

haysmacintyre

Transparency Report

For the year-ended 31 March 2022



Contents

- 1 Welcome
- 2 The firm
- 3 Legal structure and ownership
- 4 International
- 5 Management, leadership and governance
- 7 Audit quality
- 12 Risk management
- 14 Professional skills and training
- 16 Our approach to learning and development
- 17 People
- 18 Ethics and independence
- 19 Values
- 20 Environmental Sustainability
- 22 Diversity and inclusion
- 23 Corporate social responsibility
- 24 Wellbeing
- 24 Staff survey results
- 25 Gender pay gap
- 27 Partners' remuneration
- 27 Modern Slavery Act
- 27 Living Wage
- 28 Appendix



WELCOME

I am pleased to introduce this year's Transparency Report, and my first as Managing Partner. As a firm, we have continued to grow and innovate to adapt to the ever changing environment, and I look forward to continuing to build a market leading and forward-thinking firm which develops our people to the best of their ability.

Our new management structure with the Management Team and Leadership Board came into effect on 1 July 2022 after a review of our firm structure and its effectiveness. The review was performed to ensure that the firm has the appropriate infrastructure to support further growth, our strategies and goals. The review which culminated in the new structure took account of the various views and votes of all the partners as well as the requirements of our regulators. The Leadership Board effectively replaces the Management Board, and the key areas it will be responsible for include developing strategy proposals and budget parameters for approval by the partners, longer term financial and resource planning, having ultimate responsibility for effective risk management and financial performance of the firm. It will be a forward looking board, leaving the day to day running of the firm to the Management Team.

Both our culture and our purpose should evolve in a way that continues to build trust as they will shape our future firm. We will do this through maintaining open communication at all levels, encouraging diverse views to be shared, listening, and responding appropriately.

Quality continues to be a key enabler to drive our firm as we are aiming for better quality work, service delivery, clients, training, and technology. We have also invested, and continue to invest, in key operational functions as we centre our people at the core of the firm's strategy, influencing our direction of travel. We will also be implementing appropriate partner support mechanisms and training for further development, to ensure we have the right skillset to inspire and lead the firm and our team.

We continue with our audit quality improvement plan while embarking into the 'new norm' that hybrid working has brought upon us. With new technology and innovation, I am proud to say we have adapted to best suit our people and our clients. The implementation of our new audit software, and adoption of ISQM (UK) 1 will be the key focus area for 2022/23.

Other new initiatives include our detailed learning and development programme which all our team have access to and our client care programme, where we will actively seek feedback from all clients on our performance.

I am delighted to be taking on the role of Managing Partner and whilst there continues to be uncertainty and change both in our industry and at a global economic level, I believe it is also a time of opportunity and change for good. I am grateful that through the efforts of my predecessor, Jeremy Beard, the new management and leadership structure has a strong foundation from which to build and transform elements of our business so that we can continue to flourish sustainably.



Natasha Frangos, Managing Partner, for and on behalf of Haysmacintyre LLP

29 July 2022

THE FIRM

Haysmacintyre LLP (haysmacintyre) is a firm of chartered accountants and tax advisors located in Central London. We provide sector-focused advice to business leaders, owner-managed businesses, private clients, public interest entities (PIEs), other listed companies, charities and other not for profit organisations, across the UK and internationally.

We help our clients grasp opportunities, achieve their goals, and work with them to solve problems and address their challenges. We are approachable, responsive, and knowledgeable across our sectors and broad range of services.

All our services are provided by specialist teams who have an in-depth knowledge of their sectors. This means each client benefits from the support of helpful experts who understand their specific challenges and can provide added value technical advice. We spend time getting to know our clients and we tailor our services to meet their needs.

Our corporate and not for profit sectors are led by the following partners:

Corporate sector teams



Creative, Media and Technology

Jon Dawson
jdawson@haysmacintyre.com



Financial Services

Bernadette King
bking@haysmacintyre.com



Financial Services

Melanie Pittas
mpittas@haysmacintyre.com



Hospitality

Andrew Ball
aball@haysmacintyre.com



Property

Ian Daniels
idaniels@haysmacintyre.com

Not for profit sector teams



Charities

Adam Halsey
ahalsey@haysmacintyre.com



Education

Tracey Young
tyoung@haysmacintyre.com



Professional Institutes and Membership Bodies

Kathryn Burton
kburton@haysmacintyre.com



Not for Profit

Steve Harper
sharper@haysmacintyre.com

LEGAL STRUCTURE AND OWNERSHIP

Haysmacintyre LLP is a limited liability partnership with the trading name of haysmacintyre.

At the date of this report there are 37 members (referred to as partners) of which 25 have Responsible Individual (RI) status. In addition, the firm has 11 director RIs.

Haysmacintyre LLP is registered to carry on audit work in the UK and regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales (ICAEW) and is a member of the ICAEW Practice Assurance Scheme.

In addition to the limited liability partnership, a wholly owned subsidiary provided corporate finance services, ceased to trade on 22 October 2021.

The firm is structured along service lines, being:

- Audit
- Business support/Outsourcing
- Transaction Advisory Services
- Corporate tax
- Employment tax
- Private Client and Trust
- Tax disputes and resolution
- VAT
- Internal audit/Governance & Risk
- Company secretarial
- Payroll



INTERNATIONAL

haysmacintyre is a co-founder and co-owner of MSI Global Alliance (MSI), a multi-disciplinary association comprising over 250 independent legal and accounting firms operating locally in countries around the world. Collectively member firms represent nearly 13,000 lawyers and accountants in over 100 countries.

The alliance enables member firms to keep their independence without central control by remaining an association. The quality of member firms across international borders is achieved through a vetting process to ensure quality service delivery by focusing on the benefits of a multidisciplinary approach delivered by an exclusive group of accountancy and law firms.

