

# Transparency Report 2020

EY Australia

October 2020



**EY**

Building a better  
working world



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**Message from the  
CEO and Regional  
Managing Partner  
Oceania, and  
Assurance Managing  
Partner Oceania  
October 2020**



We believe that how we advance sustainable audit quality, manage risk and maintain our independence, as auditors should be transparent to our stakeholders. We value regular dialogue, and this 2020 transparency report of Ernst & Young (EY Australia) is one of the ways in which we update our stakeholders on what we are doing in each of these areas.

Auditors play a vital role in the functioning of capital markets by promoting transparency and supporting investor confidence. Executing high-quality audits continues to be our top priority and is at the heart of our commitment to serve the public interest. It enables us to grow the global EY network successfully and responsibly, while achieving our purpose of building a better working world. Companies, regulators and other stakeholders count on us to deliver excellence in every audit.

Responding to the impact of the COVID-19 pandemic, our clear objective was saving lives and also saving jobs. Our ability to conduct audits became paramount this year. The coordinated response across EY via activation of the Global Crisis Management Program, timely guidance provided by the firm's professional practice and risk management functions, supported adherence to the social distancing and other restrictions imposed by the Governments whilst continuing to execute high quality audits.

During 2020, we actively participated in the Parliamentary Joint Committee on Corporations and Financial Services (the Committee) Inquiry into Regulation of Auditing in Australia. The Committee tabled its interim report in February 2020. We are pleased that most of the recommendations made by us, through our submissions to the Committee and participation in the public hearings, have been adopted and reflected in the interim report recommendations. This report also covers measures taken by EY Australia to early adopt some of these recommendations, as part of our commitment to building a better working world.

The need for trust and confidence in financial reporting in our capital markets has never been greater, and auditors play an important role in this regard.

We are focused on investing in tools to improve what we do, creating the highest-performing teams, as well as building trust and confidence through the audits we perform.



We embrace the transparency objectives of Australia's Corporations Act and the European Union's Regulation 537/2014 which require Australian statutory auditors of public interest entities (PIEs) to publish annual transparency reports.

This Transparency Report 2020 complies with Australia's Corporations Act and the Regulation and covers the fiscal year ended 30 June 2020 and any more recent relevant events. In this report, you can learn more about our internal quality control system; how we instil professional values; how we perform an audit; our review and consultation processes; our approach to audit quality reviews; our independence practices; and measures taken to minimise the impact of COVID-19 on our operations.

EY Australia's reputation is based on and grounded in providing high-quality professional audit services objectively and ethically to every company we audit. Our focus on enhancing audit quality and upholding our independence, is informed by a range of sources, including external and internal audit inspection results. Continuous improvement of audit quality requires us to challenge approaches to audit execution, and we focus on this by evaluating inspection findings and taking responsive actions.

We encourage all our stakeholders – including our clients and their investors, audit committee members and regulators – to continue to engage with us on our strategy as well as any of the matters covered in this report.



**Tony Johnson**  
CEO and Regional Managing Partner  
EY Australia



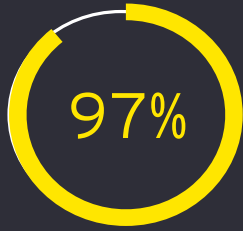
**Glenn Carmody**  
Managing Partner Assurance Oceania  
EY Australia

### **EY's purpose: building a better working world**

EY is committed to doing its part in building a better working world. The insights and quality services delivered by EY people help build trust and confidence in business and the capital markets. EY auditors serve the public interest by delivering high-quality audits with independence, integrity, objectivity and professional scepticism. In so doing, the EY organisation plays a critical role in building a better working world for EY people, clients and communities.

# Quality

## Internal audit quality review



(FY19: 93%)

97% of the engagements inspected were rated as having no material findings or deficiencies

## ASIC inspection results

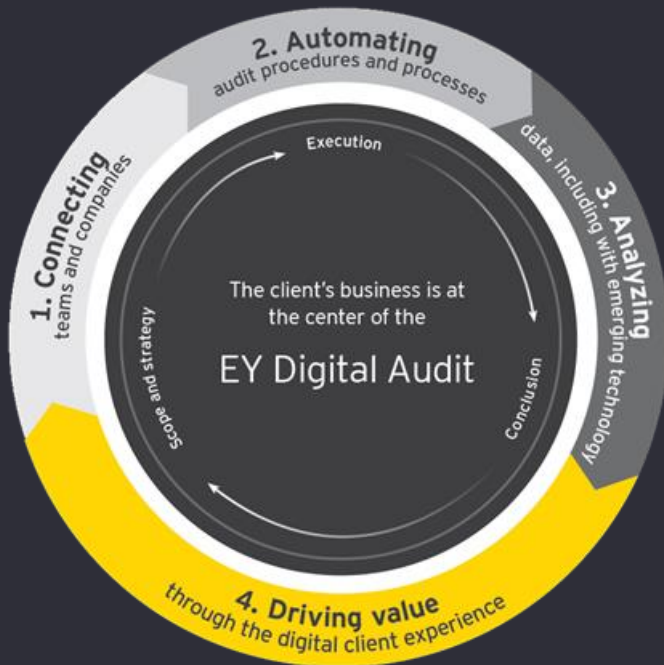
**12** public companies inspected during inspection period ended June 2019

In **22%** of the 45 key audit areas reviewed, ASIC concluded sufficient audit evidence was not obtained to offer reasonable assurance in the related financial report.

**66 average learning hours** completed in **2020** (FY19:54 hours) on an average by partners and staff

# Focus on Digital

EY audit teams embrace a **digital-first** approach and are supported by a more than **US\$600m** global investment in new and emerging digital audit technologies



### 1 Connecting teams and companies

Connecting teams to one another and to the companies they audit creates a secure platform for a digital-first approach.

- ▶ EY Canvas
- ▶ EY Canvas Client Portal

### 2 Automating audit procedures and processes

By automating audit procedures and processes, EY teams reduce client burden and are able to focus on areas requiring judgment.

- ▶ Centralisation: data capture
- ▶ Standardisation: Global Delivery Services
- ▶ EY Smart Automation

### 3 Analyzing data, including with emerging technology

EY teams analyze data with advanced and emerging technologies, and build audit evidence to support conclusions.

- ▶ EY Helix data analyzer library
- ▶ Digital Global Audit Methodology
- ▶ Artificial intelligence
- ▶ EY Blockchain Analyzer

### 4 Driving value through the digital client experience

Harnessing the power of data in the EY Digital Audit provides clients with insights to better manage risk and help deliver new perspectives.

- ▶ EY Digital innovation roadmaps
- ▶ EY Digital Leaders
- ▶ EY wavespace innovation sessions
- ▶ EY Badges

# Results

Revenue from audits services to clients grew by **7%** in 2020

Total EY Australia revenue in FY20 **AUD2.13bn** (FY19: AUD 1.89bn) **13%** ↑



## About Us

### Legal structure, ownership and governance

EY Australia is a partnership and is a member firm of Ernst & Young Global Limited (EYG), a UK company limited by guarantee. In this report, we refer to ourselves as “EY Australia”, “we”, “us” or “our”. “EY” refers collectively to the global organisation of the member firms of EYG.

EYG member firms are grouped into three geographic Areas: Americas; Asia-Pacific; and Europe, Middle East, India and Africa (EMEIA). The Areas comprise multiple regions, which themselves consist of member firms.

EY Australia is part of the Asia-Pacific Area, which comprises member firms in 23 countries and is a member of Ernst & Young Asia-Pacific Limited (EY Asia-Pacific Limited). Within the Asia-Pacific Area, there are six regions.

Within the Asia-Pacific area, EY Australia is part of the Oceania region. EY Australia operates across seven offices in Australia and has 570 partners as at 30 June 2020.

The principal governing bodies for the Oceania region and EY Australia are:

#### Oceania Executive Leadership Team

The Oceania Executive Leadership Team has the authority and accountability for strategy and execution. It comprises the Oceania Managing Partner and CEO; the Markets leader; Market segment leaders; the Operations leader; the service-line leaders for Assurance, Consulting, Strategy and Transactions Services and Tax; and the Financial Services Office leader.

#### Regional Partner Forum

Each region elects a Regional Partner Forum (RPF) whose representatives advise and act as a sounding-board to regional leadership. The partner elected as Presiding Partner of the RPF also serves as the region’s representative on the Global Governance Council (see page 7).

### Asia-Pacific Area

EY Asia-Pacific Limited, a Hong Kong company limited by guarantee, is the coordinating entity for the EYG member firms in the Asia-Pacific area. EY Asia-Pacific Limited facilitates the coordination of these firms and cooperation between them, but it does not control them. EY Asia-Pacific Limited is a member firm of EYG, has no financial operations and does not provide any professional services.

The principal governing body of the Asia-Pacific area is:

#### Area Operating Executive

The Area Operating Executive oversees the execution of the global EY strategy in the Asia-Pacific area. It comprises the Area Managing Partner; the Deputy Area Managing Partner; the area leaders for Talent, Risk, Strategy Execution and Accounts; the area service-line leaders for Assurance, Consulting, Strategy and Transactions Services and Tax; and the Regional Managing Partners of the area’s six regions.

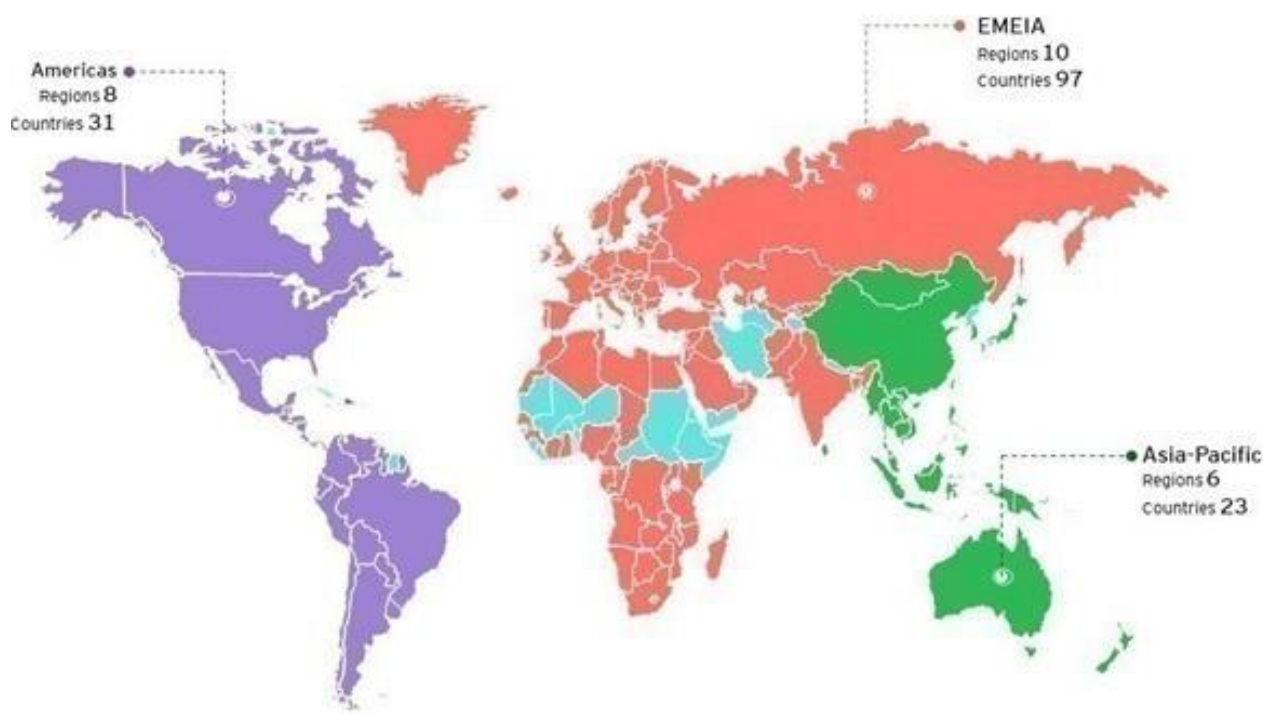
### Network arrangements

EY is a global leader in assurance, tax, strategy, transaction and consulting services. Worldwide, over 298,000 people in member firms in more than 150 countries share a commitment to building a better working world, united by shared values and an unwavering commitment to quality, integrity and professional scepticism. In today’s global market, the integrated EY approach is particularly important in the delivery of high-quality multinational audits, which can span nearly every country in the world.

This integrated approach enables EY member firms to develop and draw upon the range and depth of experience required to perform such diverse and complex audits.

EYG coordinates the member firms and promotes cooperation among them. EYG does not provide services, but its objectives include the promotion of exceptional high-quality client service by member firms worldwide. Each member firm is a legally distinct entity. Their obligations and responsibilities as members of EYG are governed by the regulations of EYG and various other agreements.

Figures are as of 1 July 2020



The structure and principal bodies of the global organisation during the fiscal year ended 30 June 2020, described below, reflect the principle that EY, as a global organisation, has a common shared strategy.

At the same time, the network operates on a Regional level within the Areas. This operating model allows for greater stakeholder focus in the regions, permitting member firms to build stronger relationships with clients and others in each country, and be more responsive to local needs.

### Global Governance Council

The Global Governance Council (GGC) is the main oversight body of EYG. It comprises one or more representatives from each region, other member firm partners as at-large representatives, and up to six independent non-executives (INEs). The regional representatives, who otherwise do not hold senior management roles, are elected by their RPFs for a three-year term, with provision for one successive reappointment. The GGC advises EYG on policies, strategies, and the public-interest aspects of its decision-making. The GGC approves, upon the recommendation of the Global Executive (GE), a number of matters that could affect EY.

