, has been an INE of the firm since September 2010, and was appointed as Independent Chair of the POB on 1 April 2016 for a three year period. In 2018, it was agreed that this term would be extended by two years. Given that this resulted in the total term lasting longer than nine years, the extension was subject to rigorous review by the POB, and, in accordance with AFGC 2016 provision C.3.2, they concluded that his continuation in the role for this period was in the best interests of the POB and the firm, and that he remained independent.

The INEs bring their considerable expertise to the POB and are responsible for contributing to the overall governance of the firm, and specifically:

- the firm's recognition of its public interest responsibilities and its attitude towards quality
- the firm's approach to risk management and governance
- issues raised under whistleblowing policies and procedures
- oversight of the firm's policies and procedures.

The INEs attend all POB meetings and are invited to attend partners' meetings, and to meet with the CEO and the chair of the POB periodically. Our INEs also meet with key representatives from the institutional investor community and regulators from time to time.

In addition to their membership of the POB, Ed Warner is Chair of the Profit Sharing subcommittee and Public Interest Committee, and Deena Mattar is Chair of the Risk and Audit Committee and Imogen Joss is the chair of the Remuneration Committee. All INEs are members of the Profit Sharing subcommittee and the Public Interest Committee.

Our INEs contribute to audit quality through their involvement in the Public Interest Committee and the Profit Sharing subcommittee which reviews the process to ensure quality gradings of all partners are appropriately taken into account in determining partner profit share. During the year the INEs have also participated in other ad hoc subcommittees as required – for example, in relation to significant property transactions, pension scheme matters and investments.

The remuneration of the INEs is reviewed annually by the Remuneration Committee without any INEs present. The INEs are remunerated according to their roles. For the 18 month period ending 31 December 2019, the POB chair received £202,500, the Risk and Audit Committee chair £105,833.33 and the chair of the Remuneration Committee £90,833.33.

The firm has considered the UK Audit Firm Governance Code, the FRC's Ethical Standard and as well as considering what an objective, reasonable and informed third party would expect in establishing independence criteria for the appointment of INEs. The POB is a 'supervisory board' as envisaged by the Financial Reporting Council (FRC) Ethical Standard and, therefore non-

executive members of the POB are not members of the firm or covered persons for the purposes of auditor independence. As a result, personal relationships and business or financial interests of the INEs do not bear directly on the firm's independence as auditors. However, the firm is mindful of the impact of public perception and so INEs are not permitted to: be a director or a member of the audit committee or; hold a key management position; or hold a financial interest, in any of the firm's audit clients listed in the firm's prohibited investments list.

Prior to their appointment INEs disclose any business interests they have other than those of the firm and declare any conflicts that are apparent to them. The firm will then assess the impact of these on its independence as an auditor, as well as the INE's independence from the firm and its partners. The INEs' letters of appointment includes ongoing obligations on INEs to disclose any potential conflicts as soon as they become apparent, and specifically on a quarterly basis the INEs confirm to the POB Secretary that they have no financial interests with any of the firm's audit clients listed on the firm's prohibited investments list. In addition, the INEs confirm their independence annually as part of the firm's Annual Declaration process, and any changes to their directorships and personal appointments is also confirmed each year.

In the event that there was a fundamental disagreement between an INE and either the POB or the SLT that could not be resolved following discussions with the chair of the POB and the CEO, and as a result the INE resigned from the firm, the fact that there had been such a disagreement would be disclosed in this transparency report. No such disagreement has occurred to date.

## v) Subcommittees

The POB has three main subcommittees that deal with key aspects of governance: the Risk and Audit Committee, Public Interest Committee and the Remuneration Committee. The POB's oversight of management and the establishment of separate Risk and Audit and Remuneration committees ensure that the firm complies with appropriate corporate governance, risk management and quality standards.

### Risk and Audit Committee

The principal role of the Risk and Audit Committee (also referred to as the Committee or the RAC) is to ensure the firm's quality and risk management framework is in place and operating, and to oversee the financial reporting and external audit process. Its specific duties include:

- overseeing policies and procedures on quality and risk management (including ethics and independence)
- monitoring and reviewing the effectiveness of the firm's internal audit function and the timeliness and effectiveness of management's corrective actions
- overseeing management's response to any major external or internal audit recommendations
- monitoring the firm's relationship with its external auditors and external regulators.

A key responsibility of the chair is to review current activities of the Committee to ensure they fully meet and reflect the objectives and requirements of the revised Audit Firm Governance Code (the Code) with specific reference to the public interest, risk and audit quality.

The chair reports at each POB meeting on the RAC's activities and considerations to enable the POB to understand the firm's approach to quality and risk, and where necessary, challenge and debate issues that could impact on the firm's compliance with the Code.

The RAC reviews quarterly reports from the Internal Audit and Risk teams which enables it to review the firm's quality and risk management framework. The Committee also provides input to the firm's business risk management process, which involves at least an annual systematic review of each business area's risks and controls and the consolidation of these risks into the firm's whole firm risk profile. The RAC receives all completed internal audit reports.

In addition, the RAC reviews the annual report prepared by the Internal audit and Risk teams, their activities in the year, identifies emerging themes and priorities for action moving forward and sets out plans for the forthcoming year. It also reviews the SLT's Annual review of effectiveness of internal control systems report.

The RAC's activities in the period focused on the firm's ongoing development and implementation of a robust quality and risk management framework and the robustness of the firm's financial reporting. This year, it has specifically considered the transition to a new CEO with revised SLT structures, the creation and implementation of the Audit Investment Plan and the firm's implementation of key IT systems. The change to the firm's operational structure to one of service line management and oversight has led to a further need to revise the risk management framework, which is in progress. Changes to the delivery of internal audit are also in motion.

During the period, the Risk and Audit Committee consisted of three elected members of the POB, the CEO (or his nominated deputy), plus one INE (Deena Mattar, Chair). The Committee met 10 times in the 18 month period ending 31 December 2019 and five of these meetings were attended, in part, by the external auditors.

In addition to the appointed RAC members, members of the firm's leadership bodies and those with specific responsibility for quality and risk activities and financial reporting are invited to attend and, where appropriate, report on relevant issues. In addition to the Head of Quality and Reputation, these include the CEO, members of the SLT, the firm's Legal team, the Ethics Partner, the Head of Audit and the Head of Risk. The firm's external auditors also attend meetings where audit and financial reporting issues are considered. The Committee also met with the Head of Internal Audit, the Head of Risk and the Ethics Partner without SLT members present.

### Public Interest Committee

The Public Interest Committee (PIC) is responsible for overseeing the public interest aspects of the decision-making of the firm including the management of reputational risks for the firm. In addition, the Public Interest Committee is responsible for engaging, together with senior management of the firm, in dialogue with the FRC and external stakeholders – in particular, representatives of shareholders in PIEs audited by the firm. From 1 January 2020, the PIC will also be attended by the chair of the Audit Quality Board. The Committee also receive reports as to whether any matters have been referred to the whistleblowing hotline. The PIC met four times over the 18 month period to 31 December 2019.

### Remuneration Committee

The Remuneration Committee is responsible for setting the remuneration framework of the CEO and the SLT, dependent upon the achievement of predetermined criteria and goals. The committee, which consists of three elected POB members and at least one INE, met seven times over the 18 month period to 31 December 2019. Further information on the remuneration of audit partners and directors is included in Appendix H.

## 3.2 Governance KPIs

The Audit Firm Governance Code requires firms to determine governance KPIs and to report against them in their transparency reports. The following indicators are used to report on the performance of our governance systems.

Key performance indicator	Response
<p><b>A Leadership</b></p> <p>The SLT/POB/RAC/PIC and RemCo should each meet at least the number of times specified in the Terms of Reference each year, with a minimum average attendance target of 80% over a 12 month rolling period</p>	<p>Average attendance at meetings of the SLT, POB, RAC, PIC and RemCo over a 12 month rolling period during the 18 months July 2018 to 31 December 2019 exceeded 80% at all times.</p> <p>Average meeting attendance for the 18 month period 1 July 2018 to 31 December was:</p> <p>SLT 93%, POB 92%, RAC 100%, PIC 100% and RemCo 91%.</p> <p>During the 18 month period the RAC, PIC and Remco met the number of times specified in the Terms of Reference (prorated) or more. The POB is required to meet as often as necessary and met 10 times. The SLT's Terms of Reference do not currently specify the number of times they will meet and they met formally 18 times over the 18 month period.</p> <p>Individual attendance rates for members of the SLT, POB, RAC, PIC and RemCo and further details are set out in Appendix E.</p>
<p>The POB should comprise a minimum of one practicing audit partner</p>	<p>The POB included three practicing audit partners during the period (Nick Page, Simon Bevan and Norman Armstrong to September 2019. Nick Page was replaced by Paul Naylor in October 2019, with Simon and Norman remaining as POB members during the period).</p>
<p>Terms of references of all Boards and Committees are reviewed every three years</p>	<p>Terms of reference were most recently formally reviewed as follows:</p> <p>SLT – October 2018            POB – October 2015            RAC – December 2017            PIC – November 2017 (when established)            Remco – August 2014</p> <p>A wider review of the firm's Membership Agreement is currently underway and will incorporate a review of the Terms of Reference of the POB, RAC, PIC and Remco.</p>

	<b>Key performance indicator</b>	<b>Response</b>
<b>B Values</b>	The firm should carry out an annual People Survey with the Board reviewing and acting upon the findings	Regular pulse surveys of all our people are undertaken: A quality pulse survey was carried out in May 2019 and a culture pulse survey in October 2019). Findings are reviewed by the PIC on behalf of the POB.
<b>C INEs</b>	There should be at least three INEs	There are three INEs and further details can be found in section 3.1. In addition, Philip Johnson now chairs the AQB.
	The Board satisfies itself that the INEs remain independent from the firm on an annual basis	The INEs completed an Annual Declaration in May 2019. In addition, on a quarterly basis they confirmed that they had no financial interests with any of the firm's audit clients listed in the firm's prohibited investments list/Global Conflicts List or Global Restricted List.
<b>D Operations</b>	The PIC should review contact with the firm's whistleblowing helpline on an annual basis	The PIC receives a report on whistleblowing at each meeting. In between meetings, they are updated of any significant matters arising by the Head of Quality and Reputation.
	The Head of People and Culture attends at least one PIC meeting each year	Malcolm Gomersall attended the January 2019 PIC meeting in his (then) role as Head of People and Culture. His designate, Dora Brooke-Taylor (Head of People Operations) also attended on 31 October 2019.
	Formal external POB effectiveness review carried out at least every four years (preceding the final year of each CEO term)	An externally facilitated effectiveness review of the POB was carried out in 2018. In addition, the POB conducted a self appraisal in July 2019. The next externally facilitated review is due in Spring 2021, and an annual self appraisal will be conducted each July.
	The SLT and RAC review the effectiveness of the firm's systems of internal controls annually	Refer to section 2.4 - Statement on the firm's internal quality control systems. The RAC reviewed the SLT's report on the effectiveness of its internal quality control systems in September 2019.
<b>E Reporting</b>	The POB should receive an update/presentation from each Service Area lead at least annually	The PIC receive regular updates from the Head of Audit with significant matters being reported to the POB by the Chair of the PIC. A rolling programme of Service Area lead updates is incorporated into the POB agendas for financial year 2020 onwards.
	The SLT and the POB review the transparency report annually [to satisfy itself that it is fair, balanced and understandable and complies with the AFGC, or explains otherwise]	This transparency report has been reviewed by the SLT and the RAC on behalf of the POB.
<b>F Dialogue</b>	The PIC should satisfy itself annually that a formal programme of investor dialogue is occurring	The INEs met with the CRAG on 31 October 2019.