MSI shares a common goal to provide partner-led, personal, value-for-money solutions to the cross-border challenges faced by businesses, private clients, and not for profit organisations.

haysmacintyre founded MSI over thirty years ago and it is now the eighth largest accountancy alliance and international association. We have three partners on the board of MSI to provide guidance on its strategy.

MSI enables us to seamlessly support clients as their business evolves internationally. Through a central contact based in the UK, our clients receive quality, on-the-ground advice in over 100 jurisdictions.

Last year, the London Secretariat of MSI moved to haysmacintyre's offices at 10 Queen Street Place, London. The move enhances our ability to conduct business successfully across international borders and to support business activities on a global scale through a central contact in the UK. MSI member firms are among the most respected, English-speaking, full service professional services firms in their local marketplaces.

Our alliance's global connectivity and deep relationships are authentic and built on the international flow of work between member firms collaborating on the same clients. Member firms have a common ethos and culture; we understand the importance of having an accessible partner-led team and take a genuine interest in wanting to help our clients succeed.

Our alliance continues to maintain high quality firms of the right size and capability in key economic centres and monitors the quality of firms and takes corrective action where required.

MANAGEMENT, LEADERSHIP AND GOVERNANCE

The partners are responsible for considering various matters at quarterly meetings as specified in the LLP Deed. Partner seminars are held at least twice a year to encourage feedback from all partners on the firm's strategy. The firm's constitution is contained in the LLP Deed, which includes the process for the election of the Managing Partner, appointed for a four-year term - the Managing Partner can also be re-appointed for a subsequent term.

From 1 July 2022, the firm has implemented a new management and governance structure. The partners have elected a Leadership Board which comprises the Managing Partner, one elected partner with significant management responsibilities, and three elected partners without significant management responsibilities. Two non-executive members will be recruited to join the Board, one of whom will help on our journey to continually improve audit quality and provide an independent external perspective.

Each member is initially appointed for a three-year term and can be re-appointed. The Leadership Board meet monthly, and their roles include:

- Considering and developing strategy proposals
- Strategic and longer term financial and resource planning
- Ultimate responsibility for the firm's financial performance and risk management
- Being responsible and accountable for quality and ensuring the firm's culture and values are appropriate

In addition, the Leadership Board performs an annual review of the effectiveness of the firm's system of internal control.

The Managing Partner, supported by the Management Team, has the ultimate responsibility for the day-to-day management of the firm. The Managing Partner determines the structure and appointments to the Management Team. The current Management Team includes three partners and our Head of People, Technology and Innovation Director, and our Finance Director.

The members of the Leadership Board and the Management Team are set out overleaf.



Managing Partner



Natasha Frangos
Managing Partner
nfrangos@haysmacintyre.com

Leadership Board members



Mark Allwood
Partner
mallwood@haysmacintyre.com



Ian Cliffe
Partner
icliffe@haysmacintyre.com



Tim Davies
Partner
tdavies@haysmacintyre.com



Richard Weaver
Partner
rweaver@haysmacintyre.com

Management Team members



David Cox
Partner, Head of Audit and Firm
Compliance
dcox@haysmacintyre.com



Tim Davies
Partner, Head of Tax and Non-Audit
Services
tdavies@haysmacintyre.com



Jeremy Beard
Partner, Head of Sectors
jbeard@haysmacintyre.com



Suki Allday
People Director
sallday@haysmacintyre.com



Tom Davies
Technology and Innovation Director
tdavies@haysmacintyre.com



David Lewendon
Finance Director
dlewendon@haysmacintyre.com

AUDIT QUALITY

The culture, policies, and procedures adopted by the firm are designed to provide efficient, effective, high quality audits and to foster a continual process of quality improvement through all service lines. Audit is a key service line for our firm, and indeed we are one of the few medium-sized firms that audit PIEs (we are the 11th largest auditor, based on audit fee income of firms with PIE clients) and, as such, it continues to be a priority investment area. The Financial Reporting Council (FRC) supervise all firms that audit PIEs and they have developed three tiers of supervision. The seven largest PIE audit firms are Tier 1 and the following five, including haysmacintyre, make up Tier 2. Policies and procedures are documented in our internal procedure manuals and the culture is embedded in the firm's values and reinforced through regular staff communications, training, and our staff and partner appraisal processes.

The firm's strategy of improving audit quality becomes of greater importance given the government's plans published in May 2022 for 'Restoring trust in audit and corporate governance'. We welcome the plans that are a proportionate and progressive step forward and we look forward to working with the FRC/ARGA to establish how they will be implemented. The emphasis on audit quality from our audit client base will continue to increase regardless of the implementation of new legislation, eg listed non-PIE audits, substantial private companies and many not for profit organisations. In addition, it is expected that the regulators, FRC and the ICAEW, will continue the drive to improve audit quality across the market and therefore, this remains a continuous process and a key priority for the firm.

As discussed in more detail in the 'continuous improvement' section, the results of our internal monitoring reviews are showing improvements in our audit quality and the dedicated work of our partners and staff is delivering high quality audits to our clients. However, the results of external reviews are mixed and are falling below the targets we have set ourselves. Our improvement plan addresses the issues identified from these reviews and we expect to see improved results in future inspections.

Culture

The culture of the firm is derived from the leadership and commitment of all partners and is encapsulated in our firm values (see page 19). Behaviours and principles which contribute to audit quality are inherent in our values and audit quality is valued, invested in, and rewarded; we also dedicate time and appropriate resources to provide a quality audit service.

During the year to 31 March 2022, we invested in the development of our audit quality team (AQT) with the recruitment of a Head of Audit Quality Transformation and a Technical and Training Senior Manager. In addition, the Risk and Compliance Officer, Audit Quality Officer, and Audit Team Assistants provide support to the AQT and audit managers.