### Independent non-executives

Up to six INEs are appointed from outside EY. The INEs are senior leaders from both the public and private sectors, who reflect diverse geographic and professional backgrounds. They bring to the global

organisation, and the GGC, the significant benefit of their varied perspectives and depth of knowledge. The INEs also form most of the Public Interest Sub-Committee (PIC) of the GGC. The role of the PIC includes public interest aspects of decision-making, issues raised under whistleblowing policies and procedures, as well as stakeholder dialogue and engagement in quality and risk management discussions. The INEs are nominated by a dedicated committee.

### Global Executive

The GE brings together EY's leadership functions, services and geographies. As of 1 July 2020, it is chaired by the Chairman and CEO of EYG, and includes its Global Managing Partners of Client Service and Business Enablement; the Area Managing Partners; the global functional leadership for Talent; the leaders of the global service lines – Assurance, Consulting (previously Advisory), Strategy and Transactions (previously Transaction Advisory Services) and Tax; and one EYG member firm partner on rotation.

The GE also includes the Global Vice Chair of Markets, the Global Vice Chair of Transformation, the Chief Client Technology Officer, the Chair of the Global Accounts Committee, the Chair of the Emerging Markets Committee, as well as a representative from the Emerging Markets practices.

The GE and the GGC approve nominations for the Chairman and CEO of EYG then ratify appointments of the Global Managing Partners. The GE also approves appointments of Global Vice Chairs. The GGC ratifies the appointments of any Global Vice Chair who serves as a member of the GE.

The GE's responsibilities include the promotion of global objectives and the development, approval and, where relevant, implementation of:

- ▶ Global strategies and plans
- ▶ Common standards, methodologies and policies to be promoted within member firms
- ▶ People initiatives, including criteria and processes for admission, evaluation, development, reward and retirement of partners
- ▶ Quality improvement and protection programmes
- ▶ Proposals regarding regulatory matters and public policy
- ▶ Policies and guidance relating to member firms' service of international clients, business development, markets and branding
- ▶ EY's development funds and investment priorities
- ▶ EYG's annual financial reports and budgets
- ▶ GGC recommendations

The GE also has the power to mediate and adjudicate disputes between member firms.

### **GE committees**

Established by the GE and bringing together representatives from across the organisation, the GE committees are responsible for making recommendations to the GE. In addition to the Global Audit Committee, examples of other committees include Assurance, Consulting, Tax, Strategy and Transactions, Global Markets and Investments, Global Accounts, Emerging Markets, Talent and Risk Management.

### **Global Practice Group**

This group brings together the members of the GE, GE committees, regional leaders and sector leaders. The Global Practice Group seeks to promote a common understanding of EY's strategic objectives and helps drive consistency of execution across the organisation.

### **EYG member firms**

Under the regulations of EYG, member firms commit themselves to pursue EY's objectives, such as the provision of high-quality service worldwide. To that end, the member firms undertake the implementation of global strategies and plans, then work to maintain the prescribed scope of service capability. They are required to comply with common standards, methodologies and policies, including those regarding audit methodology, quality and risk management,

independence, knowledge sharing, human resources (HR) and technology.

Above all, EYG member firms commit to conducting their professional practices in accordance with applicable professional and ethical standards, as well as all applicable requirements of law. This commitment to integrity and doing the right thing is underpinned by the EY Global Code of Conduct and EY values (see page 14).

Besides adopting the regulations of EYG, member firms enter into several other agreements covering aspects of their membership in the EY organisation, such as the right and obligation to use the EY name, and knowledge sharing.

Member firms are subject to reviews to evaluate adherence to EYG requirements and policies governing issues, such as independence, quality and risk management, audit methodology and HR. Member firms unable to meet quality commitments and other EYG membership requirements may be subject to termination from the EY organisation.





## Commitment to Sustainable Audit Quality

### Infrastructure supporting quality

#### Quality in our service lines

NextWave is EY's global strategy and ambition to deliver long-term value to clients, people and society. NextWave reconfirms EY's purpose, ambition, and strategy. EY's purpose of building a better working world continues to inspire EY people to not only serve clients, but also to use our knowledge, skills and experiences to support the communities in which we live and work. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies around the world.

Delivering high-quality audits and continuously improving what we do are fundamental to building a better working world. To do so, we recruit, develop and retain the right people; embrace innovation; encourage simplification; and monitor what we do closely. Serving the public interest through the delivery of high-quality audits consistently around the world is a top priority. Significant investments continue to be made to deliver state-of-the-art tools and develop EY people. EY audit teams embrace a digital-first approach and are supported by a more than US\$600m investment in new and emerging technologies.

EYG member firms and their service lines are accountable for delivering quality engagements. EY member firms' service lines manage the overall process for quality reviews of completed engagements and input for the quality of in-process engagements, which helps achieve compliance with professional standards and EY policies.

The Global Vice Chair of Assurance coordinates member firms' compliance with EY policies and procedures for services provided by Assurance.

#### Professional Practice

The Global Vice Chair of Professional Practice, referred to as the Global Professional Practice Director (Global PPD), is overseen by the Global Vice Chair of Assurance and works to establish global audit quality control policies and procedures. Each of the Area PPDs is overseen by the Global PPD and the related Area Assurance Leader.

This helps provide greater assurance as to the objectivity of audit quality and consultation processes.

The Global PPD also leads and oversees the Global Professional Practice group. This is a global network of technical subject-matter specialists in accounting and auditing standards, who consult on accounting, auditing and financial reporting matters; as well as perform various practice monitoring and risk management activities.

The Global PPD oversees the development of the EY Global Audit Methodology (EY GAM) and related technologies so that they are consistent with relevant professional standards and regulatory requirements. The Global Professional Practice group also oversees the development of the guidance; training and monitoring programmes; and processes used by member firm professionals to execute audits consistently and effectively. The Global, Area and Regional PPDs, together with other professionals who work with them in each member firm, are knowledgeable about EY people; clients; and processes; and they are readily accessible for consultation with audit engagement teams.

The Oceania Region Professional Practice Director (Oceania PPD) is responsible for the professional practice function in EY Australia and is accountable to the Asia-Pacific Area PPD.

Additional resources augment the Global Professional Practice group, including networks of professionals focused on:

- ▶ Internal-control reporting and related aspects of the EY audit methodology
- ▶ Accounting, auditing and risk issues for specific industries and sectors
- ▶ Event-specific issues involving areas of civil and political unrest; or sovereign debt and related accounting, auditing, reporting and disclosure implications
- ▶ General engagement matters and how to work effectively with audit committees

#### Oceania Audit Quality Governance Committee

The Oceania Audit Quality Governance Committee (AQGC) in EY Australia is a key oversight body on matters relating to audit quality, and to support the initiatives under the EY Sustainable Audit Quality

(SAQ) programme (see page 12). The AQGC meets at least twice each year and is chaired by the Oceania PPD and includes members of the Oceania Executive Leadership team including the CEO and Regional Managing Partner, the Assurance Managing Partner, Oceania Financial Services Assurance Leader, and the Quality Enablement Leader (QEL). The AQGC reviews the results of external and internal audit-quality reviews and inspections, the application of the audit-quality component of partner performance measures, updates on the SAQ programme and audit transformation activities.

### Oceania Audit & Accounting Policy Committee

The Oceania Audit & Accounting Policy Committee (AAPC) in EY Australia, is chaired by the Oceania PPD and comprises all of the partners from the Oceania Professional Practice group (Office PPDs), the Oceania IFRS leader, the Asia-Pacific Area PPD, the Oceania Risk Management Leader and representatives from the Office of the Oceania General Counsel. AAPC meetings are held quarterly and are focused on:

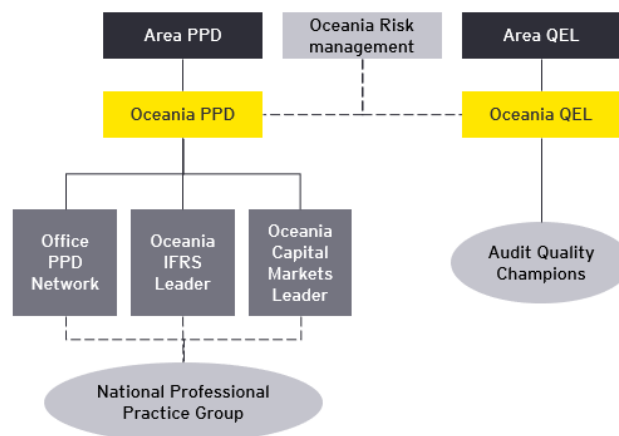
- ▶ Monitoring the results of ASIC inspections and internal audit-quality review inspections and root-cause analyses that are performed on each inspection finding
- ▶ Development of specific Oceania accounting, audit policies and guidance
- ▶ Deployment of EY GAM for the Oceania region in consideration of local regulations
- ▶ Considerations of accounting, auditing and risk issues for specific industries and sectors
- ▶ Monitoring the risk management procedures required for audit engagements responsive to the client acceptance and continuance policy.

Responding to the impact of the COVID-19 pandemic on our ability to conduct audits became paramount during 2020. The Oceania PPD and Office PPDs provided our audit professionals with the required guidance to adequately respond to the social distancing and other restrictions imposed by Governments to enable to continue to execute quality audits.

In addition, we introduced increased consultation requirements and specific guidance on the application of accounting and auditing standards due to the impact of COVID-19. In particular, this included guidance to address the heightened degree of economic uncertainty our audit clients were faced with in the preparation of their financial reports and the need for a heightened level of professional scepticism.

#### *EY Australia audit-quality infrastructure*

The following chart summarises the professional practice and quality infrastructure that support the EY Australia audit practice.



### Risk Management

Risk Management (RM) oversees organisation-wide activities designed to help EY people meet global and local compliance responsibilities and support client-facing teams in delivering quality and exceptional client service. Responsibility for high-quality service and ownership of the risks associated with quality is placed with the member firms and their service lines.

Among other things, the Global Risk Management Leader helps oversee the identification and management of these risks, as well as other risks across the organisation as part of the broader Enterprise Risk Management framework.

The Global RM Leader is responsible for establishing globally consistent risk management execution priorities and enterprise-wide risk management.

These priorities cascade to member firms through an Enterprise Risk Management (ERM) programme.

There were additional complexities in 2020 as the world deals with the COVID-19 pandemic. This required a coordinated response across EY via activation of the Global Crisis Management Program (GCMP), led by the Global RM Leader. Every aspect and geography of the business was affected. The GCMP is designed to keep people safe and informed, manage confirmed cases, adjust how we handle travel and events, enable a fully remote workforce, and plan for recovery. The GCMP is an extensive program that is reviewed regularly. It includes plans that cascade from the Global and Area levels.

### Global Confidentiality Policy

Protecting confidential information is ingrained in the everyday activities of EYG member firms. Respect for intellectual capital and all other sensitive and restricted information is required by the EY Global Code of Conduct, which provides a clear set of principles to guide the behaviours expected of all those who work with EY. The Global Confidentiality Policy provides added clarity for those who work with EY and forms the fundamental broader guidance that includes key policies on conflicts of interest, personal data protection, records retention and social media.

The global policy on Personal Data Protection requires all EY member firms to respect and protect personal information, in accordance with local law and professional standards, and is consistent with the EU General Data Protection Regulation (GDPR) (also refer page 22).

EY's Global Code of Conduct and the global policy on Non-compliance with Laws and Regulations requires EY professionals to speak up on observing behaviour that is believed to be a violation of a law or regulation, applicable standard or the Code of Conduct. This includes the unauthorised or improper disclosure of confidential information.

## Cybersecurity

EY Australia is vigilant in the steps it takes to secure and protect client data. Whilst no systems are immune from the threat of cyberattacks, managing the risk of major and complex cyberattacks is a part of doing business for all organisations. The EY approach to cybersecurity is proactive and includes the implementation of technologies and processes necessary to manage and minimise cybersecurity risks globally. EY information security and data privacy programmes, consistent with industry practices and applicable legal requirements, are designed to protect against unauthorised access to systems and data. There is a dedicated team of cybersecurity specialists who constantly monitor and defend EY systems.

Beyond technical and process controls, all EY people are required to affirm in writing their understanding of the principles contained in the EY Global Code of Conduct and their commitment to abide by them. There are also required security awareness learning activities. Various policies outline the due care that must be taken with technology and data, including, but not limited to, the Global Information Security Policy, and a global policy on the Acceptable Use of Technology. EY people receive regular and periodic communications reminding them of their responsibilities pursuant to these policies and general security awareness practices.

## Components of our audit quality control programme

In the following sections, we describe the principal components of the audit quality control programme, which EY Australia follows:

- ▶ Instilled professional values
- ▶ Internal quality control system
- ▶ Audit-quality reviews
- ▶ External quality-assurance reviews
- ▶ Client acceptance and continuance
- ▶ Performance of audits
- ▶ Review and consultation
- ▶ Rotation and long association
- ▶ Compliance with legal requirements

# Instilled professional values

## Sustainable Audit Quality

Quality is the foundation of our work and central to EY's responsibility to provide confidence to the capital markets. This is reflected in the SAQ programme, which continues to be the highest priority for EY member firms' Assurance practices.

SAQ establishes a strong governance structure that enables each member firm to provide high-quality audits. It is implemented locally; and coordinated and overseen globally. The word "sustainable" in SAQ is used to demonstrate that this is not a one-off, short-term initiative, but an ongoing process of improvement.

There are six SAQ pillars: tone at the top; exceptional talent; simplification and innovation; audit technology and digital; enablement and quality support; and accountability. The pillars are supported by a foundation of serving the public interest.

Significant progress has been made through SAQ. EY member firms' internal and external inspection findings globally are improving, and there is greater consistency in execution. EY has deployed world-class technology tools that enhance the quality and value of EY audits, including the EY Canvas online audit platform, the EY Helix analytics platform and the EY Atlas research platform.

