



# Transparency Report 2020

Crowe Sydney

For the year ended  
30 June 2020



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*The Crowe Australasia Transparency report for 2020 provides a road map of our commitment to service and audit quality. With a continuing focus on technology, our people and enhanced quality control and risk management systems, our commitment to audit quality is paramount.*

## Message from the Chief Executive Officer

I am very pleased to share with you Crowe Australasia's Transparency Report for the year ended 30 June 2020.

No one could have foreseen the challenges that 2020 has brought us but against one of the most turbulent and disruptive backdrops in living memory, I am pleased to have the opportunity to highlight our business' ongoing commitment to audit quality.

When the COVID-19 crisis hit and businesses around the globe sent home staff and closed their offices, the Audit industry, like many others, was forced to dramatically change the way it operates almost overnight.

As a profession, we faced many challenges but with resourcefulness, creativity and innovation learned through technology adoption, we enabled our auditors to focus on subjective, high-risk areas of any audit which, in turn, has unlocked our ability to add value to clients throughout the entire supply chain.



**Spiro Paule**

Chief Executive Officer  
Crowe Australasia

COVID-19, for all its challenges, has created an environment that has fast tracked business innovation and specifically audit innovation, accelerating the profession far beyond its normal trajectory prior to COVID-19. Our new normal is now much more about looking for better, more quality controlled ways to do business and how we validate that through an audit. This has undoubtedly enabled more efficient and forward-thinking ways of working that will better enable us to fulfil our audit obligations and serve the industry well for years to come.



## Our Brands

# FINDEX



## Powered by Findex



### FoundX (Findex owned)

A Findex initiative to empower regional entrepreneurship across our network. FoundX provides upfront value to local startups and small businesses through business mentoring, and engaging and informative meet ups and events tailored to entrepreneurs.

[www.foundx.com](http://www.foundx.com)



### The Findex Community Fund (FCF)

Launched in 2017, the FCF's purpose is to create equal access to opportunity for people isolated by location or circumstance. The FCF collaborates with partner charities across Australia and New Zealand to deliver programs that are regionally relevant, nationally impactful and globally scalable in the areas of Health, Education and Entrepreneurship.

[www.findex.com.au/community-fund](http://www.findex.com.au/community-fund)



### SproutX (Findex Owned)

Australia's first national agtech innovation hub, based in Melbourne. A joint venture between Findex & the National Farmers' Federation. SproutX is an agtech business accelerator. It offers support, capital and access to distribution for entrepreneurs and startups in the agricultural sector.

[www.sproutx.com.au/](http://www.sproutx.com.au/)



## Message from the Executive Head, Audit and Assurance

Audit quality remains a focus, not just at Crowe, but for the industry as a whole.

The effectiveness of the audit process has never been more important and continued coverage of regulatory issues and potential audit failings remind us of the need to not only focus on audit quality, but to enhance it.

Crowe continues to invest in both its people and its systems to ensure that audit quality is an integral part of every job. It is reflected in our strategy, our processes and our people.

We continue to invest in technology as well as our people. Our utilisation of digital tools is increasing and allows us to add more value to our clients whilst simultaneously enhancing our quality controls. Our ability to create in-house technology means we can systemise quality enhancements into our process and ensure it is embedded into our work flow.

Our staff remain the most critical aspect of our audit execution. We understand our role in financial markets, and the connection to effective regulation.

Our clients can take comfort in the knowledge that our audits are performed to high standards adhering to stringent quality protocols.

We also understand that audit quality is not just about how we do the audit. It is our execution, our reporting and our communication to key stakeholders. Making sure we play our part in a process of open, transparent communication is just as important.

All of these aspects of the audit process are supported by the detailed processes and policies that guide us. We are constantly reviewing and revising Crowe's internal structures that support our commitment to quality, making sure they support our teams to effectively undertake their audits every day.

This includes our leadership roles, training systems, performance management, methodology and technical support.

This Transparency Report reaffirms our commitment to the Crowe Global network and sets out our role as a key player in knowledge and information sharing across our network. Our global connection ensures that we remain aware and in front of emerging issues in audit quality and regulatory change.



**Dan Dale**

**Executive Head  
Audit and Assurance, Crowe Australasia**



## About Crowe Australasia

Crowe Australasia helps local and multi-national organisations anticipate and respond to the impacts of a rapidly changing tax and regulatory landscape. With a unique combination of local and regional talent coupled with the global reach of the Crowe network, we help organisations make smart decisions that create lasting value.