In accordance with the International Standard on Quality Control (UK) 1 paragraphs 18 and 19, during the year the Management Board (predecessor to the new Management Team and whose remit and members were included in our 2021 Transparency

Report) had ultimate responsibility for audit quality and the firm's system of quality control. Day-to-day responsibility has been delegated to the Audit Compliance Partner who reports to the Management Board. The Audit Compliance Partner and the AQT oversee the development of our audit quality policies and procedures.

Audit methodologies and procedures

The firm has established policies and procedures to comply with the International Standard on Quality Control (UK) 1 issued by the FRC.

We have our own audit software, eAudit, and accompanying methodologies which provide a structure for the planning and completion of our audit work to ensure compliance with the International Standards on Auditing (ISAs) and other applicable regulations. The functionality of eAudit provides inbuilt controls to ensure compliance with ISAs. Within this framework and common methodologies, our audit approach is tailored to each client with each individual eAudit file specifically designed, planned, and tailored to reflect the nature and characteristics of our audit clients, with the aim of maximising the efficiency and effectiveness of our audit work. Partners and managers are involved at all stages of the audit and their expertise and knowledge, particularly of their specialist sectors and industries, is incorporated into our audits and included throughout the audit file.

Our audit software operates in the cloud which allows audit partners and managers to be able to review audit documentation remotely, and collaborate and supervise audit teams in real time while addressing problem areas or judgemental issues on a timely basis. This collaboration empowers audit teams to complete their work with the necessary knowledge and support from all members of the audit team and technical specialists where necessary.

Our methodologies and detailed guidance are established and updated by our AQT who, also along with external expertise, provide training to the department. As detailed in the 'professional skills and training' section, we have redesigned our training plans to ensure the provision of sufficient and appropriate training to support our investment in processes, technology, and resourcing.

From quality control to quality management

The introduction of the new quality management standard (ISQM (UK) 1), with the emphasis on proactivity, will underpin our continued quality improvement.

Our ISQM (UK) 1 implementation is a critical project that addresses risk and quality across the whole firm, including both non-technology driven and technology-driven elements. In anticipation of ISQM (UK) 1, we have been on a recruitment drive to increase the capacity of our technical, ethical, risk and training resources. This includes hiring key non-client facing staff members, including the Head of Audit Quality Transformation whose role includes:

- **Audit culture:** embedding audit quality with a right-first-time culture, developing a framework of professional scepticism and challenge of management
- **Methodology and training:** managing transition to a new audit system, revising audit methodology, and delivering relevant and timely training; supported by a technical and training manager, who will be instrumental in providing this across the firm
- **Quality management and risk:** the implementation of ISQM (UK) 1 and building upon the monitoring, remediation, and root cause analysis work already embedded within the firm
- **Technical and ethics:** enhancing up our technical capabilities and resources to build greater resilience in our cold file review, engagement quality reviews, and ancillary policies and procedures

We have implemented new risk management software in April 2022 which will help risk owners document the firm’s risks, controls, and actions.

Audit quality improvement plan

Our audit quality improvement plan is based on the structure set out in the FRC’s letter to the Heads of Audit, and those areas which audit firms should focus to achieve high quality audits consistently. The following diagram illustrates the elements of audit quality that our plan seeks to identify, monitor, and improve, which are explained more fully on the following pages.



Risk assessment on client acceptance and continuance

In 2021, our procedures for all audit engagements were refined and we started to review all of our existing audit engagements to consider inherent risks of each engagement, both to better allocate appropriate and sufficient resources, and to ensure that these risks do not compromise audit quality. Where such risks were identified, we considered what mitigating actions should be taken, and in certain cases we have and will disengage from audit engagements.

Engagement partners are required to obtain and assess information about the nature and circumstances of the engagement and the integrity and ethical values of the client before accepting or continuing.

The firm acts for several PIEs and other listed companies, and the audits of these companies are subject to additional requirements under the auditing and ethical standards. Listed companies are subject to central monitoring by the Risk and Compliance Officer. Specific templates and guidance have been developed, and specific training provided to those acting for listed companies.

Resourcing

There are opportunities to improve quality and drive efficiencies in the way we deliver our audits. These can be broadly broken down into non-technology driven and technology driven. Non-technology driven efficiencies may include outsourcing specific tasks (eg basic audit procedures, accounts preparation), better use of standardised templates, and sector specialisation for audit staff at an earlier stage.

We have implemented a four-team structure from January 2022, centred around the sector specialisms, which will help in driving non-technology efficiencies. Utilising these team structures will allow for a pyramid structure to be implemented on our larger, more complex audits so that we ensure that work is being completed at the right level. These teams should drive more collaborative team behaviours, provide a nurturing environment for our juniors through to our senior managers to learn from one another and instil a better culture of working together and wanting to help the overall team success.

Structuring our audit teams by sector specialisms has undoubtedly improved audit quality and the quality of service provided to clients. This starts with specific sector training for managers and supervisors early in their roles. Having staff specialise in sectors that they have chosen to work in is a real positive for them and the clients they serve. Our enhanced training plan forms part of our drive to improve our audit quality as part of the establishment of a ‘high performance’ culture and a ‘right the first time’ approach designed to empower and upskill our staff to take greater responsibility for the areas of audits that they are assigned.

Audit technology

Technology will play a significant role in driving efficiency within an audit. The increased use of technology covers improved onboarding, booking the right teams to the right jobs (recognising the risk profile of each audit), as well as having a direct impact on the audit itself through a more sophisticated audit system and greater use of artificial intelligence and machine learning technology. We’re planning to transition to new innovative audit software in late 2022 that will replace eAudit. It is envisaged that this software will drive greater efficiency through standardisation and automation, enhance audit quality by increased use of data analytics throughout the audit process, and enhance client value by offering new insights and differentiating outputs. It will also help us continue to work flexibly and remotely and importantly will make documenting and reviewing the audit more enjoyable and rewarding for our audit teams.