# 3.3 Legal structure and ownership

## Legal structure

Grant Thornton UK LLP is incorporated under the Limited Liability Partnerships Act 2000 and registered in England and Wales (registered number OC307742). In this report, Grant Thornton UK LLP is referred to variously as: the firm, the LLP, Grant Thornton, we, our and us.

## Ownership

The firm is entirely owned by its members (normally referred to as partners). During the 18 month period to 31 December 2019 the average number of members was 190 (2018: 187). A list of the members is available for inspection at the LLP's registered office: 30 Finsbury Square, London, EC2A 1AG.

## Our business

Grant Thornton is a leading financial and business advisory firm. We are structured in a way which makes it easier to drive quality through all we do such that it is second nature. We offer our clients a great depth of expertise and we deliver our services in a distinctive and personal manner. A full list of our services can be found on our website.

During the 18 months to 31 December 2019 the average number of employees was 4,611 (Year to 30 June 2018: 4,410), and they operated from 27 offices (2018: 27) throughout the United Kingdom. In addition, we have offices in the British Virgin Islands and the Cayman Islands, which are necessary for our insolvency, restructuring, forensic and investigatory work. Our website has a current list of our office addresses.

## Principal subsidiary undertakings of the Grant Thornton UK LLP group

Set out below is a list of the principal subsidiary undertakings of Grant Thornton UK LLP at 31 December 2019, along with details of their principal activity.

### Companies

Grant Thornton Business Services

### Principal activity

Employment of personnel

Grant Thornton Specialist Services (Cayman) Limited

Insolvency and restructuring services

Grant Thornton (British Virgin Islands) Limited

Insolvency and restructuring services

Fulwood Insurances Limited

Insurance services

### Limited liability partnerships

Grant Thornton Services LLP

### Principal activity

Employment of personnel

# Appendices

# A Audit Firm Governance Code

In July 2016 the FRC published a revised version of the Audit Firm Governance Code which is applicable for financial years beginning on or after 1 September 2016.

The revised code is applicable to us for the 18 month period ending 31 December 2019 and we have fully applied the principles and provisions of the revised Code in this report. We have found the implementation of the Code to be invaluable in strengthening our governance processes, particularly in relation to its public interest aspects. We have set out below how we are complying with each of the principles and provisions of the revised Code, including the references to the required disclosures in this report and/or on our website.

## Provision of the revised Code

## How Grant Thornton UK LLP complies with the Code

Provision of the revised Code	How Grant Thornton UK LLP complies with the Code
<b>A Leadership</b>	
<b>A.1 Owner accountability principle</b> The management of a firm should be accountable to the firm's owners and no individual should have unfettered powers of decision	The existence of the POB creates a governance structure which fetters the powers of the CEO in terms of their decision making. The Senior Leadership Team are held accountable by the POB and the POB and INEs have a responsibility to the firm owner's, the partners. Please see part 3.1 and Leadership and Governance pages on our website for further details on this.
A.1.1 The firm should establish a board or equivalent governance structure, with matters specifically reserved for its decision, to oversee the activities of the management team.	See part 3.1 and Leadership and Governance pages on our website
A.1.2 The firm should state in its transparency report how its governance structures and management operate, their duties and the types of decisions they take. In doing so the firm should explain how its governance structure provides oversight of both the audit practice and the firm as a whole with a focus on ensuring the Code's purpose, is achieved. If the management and/or governance of the firm rests at an international level it should specifically set out how management and oversight of audit, is undertaken and the Code's purpose achieved in the UK.	See part 1.2 and part 3, Structure and Governance
A.1.3 The firm should state in its transparency report the names and job titles of all members of the firm's governance structures and its management, how they are elected or appointed and their terms, length of service, meeting attendance in the year, and relevant biographical details.	See part 3, Appendix D and Appendix E
A.1.4 The members of a firm's governance structures and management should be subject to formal, rigorous and ongoing performance evaluation and, at regular intervals, members should be subject to re-election or re-selection.	See part 1.2 and part 3.1 See also the Leadership and Governance pages on our website
<b>A.2 Management principle</b> A firm should have effective management which has responsibility and clear authority for running the firm.	See part 3.1 and Leadership and Governance pages on our website
A.2.1 Management should have terms of reference that include clear authority over the whole firm including its non-audit businesses and these should be disclosed on the firm's website.	See part 3.1 and Leadership and Governance pages on our website

## Provision of the revised Code

## How Grant Thornton UK LLP complies with the Code

B Values	
<p><b>B.1 Professionalism principle</b>  <b>A firm should perform quality work by exercising judgement and upholding values of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour in a way that properly takes the public interest into consideration and meets auditing and ethical standards.</b></p>	<p>See part 2.2, Appendix C and our Code of Conduct on our website</p> <p>Our Code of Conduct is made in reference to the Audit Firm Governance Code's principles</p>
<p>B.1.1 The firm's governance structures and management should establish and promote throughout the firm an appropriate culture, supportive of the firm's public interest role and long term sustainability. This should be achieved in particular through the right tone from the top, through the firm's policies and practices and by management publicly committing themselves and the whole firm to quality work, the public interest and professional judgement and values.</p>	<p>See parts 1 - 2 and our Code of Conduct on our website</p>
<p>B.1.2 Firms should introduce KPIs on the performance of their governance system, and report on performance against these in their transparency reports.</p>	<p>See Part 3.2 and Appendix E for KPI on attendance</p>
<p>B.1.3 The firm should have a code of conduct which it discloses on its website and requires everyone in the firm to apply. The Board and independent non-executives should oversee compliance with it.</p>	<p>See part 2 and part 3.1 and our Code of Conduct on our website</p>
<p><b>B.2 Governance principle</b>  <b>A firm should publicly commit itself to this Audit Firm Governance Code.</b></p>	<p>See part 1.1, part 1.2 and the Annual Reports page of our website</p> <p>We are committed to the Audit Firm Governance Code and continue to incorporate the principles and provisions of the Code</p>
<p>B.2.1 The firm should incorporate the principles of this Audit Firm Governance Code into an internal code of conduct.</p>	<p>See part 2 and our Code of Conduct on our website</p>
<p><b>B.3 Openness principle</b>  <b>A firm should maintain a culture of openness which encourages people to consult and share problems, knowledge and experience in order to achieve quality work in a way that properly takes the public interest into consideration.</b></p>	<p>See part 2.2 and our Code of Conduct on our website</p>
C Independent Non-Executives	
<p><b>C.1 Involvement of independent non-executive's principle</b>  <b>A firm should appoint independent non-executives to the governance structure who through their involvement collectively enhance the firm's performance in meeting the purpose of the Code.</b></p>	<p>See parts 1.3 and 3</p> <p>See part 1.2, 1.3 and 3.1, our Code of Conduct and Leadership and Governance pages on our website</p>
<p>C.1.1 Independent non-executives should number at least three and be in the majority on a body that oversees public interest matters and/or be members of other relevant governance structures within the firm. They should also meet as a separate group to discuss matters relating to their remit. They should have full visibility of the entirety of the business but should pay particular attention to and report on risks to audit quality and how they are addressed. If a firm considers that having three INEs is inappropriate given its size or number of public company clients, it should explain this in its transparency report and ensure a minimum of two at all times. Where the firm adopts an international approach to its management it should have at least three INEs with specific responsibility and relevant experience to focus on the UK business and to take part in governance arrangements for this market; or explain why it regards a smaller number to be more appropriate, in which event there should be a minimum of two.</p>	<p>See parts 1.2 and 3.1</p> <p>Our INEs are members of the Partnership Oversight Board. The Partnership Oversight Board and its main subcommittees are all chaired by INEs</p>
<p>C.1.2 The firm should disclose on its website and in its transparency report information about the appointment, retirement and resignation of independent non-executives; their remuneration; their duties and the arrangements by which they discharge those duties; and the obligations of the firm to support them. The firm should report on why it has chosen to position its independent non-executives in the way it has (for example, as members of the main Board or on a public interest committee). The firm should also disclose on its website the terms of reference and composition of any governance structures whose membership includes independent non-executives.</p>	<p>See part 1.2, 3.1 and Appendix D</p> <p>Further details are on our Leadership and Governance pages on our website and 'Information about the appointment, role and responsibilities of the INEs' document on our website</p>
<p>C.1.3 The independent non-executives should report in the firm's transparency report on how they have worked to meet the purpose of the Code defined as:</p> <ul style="list-style-type: none"> <li>• promoting audit quality</li> <li>• helping the firm secure its reputation more broadly, including in its non-audit businesses</li> <li>• reducing the risk of firm failure.</li> </ul>	<p>See Part 1.2</p>
<p>C.1.4 Independent non-executives should have regular contact with the Ethics Partner, who should under the ethical standards have a reporting line to them.</p>	<p>See Part 1.2</p>