Crowe Australasia is a wholly owned business of Findex, and a member of Crowe Global, the eighth largest network of accounting firms in the world.

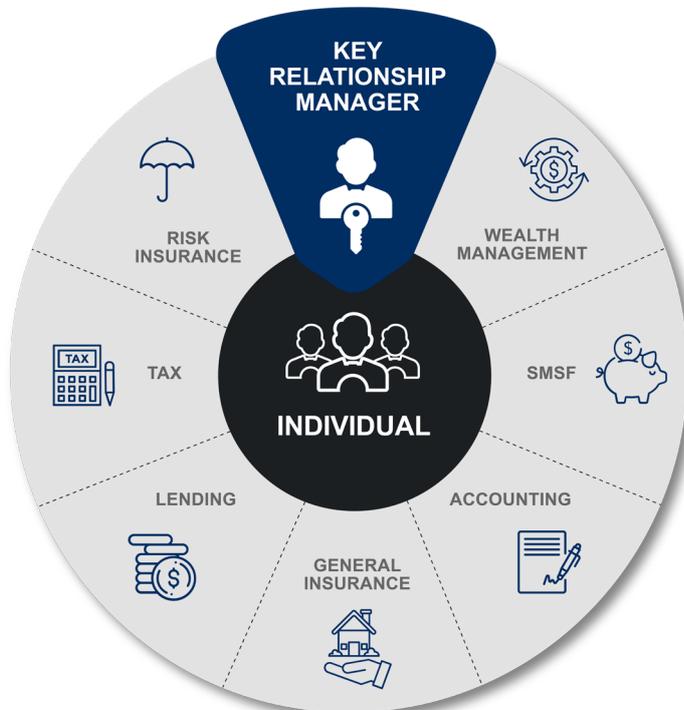
With our vast footprint across Australia and New Zealand, and globally via more than 200 firms in 146 countries, Crowe Australasia provide the highest quality support for our clients regardless of where their challenge resides – at home or abroad – or both.

Crowe Australasia is known for its local knowledge, global expertise, and experience in international tax and global markets.

We help local and multinational businesses to grow with confidence, empowering them with expertise in a broad range of tax advisory, audit and assurance, risk consulting and business consulting practices.



## Our integrated service offering





## A tailored solution for your business needs:

We know getting the right advice can often be hard – and sometimes it leaves you wondering what else you can do to future proof your finances. That's why we deliver a wide range of services under one roof, so you can have a tailored solution that best fits your individual needs, and your future. We call it our Family Office approach.

As part of this offering you have access to:

- A single, trusted point of contact for all your financial affairs
- A comprehensive suite of professional services and products
- Specialist, and skilled advisers under one roof