Timing of audit work

We have used Inflo Collaborate significantly in the past two years which has enabled us to improve the collaboration with our clients during this period of remote auditing and helped facilitate the earlier sharing of information to improve the timeliness and quality of our planning. The new audit system will incorporate project management tools and enhanced compliance functionality.

We deployed a new and significant enhanced resource management system in April 2022 which will give us improved management information and enable us to monitor performance of individual audits and identify issues that require intervention.

Audit evidence and the challenge of management

We continue to update and improve our audit systems, methodologies, and procedures to ensure that audits comply with auditing standards. The new audit system and increased use of data analytics will improve the quality of our audit evidence and the documentation of challenge.

We have made good progress in adapting the firm’s culture to one that encourages the challenge of management and expects and supports the exercise of professional scepticism. We have issued guidance and provided training on what this means in practice and examples of what good challenge and professional scepticism looks like.

Reporting

The quality and clarity of our audit reports, and communications with those charged with governance, represent the product of our work.

We have enhanced our Audit Planning Reports with specific templates for PIEs.

We have also updated our Audit Findings Reports (AFRs) to reflect the changing regulations and to encourage more communication on matters of interest to audit committees, with specific templates for PIEs.

Continuous improvement

The firm’s audit quality monitoring procedures are designed to promote improvements in audit quality. Audit quality monitoring reviews are carried out on 120 completed audits annually, representing approximately 10% of the total audits performed each year.

The firm’s audit quality monitoring procedures comprise two types of review:

1. Audit Compliance Review (ACR)
2. Cold File Review (CFR)

ACRs are performed by the firm’s Risk and Compliance Officer. The ACR process gives a high-level view of audit quality and monitors compliance with the firm’s key policies and procedures, such as those on audit documentation and archiving.

Ten completed files are selected at random each month and a checklist of key requirements is used to monitor whether core audit documentation has been obtained, specific procedures have been carried out, and key policies have been complied with. An ACR does not conclude on the overall quality of a specific audit.

CFRs are performed quarterly to assess the quality of audit work on completed files. Ten audit files are selected for review each quarter; two files are reviewed by an external consultant and the remaining eight files are reviewed by members of the firm’s AQT. Each review includes consideration of the quality of the Strategic Report and/or the Directors’ Report (or their equivalents), and the financial statements, the quality of the planning and completion work, and the quality of audit documentation and conclusions in respect of key audit areas. Each file selected for a CFR will also be subject to an ACR, which may highlight additional areas of focus for the CFR reviewer to address.

The firm’s CFR cycle is 12 months to ensure that every RI will have a grade from at least one recently reviewed audit file to inform their annual appraisal. The majority of the 40 files selected annually for CFR are cyclical selections, with the remainder being selected to address audit quality risks, including low grades from previous CFRs or regulatory inspections.

At the conclusion of each CFR, the findings are explained and discussed with the engagement team and their responses to the points raised by the reviewer are included in the final report. Each completed review is then graded on the following scale:

| |
|---------------------------|
| 1 – Good |
| 2 – Generally acceptable |
| 3 – Improvements required |
| 4 – Unsatisfactory |

Our target is that at least 75% of cold file reviews score in the top two grades. A quarterly summary of the CFR grades and significant findings is circulated to all audit staff and partners and the overall results of the firm’s CFRs are presented to audit staff and partners on an annual basis. Trends in significant findings are monitored by the AQT and inform training priorities at all levels of the firm. Key matters arising from each quarterly round of CFRs are the subject of quarterly training for audit partners, managers, and qualified staff.

The firm's CFR grades for the 12 months to 31 March 2022 are summarised below:

| Grade | Q/E 30 June 2021 | Q/E 30 September 2021 | Q/E 31 December 2021 | Q/E 31 March 2022 | Total |
|--------------|------------------|-----------------------|----------------------|-------------------|-----------|
| 1 | 2 | 1 | 2 | - | 5 |
| 2 | 4 | 5 | 6 | 6 | 21 |
| 3 | 3 | 4 | 2 | 4 | 13 |
| 4 | 1 | - | - | 2 | 3 |
| Total | 10 | 10 | 10 | 12 | 42 |

We have seen an overall improving trend in CFR grades over the 12 months to 31 March 2022, with the proportion of files graded either 1 or 2 increasing from 40% in March 2021 to 60% in the first and second quarters of this year. The third quarter saw the firm meet its 75% target with 80% of files scoring in the top two grades. The grades for the fourth quarter did not continue the trend, which is disappointing. The reasons for the decline in the final quarter are being investigated through root cause analysis so that we can determine whether there are wider lessons to be learned.

Regulatory inspections

The firm is subject to regulatory inspections by the FRC's Audit Quality Review (AQR) team, for our PIE audits, and by the ICAEW's Quality Assurance Department (QAD) for our other audits. The firm's most recent AQR review was completed in 2021 which included a 'whole firm procedures' review. This review focused on our progress in implementing the action plan agreed following the AQR's previous review in 2019. The AQR acknowledged that we have made progress in implementing improvements through our audit quality improvement plan and we have agreed a plan to continue with certain enhancements in the coming year.