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<p><b>C.2 Characteristics of independent non-executives principle</b>  <b>The independent non-executives' duty of care is to the firm. They should command the respect of the firm's owners and collectively enhance shareholder confidence by virtue of their independence, number, stature, experience and expertise. They should have a balance of relevant skills and experience including of audit and a regulated sector. At least one independent non-executive should have competence in accounting and/or auditing, gained for example from a role on an audit committee, in a company's finance function, as an investor or at an audit firm.</b></p>	See part 3.1 and Appendix D
<p>C.2.1 The firm should state in its transparency report its criteria for assessing the impact of independent non-executives on the firm's independence as auditors and their independence from the firm and its owners.</p>	See Part 3.1
<p><b>C.3 Rights and responsibilities of independent non-executives principle</b>  <b>Independent non-executives of a firm should have rights consistent with their role including a right of access to relevant information and people to the extent permitted by law or regulation, and a right to report a fundamental disagreement regarding the firm to its owners and, where ultimately this cannot be resolved and the independent non-executive resigns, to report this resignation publicly.</b></p>	<p>See part 1.3, 3.1 and our Leadership and Governance pages on our website</p> <p>See part 1.2, 3.1 and our Leadership and Governance pages on our website</p>
<p>C.3.1 Each independent non-executive should have a contract for services setting out their rights and duties.</p>	Each of our INEs has a contract
<p>C.3.2 Independent non-executives should be appointed for specific terms and any term beyond nine years should be subject to particularly rigorous review and explanation.</p>	See Part 3.1
<p>C.3.3 The responsibilities of an independent non-executive should include, but not be limited to oversight of the firm's policies and processes for:</p> <ul style="list-style-type: none"> <li>• promoting audit quality</li> <li>• helping the firm secure its reputation more broadly, including in its non audit businesses</li> <li>• reducing the risk of firm failure.</li> </ul>	<p>See part 1.2, part 3, Leadership and Governance pages on our website and 'Information about the appointment, role and responsibilities of the INEs' document on our website</p>
<p>C.3.4 The firm should ensure that appropriate indemnity insurance is in place in respect of legal action against any independent non-executive in respect of their work in that role.</p>	Our firm has appropriate indemnity insurance in place for the INEs
<p>C.3.5 The firm should provide each independent non-executive with sufficient resources to undertake their duties including having access to independent professional advice at the firm's expense where an independent non-executive judges such advice necessary to discharge their duties.</p>	<p>Our firm provides sufficient resources to the INEs to enable them to perform their duties. This includes access to independent professional advice at the firm's expense if necessary.</p> <p>See part 1.2 and Leadership and Governance pages on our website</p>
<p>C.3.6 The firm should establish, and disclose on its website, procedures for dealing with any fundamental disagreement that cannot otherwise be resolved between the independent non-executives and members of the firm's management team and/or governance structures.</p>	See part 3.1 and our Leadership and Governance pages on our website
<b>D Operations</b>	
<p><b>D.1 Compliance principle</b>  <b>A firm should comply with professional standards and applicable legal and regulatory requirements. Operations should be conducted in a way that promotes audit quality and the reputation of the firm. The independent non-executives should be involved in the oversight of operations.</b></p>	<p><b>See parts 1.2, part 2 and Appendix C</b>  <b>See also our Code of Conduct on our website</b></p>
<p>D.1.1 The firm should establish policies and procedures for complying with applicable legal and regulatory requirements and international and national standards on auditing, quality control and ethics, including auditor independence.</p>	See parts 2.5 and 2.6 and Appendix B
<p>D.1.2 The firm should establish policies and procedures for individuals signing group audit reports to comply with applicable standards on auditing dealing with group audits including reliance on other auditors whether from the same network or otherwise.</p>	<p>See part 2.5 and 2.6</p> <p>The firm has established policies and procedures to cover this requirement</p>
<p>D.1.3 The firm should state in its transparency report how it applies policies and procedures for managing potential and actual conflicts of interest.</p>	See Appendix C
<p>D.1.4 The firm should take action to address areas of concern identified by audit regulators in relation to the firm's audit work.</p>	See parts 2.1, 2.5 and 2.6
<p><b>D.2. Risk management principle</b>  <b>A firm should maintain a sound system of internal control and risk management over the operations of the firm as a whole to safeguard the firm and reassure stakeholders.</b></p>	See parts 2.1, 2.5 and 2.6

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<p>D.2.1 The firm should, at least annually, conduct a review of the effectiveness of the firm's system of internal control. Independent non-executives should be involved in the review which should cover all material controls, including financial, operational and compliance controls and risk management systems as well as the promotion of an appropriate culture underpinned by sound values and behaviour within the firm.</p>	<p>See part 2.4 and part 3.1</p>
<p>D.2.2 The firm should state in its transparency report that it has performed a review of the effectiveness of the system of internal control, summarise the process it has applied and confirm that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified from that review. It should also disclose the process it has applied to deal with material internal control aspects of any significant problems disclosed in its financial statements or management commentary.</p>	<p>See part 2.4</p>
<p>D.2.3 The firm should carry out a robust assessment of the principal risks facing it, including those that would threaten its business model, future performance, solvency or liquidity. This should reference specifically the sustainability of the audit practice within the UK.</p>	<p>See part 2.1 and 2.3</p>
<p><b>D.3 People management principle</b>  <b>A firm should apply policies and procedures for managing people across the whole firm that support its commitment to the professionalism, openness and risk management principles of this Audit Firm Governance Code.</b></p>	<p>See parts 2.1, 2.2 and the Code of Conduct on our website</p>
<p>D.3.1 The firm should disclose on its website how it supports its commitment to the professionalism, openness and risk management principles of this Audit Firm Governance Code through recruitment, development activities, objective setting, performance evaluation, remuneration, progression, other forms of recognition, representation and involvement.</p>	<p>See part 1.3 and 2.1 and 2.2</p> <p>We have disclosed within this transparency report how we support our commitment to the professionalism, openness and risk management principles of this AFGC through recruitment development activities, objective setting, performance evaluation, remuneration, progression, other forms of recognition, representation and involvement and our transparency report is published on our website and thus this information is publicly available</p>
<p>D.3.2 Independent non-executives should be involved in reviewing people management policies and procedures, including remuneration and incentive structures, to ensure that the public interest is protected.</p>	<p>See parts 1.2 and 3.1</p>
<p><b>D.4 Whistleblowing principle</b>  <b>A firm should establish and apply confidential whistleblowing policies and procedures across the firm which enable people to report, without fear, concerns about the firm's commitment to quality work and professional judgement and values in a way that properly takes the public interest into consideration. The independent non-executives should be satisfied that there is an effective whistleblowing process in place.</b></p>	<p>See our whistleblowing policies and procedures under our Corporate Responsibilities pages on our website</p> <p>See also parts 1.2, 2.2, 2.3 and 3.1</p>
<p>D.4.1 The firm should report to independent non-executives on issues raised under its whistleblowing policies and procedures and disclose those policies and procedures on its website.</p>	<p>See our whistleblowing policies and procedures under our Corporate Responsibilities pages on our website</p> <p>See also parts 1.2, 2.2, 2.3 and 3.1</p>
<p><b>E Reporting</b></p>	
<p><b>E.1 Internal reporting procedure</b>  <b>The management of a firm should ensure that members of its governance structures, including owners and independent non-executives, are supplied with information in a timely manner and in a form and of a quality appropriate to enable them to discharge their duties.</b></p>	<p>Our key governance bodies (including the INEs) received timely and relevant information to enable them to discharge their duties</p> <p>See parts 1.2 and 3.1</p>
<p><b>E.2 Governance reporting principle</b>  <b>A firm should publicly report how it has applied in practice each of the principles of the Audit Firm Governance Code and make a statement on its compliance with the Code's provisions or give a considered explanation for any non-compliance.</b></p>	<p>Appendix A sets out how we have adopted each of the principles of the revised Code</p>
<p>E.2.1 The firm should publish on its website an annual transparency report containing the disclosures required by Code Provisions A.1.2, A.1.3, B1.2, C.2.1, D.1.3, D.2.2, E.2.2 and E.3.1.</p>	<p>See specific code provisions in this section for references to their disclosure requirements. This transparency report is published on our website</p>
<p>E.2.2. In its transparency report the firm should give details of any additional provisions from the UK Corporate Governance Code which it has adopted within its own governance structure.</p>	<p>Not applicable</p>

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<b>E.3 Transparency principle</b> <b>A firm should publish on an annual basis in its transparency report a commentary on the firm's performance, position and prospects.</b>	See part 1.1 and Appendix G
E.3.1 The firm should confirm that it has carried out a robust assessment of the principal risks facing the audit firm, including those that would threaten its business model, future performance, solvency or liquidity. The firm should describe those risks and explain how they are being managed or mitigated.	See part 2.3
E.3.2 The transparency report should be fair, balanced and understandable in its entirety.	This report is based on the principles of the Code, Local audit regulation and requirements from the EU Audit Regulation, has been centrally co-ordinated by a specialist team and ultimately reviewed and approved by the Strategic Leadership Team and the Risk and Audit Committee
<b>E.4 Reporting quality principle</b> <b>A firm should establish formal and transparent arrangements for monitoring the quality of external reporting and for maintaining an appropriate relationship with the firm's auditors.</b>	See part 1.2
E.4.1 The firm should establish an audit committee and disclose on its website information on the committee's membership and terms of reference which should deal clearly with its authority and duties, including its duties in relation to the appointment and independence of the firm's auditors. On an annual basis, the audit committee should publish a description of its work and how it has discharged its duties.	See part 1.2 and the Leadership and Governance pages on our website
<b>E.5 Financial statements principle</b> <b>A firm should publish audited financial statements prepared in accordance with a recognised financial reporting framework such as International Financial Reporting Standards or UK GAAP and should be clear and concise.</b>	Our audited financial statements are published on our website and prepared under International Financial Reporting Standards as adopted by the European Union and UK laws and regulations
E.5.1 The firm should explain who is responsible for preparing the financial statements and the firm's auditors should make a statement about their reporting responsibilities, preferably in accordance with the extended audit report standards.	This statement is made in our Annual Report available on our website
E.5.2 The firm should state whether it considers it appropriate to adopt the going concern basis of accounting and identify any material uncertainties to its ability to continue to do so, with supporting assumptions or qualifications as necessary. (Prev - The firm should report that it is a going concern, with supporting assumptions/qualifications as necessary).	This statement is made in our Annual Report available on our website
<b>F Dialogue</b>	
<b>F.1 Firm dialogue principle</b> <b>A firm should have dialogue with listed company shareholders, as well as listed companies and their audit committees, about matters covered by this Audit Firm Governance Code to enhance mutual communication and understanding and ensure that it keeps in touch with shareholder opinion, issues and concerns.</b>	See part 2.6 and part 3
F.1.1 The firm should disclose on its website its policies and procedures, including contact details, for dialogue about matters covered by this Audit Firm Governance Code with listed company shareholders and listed companies. It should also report on the dialogue it has had during the year. These disclosures should cover the nature and extent of the involvement of independent non-executives in such dialogue.	See parts 2.2, 2.5 and 2.6 and 3.1 and the Annual Report pages on our website
<b>F.2 Shareholder dialogue principle</b> <b>Shareholders should have dialogue with audit firms to enhance mutual communication and understanding.</b>	See part 2.6
<b>F.3 Informed voting principle</b> <b>Shareholders should have dialogue with listed companies on the process of recommending the appointment and re-appointment of auditors and should make considered use of votes in relation to such recommendations.</b>	See part 2.6

# B Local Auditors (Transparency) Instrument 2015

In accordance with the Local Auditor and Accountability Act 2014 (the Act), where an audit firm is also a local auditor as defined by the Act, the audit firm is required to prepare and publish a transparency report which meets the requirements of the Local Auditors (Transparency) Instrument 2015 issued by the FRC. Regulation 3(5) of the 2015 Instrument permits the inclusion of the disclosures relating to local audits in the transparency report required by Article 13 of the EU Regulation No. 537/2014 such that we are not required to publish a separate transparency report relating solely to local audits.

