



# Transparency Report 2019

Crowe Sydney

For the year ended  
30 June 2019

Audit / Tax / Advisory

Smart decisions. Lasting value.



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*The Crowe Australasia Transparency report for 2019 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 2019.

As one of Australasia's largest and most diversified financial services firms, I welcome the opportunity to highlight our business's commitment to audit quality.

As our industry continues to change rapidly, influenced by the forces of big data and artificial intelligence, harnessing the power of technological change is proving to be critical to the ever-changing role of the auditor. With this also comes great opportunity to remediate risks and predict business improvement opportunities.

As a firm, a key focus in the last financial year has been to ensure the significant investment in our digital and data tools and capabilities across the entire business. We see this as the core mechanism to enable further efficiencies in delivering the highest quality outcomes for our clients.



**Spiro Paule**

Chief Executive Officer  
Crowe Australasia

Our audit quality control procedures are underpinned by the diversified skills of our experienced team, a team which we are continuously growing and introducing new talent and skill sets to. We pride ourselves on our holistic service offering, which is designed to provide a tailored solution to fit our client's individual needs now and into the future. We have successfully embedded our Audit services into this fully integrated financial advisory offering, which we offer to individuals and businesses across Australia and New Zealand.

We strive to remain a strong relationship-driven organisation with the best interests of our clients at the core of everything we do. I am very pleased to be leading the company into a new, innovative phase of growth. I trust this report demonstrates our commitment to audit quality and client service.



## 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 Managing Partner, Audit and Assurance

The last twelve months have again shined the light on the need to not just maintain audit quality, but to improve it. Against a backdrop of increased regulatory scrutiny, government inquiries into regulated sectors and the perceived failure of the effectiveness of the audit process, the spotlight is on our profession like never before.

Moving forward in such a time, where public scrutiny is high and the need to rebuild trust in the audit profession is critical, Crowe continues to invest in both its people and its technology to ensure that quality is not just part of what we do, it is part of our culture, and the way we do it.

This Transparency Report reflects on several significant changes to our business. Our rebrand to Crowe earlier this year reaffirms our connection to the Crowe Global network, cementing 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.

We continue to both leverage and invest in technology and people. Our utilisation of digital techniques is enabling us to add more value to our clients, get better insights into their business and, more importantly, improve risk management, documentation standards and the quality of our audits.

Our staff remain the most critical aspect of our audit execution and adherence to the highest level of audit quality. We understand our role in financial markets, and the connection to effective regulation. Our commitment to that understanding is what enables our clients to take comfort in the knowledge that an audit done by us is an audit done well.

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. All are key aspects to achieving consistent levels of high-quality audits.

While the outlook for audit continues to change, our continuous focus on audit quality remains as a key pillar in our future direction. We will continue to strive to meet and exceed the demands of our profession and the expectations of our clients and staff.

I would encourage you to reach out to us if you have any questions on the content of our Transparency Report for 2019.



**David Munday**

**Managing Partner  
Audit and Assurance, Australasia**



## About Crowe Australasia

Crowe Australasia is a leading accountancy and advisory firm in Australia and New Zealand and an independent member of Crowe Global, ranked eighth largest accounting network in the world.

For almost 100 years, members of Crowe have made smart decisions for multinational clients working across borders. Our leaders work with governments, regulatory bodies and industry groups to shape the future of the profession worldwide. With exceptional knowledge of business, local laws and customs we provide lasting value to clients. At Crowe Australasia, our professionals share one commitment, to deliver excellence.

Crowe Australasia is an integral part of a broader group of financial services brands, namely its parent company Findex. Since the inception of Findex in 1987, our vision has been to empower the ambitions of our clients by revolutionising the delivery of a full range of high quality financial services for them and their business. We're here to guide them through their entire financial journey.



# 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**

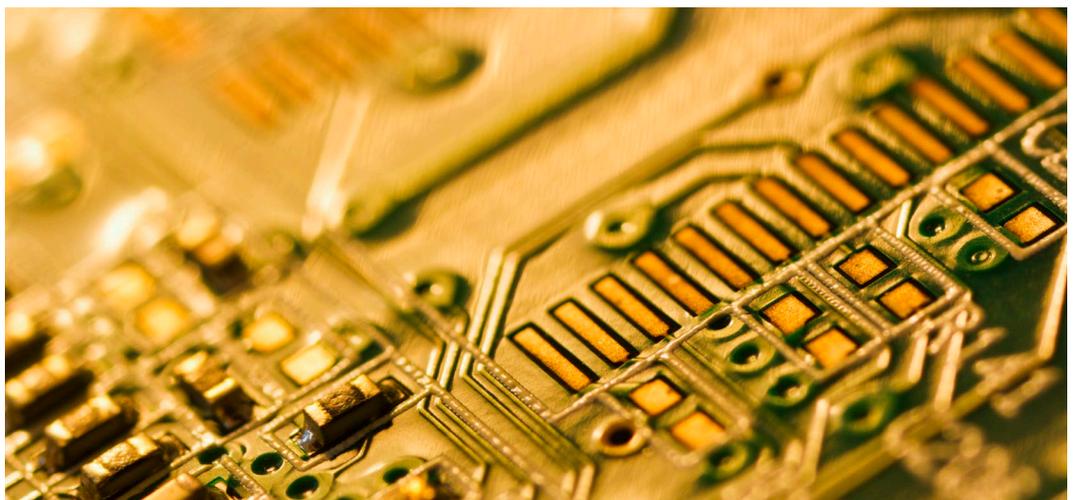


**A complete view of your finances**



**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 2019.

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

## Governance and management

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

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>.