**A key relationship manager**



**Holistic suite of financial services**

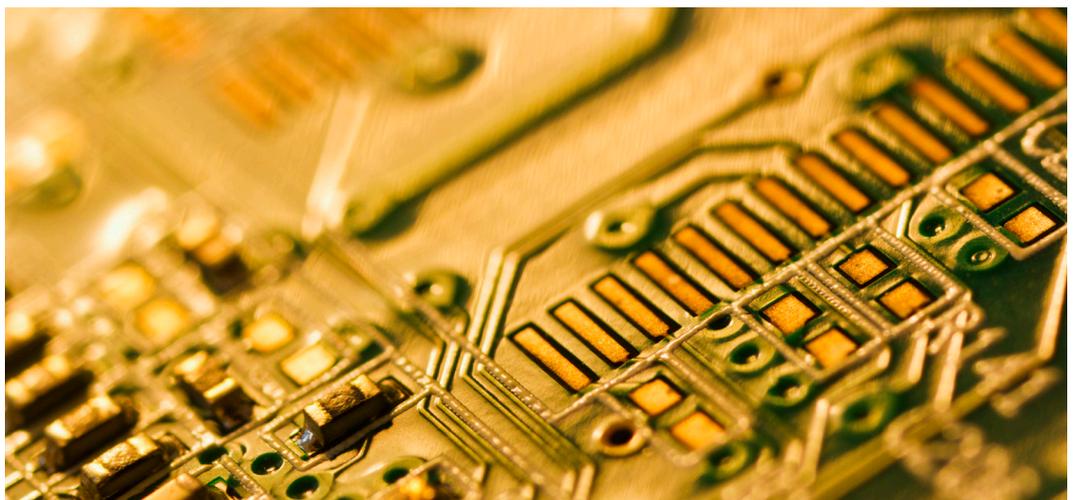
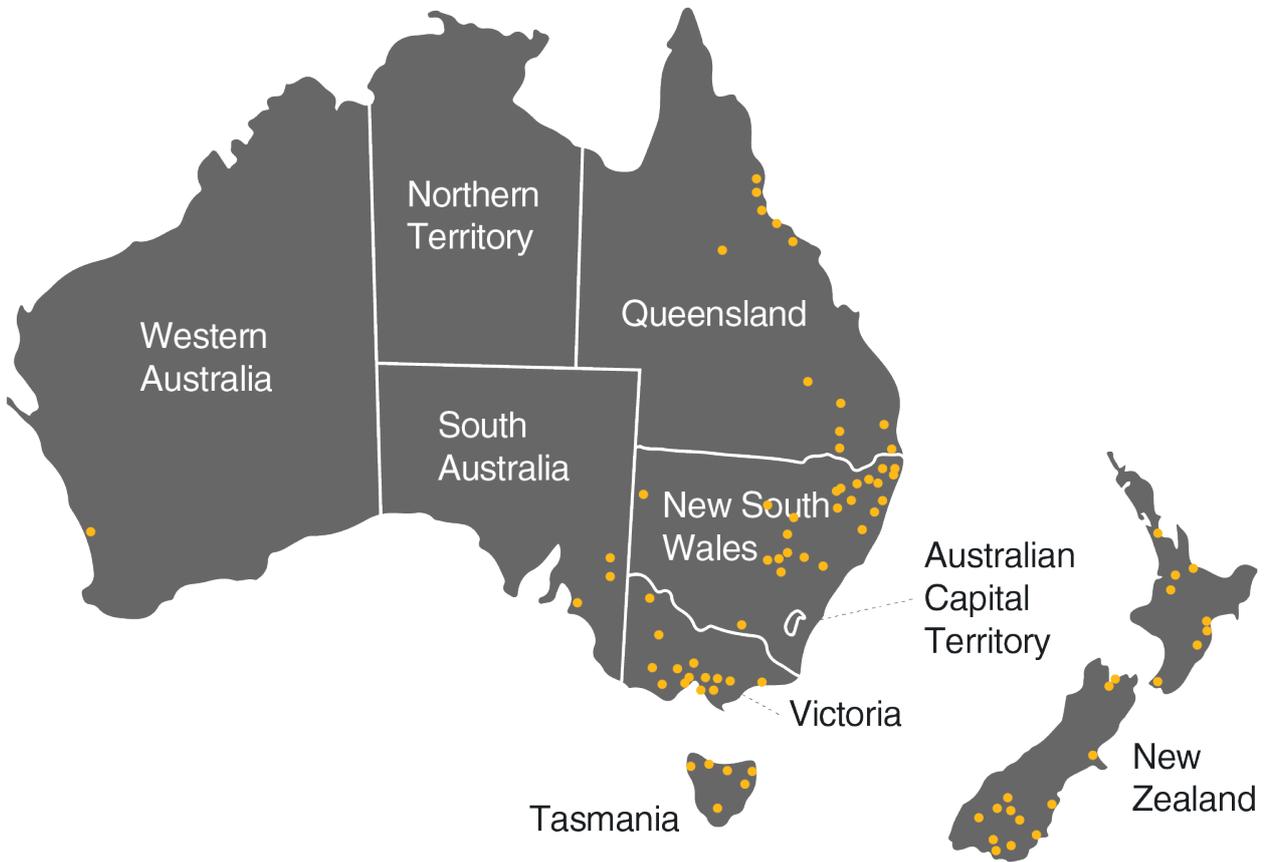


**A complete view of your finances**



**Covers all stages of a client's financial journey**

## Office locations



**ACT**

- Canberra

**New South Wales**

- Albury
- Armidale
- Ballina
- Bathurst
- Baulkham Hills
- Broken Hill
- Casino
- Coffs Harbour
- Dubbo
- Forbes
- Glen Innes
- Grafton
- Inverell
- Kyogle
- Lismore
- Lithgow
- Murwillumbah
- Orange
- Sydney
- Walcha
- Warralida