Below we outline the disclosure requirements from the schedule of the Instrument and where the relevant disclosures can be found within this report.

<b>Regulation 3(2) Provision of the Local Audit Regulations Review</b>	<b>How Grant Thornton UK LLP complies</b>
<b>1</b> A description of the legal structure and ownership of the transparency reporting auditor	Refer to part 3: Leadership and governance
<b>2</b> Where the transparency reporting auditor belongs to a network, a description of the network and the legal and structural arrangements of the network	Refer to Appendix F: International organisation
<b>3</b> A description of the internal quality control system of the transparency reporting local auditor and a statement by the administrative or management body on the effectiveness of its functioning in relation to local audit work.	Refer to section 2.4: Statement on the firm's internal quality control systems
<b>4</b> A description of the transparency reporting local auditor's independence procedures and practices including a confirmation that an internal review of independence practices has been conducted.	Refer to Appendix C: Ethics and independence
<b>5</b> Confirmation that all engagement leads are competent to undertake local audit work and staff working on such assignments are suitably trained.	Refer to sections 2.5 and 2.6.
<b>6</b> A statement of when the last monitoring of the performance by the transparency reporting local auditor of local audit functions, within the meaning of paragraph 23 of Schedule 10 to the Companies Act 2006, as applied in relation to local audits by Section 17 and paragraphs 1, 2 and 28(7) of Schedule 5 to the Act, took place.	Refer to sections 2.5 and 2.6.
<b>7</b> A list of major local audits in respect of which an audit report has been made by the transparency reporting local auditor in the financial year of the auditor; and any such list may be made available elsewhere on the website specified in regulation 4 provided that a clear link is established between the transparency report and such a list.	Refer to Appendix J: Major local audits
<b>8</b> A statement on the policies and practices of the transparency reporting local auditor designed to ensure that persons eligible for appointment as a local auditor continue to maintain their theoretical knowledge, professional skills and values at a sufficiently high level.	Refer to sections 2.5 and 2.6
<b>9</b> Turnover for the financial year of the transparency reporting local auditor to which the report relates, including the showing of the importance of the transparency reporting local auditor's local audit work.	See Appendix G: Financial information
<b>10</b> Information about the basis for the remuneration of partners.	See Appendix H: Partner remuneration

# C Ethics and independence

The firm is subject to ethical and independence standards set by its regulators. We fully understand the impact of our individual and collective behaviours on our reputation and that of the professional services sector as a whole. We help our people to understand their ethical responsibilities by providing formal guidance, a strong culture of collaboration and consultation, and regular training and awareness programmes.

The policies and procedures highlighted were in operation for the 18 month period ending 31 December 2019.

The firm continues to make progress since the introduction of the FRC Revised Ethical Standard in 2016 in respect of required changes to processes and procedures and has kept pace with public perceptions and the changing regulatory landscape. Further, the Firm is currently working on further enhancements to its processes and procedures to take account of the changes required for the FRC Revised Ethical Standard 2019 and further strengthening the governance of the Ethics Function with a new Ethics Board.

## Leadership

The Strategic Leadership Team, those others in the chain of command and the Ethics Function actively pursue the common goal of promoting the critical importance of compliance by all our people with the Ethical Standards. We provide our people with the best opportunities to learn by having clear and frequent learning forums (face to face training, online e-learning and webinars etc.) to support this goal.

The firm's Ethics Partner provides guidance and support on the application of UK and international Ethical Standards supported by an enhanced Ethics Function. The team is proactive in providing advice on ethical issues from an Ethical Standard perspective and also, more generally, in relation to complex and high-risk situations that could be of heightened public interest. 2020 will see the introduction of an Ethics Board to further strengthen the governance of the Ethics Function and support the Ethics Partner. The Ethics Board will not be involved in specific Ethics consultations which will remain within the Ethics Function and will ultimately be the responsibility of the Ethics Partner.

The firm has invested over recent years in the Ethics Function in both people and technology so that the Ethics Partner will be leading a well-resourced and experienced Ethics Function providing quality support to partners and staff in meeting the overarching principles and outcomes of the Ethical Standards. At 31 December 2019, the Ethics Partner was supported by a team of 12 covering ethics and independence. In 2020, the Ethics Function is seeking people to further strengthen the team and make further investment to implement system changes to take account of the 2019 FRC Ethical Standard and to simplify our processes.

## Policies and procedures

The firm's Core Manual summarises our key policies and procedures in a concise and easy-to-understand way. It provides guidance on the overarching principles of ethics that underpin the ICAEW Code of Ethics and the FRC Revised Ethical Standard 2016 (to be updated for the 2019 Ethical Standard). We require all our people to:

- behave at all times with integrity
- maintain objectivity
- work with due care and competence
- respect confidentiality
- behave professionally
- avoid conflicts of interest.

As part of the Quality and Reputation agenda, our intranet site is routinely updated under the heading of Quality and continues to provide detailed guidance and support.

### Learning and awareness

On joining the firm, all partners and employees are provided with the Code of Conduct and experience our orientation programme including online training programmes on key policies such as the principles of ethics, personal independence, anti-money laundering, information security and the Bribery Act.

We have developed other ethics modules that are included into core audit, tax and advisory training delivered by the firm. In addition, on an annual basis, all of our people are required to confirm their understanding of, and compliance with, relevant ethical requirements and key policies as summarised in the Core Manual and the guiding principles set out in the Code of Conduct, through our Annual Declaration.

We are developing an enhanced Technical Knowledge Management programme to deepen the understanding of Ethics and Independence throughout the Firm. This will include delivering additional training to the Firm to ensure that the changes in the Ethical Standard 2019 are understood.

### Identifying conflicts of interest

The international network and all the member firms each utilise a Global Independence System and a system of international relationship checks to identify potential conflicts of interest including to avoid personal investments threatening independence, the provision of non-audit services to audit clients and other conflicts of interest.

### Potential clients with international operations

If potential clients have international operations, an international relationship check is performed to identify any relationships of other member firms of GTIL that may present a conflict of interest and/or a threat to independence.

The international network maintains databases of restricted entities and other relationships that could create a conflict. These are searched as part of the international relationship checking process.

When the prospective client is already an audit client of a member firm of GTIL, consultation is required with the relevant audit engagement leader to ensure that the proposed non-audit service is permitted, and that any perceived threats to independence created by the proposed non-audit service can be adequately safeguarded. Where required, the circumstances are communicated to the audit client's audit committee and, in the case of public interest entities (PIEs), are approved by them prior to commencement of work.

### Dealing with conflicts

If a potential conflict is identified, appropriate procedures are put in place to obtain the informed consent of the interested parties, to protect confidential information and to ensure potential conflicts are, and are seen to be, effectively managed. In exceptional circumstances the relevant head of service line and

the Ethics Function/Partner must be consulted. To the extent that conflicts cannot be adequately safeguarded or where we believe that an objective, reasonable, informed third party might query our objectivity, we either do not undertake the non-audit service or withdraw from the audit, the decision being made with the full involvement of the client(s) concerned.

### Client take-on process

The firm has continued to invest in enhancing and automating its take-on processes. The centralised client take-on team has a current complement of approximately 57 personnel. The team undertakes client verification for anti-money laundering purposes for all new and existing clients, working closely with our Financial Crime team. It also conducts family tree research for international operations and database searches that underpin our relationship checking processes.

The take-on team works collaboratively with the Ethics Function in the identification of connected parties, particularly where there is private equity (PE) involvement. Where there is an audit client within the PE investment portfolio, we consider the impact on independence based on the connected parties to that particular entity within the PE portfolio to assess the impact on audit independence.

### Non-audit services to audit clients

Before offering a non-audit service to any audit client of the firm, the relevant Audit Engagement Leader approval must be obtained. This approval is only given after consideration of any possible threats to the firm's independence, the adequacy of any plan to safeguard such threats, and consultation and confirmation, as appropriate, with the Ethics Function.

### Contingent fees

Where a proposed non-audit service to, or in respect of, an audit client includes any element of contingent fee, the formal approval of the Ethics Function was required in the period. The 2019 FRC Ethical Standard no longer permits new contingent fee arrangements from 15 March 2020 and our policies have been changed according with arrangements made for monitoring existing contracts under the transitional provisions.

### Financial interests

Our partners, other individuals who can bind the firm and covered persons (broadly a person in a position to influence the conduct or outcome of an audit or other public interest assurance engagement, including certain persons with wider firm supervisory, management or other oversight responsibilities) and any persons closely associated with any such person are prohibited from having any direct or material indirect financial interest in an audit client or the parent undertaking of any audit client of Grant Thornton UK LLP, or in any publicly traded audit client (or publicly traded parent of an audit client) of a member firm of GTIL unless specific approval has been given.

Full details of the firm's audit clients with publicly traded securities, and those of other member firms of GTIL, are accessible through the firm's intranet.

Further, partners and employees may not have a material financial interest in any client to which they personally provide a professional service.

Partners, directors, associate directors and managers are required to record their financial interests (and those of persons closely associated with them) in the firm's automated tracking system, Global Independence System.

Financial interests of the firm and its affiliated entities are also recorded in the Global Independence System, as these could have an impact on the independence of the firm or other member firms of GTIL. Any financial interest that could be deemed to create a conflict must be disposed of within five working days.

A formal confirmation is also required in the firm's Annual Declaration, a mandatory submission for all of our partners and employees, that their record is complete. The date for submission was 30 September 2019 and the date for the business dealing with or escalating matters arising was 14 October 2019. The Ethics Function (and others in the firm as necessary) have subsequently considered the queries from the submissions, and a subsequent internal audit is being undertaken by our Internal audit team.

## Other ethical considerations

### Rotation of senior audit team members

Engagement leads and other senior team members responsible for audits are required to rotate off the engagement after specified periods of time, which depends on their role and the type of entity.