A key feature of EY Canvas is "My EY" (formerly known as the EY Canvas Client Portal), which enables clients to securely communicate with audit teams and confirm what information auditors have requested and whether that information has been provided. EY Canvas also facilitates the use of the "Milestones" project management functionality, which helps audit teams stay on pace with their audit execution and drive executive involvement. Finally, project management enhancements within Canvas empower audit teams to be focused on audit execution.

When Milestones, My EY, and the project management tools and enablement are used, engagement teams can more effectively execute audit tasks with appropriate scepticism and curiosity. As a result, audit quality is enhanced.

Other global SAQ initiatives include: a new approach to pictorially depict a company's internal controls and processes; the Personal Workload Tool for partners and associate partners, which reviews personal responsibilities and assesses whether there is sufficient time to execute high-quality audits; Purpose-Led Outcome Thinking, a framework that focuses on the behaviours that drive high-quality audits; and Key Findings Review, which helps coach EY teams.

There is also a network of QELs, an overall Global Audit Quality Committee and a Culture and Behaviours Taskforce. They help us in executing and reviewing

root cause analysis and understanding the impact of our initiatives in driving quality outcomes, better behaviours and a continuous improvement mindset.

Audit quality is something that every team member must understand and be committed to implementing locally. SAQ is essential to all our goals and ambitions, while each regional and area leader has oversight of the efforts to achieve those goals.

The SAQ infrastructure demonstrates that audit quality is the single most important factor in our decision-making and the key measure on which our professional reputation stands.

### EY Australia SAQ programme

EY Australia is embracing the EY global audit quality initiatives. The primary responsibility of the Oceania QEL is to lead the SAQ programme for the region and also develop local initiatives that respond to the results of the root-cause analysis performed on findings arising from internal and external audit reviews, as well as other quality priorities.

Key to the success of our SAQ programme has been the continuous commitment of the firm's leadership to the investment in and delivery of the initiatives under SAQ. The root-cause analysis and the quality-implementation plan helps prioritise our quality initiatives each year, and we have made significant investments in compliance, technology and talent to enable us to deliver the sustainable high-quality audits that stakeholders demand.

Our key priorities include:

- ▶ *Enhancing the audit quality champions network*  
We have continued to invest in audit-quality resources throughout Australia, including establishing audit-quality champions in each of our offices who support the deployment of our SAQ initiatives. The audit quality champions are responsible for driving best practices within their local office by providing methodology support and coaching for audit teams. They often lead the enablement initiatives relating to the efficient execution of high-quality audits.

- ▶ *Improving the project management and practice management of audit engagements*

The project and practice management initiatives aim to shift the pace of the audit engagements, to allow positive intervention earlier in the audit life cycle and target timely executive involvement and coaching of the engagement teams. These initiatives will continue to deliver benefits including improving the well-being of staff, improvements in internal quality review results, external Inspection and efficient delivery of audits.

- ▶ *Constantly engaging with audit partners and managers to drive audit quality*

At EY Australia, we engage our audit partners and managers in regular learning forums and events. Such events provide a platform to promote desired audit-quality behaviours, educate on the requirements of revised auditing standards and our global audit methodology and act as a launch platform for new quality and digital initiatives. In 2020, the structured learning included the following events and forums, focused on audit quality and accounting updates:

<p><b>Executive events</b></p>	<p>Bi-annual structured learning events targeted at reinforcing messages around audit-quality focus areas, as well as upcoming accounting and reporting requirements. The two events were conducted in October/November 2019 and then May 2020 in each EY office. The October 2019 event was designed as an 'Audit Quality Workshop' which provided an effective approach of learning and practically applying best practices to enhance audit quality. The May 2020 executive event was delivered as a series of virtual learning sessions and included specific reminders to our audit executives in relation to COVID-19, heightened professional scepticism required when conducting audits remotely and the specific considerations on various financial reporting requirements when considering the impact of COVID-19.</p> <p>The executive events were led by the Oceania QEL, with active participation from the risk management leaders and PPD, to ensure consistency of messaging across the practice. Attendance was mandatory for Partners, Associate Partners, Directors, Senior Managers and Managers in these events. The events include messages from the CEO and Regional Managing Partner and Assurance Managing Partner to reinforce the continued focus on audit quality, audit independence, the need to embed digital in audit, drive efficiency through standardisation and provide coaching to improve our people's experience. The key messages from the sessions are separately presented to our Assistant Managers and Seniors.</p>
<p><b>Audit-quality webcasts</b></p>	<p>These are hosted by the Oceania PPD and QEL to update audit executives on results from external and internal reviews, as well as key reminders on best practices. Two webcasts were delivered during the fiscal year in July 2019 and January 2020.</p>



	Webcasts are mandatory for Partners, Associate Partners, Senior Managers and Managers. These webcasts are subsequently available on our internal resource portal for all engagement teams to coach Seniors and other staff members.
Practical issues forums	Practical issues forums (PIFs) are organised monthly by our International Financial Reporting Standards (IFRS) specialists to cover specific accounting standards updates and are designed to facilitate knowledge sharing based on practical examples. PIFs are attended by Partners, Associate Partners, Senior Managers and Managers.
COVID-19 Assurance executives forums	During 2020, in addition to the planned structured learning, there were several virtual sessions organised by Oceania Assurance Managing Partner, PPD and QEL to communicate and remind partners on the importance of audit quality and the heightened professional scepticism required on audit engagements, while managing the disruptions caused by the social distancing measures. These forums allowed consistent messaging across the region for responding to the impacts of the social distancing measures on account of COVID-19.

### Enablement initiatives

Enabling consistent execution of our global audit methodology is an important component of our strategy to deliver sustainable audit quality. Best-practice approaches and documentation are made available to our audit teams. These support efficient, consistent and effective audits while still allowing for the specific requirements of each individual engagement.

During 2020, we continued to roll out standardised enablement and simplified audit tools through an internal efficiency platform that hosts best-practice enablers. Additional enablement was issued to assist documentation of considerations of COVID-19 restrictions on risk assessment, planned audit response and communications to those charged with governance on individual engagements.

### Tone at the top

EY Australia leadership is responsible for setting the right tone at the top and demonstrating EY's commitment to building a better working world through behaviour and actions. While the tone at the top is vital, our people also understand that quality and professional responsibility starts with them and that within their teams and communities, they are leaders too. Our shared values, which inspire our people and guide them to do the right thing, alongside our commitment to quality are embedded in who we are and in everything we do.

The EY approach to business ethics and integrity is contained in the EY Global Code of Conduct and other policies. This approaches also embedded in the EY culture of consultation, training programmes and internal communications. Senior management regularly reinforces the importance of performing quality work, complying with professional standards, adhering to our policies, and leading by example. In addition, EY's quality-review programmes assess quality as a key metric in evaluating and rewarding all EY professionals.

The EY structure, internal policies and guidance ensure that our audit professionals:

- ▶ Understand the policies and procedures for assurance services
- ▶ Are incentivised to deliver quality audits
- ▶ Are not influenced by other commercial outcomes when making decisions in relation to an audit engagement

EY Australia has measures aimed at improving partner accountability. These measures include:

- ▶ Mandated areas where partners are required to consult with professional practice (see page 21)
- ▶ Separation of professional practice function from Australian management
- ▶ Independent engagement-quality review partner assigned, where required (see page 21)
- ▶ Approvals required from audit partners prior to engaging in any non-audit services for audit clients (see page 26)
- ▶ Financial penalties for poor audit-quality outcomes
- ▶ Financial penalties for partner independence breaches or noncompliance
- ▶ Partners cannot be and are not incentivised or remunerated for the sale of non-audit services to audit clients (see page 30)

The EY culture strongly supports collaboration and places special emphasis on the importance of consultation in dealing with complex or subjective accounting, auditing, reporting, regulatory and independence matters. We believe it is important to determine that engagement teams and clients correctly follow consultation advice, and we emphasise this when necessary.

The consistent stance of EY Australia has been that no client is more important than our professional reputation: the reputation of EY Australia and the reputation of each of our professionals.

## EY Global Code of Conduct

We promote a culture of integrity among our professionals. The EY Global Code of Conduct provides a clear set of principles that guide our actions and our business conduct. They are to be followed by all EY personnel. The EY Global Code of Conduct is divided into five categories:

- ▶ Working with one another
- ▶ Working with clients and others
- ▶ Acting with professional integrity
- ▶ Maintaining our objectivity and independence
- ▶ Protecting data, information and intellectual capital

Through our procedures to monitor compliance with the EY Global Code of Conduct and through frequent communications, we strive to create an environment that encourages all personnel to act responsibly, including reporting misconduct without fear of retaliation.

The EY Ethics Hotline provides EY people, our clients and others outside of the organisation with a means to confidentially report activity that may involve unethical or improper behaviour, and that may be in violation of professional standards or otherwise inconsistent with the EY shared values or Global Code of Conduct. Globally the hotline is operated by an external organisation that provides confidential and, if requested, anonymous hotline reporting.

In 2020, 18 reports were submitted to the EY/Ethics Hotline. When a report comes into the EY Ethics Hotline, either by phone or email, it receives prompt attention. Depending on the content of the report, appropriate individuals from Risk Management, Talent, Legal or other functions are involved in addressing the report. The same procedures are followed for matters that are reported outside of the EY Ethics Hotline.

### Our values: who we are

People who demonstrate integrity, respect, teaming and inclusiveness

People with energy, enthusiasm and the courage to lead

People who build relationships based on doing the right thing

## Internal quality control system

### Structure

EY Australia's reputation for providing high-quality professional audit services independently, objectively and ethically is fundamental to our success as independent auditors. We continue to invest in initiatives to promote enhanced objectivity, independence and professional scepticism. These are fundamental attributes of a high-quality audit.

At EY Australia, our role as auditors is to provide assurance on the fair presentation of the financial statements of the companies we audit. We bring together qualified teams to provide audit services, drawing on our broad experience across industry sectors and services. We continually strive to improve our quality and risk management processes so that the quality of our service is at a consistently high level.

We recognise that in today's environment – characterised by continuing globalisation, the rapid movement of capital and the impact of technology changes – the quality of our audit services has never been more important. As part of our strategy, we continue to invest heavily in developing and maintaining our audit methodology, tools and other resources needed to support quality service.

While the market and stakeholders continue to demand high-quality audits, they also demand an increasingly effective and efficient delivery of audit services. In addition to the investments mentioned, EY continues to seek ways to improve the effectiveness and efficiency of its audit methodology and processes, while improving audit quality.

We work to understand where our audit quality may not be up to our own expectations and those of stakeholders, including independent audit regulators. We seek to learn from external and internal inspection activities and to identify the root causes of adverse quality occurrences to continually enable us to improve audit quality. We believe that taking effective and appropriate actions to improve quality is important.

### Effectiveness of the quality-control system

EY has designed and implemented a comprehensive set of global audit quality control policies and practices. These policies and practices meet the requirements of the International Standard on Quality Control issued by the International Auditing and Assurance Standards Board (IAASB). EY Australia has adopted these global policies and procedures; we have supplemented them as necessary to comply with local laws and professional guidelines as well as to address specific business needs.

We also execute the EY Audit Quality Review (AQR) programme to evaluate whether our system of audit quality control has operated effectively to provide reasonable assurance that EY Australia and our people comply with applicable professional standards, internal policies and regulatory requirements.

The results of the AQR programme and external inspections are evaluated and communicated within EY Australia to provide the basis for continual improvement in audit quality, consistent with the highest standards in the profession.

The Global Executive has responsibility for the implementation of quality improvement. As such, it reviews the results of the internal AQR programme and external audit firm regulatory reviews, as well as any key actions designed to address areas for improvement.

The recent results of such monitoring, together with feedback from independent audit regulators, provide EY Australia with a basis to conclude that our internal control systems are designed appropriately and are operating effectively.

## Audit-quality reviews

The EY Global AQR program is the cornerstone of the EY process to monitor audit quality. EY Australia executes the Global AQR program, reports results and develops responsive action plans. The primary goal of the program is to determine whether systems of quality controls, including those of EY Australia, are appropriately designed and followed in the execution of audit engagements to provide reasonable assurance of compliance with policies and procedures; professional standards; and regulatory requirements. The Global AQR program complies with requirements and guidelines in the International Standard on Quality Control (ISQC) 1, as amended, and is supplemented where necessary to comply with Australia professional standards and regulatory requirements. It also aids EY Australia's continual efforts to identify areas where we can improve our performance or enhance our policies and procedures.

Executed annually, the program is coordinated and monitored by representatives of the Global PPD network, with oversight by Global Assurance leadership.

The engagements reviewed each year are selected on a risk-based approach, emphasising audit engagements that are large, complex or of significant public interest, including elements of unpredictability. The Global AQR program includes detailed risk-focused file reviews covering a large sample of listed and non-listed audit engagements, and public interest entities and non-public interest entities, to measure compliance with internal policies and procedures; EY GAM requirements; and relevant local professional standards and regulatory requirements. It also

includes reviews of a sample of non-audit assurance engagements performed by audit engagement teams. These measure compliance with the relevant professional standards, and internal policies and procedures that should be applied in executing non-audit assurance services. In addition, practice-level reviews are performed to assess compliance with quality control policies and procedures in the functional areas set out in ISQC 1.

The Global AQR program complements external practice monitoring and inspection activities, such as inspection programs executed by audit regulators and external peer reviews. It also informs us of our compliance with regulatory requirements, professional standards, and policies and procedures.

AQR reviewers and team leaders are selected for their skills and professional competence in accounting and auditing, as well as their industry specialisation; they have often participated in the Global AQR program for a number of years and are highly skilled in the execution of the program. Team leaders and reviewers are independent of the engagements and teams they are reviewing and are normally assigned to inspections outside of their home location.