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 130 countries across 264 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 35,000 people create a network of business experts who all share a common commitment to delivering technical and client service excellence.

In 2018 our global network and its member firms rebranded. Our Global network has become Crowe Global and our member firms are now known as Crowe. For us, rebranding is more than simply a name change, it signifies a commitment from each of our member firms for greater collaboration. We consistently review the way our network operates and look for opportunities to improve our processes.

We believe bringing our member firms closer together under a single brand name reinforces our commitment to an integrated client approach and consistent service delivery.

For the calendar year ending 31 December 2018, Crowe Global's worldwide revenue was US\$4.3 billion. In 2018, audit represented 48% 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 may be 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.



### **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, the network’s International Accounting & Audit and International Tax Directors.

The International Accounting & Audit Committee and the International Tax Committee oversee quality assurance programs that uphold standards and promote best practices in their disciplines. The International Accounting & Audit Committee has a pivotal role in maintaining audit quality with responsibility for setting audit methodology and other audit-related policies across the network.

## 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 Managing Partner 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 process is 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 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 Technical Team, to ensure that Australian-specific legal and regulatory requirements are addressed.



### **Audit technical team**

During the year, our Technical Services 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 Technical Services 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. We have not been subject to a review to date.*

*\*\*\*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.

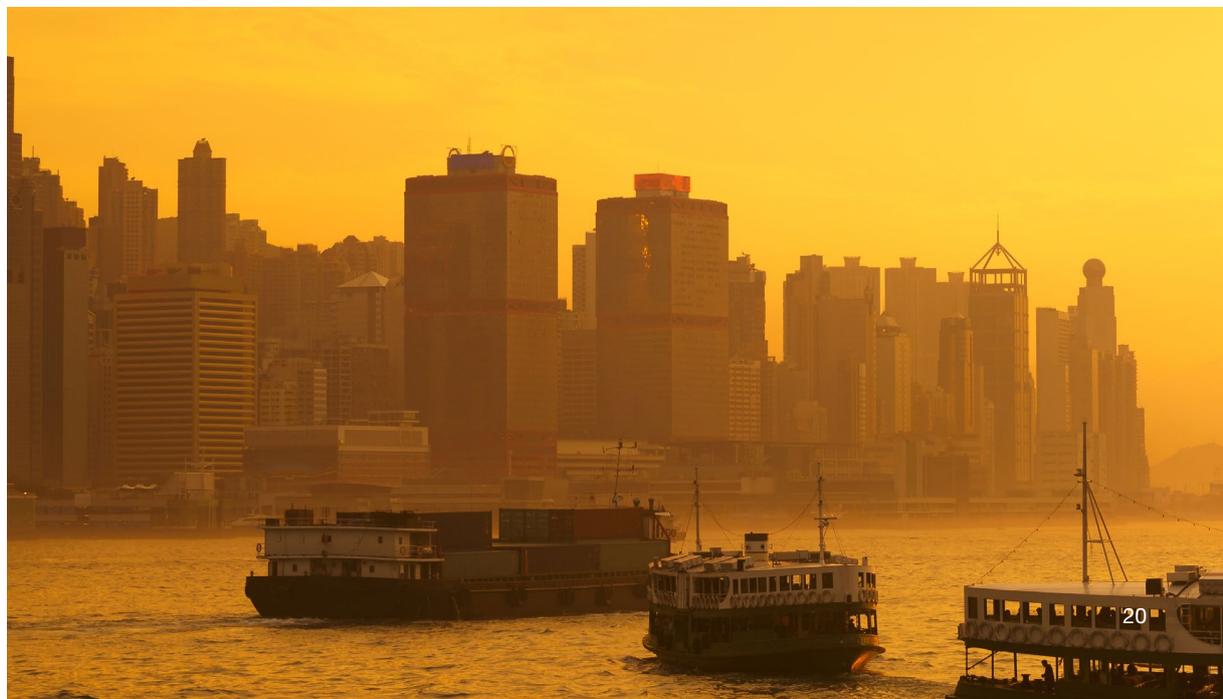
Policies and guidance on financial interests in audit clients, business relationships, fee arrangements, rotation requirements, and the provision of non-audit services to audit clients are updated periodically and made available to all staff electronically

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 a conflict 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 2019 for Crowe Sydney:

Total audit revenue                      \$6.2m

## Audit and assurance clients

The following relevant bodies were  
audited during the year ended 30 June  
2019 by Crowe Sydney:

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





## **Crowe Sydney**

Level 15, 1 O'Connell Street  
Sydney NSW 2000  
02 9262 2155

## **Findex Head Office**

Head Office  
Level 17, 181 William Street  
Melbourne, VIC 3000  
03 9292 0101  
[www.findex.com.au](http://www.findex.com.au)  
[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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14 November 2019