Rotation in respect of PIEs, other listed entities and other entities deemed by the firm as having a heightened public interest is initially recorded when individuals are first assigned to a client. This record is maintained on a central database.

The firm's policy concerning the rotation of partners and people requires that:

- 1 An audit lead may serve as the Responsible Individual on the audit of a PIE or other listed entity for a period of five years. In certain circumstances, and subject to audit committee decision and the approval of the Ethics Function/Partner together with the disclosure by the entity to its shareholders as soon as practicable, the period may be extended to a maximum period of seven years. In such circumstances the review by Engagement Quality Control Reviewer will be enhanced to safeguard the independence of the audit. At the end of their period of service the Responsible Individual must then rotate away from the engagement for a minimum of five years; the firm's policy dictates that they must not normally have a client-facing role with that particular client during this period.

- 2 The Responsible Individual of a material subsidiary is a "Key Audit Partner" and can also only act for five years, and after that period has to rotate off the engagement for at least five years. We have incorporated these considerations in the audit team succession plans.
- 3 A partner may serve as an Engagement Quality Control Reviewer on the audit of a PIE and other listed entities for a maximum period of seven years. After this time they must then rotate away from the engagement for a minimum of five years. The firm's policy is that they must not normally have any client-facing role with that particular client during this period.
- 4 Where a partner serves on the audit of a PIE or other listed entity in a combination of roles as audit partner, Engagement Quality Control Reviewer and/or a "key partner involved in the engagement", the total period (either continuously or in aggregate) of their service may not exceed seven years, followed by a minimum period of five years within which they have no involvement in the audit.
- 5 Periods of service as Audit Partner before a client became listed are included in the total. However, if the client becomes listed when the partner has already served for four or more years, they may serve for a maximum of another two years, subject to audit quality considerations.
- 6 "Key Partners Involved in the Engagement" can act for seven years and then must rotate off the engagement for at least two years.
- 7 Other partners and people who serve in a senior position on the audit of a PIE or other listed entity should not act for more than seven years in that role unless safeguards are put in place. The normal safeguard is rotation off the engagement but a change of role within the engagement team or an enhanced review of the individual's work are other available safeguards.
- 8 Rotation of the Responsible Individual for other audits or other Public Interest Assurance Engagements is dependent on the entity type and is a maximum of either five, seven or 10 years, based on a risk assessment. In certain circumstances an extension may be granted for audit quality purposes by the Firm's Ethics Function/Partner.

### Gifts, favours and hospitality

The firm's policy on gifts, favours and hospitality reflects the enhanced requirements of the Ethical Standard. Partners and employees are not permitted to accept from, or give to, audit clients, suppliers or third parties any gifts, favours or hospitality that might, or might be seen to, prejudice our integrity and objectivity in relation to our audit clients.

Subject to de minimis levels, all gifts, favours or hospitality (given or received) must be recorded in the firm's hospitality register (Riliance). In addition, prior approval is required for any gift, favour or hospitality received in excess of £50 or given in excess of £100 for audit clients. Limits for non-audit clients are typically higher although again, there are approval processes in place.

## Monitoring

We monitor our people's compliance with ethical and independence requirements through:

- the firm's Annual Declaration process. All our people are required to confirm that they understand and have complied with the firm's policies relating to independence, confidentiality, gifts, favours and hospitality, and whistleblowing
- quality control and quality assurance reviews of assignment files across service lines to check compliance with internal controls and specifically engagement acceptance procedures and independence policies
- monitoring with regard to client take-on and ethics during the course of the year, specifically around work in progress of assignments
- review of the Global Independence System accounts of all new partners, 20% of existing partners and 5% of managers against evidence to support their recorded financial interests. Additionally, a rolling monthly assurance programme to test check selected groups of our people in advance of the formal annual audit. Non-compliance is dealt with utilising direct fines for our equity partners and other sanctions for employees
- the firm's internal audit function that reviews compliance with key internal controls across every service line on a three-yearly basis and reports to the SLT and the POB through the Risk and Audit Committee. A new system, Vinci Works, is being introduced that will enable electronic annual self-assessment for certain functions within the business in addition to the five-year internal audit cycle.
- encouraging our people to consult with others when faced with a difficult decision or to speak up on areas of concern. If for whatever reason they feel unable to do so, we provide an externally hosted, confidential whistleblowing hotline. Reports of the hotline's activity are reviewed by the Public Interest Committee.

## Complaints and claims

We have robust procedures in place for dealing with complaints.

A register of all complaints and possible claims is maintained by the firm's Legal department. Our In-House Legal Counsel has direct access to the CEO and RAC to discuss all relevant issues and to confirm appropriate courses of action.

## Supplier relationships

Our independence requirements extend to our relationships with suppliers. Checks are carried out before we enter into a supplier contract to establish whether they are an audit (or other Public Interest Assurance Engagement) client, and if they are, special consideration is given to whether a threat to independence might arise.

Where applicable, the Ethics Function must be consulted.

# D Members of the firm's leadership and governance bodies

## Members of the Partnership Oversight Board (POB)



**Ed Warner**

Chair and independent non-executive

Ed is an investment banker, who has a wealth of experience from his years as CEO at the IFX Group and of Old Mutual Financial Services (UK). Ed is also chairman of derivatives exchange LMAX, Air Partner PLC, and a listed investment company. He is also chair-designate of HarbourVest Global Private Equity.



**Deena Mattar**

Independent non-executive

Deena is a skilled FTSE 250 finance director with nine years of experience as an executive on a plc board, an excellent knowledge of the city and a first-class reputation among institutional shareholders and buy-and-sell side analysts. She has nearly nine years as a non-executive director (and, in some cases, audit chairman) of a number of boards both listed and unlisted, and also chairs the firm's Risk and Audit committee.



**Imogen Joss**

Independent non-executive

Imogen spent her executive career in the fintech arena as Commercial Director of the London Stock Exchange and latterly President of two divisions of S&P Global. She brings global experience to the boards that she serves plus a strong commercial, client and talent-focused agenda while specialising in Remuneration Committee work on both listed and non-listed boards. She currently serves on the boards of five organisations across advisory services and fintech, as well as being Chair of the firm's Remuneration Committee.



### **Simon Bevan**

Partner

Simon is a London-based assurance partner, with a client focus on knowledge businesses and professional service firms. He leads the firm's China Britain Services Group and has taught at three Chinese universities. Simon joined the partnership in 2012 from another leading firm, where he had held leadership and governance positions. Simon joined the POB in July 2015, was reappointed in July 2018 and is a member of the Remuneration Committee. He formerly chaired the Partner and Director Selection Panel, and still leads the firm's Partner Support Unit.



### **Nigel Morrison**

Partner

Nigel is an experienced advisory partner who, during the period also coached and mentored fellow partners, as well as carrying out a number of governance roles. Nigel was elected to the POB in July 2015, and, having stood down from it on 31 December 2018, now occupies the role of CFO for the firm.



### **Helen Dale**

Partner

Helen is a partner specialising in restructuring. Helen works with executive boards and their senior teams to deliver change under difficult and/or time-sensitive circumstances. Helen also heads up our Corporate Advisory offering for London Restructuring. Helen is an active speaker and panellist for topics including leadership, change and business turnaround. Helen joined the POB on 1 July 2017.



### **Nick Page**

Partner

Nick is an audit partner based in the London Technology, Media and Telecommunications practice. He works with a variety of mid-corporate, privately owned, private equity backed or AIM quoted clients. During the 18 month period ending 31 December 2019, Nick was the leader of the firm's Technology, Media and Telecommunications group. Nick joined the POB on 1 July 2017, at which point he also became a member of the Risk and Audit Committee. Having taken up the role of Head of London Audit, he stood down from the POB on 31 August 2019.



### **Karen Campbell-Williams**

Partner

Karen is based in our Manchester office and has been a tax partner at Grant Thornton since 1997. She works with growing, dynamic entrepreneurial businesses and their stakeholders to effectively manage their tax obligations. As well as her client-facing role, Karen also sits on the Partner Selection Panel. Karen joined the POB in July 2016, where she was also a member of the Remuneration Committee. On 31 August 2019, Karen retired from the POB to join the firm's SLT as Head of Tax.



### Philip Secrett

Partner

Philip is a corporate finance partner and is Head of Public Company Advisory. With 24 years in the firm, he has been advising on public company corporate finance transactions for 20 years and his experience has included supporting growth companies access to UK equity markets and leading public company M&A transactions. Philip is Chairman of the AIM Advisory Group at the London Stock Exchange, a group that provides input and advice on all matters affecting the operation and regulation of AIM. Philip was a member of the POB between July 2016 and July 2019, and then re-appointed again in October 2019. Philip is also a member of the Risk and Audit, and Remuneration Committees.



### Wendy Hart

Partner

Wendy is a corporate finance advisory partner with responsibility for leading transactions in Thames Valley and Southampton. She has a wealth of experience of advising on mid-market M&A and fundraising, as well as working with many clients to help them devise and implement value-building strategies. She has a retained adviser relationship with a number of high-growth businesses. During her 30-year career with Grant Thornton, Wendy has been an Office Managing Partner and Technology Sector Head. Wendy joined the POB in July 2018.



### Norman Armstrong

Partner

Norman has been an advisory and audit partner at Grant Thornton since 2005. He has over 25 years' worth of experience helping dynamic businesses achieve their strategic goals and potential for growth. Working across the South (Southampton, Oxford and Reading) his clients range from fast-growing, privately owned and PE-backed businesses to international and listed groups. Norman joined the POB in July 2018 and is also a member of the Risk and Audit Committee.



### Eddie Best

Partner

Eddie is a London-based partner with over 20 years of experience providing internal audit and controls advisory services to FTSE 350 and equivalent groups. His focus is on supporting clients in their management of risk and realisation of opportunities as they grow and develop. Eddie's core work involves supporting clients across a variety of sectors through the co-ordination of integrated services, across international boundaries and technical specialisms. Eddie served on the POB between July 2019 and February 2020.



### Sean Croston

Partner

Sean leads the Corporate simplification group in London, and has been a licensed insolvency practitioner for more than 20 years. Prior to this, he was sector lead for Healthcare Services for the firm with a focus on advising NHS Trusts. Sean has spent a large part of his career advising on large and complex group restructurings and has worked in a number of overseas jurisdictions including Asia, Germany and the United States. Sean was elected onto the POB in July 2019 and is also a member of the Risk and Audit Committee.