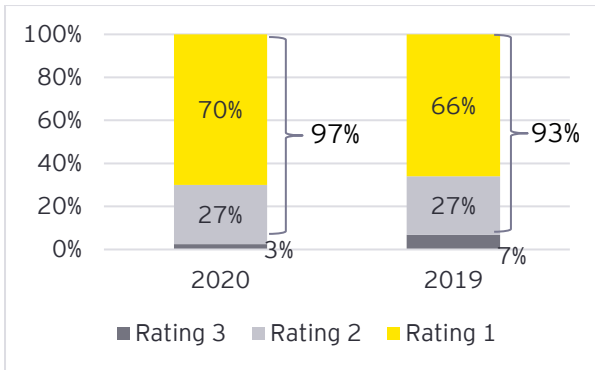
The COVID-19 pandemic presented a particular challenge to the global AQR program in 2020 as a result of restrictions on travel and face-to-face interaction. Utilising EY Canvas and other collaboration tools the program was effectively completed in EY Australia.

The results of the Global AQR program, external practice monitoring and inspection activities are evaluated and communicated to improve quality. Any quality improvement plans describe the follow-up actions to be taken; the people responsible; the timetable and deadlines; and sign-off on completed actions. Measures to resolve audit quality matters noted from the Global AQR program, regulatory inspections and peer reviews are addressed by Assurance leadership and our PPD. These programs provide important practice monitoring feedback for our continuing quality improvement efforts.

### EY Australia AQR results

We evaluate the results of our review on a three-point scale: 1 = no or minor findings; 2 = findings that were more than minor but less than material; 3 = material findings.

In 2020, EY Australia's AQR programme resulted in the inspection of 40 (2019: 44) audit engagements and 97% (2019: 93%) of the engagements inspected were rated as having no material findings or deficiencies.



When there are material or minor findings / deficiencies, EY Australia looks at the findings from internal and external inspections to identify root causes, develop action plans and improve audit quality. For audits with material findings arising from our internal reviews, EY Australia develops and implements a remedial action plan. A quality-improvement plan is also developed for EY Australia, which draws on root-cause analysis that we complete. We communicate lessons learnt from the reviews to our audit practice and include them in future training. The results are also built into the work of our SAQ programme (see page 12). AQR results play an important part in our assessment of Partner and staff quality.

## External quality assurance review

### Australian Securities and Investments Commission

EY Australia is subject to inspection of our audit practice and audit files by ASIC. As part of its inspections, ASIC evaluates quality-control systems and reviews the files related to a sample of audit engagements.

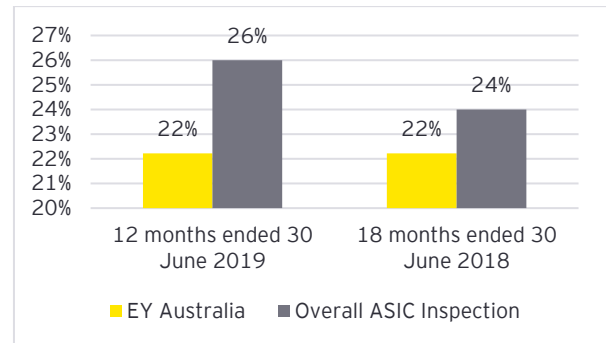
ASIC conducts reviews on an ongoing basis throughout the year. The most recent ASIC inspection cycle covered 11 audits of listed companies over the period from July 2019 to June 2020. The results of ASIC's inspections for this period are in the process of being finalised by ASIC and are expected to be published in December 2020.

In December 2019, ASIC published a report summarising the results of the previous ASIC inspection cycle for the year ended 30 June 2019. In ASIC's view, in the 12-month period ended June 2019, EY Australia gathered insufficient evidence in 10 out of 45 areas reviewed to offer reasonable assurance that the related financial report was free of material misstatement. ASIC note this does not mean that a financial report was misstated in these areas (See [2019 EY audit firm inspection report](#) for details).

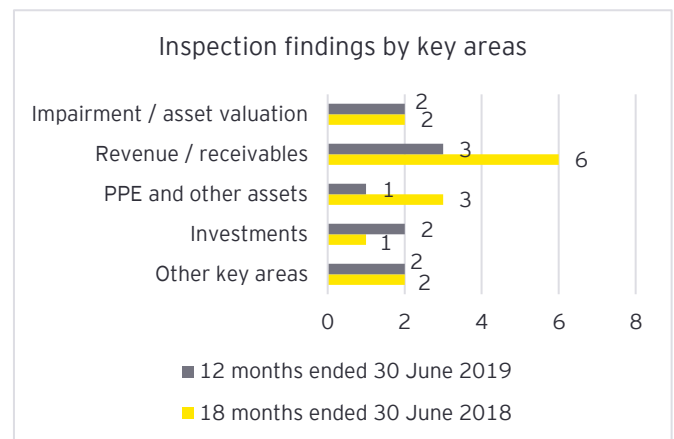
ASIC inspects a risk-based sample of listed company audits every period. ASIC does not review audit engagements in their entirety and does not review a consistent set of areas across all the audit

engagements reviewed. ASIC's public report states that they generally select some of the more complex, demanding and challenging audits, as well as some more significant or higher-risk areas of financial reports. Accordingly, drawing conclusions as to broad measures of audit quality based on these statistics is invalid and, as ASIC note, caution must be taken in generalising results across the entire market.

Comparison of the overall findings of ASIC's inspections across all firms in Australia to the findings reported in EY Australia audits inspected for the periods ended 30 June 2019 and 30 June 2018 are summarised in the chart below.



ASIC inspections select areas to be reviewed using a risk-based approach. The table below summarises the instances of inspection findings by key audit areas covered under review.



Other key areas include inventory and cost of sales and taxation.



## Case study

Root-cause analysis and our response to inspection findings related to the audit of revenue recognition and investments.

<b>Area</b>	<b>The audit of revenue with emphasis on accounting policy choices, substantive analytical procedures (SAPs) and tests of detail.</b>
<b>Our response</b>	<p>Our root-cause analysis of inspection findings related to revenue and receivables for the 18 months period ended 30 June 2018 indicated inconsistencies in the application of our global audit methodology when performing SAPs.</p> <p>We have been engaging with our audit teams to provide further guidance around scoping of SAPs. As part of the training and communication, we issued guidance clarifying the requirements and considerations relevant to audit sampling for test of details, determining samples sizes and verification to external evidence.</p> <p>As a result of the improved guidance and measures, we have seen improvement in the results of the external inspection for the period ended June 2019 and internal AQRs in 2020, which covered audits conducted in more recent periods.</p>

<b>Area</b>	<b>Equity accounted investments, particularly assessment of control v. significant influence and the carrying value of the investment.</b>
<b>Our response</b>	<p>Following the root-cause analysis over the inspection findings on equity accounted investments, we observed that our engagement teams had appropriately consulted on matters related to the accounting treatment for the entity's interest and the substance of the arrangement in these investments.</p> <p>We found instances where audit documentation in relation to the certain carrying value considerations could be improved in some cases. Through our quality-improvement plans, we have implemented specific measures over the last two years delivering focused training to assist our auditors understand the requirements of the <i>Guidance Statement GS 015 Audit Implications of Accounting for Investments in Associates</i> issued by the Australian Auditing and Assurance Standards Board.</p> <p>We believe this training, use of impairment enablers and continued involvement of specialists will help improve our audit documentation in this area.</p>

### Public Company Accounting Oversight Board

EY Australia was inspected by the Public Company Accounting Oversight Board (PCAOB) in 2019. As part of its inspections, the PCAOB evaluated quality control systems and reviewed selected engagements. The report is being finalised by PCAOB.

Visit [www.asic.gov.au](http://www.asic.gov.au) and [www.pcaobus.org](http://www.pcaobus.org) for more information on ASIC and PCAOB, along with publicly available inspection reports. We respect and benefit from ASIC's and PCAOB's inspection processes. We thoroughly evaluate points raised during the inspection in order to identify areas where we can improve audit quality. Together with the AQR process, external inspections aid us in making our audits and related control processes of the highest quality in the interests of our clients' investors and other stakeholders.

### Other regulators

EY Australia is also registered with the Canadian Public Accountability Board, New Zealand's Financial Markets Authority, Luxembourg's Commission de Surveillance, the UK's Financial Reporting Council, Japan's Financial

Services Authority, Spain's *Instituto de Contabilidad y Auditoría de Cuentas* and Hong Kong's Financial Reporting Council. This is necessary to execute audits of particular global clients or conduct audits of Australian clients who, owing to overseas stock-exchange-listing requirements, file financial statements in those jurisdictions. We have not been inspected by these regulators.

### Update to the control framework - ISQM 1

In September 2020, the IAASB approved a quality management standard that includes significant changes to the way professional accountancy firms manage quality. The International Standard on Quality Management 1 (ISQM 1) will replace the current International Standard on Quality Control 1 (ISQC 1) and take a more proactive and risk-based approach. ISQM 1 will be effective as of 31 December 2022 but remains subject to final approval by the Public Interest Oversight Board, in accordance with due process.

ISQM 1 will require firms to design, implement, monitor and assess the overall system of quality management (SQM) that provides reasonable assurance a firm will meet its quality objectives.

The standard includes more robust requirements for the governance, leadership and culture of professional accountancy firms, and a risk assessment process that evaluates risks to achieving quality objectives and identification of controls that address those risks. It also requires more extensive monitoring of the SQM to evaluate the effectiveness and identify deficiencies that require corrective actions.

Many steps have already been taken to improve the SQM. An effective SQM is the foundation for EY's quality initiatives and is key to quality and operating effectiveness. The EY approach is to implement an SQM that is consistently applied across the entire network of member firms. This is especially important in a global economy where many audits involve the use of other EY member firms. A globally consistent SQM helps ensure engagement quality and consistent execution.

While the standard is effective as of 15 December 2022, EY Australia has commenced work to implement the new standard alongside EY's System of Quality Management transformation program. Our initial steps have included:

- ▶ Identifying the functions and services lines that fall within the scope of ISQM 1
- ▶ Establishing a programme governance structure to manage the design and implementation of a system of quality management that complies with ISQM 1
- ▶ Identifying and assessing quality risks and documenting controls in accordance with the network developed approach
- ▶ Identifying network resources and requirements and how they are implemented or used by the country in their SQM
- ▶ Identifying enhancements to the control framework and challenging current controls for compliance with the new standard

We believe that the requirements within ISQM 1 can help to improve quality at the firm and engagement level as an effective system of quality management is foundational to achieving consistent engagement quality.

## Client acceptance and continuance

### EY policy

The EY global policy on Client and Engagement Acceptance sets out principles for member firms to determine whether to accept a new client or a new engagement or to continue with an existing client or engagement. These principles are fundamental to maintaining quality, managing risk, protecting EY people and meeting regulatory requirements. The objectives of the policy are to:

- ▶ Establish a rigorous process for evaluating risk and making decisions to accept or continue clients or engagements
- ▶ Meet applicable independence requirements
- ▶ Identify and deal appropriately with any conflicts of interest
- ▶ Identify and decline clients or engagements that pose excessive risk
- ▶ Require consultation with designated professionals to identify additional risk management procedures for specific high-risk factors
- ▶ Comply with legal, regulatory and professional requirements

The EY global policy on Conflicts of Interest defines global standards and has a process for identifying and addressing categories of potential conflicts of interest. It also includes provisions for managing potential conflicts of interest by using appropriate safeguards. Such safeguards may include obtaining client consent to act for another party, establishing separate engagement teams to act for two or more parties, implementing mechanisms to operationally separate the engagement teams or declining an engagement to avoid an identified conflict.

The EY global policy on conflicts of interest and associated guidance consider the increasing complexity of engagements and client relationships, as well as the need for speed and accuracy in responding to clients. They also align with the latest International Ethics Standards Board for Accountants (IESBA) standards.

### Putting policy into practice

The Process for Acceptance of Clients and Engagements (PACE) is an intranet-based system, for efficiently coordinating client and engagement acceptance and continuance activities in line with global, service line and member firm policies. PACE takes users through the acceptance and continuance requirements with reference to professional standards and other relevant policies, needed to assess both business opportunities and associated risks.

As part of this process, we carefully consider the risk characteristics of a prospective client or engagement. Before we take on a new engagement or client, we determine whether we can commit sufficient resources to deliver quality service, especially in highly technical areas, and if the services the client wants are appropriate for us to provide. The approval process is rigorous, and no new audit engagement may be accepted without the approval of the Oceania PPD.

In the EY annual client and engagement continuance process, we review our service and ability to continue to provide a quality service and confirm that clients we serve share EY Australia's commitment to quality and

transparency in financial reporting. The Partner in charge of each audit, together with our Assurance leadership, annually reviews our relationship with the audit client to determine whether continuance is appropriate.

As a result of this review, certain audit engagements are identified as requiring additional oversight procedures during the audit (close monitoring), and some audit clients are discontinued. As with the client acceptance process, the Oceania PPD is involved in the client continuance process and must agree with the continuance decisions.

Decisions about acceptance or continuance of clients and engagements consider the engagement team's assessment of whether the company's management may pressure us to accept inappropriate accounting, auditing and reporting conclusions to undermine quality. Considerations and conclusions on the integrity of management are also essential to acceptance and continuance decisions.

## Performance of audits

There has been significant investment by EY in improving audit methodologies and tools, with the goal of performing the highest-quality audits in the profession. This investment reflects EY's commitment to building trust and confidence in the capital markets and in economies the world over.

### Audit methodology

EY GAM provides a global framework for delivering high-quality audit services through the consistent application of thought processes, judgments and procedures in all audit engagements, regardless of size. EY GAM also necessitates compliance with relevant ethical requirements, including independence from the entity we audit. Making risk assessments, then reconsidering and modifying them as appropriate; and using these assessments to determine the nature, timing and extent of audit procedures are fundamental to EY GAM. The methodology also emphasises applying appropriate professional scepticism in the execution of audit procedures. EY GAM is based on International Standards on Auditing and is supplemented in Australia to comply with the local Australian Auditing Standards and regulatory or statutory requirements.