- Warren
- Wellington
- West Wyalong
- Yamba

**Queensland**

- Brisbane
- Burdekin
- Cairns
- Charters Towers
- Chinchilla
- Dalby
- Gold Coast
- Goondiwindi
- Hughenden
- Innisfail
- Toowoomba
- Townsville

**Victoria**

- Ballarat
- Bairnsdale
- Bendigo
- Colac
- Geelong

- Hamilton
- Melbourne
- Mildura
- Ocean Grove
- Pakenham
- Sale
- Stawell
- Torquay
- Traralgon
- Warragul
- Warrnambool
- Werribee

**South Australia**

- Adelaide
- Berri
- Loxton

**Tasmania**

- Burnie
- Devonport
- Hobart
- Launceston
- Smithton
- St Helens

**Western Australia**

- Perth

**New Zealand**

- Alexandra
- Auckland
- Central Hawke's Bay
- Christchurch
- Cromwell
- Dunedin
- Hamilton
- Hastings
- Invercargill
- Lower Hutt
- Milton
- Nelson
- Oamaru
- Queenstown
- Richmond
- Tauranga
- Te Anau
- Te Awamutu
- Wanaka
- Wellington
- Winton

## Structure and ownership

### Legal structure

Crowe Australasia (or “the Firm”) in this report refers to the Australian operations of Crowe Global and affiliated Australian audit partnerships, through which statutory audits are conducted.

Each Australian audit partnership consists of a number of individual partners and Findex (Aust) Pty Ltd; the latter housing the operations of Crowe Australasia and being the employer of all audit partners and staff.

Crowe Sydney (ABN 97 895 683 573) audit partnership is required to prepare and lodge specific information with the Australian Securities and Investments Commission (ASIC) in the form of this Transparency Report for the year ended 30 June 2020.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a wholly owned subsidiary of Findex Group Ltd (“the Group”).

### Governance and management

Findex Group Ltd is governed by a Board. The Board has ultimate responsibility for the Group’s internal quality control and risk management.

Further information about the Board can be found at <http://www.findex.com.au/about-us/the-board>.

The responsibility for managing the day-to-day operations of the Group is held within the management team. This includes responsibility for developing, implementing and monitoring quality control and risk-related matters. The management team comprises Senior Management and regional Executive Managing Partners.

Further information about the management team can be found at <https://www.findex.com.au/about-us/senior-management> and <https://www.findex.com.au/about-us/executive-managing-partners>.

The Board provides oversight, support, resources and supervision to the CEO and management team. This is done whilst maintaining a high level of transparency, ethical standards and corporate governance and ensuring that all obligations to, and interests of, all stakeholders and shareholders are known and met accordingly.

The Board, through the Risk Management and Compliance Committee, reviews the design and operations of the internal quality control and risk management systems. The Board is satisfied that the Group’s systems of internal control operated effectively, as designed, during the year.

## Our global connections

Crowe Global is the eighth largest global accountancy network with more than 200 firms located in major economic centres throughout the world. With operations in 146 countries across 765 offices, this vast global footprint allows us to consistently deliver high quality audits, both domestically and globally.

Crowe Global member firms are leaders in their market – known for providing impeccable service, exhibiting the highest quality standards of operation and delivery and are service as valued corporate citizens in their business communities.

Crowe Global's 41,000 people create a network of business experts who all share a common commitment to delivering technical and client service excellence.

For the calendar year ending 31 December 2019, Crowe Global's worldwide revenue was US\$4.4 billion. In 2019, audit represented 45% of the total fee income.

### Legal and constitutional structure

Crowe Global is an international network of independently owned and managed accounting and advisory firms that are licensed to use the "Crowe" brand in connection with the provision of accounting, auditing, tax, advisory and other professional services to their clients.

Crowe Global is commercially organised under the laws of Switzerland as a *verein* (Association) and is a non-practicing entity and does not provide professional services in its own right. Crowe Global is wholly owned by its member firms. Crowe Global operates through a wholly owned subsidiary incorporated under the laws of the State of New York in the United States of America where it is headquartered.

Crowe Global is considered a "network" as defined under the Code of Ethics of the International Ethics Standards Board for Accountants (IESBA) and by virtue of its membership of the Forum of Firms.