**Daniel Hartland**

Partner

Dan is based in our Birmingham office and has been a tax partner since 2008, having joined the firm in 2001. He is currently the firm's national head of Entrepreneurial Private Client tax and is a member of the firm's Tax Quality and Risk Management group. Dan advises high net worth entrepreneurs on the creation, protection and transformation of their private wealth, including business structuring, exit planning, estate and succession planning and wealth structuring and governance. Dan was elected onto the POB in October 2019.



**Paul Naylor**

Partner

Paul is an Audit partner based in the London office, and has been with the firm for 24 years. He is currently focussed on the Technology, Media and Telecoms sector where he advises dynamic, fast-growing and entrepreneurial businesses, many of them overseas. Prior to this, Paul was practice leader of our Cambridge office, and spent three years working for Grant Thornton Australia. Paul was elected onto the POB in October 2019 and is also a member of the Risk and Audit Committee.

## Members of the Strategic Leadership Team as at 30 September 2019



### David Dunkley

Chief Executive Officer

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

Prior to becoming CEO, David sat on the SLT as Head of Mid- Markets (London), focusing on growing the mid-market service offering and embedding the firm's London identity. Having been a partner with the firm for over 20 years, his previous roles include Global Head of Restructuring and Reorganisation (R&R) for the Grant Thornton International network, Europe Middle East and Africa Head of R&R, Head of Transactional Advisory and Head of Restructuring. David is a licensed Insolvency Practitioner, with an interest in the automotive and professional practices sectors.



### Malcolm Gomersall

Chief Operating Officer

Malcolm was appointed to the role of COO on 1 September 2019. He was Head of Operations between 1st December 2018 and 31st August 2018 having previously been Head of People and Client Experience from April 2018 to August 2018.

As COO, Malcolm's focus is on delivering the firm's Strategy and Business plan by building and sustaining an operating model which supports the strategic focus on Quality, Talent and Value. This involves simplifying the way we operate, within an agile and supportive environment, which will drive excellent client service. Malcolm also remains a key sponsor for Grant Thornton's work on social mobility and continues as a trustee on the profession-wide Access Accountancy Patron Group.

Other positions previously held include Regional Managing Partner for Central Region, and London Audit and Tax Business Leader.



### Jonathan Riley

Head of Quality and Reputation

Building on his early years as inspector of taxes and as a senior policy adviser to the president of the Board of Trade, Jonathan brings over 30 years' experience to his role. As Head of Quality and Reputation, his time is focussed on ensuring that outstanding quality and protecting the reputation of Grant Thornton is embedded into the business, and that client experience is second to none.

Jonathan is the key relationship partner with our regulators. He speaks regularly on matters of quality and trust, both on broad regulatory matters and on building trust in the integrity of financial markets.

Other positions previously held include; Chartered Institute of Tax (Trustee & Council Member), Low Income Tax Reform Group (Chair) and HM Treasury Tax Professional Forum (member).



### **Mark Byers**

Head of Strategic Relationships

Appointed to the SLT in July 2015, Mark has worked his entire professional career with the firm in regulatory roles, corporate finance advisory, restructuring and insolvency. Mark leads our strategic client relationships as well as our international strategy. His focus is on ensuring the firm is well placed to establish and maintain deep and long-lasting relationships that are valued by our key clients.

Mark has led Grant Thornton's restructuring services on a global basis and works with major financial institutions and their regulators on supporting restructuring strategies designed to promote financial stability following the challenges faced by the financial services sector in Europe.



### **David Munton**

Head of UK Markets

An audit partner since 2003, David was appointed to the SLT on 1 May 2018, and prior to this held several leadership roles throughout the firm. Through working with a variety of growing businesses, he has considerable experience of auditing and advising clients with an interest across PE, automotive and support services.

As Head of UK Markets, his focus looks towards growing the business, creating an environment our people want to work in, and supporting the wider SLT to evolve the firm so it is fit for the future.



### **Karen Campbell-Williams**

Head of Tax

Karen was appointed to the SLT as Head of Tax on 1 September 2019. A tax partner based in the North West, she has been with the firm since 1994 and for over 30 years has worked with a variety of organisations and their stake-holders to help them effectively meet their tax obligations at each stage of their business life cycle. These include entrepreneurial start-ups, mid-market privately held businesses including PE backed, listed companies, charities and not for profit entities. Karen was previously Head of Tax for the North West.

As well as her client-facing role, Karen also sits on the PSP, and served as member of the POB and the Remuneration Committee from July 2016 to August 2019.



### **Fiona Baldwin**

Head of Audit

Fiona was appointed to the SLT as Head of Audit on 3 June 2019. This is a full-time leadership role, with a focus on driving quality to the core of the practice, overseeing investments to strengthen our capabilities, and ensuring that our audit teams have the skills and resources to deliver continuously great services.

Originally based in the firm's Manchester office, Fiona is an experienced audit partner, with more than 20 years' specialising in corporates, social housing, professional practices and pension schemes, both in the UK and internationally.



**Robert Hannah**

Head of Large and Complex Advisory

Robert was appointed into this role on 1 December 2018, having stepped down from the SLT as Head of Client Operations in April 2018. Robert is also Global Head of Strategic Growth Markets for Grant Thornton International (GTIL) and leads the programme to help accelerate the growth of GTIL's member firms in key strategic markets. His key role is to collaborate with business leaders to ensure delivery of the firm's strategy across the large and complex market facing group. Robert is also highly involved in coaching and mentoring across the firm.



**Darren Bear**

Head of Deals and Business Consulting

Darren was appointed into this role on the SLT on 1 September 2019. His role is focused on leading the national deals and business consulting service line, whilst also retaining a market role delivering corporate finance advice.

Darren joined Grant Thornton's corporate finance team in April 2005 and became partner in 2011. His role has concentrated on mid-market corporate finance, covering a broad range of sectors including Telecoms, Media and Technology, and Industrials.

## SLT members who retired part way through the period



### **Sacha Romanovitch**

CEO (retired from position 30 November 2018)

Sacha served as CEO between July 2015 and 30 November 2018. During her tenure as CEO, Sacha also sat on the Grant Thornton Global Board of Governors, the Strategy Committee and also Chaired the Member Firm Matters Committee. Having been with the firm since 1990, she also held several other leadership roles including; member of the National Leadership Board with responsibility for People and Culture, and Leader of the Corporate Advisory and London Audit and Tax practices.



### **Simon Jones**

COO/CFO (retired from position 31 December 2018)

Simon served in the role of COO between April 2018 and 30 November 2018, and then CFO from 1st December 2018 to 31 December 2018. Prior to this he had been part of the SLT as Head of Finance and Infrastructure, in addition to sitting on the Global IT Strategy and Global Finance Committees. Simon started his career in Audit with the firm in 1998, including time as managing partner for Milton Keynes office and as regional managing partner for the Central region offices.



### **Sarah Howard**

Leader for Public Services (retired from position 31 August 2019)

Sarah served on the SLT in the role of Leader for Public Services between April 2018 and 31 August 2019. Having gained over 30 years' experience working with the public sector and having responsibility for the UK's largest public audit team, Sarah has also served as President of CIPFA, and Board member of the CCAB.



### **Karl Eddy**

Leader for Digital Innovation (retired from position 30 November 2018)

Karl served on the SLT in the role of Leader for Digital Innovation between April 2018 and 30 November 2018, leading on enterprise activity as well as creating and managing the strategic partnerships and investments. With over 14 years with the firm, Karl's expertise has focussed on advising and delivering large-scale programmes supporting business growth.

# E Meeting attendance

## Meeting attendance: 1 July to 2018 to 31 December 2019

The table below sets out attendance at meetings of the firm's principal leadership and governance bodies and their subcommittees as detailed in Section 3.1: the Strategic Leadership Team (SLT), the Partnership Oversight Board (POB), Risk and Audit committee (RAC), the Remuneration committee (RemCo), and Public Interest Committee (PIC) during the period.

	Appointed	Meetings				
		SLT	POB	RAC	RemCo	PIC
<b>Number of meetings in year</b>		12	6	8	4	3
<b>Strategic Leadership Team</b>						
Fiona Baldwin (Appointed 3 June 2019)	3 June 2019	7 of 7	2			2
Darren Bear	1 September 2019	5 of 5	1			
Mark Byers	1 July 2015	17 of 18	1			
Karen Campbell- Williams	1 September 2019		1			
David Dunkley (CEO from 1 December 2018)	1 May 2018 (SLT) From 1 December 2018 (CEO)	17 of 18	10 of 10	2	2 of 2	
Karl Eddy (stood down 30 November 2018 and retired from the firm 30 September 2019)	1 July 2015	4 of 4				
Malcolm Gomersall	1 May 2018	17 of 18	10 of 10	1		1
Robert Hannah	1 December 2018	15 of 15	1			
Sarah Howard (stood down 31 August 2019)	1 May 2018	8 of 8				
Simon Jones (stood down from SLT 1 December 2018 and remained as CFO until retiring from the firm 31 December 2018)	1 July 2015	4 of 4	3 of 3	4 as a member 1 as guest		
David Munton	1 May 2018	17 of 18				
Jonathan Riley	1 May 2018	17 of 18	3	7 of 10		3
Sacha Romanovitch (stood down as CEO 30 November 2018 and retired from the firm 13 December 2018)	1 July 2015	4 of 4	1	2 of 2	3 of 3	

● Coloured to represent 'attendance by invitation'

**Key:**  
 SLT – Strategic Leadership Team  
 POB – Partnership Oversight Board  
 RAC – Risk and Audit Committee  
 RemCo – Remuneration Committee  
 PIC – Public Interest Committee

## Meetings

	Appointed	SLT	POB	RAC	RemCo	PIC
<b>Partnership Oversight Board</b>						
Norman Armstrong	1 July 2018		10 of 10	9 of 10	6 of 7	
Eddie Best	1 July 2019		4 of 4			
Simon Bevan	1 July 2015 (re-appointed for an additional 3 years as of 1 July 2018)		8 of 10		7 of 7	
Karen Campbell Williams (stood down from POB 31 August 2019 to join SLT)	1 July 2016		5 of 6		5 of 6	
Sean Croston	1 July 2019		3 of 4	2 of 2		
Helen Dale	1 July 2017		9 of 10			
Wendy Hart	1 July 2018		9 of 10			
Daniel Hartland	23 October 2019		3 of 3			
Nigel Morrison (stood down from POB 31 December 2018 to become CFO)	1 July 2015 (first appointed) 1 July 2018 (re-appointed)		3 of 3			
Paul Naylor	23 October 2019	3 of 3	1			
Nick Page (stood down from POB 31 August 2019)	1 July 2017		6 of 6	8 of 10		
Philip Secrett (stood down 30 June 2019, then re-appointed 23 October 2019)	1 July 2016 (first appointed) 23 October (re-appointed)		9 of 9	9 of 9	6 of 7	
<b>Independent non-executives</b>						
Deena Mattar	19 February 2016 (first appointed) 19 February 2019 (re-appointed)		10 of 10	10 of 10		4 of 4
Imogen Joss	1 July 2017		9 of 10		7 of 7	4 of 4
Ed Warner	15 September 2010 (first appointed) 15 September 2013 (re-appointed) 1 April 2016 (appointed Chair of the POB) 31 March 2018 (re-appointed as Chair to 31 March 2021)		9 of 10	1	6 of 7	4 of 4
<b>Management</b>						
Jon Roberts, Head of Assurance	1 September 2015 (stood down 30 June 2018)			1		2
Adrian Richards, Ethics Partner						4
Nigel Morrison (CFO)				3		
Owen Brookman (Head of Legal)				2		

● Coloured to represent 'attendance by invitation'

### Key:

SLT - Strategic Leadership Team  
 POB - Partnership Oversight Board  
 RAC - Risk and Audit Committee  
 RemCo - Remuneration Committee  
 PIC - Public Interest Committee

# F International organisation

Grant Thornton UK LLP is the UK member firm of Grant Thornton International Limited (GTIL). GTIL is a private company limited by guarantee, incorporated in England and Wales. It is a non-practising international umbrella entity that does not provide services to clients. Grant Thornton member firms around the world deliver services to clients.