The actions agreed following the 2021 AQR review included:

- Improving our independence and ethics consultation process
- Mandatory partner rotation policies
- Improving and formalising the moderation process of our internal quality monitoring
- Recording and reporting quality indicators for each audit partner
- Individual audit quality objectives to be set for all audit staff and partners
- Enhanced guidance and training on the firm's sampling methodology
- Enhanced guidance and training on group audits
- The development of real-life case studies on 'what good looks like'; we have also been working with the ICAEW on their 'what good looks like' project, the first part of which focused on going concern

The AQR inspection included two file reviews with one audit, as disclosed in last year's transparency report, assessed as '2 - limited improvements required' and a second audit assessed as '4 - significant improvements required'. The second audit was subject to constructive engagement with the FRC which was formally closed in June 2022.

The most recent completed review by the QAD took place in 2021. This review looked at seven audit files, of which one was a follow-up selection from a previous review. The results are set out below:

| Grade | 2021 | 2020 |
|---------------------------------------|----------|----------|
| 1 - Good | 1 | 1 |
| 2 - Generally acceptable | 3 | 5 |
| 3 - Improvements required | 2 | 2 |
| 4 - Significant Improvements required | 1 | 1 |
| Total | 7 | 9 |

Our objective is that at least 75% of all audits are graded as good or acceptable. Our results fell from 67% in 2020 to 57% in 2021 and therefore we are currently falling short of that target. The overall conclusion from the QAD was that the firm had made progress in addressing some of the key concerns from their previous visit with most findings in less complex and less subjective audit areas. Our improvement plan addresses the issues identified from these reviews and we expect to see improved results in future inspections.

Internal quality control

The firm's system of internal quality control includes additional reviews and mandatory consultations that are applied where applicable to individual engagements to ensure audit quality. All of these are 'hot' review procedures undertaken on audits in progress, prior to the issuing of the audit opinion, to ensure that sufficient appropriate audit evidence has been obtained to support our audit opinion.

1. Engagement quality review (EQR)

EQRs are either Engagement Quality Control Reviews (EQCRs) or Independent Partner Reviews (IPRs).

EQCRs are defined in ISA (UK) 220 and are restricted to our PIEs, other listed clients, other entities of public interest (OEPIs), plus certain other clients where it is agreed that a full EQCR will be performed.

IPRs are other 'hot' reviews for audit quality assurance purposes and/or as safeguards to address threats to the engagement team's objectivity and independence.

An IPR will be required for an audit engagement under any of the following circumstances:

- Engagement partner association exceeds 10 years
- High risk audits
- Other threats to objectivity and independence, such as fee debts or non-audit services
- Based on a risk assessment by the Technical Partner or Head of Audit

2. Technical consultations

Technical reviews are required when:

- A qualified audit report is to be issued
- A prior period adjustment is proposed by the client or the audit team

Other technical consultations may be raised in other circumstances such as:

- Going concern disclosures (including audit reports)
- Other bespoke elements of an audit report
- Group audit planning with overseas component auditors
- A second opinion on a matter of judgment or contentious disclosure
- Audit methodology queries

Statement of the effectiveness of the internal quality control system

The Leadership Board are satisfied that the firm's internal quality control system is effective in all material respects.



RISK MANAGEMENT

How we deal with risks has been an integral part of our DNA as it forms the cornerstone of managing risks under the umbrella of audit. The impending quality standard, ISQM (UK) 1 effective 15 December 2022, has led to increased focus on our risk management processes and framework.

At a high level, all risks have been categorised into two broad categories: leadership and management. To help embed these changes, our governance and leadership structure has been designed to support our focus on risk, help comply with changes brought in by the quality standard, and create an agile base to incorporate future changes.

The firm has been adding resources, technology, and people to help address these changes. Using a risk management tool, focusing on the risks appropriate to our business and placing the proper controls in place to mitigate risks to a manageable level have been key.

Risks have been distributed to risk owners who are individuals with the appropriate know-how and understanding of their responsibility and the risk(s) they manage. People are crucial to managing risk as the environment we operate within constantly evolves. These key individuals form our first line of defence: recognising a risk, planning any necessary controls/actions, and moving upcoming challenges to 'business as usual'.



Under the broad categories of leadership and management, the firm considers the following risks to be the principal risks:

| Risk | Principal risk | Description | Control/action |
|----------------------|---|--|--|
| People | Attracting, retaining, and recruiting key staff | <ul style="list-style-type: none"> Failing to attract, retain, and recruit motivated, productive staff that are keen to develop Failure to develop staff to a high level of competence | <ul style="list-style-type: none"> We have recruited critical individuals in our People team, specialising in attracting, retaining, and developing staff Understanding staff needs and developing a dynamic working environment |
| Quality | Quality of our service and filing errors | <ul style="list-style-type: none"> Failure to increase audit quality to an acceptable level Miss statutory obligations and errors in reports and returns filed | <ul style="list-style-type: none"> Develop a robust monitoring and remediation system that is continually improved Establish a Route Cause Analysis (RCA) system that helps find the causes of issues whilst helping to promote best practices A comprehensive training plan to help our partners and staff develop the skills they require |
| Technology | Keeping up with technological changes drives efficiencies and quality in a secure environment | Failure to embrace the latest trends in servicing clients, using the right tools whilst maintaining data security and integrity | <ul style="list-style-type: none"> Engaging with vendors, scanning the horizon for potential technology partners to remove any competitive disadvantages Investigate and embrace data analytics, machine learning, and AI in the audit arena |
| Operational | Professional Indemnity Insurance (PII) cover | Not having sufficient PII cover in the current climate. | <ul style="list-style-type: none"> Increasing the monitoring procedures to help prevent potential PII claims Perform RCA, when claims occur, to learn from our mistakes and put in place additional procedures to remove the chances of it happening again |
| Laws and regulations | Complying with regulatory requirements | Understanding and complying with the additional requirement to operate as a PIE audit firm | <ul style="list-style-type: none"> Policies and procedures to reflect the greater complexity and scrutiny of operating within the PIE audit market Increasing the resources to support these services and developing our approach |
| Onboarding and AML | Onboarding and complying with AML procedures | Establishing appropriate acceptance and continuance procedures and applying robust AML processes | <ul style="list-style-type: none"> Enhancing our onboarding team to focus on the onboarding process Enhancing firmwide acceptance and continuance policies and procedures |

PROFESSIONAL SKILLS AND TRAINING

We are committed to developing and maintaining the highest possible standard of technical competence through our internal and external training courses and providing an environment where staff have opportunities to improve and widen their skills.