Crowe Global also license Horwath HTL to member firms offering consultancy services in the hotel, tourism and leisure industries.



### **Leadership, governance and management**

The Crowe Global Board of Directors (“Crowe Board”) is responsible for the governance of Crowe Global. The Crowe Board is charged with overseeing the activities of the network, including setting strategy and policy. The Crowe Board is made up of individuals representing member firms in Crowe Global, as well as the Chief Executive Officer.

The Management Committee operates according to the responsibilities and authority that is delegated to it by the Crowe Board and oversees the daily management of the network’s operations.

It consists of the Chief Executive Officer, Chief Operating Officer, the network’s regional executives, Global Marketing Director, the network’s International Accounting & Audit and International Tax Directors.

## Internal Quality Control System

Outlined in this section are the key elements of Crowe Australasia's internal quality control system for audit quality.

### Leadership

Audit quality is integral to the work we do, and supports our objective of delivering a high quality and seamless service to our clients.

The Findex Board sets the 'tone at the top' and the communication of messages relating to audit quality emanates from the Findex Board.

It is the responsibility of the Executive Head of Audit and Assurance to ensure that the Firm's quality control practices are adhered to. All partners are responsible for promoting a culture that recognises audit quality.

### People and culture

Our people demonstrate high standards of technical competency and commitment to the Firm's values and professional standards. In order to ensure that these standards are met, the Firm maintains a comprehensive performance appraisal system and provides all audit partners and staff with comprehensive learning and development opportunities, including:

- A structured audit training program which is designed to provide all audit engagement team members in the Australasia region with both technical and soft-skills training appropriate to their level of experience
- Local office-based or web-based courses focusing on topical subjects or specific areas of expertise
- Alerts to ensure that staff are kept informed of technical and regulatory developments
- Access to a library of local and international technical reference materials on accounting and audit matters
- Participation at Crowe Global conferences and events

Graduate recruits are expected to study for professional qualifications with either the Chartered Accountants Australia and New Zealand (CAANZ) or CPA Australia. Successful completion of professional exams is taken into account in making decisions about promotion and remuneration.

All audit partners and staff are expected to complete at least 120 hours of relevant continuing professional education over a three-year cycle, with a minimum of 20 hours in each year.

Senior audit staff attend approved external courses if their training and development needs are not addressed in-house.

### Client acceptance and continuance

Our client acceptance and continuance processes are instrumental in ensuring that we only take on engagements where we have the competence and capacity to deliver the standard of work which our clients and profession expect, and where we can comply with our ethical and independence obligations.

Our client acceptance process includes a risk assessment process, which considers the client's risk profile, the nature of its operations, its ownership structure, the background of its directors and key management, and independence-related matters, including financial interests and any non-audit services provided.

### Higher risk engagements

Certain engagements may be considered to have an increased level of risk, either because they are Public Interest Entities, or because specific non-standard risks are identified during the acceptance process. Examples of such risks may include complex transactions, or material operations within emerging markets.

### Audit approach

As a member of Crowe Global, we apply Crowe Global's Audit Methodology. This provides us with a consistent, high-quality approach across the global network.

It ensures compliance with International Standards on Auditing (ISAs), and with other relevant professional and ethical requirements.

Supplementary material is developed and maintained by our local Audit Quality Team, to ensure that Australian-specific legal and regulatory requirements are addressed.



## Audit Quality Team

During the year, our Audit Quality Team was responsible for implementing initiatives relating to audit quality, learning and development, and technical support. This included:

- Providing timely, accurate and practical interpretation of accounting, auditing and professional standards, audit methodology and policies and procedures
- Developing an awareness relating to the practical application of accounting, auditing and professional standards amongst partners and staff
- Developing tools and resources to assist audit teams to perform their tasks efficiently and effectively
- Preparing thought leadership material in response to technical developments within the profession
- Engaging with the professional bodies and standard setters
- Managing and participating in certain monitoring activities
- Liaising with external reviewers and regulators
- Developing and maintaining our audit methodology and audit software to ensure our risk-based audit approach remains current and relevant

Our audit methodology adopts a risk-based approach, which relies on developing an in-depth understanding of the entity under audit, its risks, and the system of internal control in place to manage those risks. This allows us to develop a tailored response to each issue identified, and to ensure that all material risks of misstatement are appropriately mitigated.