Using an online tool, EY Atlas, an EY auditor is presented with a version of EY GAM organised by topic and designed to focus the audit strategy on the financial statement risks, as well as the design and execution of the appropriate audit response to those risks. EY GAM consists of two key components: requirements and guidance; and supporting forms and examples. The requirements and guidance reflect both auditing standards and EY policies. The forms and examples include leading practice illustrations and

assist in performing and documenting audit procedures.

EY GAM can be 'profiled' or tailored to present the relevant requirements and guidance, depending on the nature of the entity being audited. For example, there are profiles for listed entities and for those considered non-complex entities.

Following a successful global pilot in 2019, EY GAM was updated to include the profession's first data-first approach to auditing, which is called Digital GAM. Utilising the suite of EY Helix analysers, the flow of audit procedures, supplemented with new requirements and guidance, enhances the way EY member firms perform audits. The EY audit approach combines the vast amounts of financial and non-financial data available from an entity's systems with broad sources of knowledge to enable EY auditors to obtain sufficient and appropriate audit evidence. Through visualising whole populations of data and applying professional scepticism, EY auditors can provide an additional challenge to management's assertions to drive high audit quality. In EY Australia, the implementation of Digital GAM is planned in a phased manner for a select number of Australian audit engagements, prior to broader deployment in future.

Other enhancements have been made to address new standards; emerging auditing issues and matters; implementation experiences; and external and internal inspection results. Recently, EY GAM was updated for the requirements of ASA 540 (revised), *Auditing Accounting Estimates and Related Disclosures* (effective for audits of financial reporting periods beginning on or after 15 December 2019) and a suite of enablement tools to implement those requirements was issued.

In addition, current and emerging developments are monitored, and timely audit planning and execution communications are issued that emphasise areas noted during inspections as well as other key topics of interest to ASIC and the International Forum of Independent Audit Regulators (IFIAR). Specifically, with respect to the impact that COVID-19 is having on the global economy, guidance has been issued to address the accounting and financial reporting concerns that our audit clients are facing, as well as audit considerations when performing audits in the current environment.

### Technology

Our audit engagement teams use technology to assist in executing and documenting the work performed in accordance with EY GAM.

EY Canvas, the global EY audit platform, lies at the heart of the audit and enables us to provide a high-quality audit. EY Canvas is built using state-of-the-art technology for web applications. This allows us to provide data security and to evolve our software to

respond to changes in the accounting profession and regulatory environment.

Using profile questions, audit engagements in EY Canvas are automatically configured with information relevant to an entity's listing requirements and industry. This helps to keep our audit plans customised and up-to-date, and provides direct linkage to our audit guidance, professional standards and documentation templates. EY Canvas is built with a user interface that allows the team to visualise risks and their relationship to the planned response and work performed in key areas. It also enables a linkage for group audit teams to communicate inter-office risks and instructions so that the primary audit team can direct execution and monitor performance of the group audit.

EY Canvas includes the My EY client portal to assist teams in communicating with clients and streamlining their client requests. Mobile applications are integrated with EY Canvas to help our people in their audit work. For example, in monitoring the status of the audit, capturing audit evidence securely and performing inventory observations.

Audit engagement teams use other applications, data analysers and forms during various phases of an audit to assist in executing procedures, making and documenting audit conclusions and performing analysis. This includes EY Smart Automation, a collection of applications that are being developed and deployed globally through EY Canvas to digitally enable EY audit professionals in executing audit procedures and processes.

### **Digital GAM and data analytics**

At EY, we are making data analysis integral to our audits. Our use of data and analysis is not about additive procedures or visualisations. It is about taking large populations of company data and applying our globally consistent technology (EY Helix) and methodology (EY GAM) to audit that data.

EY Helix is a library of data analysers for use in audits. These data analysers are transforming the audit through the analysis of larger populations of audit-relevant data; identifying unseen patterns and trends in that data; and helping to direct our audit efforts. The use of data analytics also allows us to obtain better perspectives; richer insights; and a deeper understanding of transactions and areas of risk.

EY is deploying data analysers to analyse the business operating cycles of the companies that we audit, supported by analytics-based audit programmes to aid the application of these data analysers. Part of the EY commitment to quality is a policy of continuous improvement, which includes innovations to risk assessment procedures. These innovations include leveraging the power of advanced technology through the use of data analytics for fraud considerations, using more external data and information to

corroborate audit evidence, and use of electronic confirmations for audit evidence where possible etc.

Using the EY Helix library of data analysers, EY audit engagement teams can enhance their audit risk assessment, enabling the audit of higher-risk transactions, and assisting EY people in asking better questions about audit findings and evaluating the outcomes.

EY Atlas is a global technology platform that enables EY auditors to access the latest accounting and auditing content, including external standards, EY interpretations and thought leadership.

### **Formation of audit engagement teams**

EY Australia's policies require an annual review of partner assignments by our Assurance leadership and Oceania PPD. This is carried out, among other things, to make sure that the professionals leading audits of listed entities and other public-interest entities possess the appropriate competencies (e.g., the knowledge, skills and abilities) to fulfil their engagement responsibilities and are in compliance with applicable auditor rotation regulations.

The assignment of professionals to an audit engagement is also made under the direction of our Assurance leadership. Factors considered when assigning people to audit teams include engagement size and complexity; specialised industry knowledge and experience; timing of work; continuity; and opportunities for on-the-job training. For more complex engagements, consideration is given to whether specialised or additional expertise is needed to supplement or enhance the audit engagement team.

In many situations, internal specialists are assigned as part of the audit engagement team to assist in performing audit procedures and obtaining appropriate audit evidence. These professionals are used in situations requiring special skills or knowledge, such as tax, forensics, information systems, asset valuation and actuarial analysis.

## **Review and consultation**

### **Reviews of audit work**

EY policies describe the requirements for timely and direct senior professional participation, as well as the level of review required for the work performed. Supervisory members of an audit engagement team perform a detailed review of the audit documentation for technical accuracy and completeness. Senior audit executives and engagement partners perform a second-level review to determine the adequacy of the audit work as a whole and the related accounting and financial statement presentation. Where appropriate, and based on risk, a tax professional reviews the significant tax and other relevant working papers. For



listed and certain other companies, an engagement quality reviewer (described below) reviews important areas of accounting, financial reporting and audit execution, as well as the financial statements of the company we audit and our auditor's report.

The nature, timing and extent of the reviews of audit work depend on many factors, including:

- ▶ The risk, materiality, subjectivity and complexity of the subject matter
- ▶ The ability and experience of the audit team members preparing the audit documentation
- ▶ The level of the reviewer's direct participation in the audit work
- ▶ The extent of consultation employed

Our policies also describe the roles and responsibilities of each audit engagement team member for managing, directing and supervising the audit, as well as the requirements for documenting their work and conclusions.

### Consultation requirements

EY consultation policies are built upon a culture of collaboration, whereby audit professionals are encouraged to share perspectives on complex accounting, auditing and reporting issues. As the environment in which EY member firms work has become more complex and globally connected, the EY culture of consultation has become even more important to help EY member firms reach the appropriate conclusions for entities that they audit on a timely basis. Consultation requirements and related policies are designed to involve the right resources so that audit teams reach appropriate conclusions.

The EY culture of consultation enables engagement teams to deliver seamless, consistent and high-quality services that meet the needs of audited entities, their governance bodies and all stakeholders

For complex and sensitive matters, there is a formal process requiring consultation outside of the audit engagement team with other personnel who have more experience or specialised knowledge, primarily Professional Practice and Independence personnel. In the interests of objectivity and professional scepticism, EY policies require members of Professional Practice, Independence and certain others to withdraw from a consultation if they currently serve, or have recently served, the client to which the consultation relates. In this circumstance, other appropriately qualified individuals would be assigned.

EY policies also require that all consultations are documented, including written concurrence from the

person or persons consulted, to demonstrate their understanding of the matter and its resolution.

### Engagement quality reviews

Engagement quality reviews are performed by audit partners in compliance with professional standards for audits of all listed companies, certain public-interest entities and those considered to need close monitoring. Engagement quality reviewers are experienced professionals with significant subject matter knowledge. They are independent of the engagement team and provide an objective evaluation of the significant judgments the engagement team made, and the conclusions reached in formulating the auditor's report. The performance of an engagement quality review, however, does not reduce the responsibilities of the partner in charge of the engagement for the engagement and its performance. In no circumstances may the responsibility of the engagement quality reviewer be delegated to another individual.

The engagement quality review spans the entire engagement cycle, including planning, risk assessment, audit strategy and execution. Policies and procedures for the performance and documentation of engagement quality reviews provide specific guidelines on the nature; timing and extent of the procedures to be performed; and the required documentation evidencing their completion. In all circumstances, the engagement quality review is completed before the date of the auditor's report.

The Oceania Assurance Leaders and Oceania PPD approve all engagement quality review assignments.

### Audit engagement team resolution process for differences of professional opinion

EY has a collaborative culture that encourages and expects people to speak up, without fear of reprisal, if a difference of professional opinion arises or if they are uncomfortable about a matter relating to a client engagement. Policies and procedures are designed to empower members of an audit engagement team to raise any disagreements relating to significant accounting, auditing or reporting matters.

These policies are made clear to people as they join EY, and we continue to promote a culture that reinforces a person's responsibility and authority to make their own views heard and seek out the views of others.

Differences of professional opinion that arise during an audit are generally resolved at the audit engagement team level. However, if any person involved in the discussion of an issue is not satisfied with the decision, they refer it to the next level of authority until an agreement is reached or a final decision is made.

Furthermore, if the engagement quality reviewer makes recommendations that the engagement partner does not accept or the matter is not resolved to the reviewer's satisfaction, the auditor's report is not issued until the matter is resolved. Differences of professional opinion that are resolved through consultation with Professional Practice are appropriately documented.

## Rotation and long association

EY supports mandatory audit partner rotation to help reinforce auditor independence. EY Australia complies with the audit partner rotation requirements of the IESBA Code; APES 110 Code of Ethics for Professional Accountants, issued by the Australian Accounting Professional & Ethical Standards Board (APESB); Corporations Act as well as the Australian Prudential Regulatory Authority; and the U.S. Securities and Exchange Commission (SEC), where required. EY Australia supports audit partner rotation because it provides a fresh perspective and promotes independence from company management, while retaining expertise and knowledge of the business. Audit partner rotation, combined with independence requirements, enhanced systems of internal quality controls and independent audit oversight, helps strengthen independence and objectivity, and are important safeguards of audit quality.

For listed entities in Australia, rotation of the audit partner is mandated by the Corporations Act 2001, and our independence policy requires the lead engagement partner and the engagement quality reviewer to be rotated after five years, with other audit partners who make key decisions or judgments on matters significant to the audit (the 'other' key audit partners) to be rotated after seven years. The lead engagement partner may remain in place for an additional two years, subject to exceptional circumstances if requested by the directors of a listed entity and approved by EY Independence and Oceania PPD. EY Australia adopted the amendments required under the IESBA Code and APESB for audits of financial statements for periods beginning on or after 1 January 2019. Following rotation, the lead engagement partner and the engagement-quality reviewer may not resume any role in the engagement until at least three years have elapsed, and for other key audit partners, until two years have elapsed (the 'cooling-off period').

During the cooling-off period, there are restrictions on the role the partners can play in relation to the client if that role involves having significant or frequent interaction with senior management or those charged with governance of the client, or exerting direct influence on the outcome of the audit engagement.

In addition to the audit partner rotation requirements applicable to PIE audit clients, EY has established a long association safeguards framework that,

consistent with the requirements of the IESBA and APESB Code, includes consideration of the threats to independence created by the involvement of professionals over a long period of time on an audit and a safeguards framework to address such threats.

We employ tools to effectively monitor compliance with internal rotation and requirements for audit partners and other professionals who have had a long association with the audit client. There is also a process for rotation planning and decision-making that involves consultation with, and approvals by, our Professional Practice and Independence professionals if there are any matters of judgment related to the application of the rotation rules or the engagement is considered high risk. We monitor our tools and process to ensure they are updated in a timely manner for required changes in regulatory requirements, including any announcements from the IESBA and APESB.

## Compliance with legal requirements

The EY Global Code of Conduct provides clear guidance about EY actions and business conduct. EY Australia complies with applicable laws and regulations, and EY's values underpin our commitment to doing the right thing. This important commitment is supported by a number of policies and procedures, explained in the paragraphs below.

### Anti-bribery

The EY Global Anti-bribery Policy provides EY people with direction on certain unethical and illegal activities. It emphasises the obligation to comply with anti-bribery laws and identifies reporting responsibilities when bribery is discovered.

### Insider trading

The EY Global Insider Trading Policy reaffirms the obligation of EY people not to trade in securities when in possession of insider information, provides detail on what constitutes insider information, and identifies with whom EY people should consult if they have questions regarding their responsibilities.

### Trade sanctions

EY monitors international trade sanctions issued in multiple geographies and provides guidance to EY people on impacted activities.

### Data privacy

The EY Global Personal Data Privacy Policy, sets out the principles to be applied to the collection, use and protection of personal data, including relating to current, past and prospective personnel, clients, suppliers and business associates. This policy is consistent with the strict requirements of the EU's

GDPR. EY also has Binding Corporate Rules in place to facilitate the movement of personal data within the EY network. Furthermore, EY Australia has a policy addressing specific Australian data privacy requirements and business needs.