As of 30 September 2019, GTIL had more than 135 member firms with combined global revenues of USD \$5.72 billion, a 5.1% increase from 2018. Each member firm is a separate legal entity. Membership of the global network does not make any firm responsible for the services or activities of other member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts and omissions. Member firms carry the Grant Thornton name, either exclusively or as part of their national practice names.

The total turnover from audit firms that are members of the GTIL networks in European Union (EU) or European Economic Area (EEA) member states from the statutory audit of annual and consolidated financial statements, calculated to the best extent possible, is approximately USD \$599 million. This represents the turnover in the GTIL financial statements from each entity as at the GTIL financial year end, 30 September 2019.

A full list of Grant Thornton member audit firms in (EU)/(EEA) member states, and the countries in which they are registered or have their principal places of business, is listed on pages 61 and 62.

## Governance

### Global Board of Governors

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

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

### Chair of the Board

The Chair is a proactive role with a focus on ensuring that the Board functions as a coordinated group in support of the CEO to deliver on the global strategy. The role of the Chair is pivotal to creating the conditions necessary for a highly effective

Board focused on the Grant Thornton network's global strategic development. Judith Sprieser was appointed Chair from 01 January 2020 for a term of three years succeeding Scott Barnes.

### Independent Board members

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

### Standing committees

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

- Governance committee (GC) ensures efficient and effective operation and oversight of GTIL's leadership structures and performance.
- Strategy committee (SC) is a joint committee of the Board of Governors (the Board) and the Global Leadership Team (GLT). It advises on the development, alignment and execution of the global strategy. The Board has overall oversight of delivery of the strategy.
- Budget and audit committee (BAC) oversees the GTIL budget and audit processes to ensure the successful execution of the global strategy and adherence to the fiduciary responsibilities of GTIL.
- Member firm matters committee (MFMC) considers and determines resolution of recommendations made by the global leadership team (GLT) relating to member firm matters. Considerations include member firm terminations, complaint handling and proposed changes to the rules and agreements that materially affect member firms.
- Enterprise risk management committee (ERMC) has oversight responsibility for ensuring an appropriate enterprise risk management framework is maintained for GTIL and its member firms.
- Technology and innovation committee (TIC) assists the Board in governing and overseeing the network's global technology and innovation strategy and to ensure global technology & innovation projects are aligned with the network's commercial objectives.
- CEO compensation committee (CEOCC) The role of the CEO Compensation Committee is to discharge the Board's responsibilities relating to the annual performance evaluation and related compensation of the CEO of GTIL, the adoption of policies that govern the GTIL CEO's compensation and performance, and oversight of plans for CEO development.
- CEO Nominating Committee The Board of Governors CEO Nominating Committee is charged with recommending a candidate or candidates for the role of GTIL CEO to the Board of Governors (Board).

### The Board of Governors as of February 2020

- Judith Sprieser, Chair
- Peter Bodin, CEO
- Vishesh Chandio, India
- David Dunckley, United Kingdom
- Mauricio Brizuela, Mexico
- Martin Geh, independent
- Gagik Gyulbudaghyan, Armenia
- Emilio Imbriglio, Canada (observer)
- Anna Johnson, Sweden
- Mick McAteer, Ireland
- Aliza Knox, independent
- Robert Dambo, France
- Kevin Ladner, Canada
- Brad Preber, US
- Victor Sekese, South Africa
- Xu Hua, China
- Shige-yoshi Yamada, Japan

### Chief executive officer (CEO)

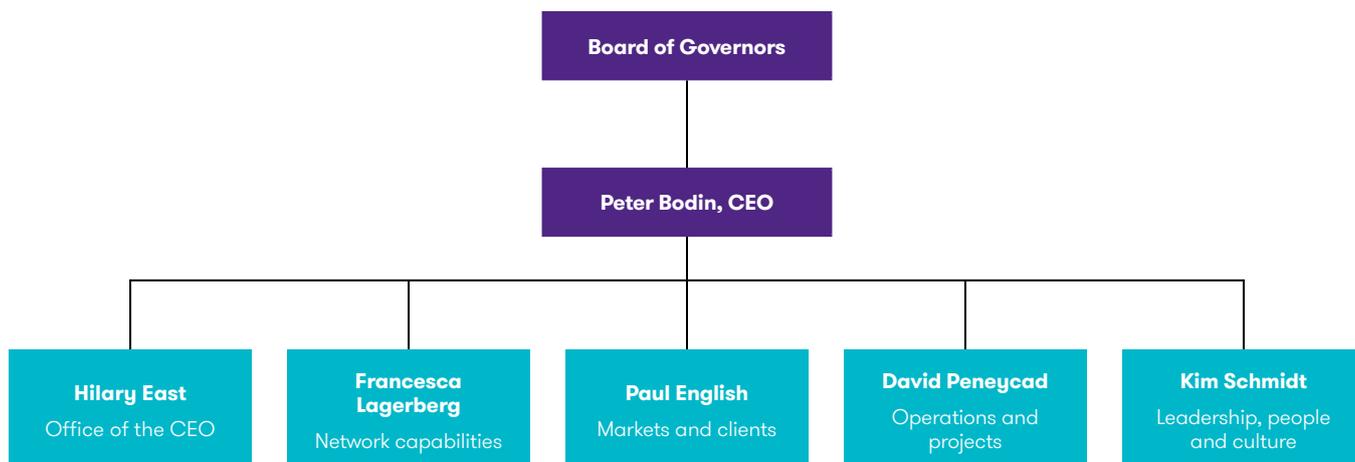
The CEO is appointed by the Board for an initial term of up to five years, renewable once for a further period of up to three years. In 2017, the Board appointed Peter Bodin, formerly the CEO of the Swedish member firm, to be the GTIL CEO for a term of five years.

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

### Global leadership team (GLT)

The GLT develops and drives the execution of the global strategy and is chaired by the CEO. It is a full-time management group dedicated to leading the network in the successful execution of the strategy. Between them, GLT members have global development, service lines, functional and regional responsibilities. The diagram below depicts these responsibilities as at February 2020.

A critical role of the GLT is to work with member firms in driving the execution of the global strategy. Our ambition is to help build strategic sustainable growth for Grant Thornton member firms and their clients globally, with a focus on quality. More information can be found at [www.grantthornton.global](http://www.grantthornton.global).



For more details on the GTIL network refer to the GTIL transparency report.

## Grant Thornton member audit firms

European Union (EU)/European Economic Area (EEA) member states

Country	Member firm
<b>Austria</b>	Grant Thornton Unitreu GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft Grant Thornton Austria GmbH
<b>Belgium</b>	Grant Thornton Bedrijfsrevisoren CVBA
<b>Bulgaria</b>	Grant Thornton OOD
<b>Croatia</b>	Grant Thornton revizija d.o.o.
<b>Cyprus</b>	Grant Thornton (Cyprus) Ltd
<b>Czech Republic</b>	Grant Thornton Audit s.r.o.
<b>Denmark</b>	Grant Thornton Statsautoriseret Revisionspartnerselskab
<b>Finland</b>	Revico Grant Thornton Oy Idman Vilen Grant Thornton Oy Advico Finland Oy
<b>France</b>	Grant Thornton AEG Finances IGEC Tuillet Audit Cabinet Didier Kling & Associates Carib Audit & Conseil
<b>Germany</b>	Warth & Klein Grant Thornton AG Warth & Klein Grant Thornton GmbH & Co. KG Trinavis GmbH & Co. KG Wirtschaftsprüfungsgesellschaft WPG Wohnungswirtschaftliche Prüfungs- und Treuhand GmbH

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

# G Financial information

## Relative importance of statutory audit work

An analysis of the Firm's turnover for the 18 month period ending 31 December 2019 showing the relative importance of statutory audit work and the levels of non-audit services provided to audit and non-audit clients is as follows:

	18 month period ending 31 December 2019		Year ending 30 June 2018	
	£ million	%	£ million	%
Statutory audit and related fees	187.5	26	132.4	28
- Public interest entities	10.6	2	9.8	2
- Other entities	176.9	24	122.6	26
Non-audit work to audit clients	88.3	12	53.0	11
Sub-total audit clients	275.8	38	185.4	39
Non-audit work to non-audit clients	452.6	62	294.1	61
<b>Total</b>	<b>728.4</b>	<b>100</b>	<b>479.5</b>	<b>100</b>

Total turnover for the 18 month period ending 31 December 2019 includes £35.9million (5%) in relation to local audit work of which £4.0 million relates to non-code work (year ending 30 June 2018: £26.9 million representing 5% of revenue).

## Voluntary Code of Practice on Disclosure of Audit Profitability

The Consultative Committee of Accountancy Bodies issued the Voluntary Code of Practice on Disclosure of Audit Profitability in March 2009. This sets out the recommended disclosures in respect of the profitability of statutory audits and directly related services (the reportable segment).

The turnover and operating profit of the firm's statutory audit reportable segment calculated in accordance with the Voluntary Code are:

	18 month period ending 31 December 2019	Year ending 30 June 2018
Turnover	187.5	132.4
Operating profit	1.0	13.5

Audit services for this purpose includes any audit required by UK statute and required to be carried out in accordance with the International Standards on Auditing (UK and Ireland) along with other work that 'fits naturally' with the auditor's statutory responsibilities.