Improving and maintaining audit quality requires a mix of reactive and proactive training initiatives. In addition to investment in processes, technology, and resourcing, we operate a 'high performance culture' that challenges audit staff, but also offers the required support. To this end, training focuses on not only the technical skills auditors need but also professional scepticism, the challenge mindset, and the communication skills essential to the role.

Over the last year, we have increased our offering of self-service training, which is recorded and collated as part of an online library, so audit staff can easily refer to training on a subject of their choice. Senior staff and partners have access to multiple sources of online resources designed to assist with the development of their professional skills and application of auditing and financial reporting standards.

Training is provided in-house by subject matter experts and places equal emphasis on corporate and not for profit content, as all trainees in the audit department are required to work on both.

Where beneficial, our training programme incorporates external training from providers with practical experience and expertise in areas. This ranges from the routine, quarterly financial reporting and audit and assurance updates, through to developments in IFRS and specific, complex areas such as valuation and modelling.

Individual specific training requirements are assessed and monitored during job feedback and appraisal meetings. We also collect feedback from the audit department on areas where they believe they would benefit from further training. This is then used to drive upcoming training sessions to ensure that development needs are being met.

In brief, our training programme includes:

- A tailored programme of training for those joining the firm as experienced hires
- Training days for audit staff, tailored to their grade and stage of development
- Breakfast briefings designed for trainees covering team-specific and sector 'hot topics'
- Sector training for all relevant staff prior to busy seasons
- Audit quality training at least quarterly for qualified staff from supervisor to partner
- Specific training for the PIE audit team
- Annual audit conference for all in the audit department
- Quarterly CPD sessions for all qualified staff presented by a market-leading external trainer
- AML and Ethics training for all partners and staff
- Training on methodology updates adopted by the firm for all RIs and audit staff
- Training on the use of new software

Our onboarding process has now been enhanced by a dedicated suite of training to introduce and welcome new joiners to the department. Audit methodology, data ingestion, data analytics and AI software are among the topics covered. Recorded content is supplemented with in-person training and weekly Q&A sessions primarily intended for those in their first six months with the firm, but which are available to all.

Our junior staff benefit from year-round mentoring by managers and 'on-the-job' training from seniors, managers, and supervisors. The audit teams ensure that staff develop the practical skills required whilst auditing. This is complemented by case study and mini audit-led training days. Shorter breakfast sessions take place within our audit teams with managers overseeing the provision by the seniors of training to more junior staff.

Staff that are about to take on the responsibility of leading audit fieldwork and larger audit teams are offered additional training and support to cover the new challenges they are likely to face. This usually occurs midway through their time as a trainee. Our newly qualified staff that are promoted to a supervisor role and starting their management team journey are offered a summer programme of training that introduces them to the wider firm and senior management.

Sector-specific training is provided annually to all audit staff to cover current developments, common risk areas, and best practice guidance in advance of each audit season.

All qualified staff attend audit quality training sessions, which focus on specific aspects of the firm's audit quality improvement plan, developments in financial reporting, and changes to the firm's audit methodology. Further training is provided based on any issues identified by the AQT – arising from cold file reviews, external reviews, and changes in auditing and accounting standards. These take place at a minimum quarterly.

The AQT regularly provide proactive support in the form of guidance, best practice examples, and factsheets on topical issues, which are communicated to the department via the biweekly 'Transformation Tuesday' publication and which are then followed up by training sessions to ensure that the department understands the take-aways. Recent examples include group audits involving component auditors, ISA (UK) 315 revised, and OEPIs.

Shorter, topic-specific training is also provided on a regular basis for the PIE audit team.

The firm's annual audit conference brings together all audit partners and staff to discuss developments in audit practice, ethical matters, financial reporting, and software implementation and to share and develop the firm's methodology through lectures and practical exercises. This is a key opportunity during the year for all levels of staff to collaborate directly together and to enjoy informal networking with their colleagues.



OUR APPROACH TO LEARNING AND DEVELOPMENT

One of our four strategic pillars is our people. Specifically, we are building:

- A development programme across each level and department within the firm that focuses not only on technical requirements but also on growing confident and inspiring individuals with new perspectives who challenge and improve the status quo, not only within the firm but also in their personal environment.
- Enabling continuous learning so that we develop leaders of the future who know how to adapt in such an evolving environment, at both a global and industry scale, which will protect the future success of the firm.

What have we done so far?

We are embedding a culture of continuous, blended learning and crafting offerings both in the technical and non-technical learning space. Soft skills are a core focus of our offering, enabling our people to balance both technical expertise with great trusted advisor and relationship building skills.

As we build our blended learning offering, we have created a set of skills pages and development tools for our people to drive their careers on our intranet pages with quick videos, development plans, and 'how to' guides enabling our people managers to have richer one to one meetings around development. This year, we have delivered bite-sized learning sessions on core skills such as feedback, delegation, and people management with completion certificates for proof of CPD.

Development needs are being collected from across the business, ensuring we tailor the support given to teams. A selection process of external training providers is underway to ensure that our partners and staff have the development support, as well as working with qualified and experienced coaches where needed.