### Whistleblowing

EY Australia has a Whistleblowing policy which sets out the principles for making, receiving, investigating and addressing disclosures raised by whistleblowers. It outlines the appropriate escalation paths, the relevant legislation and the responsibilities and obligations of eligible recipients and the whistleblower. The Whistleblowing policy is available internally to EY

personnel and externally to third parties and clients. The processes outlined in the policy comply with the requirements under the Corporations Act 2001 (Cth). Any party seeking to make a whistleblowing disclosure can do so through the EY Ethics Hotline.

### Document retention

EY Record Retention global and related local policies apply to all engagements and personnel and establish retention periods and requirements for paper and electronic records. The local policy addresses Australian legal requirements applicable to the creation, maintenance and retention of all records.

## Update on Parliamentary Joint Committee on Corporations and Financial Services' inquiry into the regulation of auditing in Australia

An inquiry into the regulation of auditing in Australia by the Parliamentary Joint Committee on Corporations and Financial Services (the 'Committee') was announced by the Federal Government in August 2019. Audit quality, auditor independence, audit scope and reporting, financial reporting and the role of all stakeholders in the financial reporting chain, including management, directors, auditors, regulators and investors were the subject of written submissions to the Committee and a series of public hearings the Committee has held to date.

EY Australia believes that the inquiry provided an opportunity to consider the continued improvement of audit quality and enhancing capital-market confidence. In October 2019, EY Australia submitted its written submission, which contained recommendations to the Committee (the EY submission can be downloaded [here](#)) and participated in the public hearings held by the Committee in December 2019. We further responded to numerous questions on notice asked by Committee members, all of which are detailed on the Committee's website.

The Committee tabled its interim report in February 2020. We believe these recommendations can generally contribute to enhanced audit quality and increased confidence in financial reporting. We are pleased that most of the recommendations we made to the Committee have been adopted and reflected in the interim report recommendations. The final report of the Committee is due in December 2020.

We are pleased that in the interim report, the Committee has expressed a view that multidisciplinary firms with specific expertise in specialised areas are best placed to deliver high-quality audits that address the needs of modern businesses. See page 24 for EY Australia commitment to quality in the service lines.

EY Australia is working collaboratively with all relevant stakeholders in responding to the Committee's interim report. We note and support the recommendation of the Committee for ASIC to develop a revised framework for reporting its audit inspection programme findings, with a focus on the transparency and relative severity of identified audit deficiencies.

We believe that adopting an approach of categorising inspection findings and acknowledging of where differences in professional judgement between ASIC and an audit firm reasonably exist, will provide greater transparency and a better understanding of the nature of inspection. This would contribute positively to addressing the Committee's recommendation.

We have commenced working with our clients to implement certain of the recommendations, where appropriate, ahead of any future regulatory change. An example of this is enhanced audit fee disclosures which many of our listed clients have recently adopted to improve transparency and provide for better market consistency. We believe that consistency of disclosure would aid transparency and provide clarity to the debate around the appropriate nature and value of permissible non-audit services.



## Commitment for quality in our service lines

Our multidisciplinary-firm model operates in the four service lines of Assurance, Tax, Strategy and Transactions and Consulting, with staff reporting to partners who are associated with one of these four service lines. A multidisciplinary firm enhances audit quality as it provides ready access to the wide range of industry and subject-matter specialists necessary to deliver quality audits now and into the future - which often are required at short notice - who understand the role of audit, our audit methodology and who comply with the strict audit independence requirements (see page 19).

The requirements of *ASA 540 (revised), Auditing Accounting Estimates and Related Disclosures and the uncertainties caused by the impact of COVID-19* increase the need for specialist skills to effectively audit accounting estimates such as intangible asset valuations, rehabilitation estimates, insurance liabilities, property valuations, plant and equipment valuations, business valuations, and other complex fair-value asset and liability estimates. In addition to these skills, knowledge of intricate multijurisdictional tax regimes, tax reform, executive remuneration valuation protocols, data extraction and analysis, complex modelling and information technology are all integral to the delivery of an audit. These specialist skills exist within our non-Assurance service lines.

For our audit practice and the delivery of high-quality audits, a multidisciplinary firm means having a service-line model that facilitates the growth and training of highly experienced subject matter specialists. They supplement the skill and expertise of our core audit teams to conduct high-quality audits, exercising professional scepticism where additional subject matter expertise is required.

We are committed to a multidisciplinary model because it provides the structure, breadth and depth of technical skills and industry expertise necessary to deliver audits now and into the future. Expertise in artificial intelligence, cyber, analytics, robotics, blockchain and other emerging disciplines are becoming required as the business environment become increasingly complex. We see a continuing trend for increased involvement of specialist resources in these emerging concepts, for which the skills often reside in the non-Assurance service lines.

Using specialists across functions within EY Australia ensures, that they are all bound by the same standards

of quality, independence and ethics, share common professional values, and are intertwined in a culture and brand built on a reputation for high-quality audits. When specialists from the other service lines participate in audits, they become subject to the heightened independence rules applicable to audit team members.

Benefits of a multidisciplinary model include:

- ▶ Enabling investment in research and development in specialist areas given economies of scale
- ▶ Growth in other service lines strengthens the audit practices with additional resources invested in highly skilled individuals
- ▶ Sharing the development of technology solutions, including analytics and robotics, across service lines enables solutions built on the same platforms to support each discipline and reduces the cost within each service line
- ▶ Increased financial stability as revenue is diversified across different sectors, service lines and through services that experience different demand cycles from clients
- ▶ More sustainable operating model as the firm is less vulnerable to economic shocks.

Multidisciplinary does not mean that we provide all our services to our audit clients. There are significant restrictions on non-audit services that can be provided to audit clients (see page 26). This ensures our auditors are incentivised to deliver quality audits and that the decisions they make in the conduct of their audits are not influenced by other commercial outcomes the firm may experience in either Assurance or any of its other service lines. Our policies include:

- ▶ The principal element of partner performance incorporates, outcomes from audit inspection programmes (both internal and external), with financial penalties for poor-quality outcomes and independence breaches or noncompliance
- ▶ Audit partners' performance and remuneration exclude any consideration of selling non-audit services to audit clients
- ▶ Risk-management and audit-quality responsibilities reside within a professional practice group that is separate from the operational leadership of the firm





## Independence practices

The EY Global Independence Policy requires EY Australia and our people to comply with the independence standards applicable to specific engagements, e.g., the IESBA and APESB Code of Ethics.

We consider and evaluate independence with regard to various aspects, including our financial relationships and those of our people; employment relationships; business relationships; the permissibility of services we provide to audit clients; applicable firm and partner rotation requirements; fee arrangements; audit committee pre-approval, where applicable; and partner remuneration and compensation.

Failure to comply with applicable independence requirements will factor into decisions relating to a person's promotion and compensation, and may lead to other disciplinary measures, including separation from EY Australia.

EY Australia has implemented EY's global applications, tools and processes to support us, our professionals and other employees in complying with independence policies. These have been adapted to the Australian requirements and processes where necessary.

### EY Global Independence Policy

The EY Global Independence Policy contains the independence requirements for member firms, professionals and other personnel. It is a robust policy predicated on the IESBA Code and supplemented by more stringent requirements in jurisdictions where prescribed by the local legislative body, regulator or standard-setting body. The policy also contains guidance designed to facilitate an understanding and the application of the independence rules. The EY Global Independence Policy is readily accessible and easily searchable on the EY intranet.

### Global Independence System

The Global Independence System is an intranet-based tool that helps EY professionals identify the entities from which independence is required and the independence restrictions that apply. Most often, these are listed audit clients and their affiliates, but they can also be other types of attest or assurance clients. The tool includes family-tree data relating to affiliates of listed audit clients and is updated by client-

serving engagement teams. The entity data includes notations that indicate the independence rules that apply to each entity, helping our people determine the type of services that can be provided or other interests or relationships that can be entered into.

### Global Monitoring System

The Global Monitoring System is another important global tool that assists in identifying proscribed securities and other impermissible financial interests. Professionals ranked as manager and above are required to enter details about all securities and other financial interests they hold, or those held by their immediate family, into the GMS. All other professionals are encouraged to also record their securities in GMS. When a proscribed security is entered or if a security, they hold becomes proscribed, professionals receive a notice and are required to dispose of the security. GMS allows professionals to verify, before they invest, whether the financial interest is permitted for them. Furthermore, it is used to check whether an EY professional may become part of an engagement team for a particular client, based on the professional's recorded financial interests, before the professional is assigned to a client engagement, whether for an audit engagement or a non-audit engagement. Identified exceptions are reported through the Global Independence Consultation Database for regulatory matters.

GMS also facilitates annual and quarterly confirmation of compliance with independence policies, as described below.

### Independence compliance

EY has established several processes and programmes aimed at monitoring the compliance with independence requirements of EY member firms and their people. These include the following activities, programmes and processes.

### Independence confirmations

Annually, EY Australia is included in an area-wide process to confirm compliance with the EY Global Independence Policy and process requirements, and to report identified exceptions, if any.

All EY professionals, and certain others, based on their role or function, are required to confirm compliance with independence policies and procedures at least once a year. All partners are required to confirm compliance quarterly.

An initial independence screening is conducted for all potential partner candidates - referred to as Direct Admit Partner (DAP) - to identify any circumstances or relationships that could delay or prevent the DAP from being a partner in EY Australia. This is followed by a more detailed independence review to identify any financial relationships the DAP, or their immediate family, is required to dispose prior to becoming an EY partner. The DAP is also required to confirm his/her compliance with key aspects of the Corporations Act and EY Global Independence Policy.

### Independence compliance reviews

EY conducts internal procedures to assess member firm compliance with independence matters. These reviews include aspects of compliance related to non-audit services, business relationships with the companies we audit and financial relationships of member firms.

### Personal Independence Compliance Testing

Each year, the EY Global Independence team establishes a programme for testing compliance with personal independence confirmation requirements and with reporting of information into GMS. The table summarises the planned coverage under the programme.

Role	Testing frequency
Partner in Leadership	Every three years
Partner	Every five years
Promotion to Partner, Associate Partner, Executive Director or Director	Prior to promotion
Random 3% sample of other professionals (Managers and above, not Partners)	Annually

For the 2020 testing cycle, EY Australia tested 277 partners and other personnel as part of the Personal Independence Compliance Testing. We continue to focus on educating our professionals in regard to their responsibilities, ensuring compliance with EY policies, and are focused on continued improvement in our compliance.

### Non-audit services

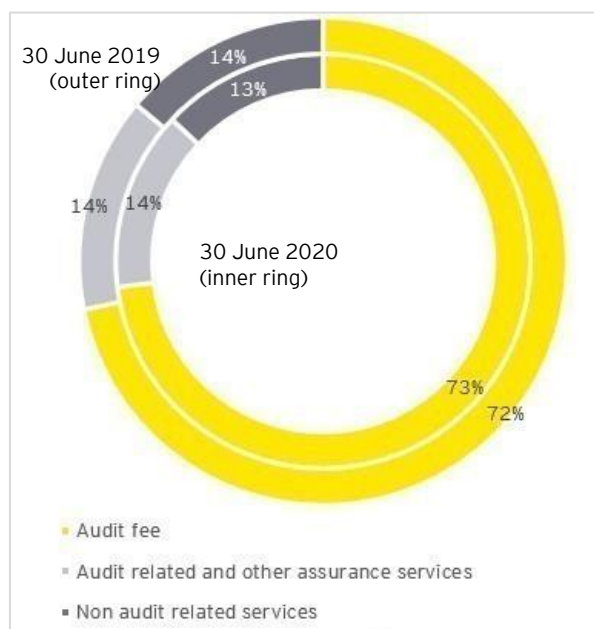
All non-audit services we provide to our audit clients are services that the professional standards, laws and regulations including independence standards, consider to be permissible for an auditor to provide to an audit client. We monitor compliance with the

standards governing the provision of non-audit services to audit clients through a variety of mechanisms. These include the use of tools, such as PACE (see page 18) and Service Offering Reference Tool (SORT) (see below), and training and required procedures completed during the performance of audits and internal inspection processes. We also have a process in place for the review and approval of certain non-audit services in advance of accepting the engagement. Audit partners must approve the provision of all non-audit services to audit clients before any such service is accepted, once they are satisfied of the compliance to required professional standards, including consideration of company-specific auditor independence policies that client audit committees may use to manage the nature and quantum of non-audit services.

No part of our partner evaluation and reward process can or does include any reference to the selling of non-audit services (see page 30) to audit clients.

In addition, we perform testing procedures of ongoing engagements to identify potential noncompliance with applicable independence rules and the EY engagement acceptance processes.

The chart below summarises the proportion of fees from audit and other services for ASX 300-listed entities audited by EY Australia for the fiscal years ended 30 June 2020 and 30 June 2019



Tax compliance services are generally the largest component of the non-audit services.

### Global independence learning and communications

EY develops and deploys a variety of independence learning programmes. All professionals and certain other personnel are required to participate in annual

independence learning to help maintain our independence from the companies we audit.

The goal is to help EY people understand their responsibilities and to enable each of them, and their member firms, to be free from interests that might be regarded as incompatible with objectivity, integrity and impartiality in serving an audit client.

The annual independence learning programme covers independence requirements focusing on recent changes to policy, as well as recurring themes and topics of importance. Timely completion of annual independence learning is required and is monitored closely. EY Australia supplements this programme with local content to cover local independence requirements under Corporations Act 2001 and the independence standards of APESB that differ from the EY Global Independence Policy. EY Australia also provides additional training in the executive events of learnings from independence compliance testing and external inspections during the period.

In addition to the annual learning programme, independence awareness is promoted through events and materials, including new-hire programmes, milestone programs and core service line curricula, as well as dedicated communication, including EY news articles, to provide guidance on specific topics.