Operating profit has been calculated after charging direct costs (eg employment costs) on an actual basis and allocating other overheads (eg property costs, IT costs) pro rata based on headcount or fees/turnover attributable to the reportable segment.

Members' remuneration has not been charged in arriving at the operating profit, which is consistent with its treatment in our statutory financial statements.

# H Partner remuneration

In accordance with the firm's membership agreement and subject to the approval of the POB, the chief executive officer (CEO) determines the total amount of the firm's annual audited profits to be allocated and distributed to partners (the profit pool).

Profits are primarily distributed in accordance with members' profit-sharing units, which are allocated depending on role, assessed ability and performance. In addition, a significant percentage of the profit pool is allocated based on a balanced assessment of behavioural and operational metrics. This links performance to the firm's strategy and achievement of its long-term goals. Partners are assessed individually against contribution to implementing our strategy and with particular reference to ensuring that quality is at the heart of everything we do.

The firm is currently undertaking a review of its partner remuneration structure to ensure a clearer link between partner remuneration and a partner's contribution to our key goals around Value, Quality and Talent.

Behaviours inconsistent with the firm's values and the expected standards of behaviour set out in the Code of Conduct result in reduction of profit shares.

The remuneration framework of the CEO is determined by the Remuneration Committee, which is a subcommittee of the POB. The Remuneration Committee is responsible for setting the basis and criteria against which the CEO is measured, including the setting of targets and assessment of actual achievements. It also approves the CEO's allocation of profit-sharing units to other partners on the SLT.

## Remuneration of audit personnel

Audit partners and directors are quality graded by reference to the complexity, risk and quality of the work for which they are responsible, and taking into account a number of other criteria including the results of the monitoring reviews of the National Assurance Services team (both quarterly office audit quality measures and the National Audit Review process), the GTIL global audit review team, and by our regulators; attendance at all required audit technical update sessions; and any technical roles that they perform on behalf of the firm. The quality grade that is awarded as a result of these assessments contributes towards the level of remuneration received by each audit partner and director.

Audit partners (and audit personnel) are not remunerated by reference to sales of non-audit services to their audit clients.

# I Public interest entities

The list of public interest entity audit clients for which Grant Thornton UK LLP has signed an audit opinion in the 18 month period ending 31 December 2019 is given below.

The definition of a public interest entity for this purpose is that given under Directive 2006/43/EC, as amended by Directive 2014/56/EU of the European Parliament and of the Council of 16 April 2014, being:

- a. entities governed by the law of a Member State whose transferable securities are admitted to trading on a regulated market of any Member State within the meaning of point 14 of Article 4(1) of Directive 2004/39/EC;
- b. credit institutions as defined in point 1 of Article 3(1) of Directive 2013/36/EU of the European Parliament and of the Council, other than those referred to in Article 2 of that Directive
- c. insurance undertakings within the meaning of Article 2(1) of Directive 91/674/EEC
- d. entities designated by Member States as public interest entities, for instance undertakings that are of significant public relevance because of the nature of their business, their size or the number of their employees.

- |  |  |
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| 1 Allianz Technology Trust Plc                                 | 30 London Pension Fund Authority                           |
| 2 Aurora Investment Trust Plc                                  | 31 Manchester City Council                                 |
| 3 Avocet Mining Plc  | 32 Mears Group Plc   |
| 4 Bank Saderat Plc   | 33 Medica Group Plc  |
| 5 Birmingham City Council                                      | 34 Melli Bank Plc  |
| 6 Blackburn with Darwen Borough Council                        | 35 Menhaden Capital Plc                                    |
| 7 7 Caffyns Plc  | 36 Municipal Mutual Insurance Ltd                          |
| 8 Calculus VCT Plc   | 37 National Exhibition Centre (Developments) Plc           |
| 9 Coventry City Council  | 38 Oldham Metropolitan Borough Council                     |
| 10 Downing Strategic Micro-Cap Investment Trust Plc            | 39 Pantheon International Plc                              |
| 11 Dudley Metropolitan Borough Council                         | 40 Pembroke VCT Plc  |
| 12 Edge Performance VCT Plc                                    | 41 Photo-Me International Plc                              |
| 13 Ediston Property Investment Company Plc                     | 42 Quarto Group, Inc (The)                                 |
| 14 Fuller, Smith & Turner PLC                                  | 43 Salford City Council                                    |
| 15 Griffin Insurance Association Limited (The)                 | 44 SB Holdco Plc   |
| 16 Grifonas Finance No. 1 Plc                                  | 45 Simplyhealth Access                                     |
| 17 Hansa Trust Plc   | 46 Sports Direct International Plc                         |
| 18 Henderson Alternative Strategies Trust Plc                  | 47 Swan Housing Capital Plc                                |
| 19 Henderson International Income Trust Plc                    | 48 The Ancient Order of Foresters Friendly Society Limited |
| 20 HgCapital Trust Plc   | 49 The Wrekin Housing Group Limited                        |
| 21 Interserve Plc  | 50 University of Greenwich                                 |
| 22 Invesco Perpetual Select Trust Plc                          | 51 UPP Bond 1 Issuer plc                                   |
| 23 Invesco Perpetual UK Smaller Companies Investment Trust Plc | 52 Value and Income Trust Plc                              |
| 24 JD Wetherspoon Plc  | 53 Vordere Plc   |
| 25 JPMorgan Japan Smaller Companies Trust Plc                  | 54 Warrington Borough Council                              |
| 26 JPMorgan US Smaller Companies Investment Trust Plc          | 55 Wilmington plc  |
| 27 Life Settlement Assets Plc                                  | 56 Witan Investment Trust Plc                              |
| 28 Liverpool City Council                                      | 57 Woodford Patient Capital Trust Plc                      |
| 29 London Borough of Croydon                                   | 58 Yorkshire Housing Finance Plc                           |

# J Major local audits

The list of all major local audits in respect of which an audit report has been made by the transparency reporting local auditor in the financial period of the auditor that were conducted in the financial period. The financial period being the 18 months to 31 December 2019.

The definition of a major local audit is defined as public sector entities under the Local Audit and Accountability Act 2014 (including Local Government, NHS Foundation Trusts, NHS Trusts and CCGs), Audit Scotland and Welsh Audit Office, including non-statutory audit engagements with entity or consolidated gross revenue or expenditure (from all sources) greater than £500 million or pension schemes with greater than £1,000 million of assets.

Note that some major local audits also meet the definition of Public Interest Entity on account of them maintaining listed debt.

Avon Pension Fund	Devon County Council
Barnsley Metropolitan Borough Council	Devon Pension Fund
Barts and The London NHS Trust	Doncaster Metropolitan Borough Council
Birmingham City Council	Dudley Metropolitan Borough Council
Bournemouth Council	East Lancashire Hospitals NHS Trust
Brent London Borough Council	East Sussex County Council
Brent Pension Fund	East Sussex Pension Fund
Brighton and Hove City Council	Gloucestershire CC Pension Fund
Buckinghamshire County Council	Gloucestershire County Council
Buckinghamshire Pension Fund	Greenwich Pension Fund
Cheshire Pension Fund	Hammersmith and Fulham Pension Fund
Cheshire West and Chester Council	Hull University Teaching Hospitals NHS Trust
Chief Constable for Devon and Cornwall Police	Islington London Borough Council
Chief Constable for Merseyside Police	Islington Pension Fund
Chief Constable for West Midlands Police	Kensington and Chelsea Pension Fund
Chief Constable for West Yorkshire Police	Kent County Council
City of Westminster Council	Kent Pension Fund
Commissioner of Police of the Metropolis	Lancashire County Council
Cornwall Council	Lancashire Pension Fund
Cornwall Pension Fund	Leeds City Council
Coventry City Council	Leicester City Council
Croydon London Borough Council	Leicestershire County Council
Croydon Pension Fund	Lewisham and Greenwich NHS Trust
Cumbria County Council	Leicestershire Pension Fund
Cumbria Pension Fund	Lewisham Pension Fund

Liverpool City Council  
London Borough of Hammersmith and Fulham  
London Borough of Lewisham  
London Borough of Sutton  
London North West Healthcare NHS Trust  
London Pensions Fund Authority  
Manchester CCG  
Mayor's Office for Policing and Crime  
Medway Council  
Merseyside Pension Fund  
NHS Bedfordshire Clinical Commissioning Group  
NHS Birmingham and Solihull Clinical Commissioning Group  
NHS Bristol, North Somerset and South Gloucs CCG  
NHS Croydon Clinical Commissioning Group  
NHS Cumbria Clinical Commissioning Group  
NHS Devon Clinical Commissioning Group  
NHS Dorset Clinical Commissioning Group  
NHS East Lancashire Clinical Commissioning Group  
NHS Gloucestershire Clinical Commissioning Group  
NHS Kernow Clinical Commissioning Group  
NHS Leicester City Clinical Commissioning Group  
NHS Liverpool Clinical Commissioning Group  
NHS Nene Clinical Commissioning Group  
NHS Somerset Clinical Commissioning Group  
NHS Wandsworth Clinical Commissioning Group  
NHS West Hampshire Clinical Commissioning Group  
NHS Wigan Borough Clinical Commissioning Group  
NHS Wiltshire Clinical Commissioning Group  
NHS Wirral Clinical Commissioning Group  
North Bristol NHS Trust  
Nottinghamshire County Council  
Nottinghamshire Pension Fund

Pennine Acute Hospitals NHS Trust  
Plymouth Hospitals NHS Trust  
Police and Crime Commissioner for Devon and Cornwall  
Police and Crime Commissioner for Merseyside  
Police and Crime Commissioner for West Midlands  
Police and Crime Commissioner for West Yorkshire  
Rotherham Metropolitan Borough Council  
Royal Borough of Greenwich  
Royal Borough of Kensington and Chelsea  
Royal Liverpool and Broadgreen University Hospitals NHS Trust  
Sandwell and West Birmingham NHS Trust  
Shropshire Council  
Shropshire Pension Fund  
Somerset County Council  
Somerset Pension Fund  
South Gloucestershire Council  
Southwark Council  
Southwark Pension Fund  
Surrey County Council  
Surrey Pension Fund  
Swindon Borough Council  
University Hospital of Leicester NHS Trust  
University Hospital of North Midlands NHS Trust  
Walsall Metropolitan Borough Council  
Warwickshire County Council  
Warwickshire Pension Fund  
West Midlands Pension Fund  
Wirral Metropolitan Borough Council  
Wolverhampton City Council  
Worcestershire County Council  
Worcestershire Pension Fund



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