Our audit approach supports the application of professional judgement and an appropriate level of skepticism on each engagement, and our audit software includes compulsory schedules dedicated to ethical and independence requirements to ensure that these areas are considered on every audit engagement.

Our policies include detailed requirements in respect of the timely review of audit work performed. The nature, timing and extent of review depend on the level of audit risk and complexity associated with the client that is under review, and the experience of the engagement team member.

### Engagement quality control review

Engagements that are graded as higher risk are subject to an Independent Engagement Quality Control Review (EQCR). The requirement to perform an EQCR and the review policies themselves extend beyond the minimum requirements of the law and professional regulation, and are a key element of our system of internal quality control.

Reviewers are involved throughout the entire audit process and their role is not limited to a review immediately prior to completion of the engagement. All reviews are performed by audit partners who themselves perform audits of higher risk engagements, and we do not permit reviewers to delegate the performance of this responsibility to any other audit partner or member of staff.

We see the function of engagement quality control reviewers not to simply accept or override conclusions but to challenge judgements of the audit team in areas that are complex, significant or highly judgmental.

### Consultation and collaboration

All audit partners and other team members are encouraged to consult with peers, subject matter experts and the Audit Quality Team on complex or contentious issues throughout audit engagements.

Specialists within the Firm and from Crowe Global are available to provide expert skills in areas such as information technology, valuations and taxation.

The Firm requires mandatory consultation outside of the audit engagement team when certain modified audit opinions are to be issued.

### Monitoring processes and audit quality

The Group's Risk Management & Compliance team is responsible for conducting a quality process that forms part of the overall monitoring of the Firm's system of audit quality. This is a key component of the Firm's overall drive for continuous improvement in audit quality.

Our quality monitoring program includes:

- Periodical inspections of completed assurance engagements for each audit partner
- Targeted reviews of specific areas of selected completed audit engagements
- Pre-issuance reviews of specific areas of selected assurance engagements before the report is issued
- Follow-up of previous recommendations and agreed actions

Outcomes of individual monitoring activities must be reported to the Head of Risk Management & Compliance who will decide on the appropriate course of action in accordance with relevant policies.



Crowe Australasia is subject to review by a number of regulatory and professional bodies:

- Chartered Accountants Australia and New Zealand (CAANZ)
- CPA Australia
- Australian Securities and Investments Commission (ASIC) \*
- Public Company Accounting Oversight Board (PCAOB) \*\*
- Crowe Global \*\*\*

\* ASIC completed the latest round of continuous monitoring of our Firm in 2018.

\*\* Our Sydney audit partnership is registered with the PCAOB. The PCAOB conducted a review in November 2019.

\*\*\* The Crowe Global International Accounting & Audit Director leads this review. Our last review from Crowe Global was completed in April 2018.

## Partner Remuneration

The Partner's remuneration includes the following elements:

- Base salary
- Short term incentives (STI's)

Partners' base salary is determined in consultation with the executive management team on an annual basis.

STI's are performance-based remuneration, which is calculated based on various financial and non-financial measures. For audit partners, audit quality is one of the benchmarks used in measuring performance.

No significant element of partner or audit staff remuneration is directly related to the provision of non-audit services to audit clients.

## Independence Practices

Managing conflicts of interest and maintaining our independence is vital to our ability to service our clients. All audit partners and staff are expected to maintain the highest standard of ethics and be fully conversant with the requirements of the Code of Ethics for Professional Accountants.

In Australia, Crowe Australasia has developed and implemented policies and methodologies that allow us to perform audit services in conformity with:

- The Codes of Ethics and professional standards issued by the Australian Professional and Ethics Standards Board (APESB) and IESBA
- Local regulatory requirements (e.g. Corporations Act 2001)
- Crowe Global requirements

Crowe Global provides support to member firms in complying with the Code of Ethics of the IESBA.