#### **Service Offering Reference Tool**

We assess and monitor our portfolio of services on an ongoing basis to confirm that they are permitted by professional standards, laws and regulations, and to make sure that we have the right methodologies, procedures and processes in place as new service offerings are developed. We restrict services from being provided that could present undue independence or other risks. SORT provides EY personnel with information about EY service offerings. It includes guidance on which services can be delivered to audit and non-audit clients, as well as independence and other risk management issues and considerations.

#### **Business Relationship Evaluation Tool**

Our people are required to use the Business Relationship Evaluation Tool (BRET) in many circumstances to identify, evaluate and obtain advance approval of a potential business relationship with a client and an assessment, whether the relationship with an audit client, thereby supporting our compliance with independence requirements.

We conduct quarterly compliance testing to review the timeliness of BRET submissions.

#### **Audit committees and oversight of independence**

We recognise the important role audit committees and similar corporate governance bodies undertake in the oversight of auditor independence. Empowered and independent audit committees perform a vital role on behalf of shareholders in protecting independence and preventing conflicts of interest. We are committed to robust and regular communication with audit committees or those charged with governance. Through EY quality review programmes, we monitor and test compliance with EY standards for audit committee communications, as well as the pre-approval of non-audit services, where applicable.



## Continuing education of audit professionals

### Professional development

The continuous development of our people's skills and knowledge is critical to achieving our purpose of enhancing confidence in the capital markets.

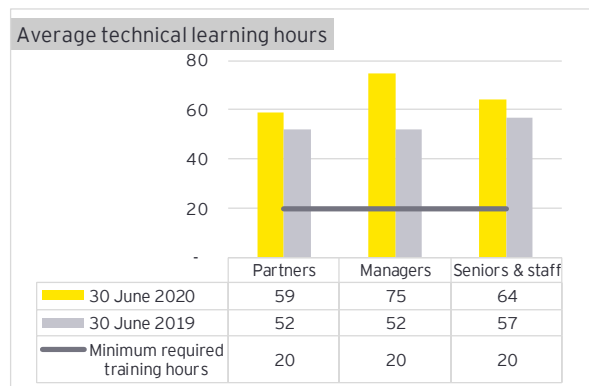
Providing opportunities for the right experiences, learning and coaching helps our people grow and achieve their potential at a variable pace of progression that suits them.

The day-to-day experiences gained are assigned locally in a systematic way, while the EY audit learning core curriculum is globally consistent. This is supported throughout by on-the-job coaching from more experienced professionals that helps to transform knowledge and experience into practice.

Learning is delivered through the award-winning Audit Academy, which combines 'on-demand' e-learning modules with interactive physical and virtual classroom-based simulations and case studies, plus relevant reinforcement and application support. This is supplemented by learning programmes that are developed in response to changes in accounting and reporting standards; independence and professional standards; new technology; and emerging practice issues.

Where an EYG member firm audits and reviews IFRS financial statements, relevant team members undertake learning to become IFRS-accredited.

EY Australia requires our audit professionals to obtain at least 20 hours of continuing professional education each year and at least 120 hours over a three-year period. Of these hours, 40% (minimum eight hours each year and 48 hours over a three-year period) must cover technical subjects related to accounting and auditing. Our investment in training continues to support our audit-quality focus and we continue to make significant investment in our training curriculum. Our people believe the training programmes enable them to deliver high-quality audits. The chart summarises the average training hours completed at each level, which include topics on audit, financial reporting standards, independence and ethics and excludes leadership and behavioural training.



There is significant investment in coaching on transformation and analytics and more on-demand learnings available in our learning portals. There was a targeted learning program for lateral hires on GAM and relevant tools. These initiatives resulted in increased learning hours for Staff, Seniors and Managers.

### Knowledge and internal communications

In addition to professional development and performance management, we understand the importance of providing client engagement teams with up-to-date information to help them perform their professional responsibilities. EY makes significant investments in knowledge and communication networks to enable the rapid dissemination of information to help people collaborate and share best practices. Some EY resources and tools include:

- ▶ EY Atlas, which includes local and international accounting and auditing standards, as well as interpretive guidance
- ▶ Publications such as International GAAP, IFRS developments and illustrative financial statements
- ▶ Global Accounting and Auditing News – a weekly update covering assurance and independence policies, developments from standard setters and regulators, as well as internal commentary thereon
- ▶ Oceania Accounting and Audit News - a fortnightly update covering local auditing, accounting and financial reporting development, reminders of key internal policies and announcements, as well as periodic updates on risk management

- ▶ EY Digital Audit launching pad, which directly links teams to our audit platforms - EY Canvas, the EY Helix data-analyser library and EY Atlas - and provides access to our most recent and relevant learning, enablement and support for digital audit
- ▶ Practice alerts and webcasts covering a range of global and country-specific matters designed for continuous improvement in member firms' Assurance practices
- ▶ EY Badge self learning modules aimed in development of future-focused skills and gives open access to experiences that can shape individual's career

## **Performance management**

LEAD is EY's framework that connects people's career, development and performance. LEAD is a key driver in creating a step-change in the experience of EY people. Through ongoing feedback, development, counsellor excellence and career conversations, LEAD aligns individuals with the NextWave strategy and enables people to focus on the future.

It is designed to support the growth and development of EY people at all stages of their career at EY. An individual's personal dashboard provides an easy to interpret snapshot of their performance against the Leadership - at - EY dimensions, including quality, risk management and technical excellence, and assess performance against peers. Feedback received during an annual cycle is aggregated and used as an input to compensation and reward programmes.

Regular connect with a counsellor on topics such as diverse career journeys, applying emerging technology, experiencing new teams and learning helps identify opportunities for further development and to build future-focused skills.





## Revenue and remuneration

### Financial information

Revenue includes expenses billed to clients and revenues related to billings to other EYG member firms. Revenue amounts disclosed in this report include revenues from both audit and non-audit clients as follows:

- ▶ Revenues from the statutory audit of annual and consolidated financial statements of PIEs in the EU
- ▶ Revenues from the statutory audit of annual and consolidated financial statements of other entities
- ▶ Revenues from permitted assurance and non-audit services to entities that are audited by the statutory auditor and the revenues from non-audit services to other entities

#### Financial information for the period ended on 30 June 2020 and 30 June 2019 (expressed in millions of Australian dollars)

Service	2020 Revenue	%	2019 Revenue*	%
	(\$m)		(\$m)	
Audits and directly related services for audit clients #	417	20%	390	21%
Other Assurance and permissible non-audit services to audit clients	115	5%	127	7%
Non-audit services provided to other entities	1,598	75%	1,370	73%
<b>Total revenue</b>	<b>2,130</b>	<b>100%</b>	<b>1,887</b>	<b>100%*</b>

# Includes revenue AUD 16 million (30 June 2019: AUD 12 million) from audits and directly related services for audit clients listed in EU.

\* comparative figures are restated in order to comply with the current period's presentation of the financial information. Differences in total percentage due to rounding for presentation purposes.

### Partner remuneration

Quality is at the centre of the EY strategy and is a key component of EY performance management systems. EY Australia partners are evaluated and compensated based on criteria that includes specific quality and risk-management indicators, covering both actions and results.

LEAD for Partners, Associate Partners, Executive and Directors (PPEDDs) applies to all partners in EYG member firms around the world. LEAD for PPEDDs reinforces the global business agenda by continuing to link performance to wider goals and values. The process includes goal setting, ongoing feedback, personal development planning and performance review, and is tied to partners' recognition and reward. Documenting partners' goals and performance is the cornerstone of the evaluation process. A partner's goals are required to reflect various global priorities, the most important of which is quality.

EY policies prohibit evaluating and compensating lead audit engagement partners and other key audit partners on an engagement based on the sale of non-Assurance services to companies they audit. There are no incentives to audit partners to sell non-audit services to audit clients. This reinforces to EY Partners their professional obligation to maintain independence and objectivity.

Specific quality and risk performance measures have been developed to account for:

- ▶ Providing technical excellence
- ▶ Living the EY values as demonstrated by behaviours and attitude
- ▶ Demonstrating knowledge of, and leadership in, quality and risk management
- ▶ Complying with policies and procedures
- ▶ Complying with laws, regulations and professional duties
- ▶ Contributing to protecting and enhancing the EY brand

The EY partner compensation philosophy calls for meaningfully differentiated rewards based on a Partner's level of performance, as measured within the context of LEAD. Partners are assessed by their firms annually on their performance in delivering quality, exceptional client service and people engagement

alongside financial and market metrics. Audit quality is the major component of how we assess the performance of our audit partners. Quality concerns arising from ASIC audit inspections and the EY AQR programme result in financial penalties to our Partners and limits their overall performance evaluation for the year, regardless of how they have performed in the other areas in which their performance is measured.

The importance of independence is also recognised in our performance-review processes. Independence breaches or reporting omissions result in financial penalties for Partners.

We operate under a system that requires quality to be a significant consideration in a partner's overall year-end rating.

To recognise different market values for different skills and roles, and to attract and retain high-performing individuals, the following factors are also considered when we determine our partners' total reward:

- Experience
- Role and responsibility
- Long-term potential

Instances of non-compliance with quality standards result in remedial actions, which may include performance evaluation, compensation adjustment, additional training, additional supervision or reassignment. A pattern of non-compliance or particularly serious non-compliance may result in actions that include separation from EY Australia.



## Appendix 1: List of PIE audit clients

### EY Australia PIE audit clients

In the fiscal year that ended on 30 June 2020, EY Australia performed audits of the following PIEs. The PIEs that had securities admitted to trading on the regulated markets in the EU are marked with an asterisk (\*).

360 Capital Digital Infrastructure Fund	Amaysim Australia Limited
360 Capital Group Limited	Americold Australian Holdings Pty Ltd
360 Capital RE Limited	AMP Bank Limited
360 Capital REIT (formerly 360 Capital Total Return Fund)	AMP Capital Funds Management Limited
360 Capital Total Return Active Fund	AMP Capital Schemes
360 Capital Total Return Passive Fund	AMP Eligible Rollover Fund
3P Learning Limited	AMP ERF
A.C.N. 059 457 279 Limited (formerly Migme Limited)	AMP Group Finance Services Limited
AAPC Management Limited	AMP Life Limited
Abacus Group Holdings Limited	AMP Limited
Abacus Group Projects Limited	AMP Retirement Trust
Abacus Hospitality Fund	AMP SST
Abacus Income Trust	AMP Superannuation Savings Trust
Abacus Storage Operations Limited	AnaeCo Limited
Abacus Storage Property Trust	Antares Capital Partners Ltd
Abacus Trust	Antisense Therapeutics Limited
Abacus Wodonga Land Fund	Aon Risk Services Australia Limited
Acorn Capital Investment Fund Limited	Apollo Tourism & Leisure Ltd
Actinogen Medical Limited	Ardent Leisure Group
Adairs Limited	Argo Global Listed Infrastructure Limited (AGIL)
Adveritas Limited	Argonaut Resources NL
Afterpay Limited	ARQ Group Limited
Agrimin Limited	Asiamet Resources Limited
Agua Resources Limited	AUB Group Limited
Ahalife Holdings Limited	AUKing Mining Ltd
AIC Mines Limited	Aurecon 37 Limited
AIM Global High Conviction Fund	Aurelia Metals Limited
Aioi Nissay Dowa Insurance Co Limited	Australian Finance Group Limited
AJ Lucas Group Limited	Australian Meat Industry Superannuation Trust
Alexander Credit Opportunities Fund	Australian Property Growth Fund
Alita Resources Limited	Australian Rail Track Corporation Limited
Allan Gray Australia Balanced Fund	Australian Vintage Limited
Allan Gray Australia Equity Fund	Ava Risk Group Limited
Allan Gray Australia Stable Fund	Avenira Limited
ALS Limited	Aventus Holdings Limited
	Aventus Retail Property Fund

Aveo Group (formerly FKP Property Group)  
 AVJennings Limited  
 AvSuper  
 Azure Healthcare Limited  
 Baby Bunting Group Limited  
 Bank Australia  
 Bank of China Ltd  
 Bank of Taiwan  
 Bannerman Resources Limited  
 BARD1 Life Sciences Limited  
 Beach Energy Limited  
 Bendigo and Adelaide Bank Limited  
 Bendigo Superannuation Plan  
 Berkeley Energia Limited\*  
 Beston Global Food Company Limited  
 BHP Group Limited  
 Bisalloy Steel Group Limited  
 Blossomvale Holdings Limited  
 Blue Energy Limited  
 Blue Sky Alternative Investments Limited  
 Blue Sky Alternatives Access Fund Limited  
 BlueScope Steel Limited  
 BOC Gases Superannuation Fund  
 Brainchip Holdings Ltd  
 Bravura Solutions Limited  
 Brickworks Ltd  
 Brisbane Broncos Limited  
 Brockman Mining Limited  
 BUBS Australia Limited (prev. Hillcrest Litigation Services Ltd)  
 BUSS Queensland Pooled Superannuation Trust  
 Canadian Imperial Bank of Commerce - Sydney Branch  
 Capricorn Society Limited  
 CAQ Holdings Limited  
 Carbonxt Group Limited  
 Carindale Property Trust  
 Carnarvon Petroleum  
 Catholic Church Insurances Ltd  
 Challenger Life Company  
 Challenger Limited  
 Challenger Retirement and Investment Services Limited (CRISL)  
 Challenger Retirement Fund  
 Champion Iron Limited  
 Christian Super  
 CI Resources Limited  
 Cleanaway Waste Management Limited  
 Club Plus Superannuation Pty Ltd  
 Cobre Limited  
 Coca-Cola Amatil Limited  
 ColInvest Limited  
 Cokal Limited (formerly - Altera Resources Limited)  
 Coles Group Limited  
 Commonwealth Steamship Insurance Co. Pty Limited  
 Construction and Building Unions Superannuation Fund (Cbus)  
 Cooper Energy Ltd  
 Copia Investment Partners Limited  
 Corion Pty Limited  
 Cradle Resources Limited  
 Crescent Wealth Superannuation Fund  
 Crown Resorts Limited  
 CSL Ltd  
 Cullen Resources Limited  
 Danakali Limited\*  
 David Jones Limited  
 Deep Yellow Limited  
 Delecta Limited  
 Devine Limited  
 DMG Diversified Portfolio Fund  
 Domain Holdings Australia Pty Limited  
 DPM Retirement Service  
 Dragon Mining Limited  
 E & A Limited  
 EcoGraf Limited (formerly Kibaran Resources Limited)  
 Eley Griffiths Group Small Companies Fund  
 Ellerston Asian Investments Limited  
 Ellerston Australian Market Neutral Fund (EAMNF)  
 Ellerston Capital Limited  
 Ellerston Global Equity Managers Fund (EGEMF)  
 Ellerston Global Investments Limited  
 Emmerson Resources Limited  
 Energy Action Limited  
 Energy World Corporation Ltd  
 EQT Responsible Entity Services Ltd.  
 Equatorial Resources Limited  
 Eric Insurance Limited  
 ESTIA Health Limited  
 E-Sun Bank Limited  
 Eureka Group Holdings Limited  
 Excelsior Capital Ltd  
 Exore Resources Ltd (formerly Novo Lito Ltd)  
 Farm Pride Foods Limited  
 Fe Limited  
 Fidante Partners Limited  
 Fidante Partners Services Ltd