To improve the quality of our people manager skills we are prioritising this area with a people management programme focussing on three modules:

1. Coaching basics
2. Managing teams
3. Delivering difficult messages.

This rollout falls in tandem with our appraisal project, which is the removal of the traditional annual appraisal process and the implementation of new regular monthly meetings between manager and team member. These conversations will be structured to cover goal setting, review of work, and feedback. In this manner we are setting our people up for success while giving them the tools to have richer more qualitative conversations about performance and development.

What's next?

Ensuring our people have the right tools at their fingertips to drive their development is paramount, and we therefore plan to build out a competency framework of core skills firmwide, enabling each level of staff to be clear on what is expected of them as they progress upward. This also ensures transparency and fairness in how we measure our people's performance and are promoting and identifying potential.

Another important tool will be embedding a digital learning platform, or learning experience platform, offering a suite of learning for soft skills that mirror our competency framework. This will enable a true blended learning experience of in-person, virtual, and online learning opportunities with the added bonus of metrics and reporting to help us monitor what works well and what does not and to identify trends.

PEOPLE

People throughout the firm are one of our key priorities. Recruiting, developing, and retaining talent is a key step to maintaining the success of our firm and enabling it to grow in line with this strategy.

We provide services to our clients rather than products. We have a quality brand in our chosen sectors, we have a 'can do' culture and we possess some intellectual property (IP). That brand, culture, and IP resides in our people and how they interact with each other and with our clients.

Trusting our people to deliver quality to clients while enabling and enjoying balance in their lives will support retention, and thereby attraction for the firm. To this end, we have developed a hybrid approach to working which ensures work is done in an environment where the individual, and where appropriate their manager, can be most productive. We have also refitted our office to facilitate and support modern ways of working, making it attractive to all and a fun place to be. Making a success of hybrid working, whilst retaining the positive aspects of our culture, are vital to our future success. Looking after our people, making their working lives better, and giving them balance, must be a priority for a professional services firm.

We have implemented certain initiatives throughout the firm but we now need a coordinated plan which focuses on the key areas which will make their working lives better. Amongst other things we are committed to:

- Ensuring our Learning & Development offering is accessible to and supports all our people, and thereby our clients
- Ensure are clients are well informed as to how we work as a firm to support our people and our clients
- Focus on outsourcing to reputable providers if and where it is the best option
- Ensure all are educated in relation to the required regulatory burden, ensuring it is risk-based and does not overwhelm them
- Recruit well and ensure our employee value proposition is the best it can be

In order to address the issue of talent attraction, retention, and development there are four key areas of focus that are absolute priorities for the HR function when supporting the overall people strategy:

1. We have restructured the HR team into a People Function with a business partnering approach. We now have a proactive, supportive, and enabling function working with and in the business to enhance overall performance, ensure effective communication, manage project delivery, and create effective and fit for purpose training and development for all levels. We have also recruited a Learning & Development Specialist into the team with a particular focus on career paths and supporting transitions.
2. We operate in a highly competitive market for talent and key to meeting the strategic aims of the firm is the recruitment of talent at all levels. We have enhanced our employee value proposition to differentiate the firm from competitors and attract and importantly retain the best employees and focus on a consistent recruitment process across the firm which values candidates, has a personal approach, and is best practice in inclusion and diversity. We also focus on wellbeing and operate a culture where people can speak up and ask for support and also offer a range of benefits to support their holistic wellbeing: mental, physical, and financial.
3. We will ensure that there is quality personal and professional development for all staff with clear progression routes through the firm to give all staff the opportunity to reach their full potential. The Learning & Development Specialist will lead on developing soft skills training, looking to the future needs of the business, and managing our key talent and articulating clear career routes for all, including non-client facing staff.
4. We will continue to listen to our employees – we are developing a 'People Council' to consult and learn from staff. We will continue to improve our induction processes to learn from our new staff, make changes based on their feedback, and help support them in their first year at the firm and improve staff retention and integration for external recruits, leading on the wellbeing of staff. Most importantly, we need to consider what our future workforce might look like including the changing skills needed in the profession.

ETHICS AND INDEPENDENCE

Ethics is central to our culture. We are committed to acting with high standards of integrity and in accordance with the ICAEW’s Code of Ethics and the FRC’s Ethical Standard.

The firm maintains an Ethics Manual and a suite of internal policies and procedures, which are available on our staff intranet, to ensure that it remains independent from its clients and that potential threats to our objectivity are dealt with appropriately and on a timely basis.

Tracey Young, the firm’s Ethics Partner, ensures that partners and staff achieve the objectives of relevant ethical codes and the firm’s own procedures. Tracey is supported in this by a Technical Director and the Risk and Compliance Officer. As Ethics Partner, Tracey is responsible for reporting directly to the firm’s Leadership Board.

The FRC’s Ethical Standard and our internal policies and procedures require consultation with the ethics team in particular circumstances. This is managed through a dedicated consultation portal on our intranet. The consultation portal is also used for any ethics and independence queries from staff and partners. All consultations raised, and ethical conclusions, are logged.

Our ethics team monitor compliance with certain policies and procedures, with the findings reported to the Management Team.

We include ethics within our training programme for partners and staff to ensure they are up to date on ethical requirements and our policies and procedures. We use the information gained from the consultation log and monitoring processes to inform our training programme.

A register is maintained of all listed clients and maintained on our intranet. Partners and staff are prohibited from holding shares in any audit client.

An independence review is carried out annually on every audit both at planning and completion stages to ensure independence at all times. Matters considered include independence of the firm, partner, manager, and all staff involved on the audit.