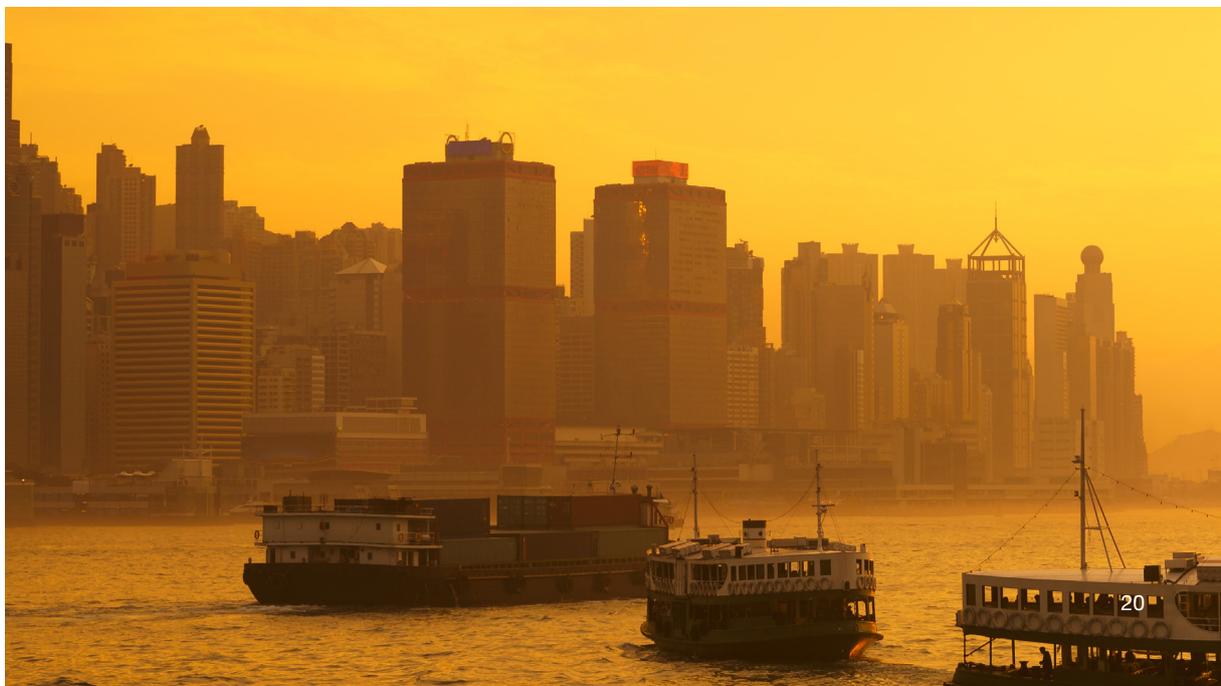
Policies and guidance on financial interests in audit clients, business relationships, fee arrangements, rotation requirements, and the provision of non-audit services to audit clients are updated periodically and made available to all staff electronically.

Our procedures require any member of staff to notify the Firm immediately should any matters touching upon independence or ethical requirements arise.

All staff are required to complete an annual Independence declaration.

Engagement partners are required to follow a process to ensure that Firm's independence is established before a client engagement is accepted or continued. These procedures include the need to perform an independence check to be carried out by the Firm and within the Crowe Global network, as necessary, before acceptance of any new client relationship.

Our in-house Findex Independence Checks System involves all staff across the Group. Compliance with our independence procedures is reviewed internally at various times during the year through the application of a range of procedures.



## Financial Information

Financial information for the year ended 30 June 2020 for Crowe Sydney:

Total audit revenue                      \$6.6m

## Audit and assurance clients

The following relevant bodies were audited during the year ended 30 June 2020 by Crowe Sydney:

- Agricultural Land Trust
- AHAlife Holdings Limited
- Allegra Orthopaedics Limited
- Alternative Investment Trust
- Donaco International Limited
- Flexiroam Limited
- Gateway Mining Limited
- N1 Holdings Limited
- OncoSil Medical Limited
- Silver Mines Limited
- Xref Limited





## **Crowe Sydney**

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Sydney, NSW 2000  
02 9262 2155

## **Findex Head Office**

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[www.crowe.com.au](http://www.crowe.com.au)

## **Visit our website or social media**

We have a range of tools and ideas to help businesses, as well as specific information about our services and people.

 @croweaustralasia

 Crowe Australasia

The title 'Partner' conveys that the person is a senior member within their respective division and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately-owned organisation and/or its subsidiaries. Liability limited by a scheme approved under Professional Standards Legislation.

Crowe Global is a leading international network of separate and independent accounting and consulting firms that are licensed to use "Crowe" in connection with the provision of professional services to their clients. Crowe Global itself is a non-practicing entity and does not provide professional services to clients. Services are provided by the member firms. Crowe Global and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

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30 October 2020