First Commercial Bank Limited  
 First Quest Retirement Service  
 Flight Centre Travel Group Limited  
 FM Insurance Company Limited  
 Forager Australian Shares Fund  
 Forager International Shares Fund  
 G&C Mutual Bank Limited  
 G8 Education Limited  
 Gateway Credit Union  
 Genex Power Limited  
 Geopacific Resources Limited  
 Global Energy Ventures Limited  
 Globe Metals & Mining Limited  
 Great Lakes Insurance SE - Australian Branch  
 Great Lakes Insurance SE - New Zealand Branch  
 Guild Insurance Limited  
 Guild Retirement Fund  
 Halidon Asset Management Ltd  
 Hannans Ltd  
 Harvey Norman Holdings Ltd  
 Hawkley Oil and Gas Limited  
 HBF Health Limited  
 HCF Life Insurance Co Pty Limited  
 Healius Limited  
 Heritage Bank Limited (formerly Heritage Building Society Limited)  
 Heron Resources Limited  
 Homesafe Solutions Pty Ltd  
 Horizon Gold Limited  
 Hotcopper Holdings Limited  
 Hua Nan Commercial Bank  
 ICar Asia Limited  
 Ignite Energy Resources Limited  
 ImpediMed Limited  
 Ingenia Communities Group  
 Instinet Australia Pty Limited  
 Integrated Research Limited  
 International Goldfields Limited  
 Investec Bank Plc, Australia Branch  
 Investors Mutual Limited  
 Investsmart Group Limited (prev. Australasian Wealth Investment Ltd)  
 Invion Limited  
 Ioneer Limited  
 ipac Asset Management Limited  
 iSelect Limited  
 ISPT Pty Ltd  
 Jupiter Energy Limited  
 K & S Corporation Limited  
 Katana Capital Limited  
 King River Resources Limited  
 Kingsrose Mining Limited  
 L1 Long Short Fund Limited  
 Lefroy Exploration Limited  
 Legend Mining Limited  
 LG Super  
 Liberty International Underwriters  
 Lion Energy Limited  
 Liquefied Natural Gas Ltd  
 Lithium Power International Limited  
 Livehire Limited  
 Lynas Corporation Limited  
 M8 Sustainable Limited  
 Macquarie ADF Superannuation Fund  
 Macquarie Alternative Assets Management Limited  
 Macquarie Financial Products Management Limited  
 Macquarie Investment Management Australia Limited  
 Macquarie Investment Management Limited  
 Macquarie Media Limited (Prev. Macquarie Radio Network Ltd)  
 Macquarie Superannuation Plan  
 Magellan Financial Group Limited  
 Mainsteam Group Holdings Limited  
 Man Investments Australia Ltd  
 Mandalay Resources Australia Pty Limited  
 Manildra Flour Mills Retirement Fund  
 Maritime Super Pty Limited  
 Masterplan Managers Superannuation Fund  
 Mayne Pharma Group Limited  
 MDA National Insurance Pty Ltd  
 Medical Indemnity Protection Society  
 Metals X Limited  
 Metcash Limited  
 Metro Mining Limited  
 MFF Capital Investments Limited  
 MGC Pharmaceuticals Limited  
 Michael Hill International Limited  
 Mizuho Corporate Bank Ltd  
 MLC Investments Limited  
 MLC Limited  
 MLC Pooled Superannuation Trust  
 MLC Super Fund  
 MLC Superannuation Fund  
 Monadelphous Group Ltd  
 Monash Absolute investment Limited  
 Montgomery Global Equities Fund (Managed Fund)



Montgomery Global Fund	Panoramic Resources Limited
Morningstar Investment Management Australia Limited Schemes	Pantoro Limited
Mount Gibson Iron Limited	Parkway Minerals NL
Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft - Australian Branch	Peak Resources Limited
Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft - New Zealand Branch	Peet Limited
Munich Holdings of Australasia Pty Limited	Pengana International Equities Limited
Munich Reinsurance Company of Australasia Limited	Pengana Private Equity Trust
Munich Reinsurance Company of Australasia Limited - New Zealand Branch	Pensana Metals Ltd
Municipal Association of Victoria	Pharmacy Guild of Australia
Murray River Organics Group Limited	Pharmacy Guild of Australia - Victorian Branch
Namoi Cotton Limited	Police Health Limited
Nanosonics Limited	Polynovo Limited
Nanuk New World Fund	PostSuper
National Australia Bank Limited*	PPK Group Limited
National Mutual Life Association	Prairie Mining Limited*
National Mutual Pro-Super Fund	Premier Investments Limited
National Mutual Retirement Fund	Premium China Fund
National Storage REIT	Prescient Therapeutics Limited
Navigator Australia Limited	Prime Financial Group Limited
Navigator Global Investments Ltd	Prime Media Group Limited
Navy Health Ltd	Prime Super
Neptune Marine Services Limited	Pro Medicus Limited
New South Wales Electrical Superannuation Scheme	Pro-Pac Packaging Limited
Newcrest Mining Limited	PSC Insurance Group Limited
Nick Scali Limited	Quintis Ltd (prev. TFS Corporation Limited)
Nine Entertainment Co Holdings Limited	RAC Insurance Pty Limited
NMMT Limited	Ramsay Health Care Limited
Nomura Australia Limited	REA Group Ltd
Novo Resources Corporation	Reckson New York Property Trust
Nuchev Limited	Redbubble Limited
Nucoal Resources Limited	Regal Investment Fund
Nurses & Midwives Health Pty Ltd	Regis Healthcare Limited
Omni Bridgeway Limited (Previously known as IMF Bentham Limited)	Rei Superannuation Fund Pty Limited
One Path General Insurance Pty Limited	Renaissance Re (Australia)
One Path Life Limited	Resolute Mining Limited*
OneMarket Limited	Rhipe Limited
Ophir High Conviction	RMG Limited
Ora Banda Mining Ltd (prev. Eastern Goldfields Ltd)	Rox Resources Limited
Orbis Global Equity Fund (Australia Registered)	Salt Lake Potash Limited
Origin Energy Limited	Sandfire Resources Limited
Orocobre Limited	Santos Limited
Ozgrowth Limited	Scentre Group
Packer & Co Investigator Trust	Schaffer Corporation Limited
Pact Group Holdings Ltd	SCOR Global Life Australia Pty Limited
	SCOR Reinsurance Asia Pacific Pte Ltd
	Sealink Travel Group
	Seeing Machines Limited

Senetas Corporation Limited	Transatlantic Reinsurance Company
Senex Energy Limited	Tribeca Global Natural Resources Limited
Shine Corporate Limited	TWU Nominees Pty Ltd
Shinhan Bank Sydney Branch	TWU Super Fund
Slater & Gordon Limited	Tyro Payment Limited
Smarter Money - Active Cash Fund	UBS AG, Australia
Smarter Money - Higher Income Fund	UBS Global Asset Management (Australia) Ltd
Smarter Money Long-Short Credit Fund	Unisuper Limited
State Bank of India	United Overseas Bank Australia Limited
State Street Bank & Trust Company	Urbanise.com Limited
State Street Global Advisors, Australia, Limited	Van Eck Australia Pty Ltd
Stewart Title Limited	Vango Mining Limited (formerly Ord River Resources Limited)
Sunland Group Limited	Vector Resources Limited
Super Directions Fund	Vicinity Centres
Swick Mining Services Ltd	Victoria Teachers Limited (formerly Victorian Teachers Credit Union Ltd)
Switzer Asset Management Limited	Vietnam Industrial Investments Limited
Synergy Superannuation Master Fund	Villa World Limited
Tabcorp Holdings Limited	Village Roadshow Limited
Taishin International Bank Co. Ltd	Vision Super
Taiwan Business Bank	WCM Global Growth Limited
Taiwan Cooperative Bank Limited	Wealth Personal Superannuation and Pension Fund
TAP Oil Limited	Webster Limited
Teachers Federation Health Ltd	Wesfarmers Limited
Technology One Limited	Westgold Resources Limited
Telstra Corporation Limited	Westoz Investment Company Limited
Telstra Super	Whispir Limited
Temple & Webster Group Limited	Whitehaven Coal Ltd
Tempo Australia Limited	Wholesale Australian Property Fund
TerraCom Limited	Wingate Asset Management Pty Limited
The Hospitals Contribution Fund of Australia Limited	Woodside Petroleum Limited
The Montgomery Fund	Woori Bank Sydney Branch
The Retirement Plan	Worley Limited
The Royal Automobile Club of Queensland	Xanadu Mines Ltd
The Star Entertainment Group Limited	Zicom Group Limited
Theta Gold Mines Limited	Zurich Australia Insurance Limited
Thorney Opportunities Ltd	Zurich Australia Limited
Thorney Technologies Ltd	



## Appendix 2: List of approved EYG member firms in an EU or EEA member state

### List of approved EYG member firms in an EU or EEA member state

As of 30 June 2020, the following EYG member firms are approved to carry out statutory audits in an EU or EEA member State. This information is included to meet certain EU transparency report-disclosure requirements, as a consequence of EY Australia's registration with the UK and Luxembourg audit firm regulators. EY Australia is also in the process of registering with the audit-firm regulators in Poland and Spain.

Member State	Statutory auditor or audit firm
Austria	Ernst & Young Wirtschaftspruefungsgesellschaft mbH
Belgium	EY Assurance Services
	EY Bedrijfsrevisoren
	EY Europe SCRL
Bulgaria	Ernst & Young Audit OOD
Croatia	Ernst & Young d.o.o.
	Ernst & Young Croatia d.o.o.
Cyprus	Ernst & Young Cyprus Limited
	Ernst & Young
	Ernst & Young CEA (South) Services Ltd
	Ernst & Young CEA (South) Holdings Plc
Czech Republic	Ernst & Young Audit, s.r.o.
Denmark	EY Godkendt Revisionspartnerselskab
	EY Grønland Statsautoriseret Revisionspartnerselskab
	EY Net Source A/S
Estonia	Ernst & Young Baltic AS
	ou Baltic Network
Finland	Ernst & Young Oy
	Julkispalvelut EY Oy
France	Artois
	Auditex
	Ernst & Young Atlantique
	Ernst & Young Audit
	Ernst & Young et Autres
	EY & Associés
Picarle et Associates	
Germany	Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft
	Ernst & Young Heilbronner Treuhand GmbH Wirtschaftsprüfungsgesellschaft
	EY Revision und Treuhand GmbH Wirtschaftsprüfungsgesellschaft
	Schitag Schwäbische Treuhand GmbH Wirtschaftsprüfungsgesellschaft

Member State	Statutory auditor or audit firm
Gibraltar	EY Limited
Greece	Ernst & Young (Hellas) Certified Auditors Accountants SA
Hungary	Ernst & Young Könyvvizsgáló Korlátolt Felelősségű Társaság
Iceland	Ernst & Young ehf
Ireland	Ernst & Young Chartered Accountants
Italy	EY S.p.A.
Latvia	Ernst & Young Baltic SIA
Liechtenstein	Ernst & Young AG, Basel
	Ernst & Young AG, Vaduz
Lithuania	Ernst & Young Baltic UAB
Luxembourg	Compagnie de Revision S.A.
	Ernst & Young Luxembourg S.A.
	Ernst & Young S.A.
Malta	Ernst & Young Malta Limited
Netherlands	Ernst & Young Accountants LLP
Norway	Ernst & Young AS
Poland	Ernst & Young Audyt Polska sp. z o.o.
	Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością Finance spółka komandytowa
	Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością Doradztwo Podatkowe spółka komandytowa
	Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.
	Ernst & Young Usługi Finansowe Audyt sp. z o.o.
Portugal	Ernst & Young Audit & Associados - SROC, S.A.
Romania	Ernst & Young Assurance Services S.r.l.
	Ernst & Young Support Services SRL
Slovakia	Ernst & Young Slovakia, spol. s r.o.
Slovenia	Ernst & Young d.o.o.
Spain	ATD Auditores Sector Público, S.L.U
	Ernst & Young, S.L.
Sweden	Ernst & Young AB
United Kingdom	Ernst & Young LLP
	Ernst & Young Europe LLP

Total turnover for the year ended on 30 June 2020 for these EYG member firms resulting from statutory audits of annual and consolidated financial statements was approximately €2.8 billion.

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BMC Agency  
GA 1016683

EYG 006433-20Gbl  
ED None

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