All new partners and staff complete a statement of independence and confidentiality, which incorporates a fit and proper declaration on joining the firm. All our partners and staff are also required to complete an annual declaration and notify the Audit Compliance Partner of any actual or potential threats. These include details of any conflicts of interest between themselves and clients or between clients of which they are aware, or confirmation that they are not aware of any such conflicts. The declarations also require staff to inform a partner as soon as they become aware of any conflicts of interest and remind them of the provisions against insider dealing and confidentiality in respect of client information.

In addition, at the planning and completion stages of every audit, the engagement team is required to determine whether there are any conflicts of interest which would have an impact on the team’s, or the firm’s, ability to accept the (re)appointment as auditors and to assess whether this impact can be mitigated by the implementation of suitable safeguards. This review includes a robust assessment of the impact of non-audit services and length of service.

Our policies in respect of long association are in accordance with the FRC’s Ethical Standard (revised December 2019) notably that:

- The RI on a listed or PIE audit client rotates after five years except in exceptional circumstances, where rotation can be extended to occur after seven years. Where an extension of the rotation period occurs, additional safeguards are put in place.
- For non-listed audited entities, there is mandatory RI rotation at 15 years. Where rotation is extended beyond ten years, additional safeguards are put in place.
- The engagement team should endeavour to ensure a gradual rotation mechanism with regard to the most senior personnel involved in the engagement.
- Once RIs have completed their maximum term they are not permitted to participate in the engagement until a further period of five years has elapsed.

The rotation of RIs on PIEs and listed companies is monitored by the Audit Compliance Partner.

Our independence compliance and procedures are reviewed each year, which includes consideration of the outcomes of our compliance reviews and cold file reviews. These inform our annual review of policies and monitoring processes.

VALUES

Behaviours and principles which contribute to quality are inherent in our values.

A self-selected staff group, representative of all grades and disciplines, accepted the challenge of identifying our common values and formalising an approach to our work that will continue to influence our growth and goals in the years to come.

Findings were applied to ‘image clouds’ as a visual representation and reminder of our values and their associated behaviours, which can be seen below.

Our key focus areas for our values are:

Integrity

- We operate in a trustworthy and straightforward manner
- We are honest, objective, and sincere
- We comply with and uphold professional requirements and obligations
- We do ‘the right thing’ at all times

Collaboration

- We respect everyone and value their contributions
- We act in an inclusive manner, sharing ideas, opportunities, successes, and experience
- We trust one another
- We are communicative, consultative, and accessible

Empowerment

- We are confident in our expertise, delivery, and knowledge
- We understand that trust and responsibility go hand-in-hand
- We have the flexibility and freedom to perform and recognise that ‘one-size’ does not fit all
- We have the independence to achieve our full potential

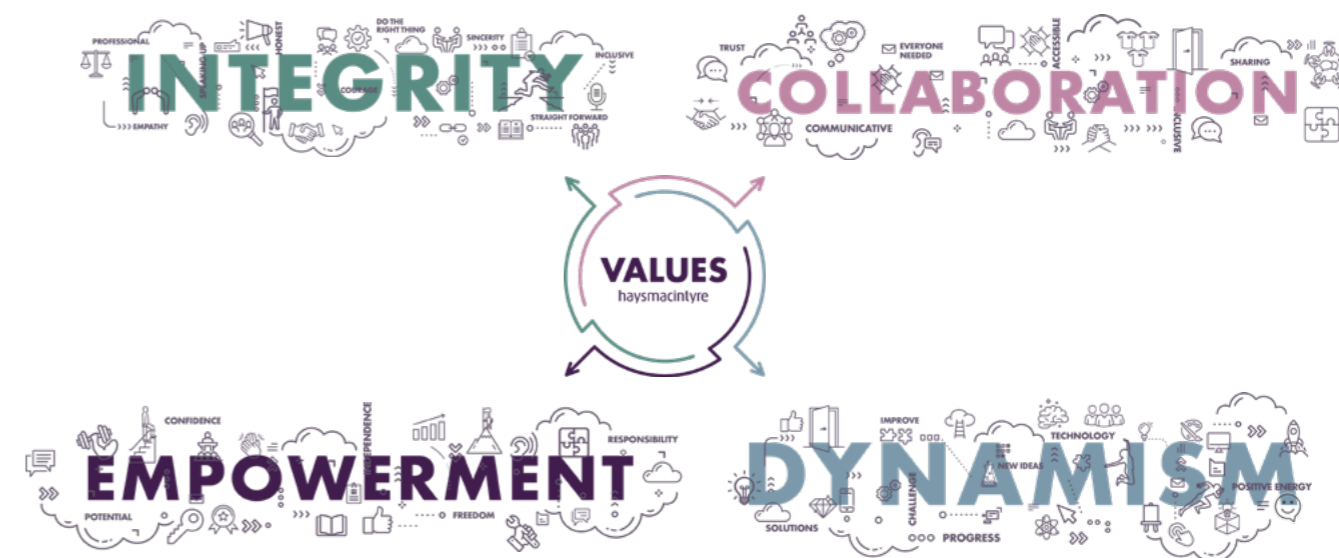
Dynamism

- We challenge the status quo and champion progress
- We search out and embrace new ideas and technology
- We are open to change and new solutions
- We learn from our experiences to improve

Our values are embedded within the following processes:

- Recruitment
- Induction
- Appraisals
- Quarterly Haysmac Awards, which recognises colleagues who best live our values, deliver exceptional work, and contribute to our success

We continue to revisit our values to ensure they remain a true reflection of the firm’s culture and our ambitions.



ENVIRONMENTAL SUSTAINABILITY

As a firm, we understand our responsibility to reduce our impact on the environment and we are committed to do so. To demonstrate this commitment, we have set a target to achieve net carbon neutral status by March 2024 and are working with our energy partner, Amber Energy, and our building landlord, Knight Frank, to achieve this.

This January we set up an Environmental Committee of members of staff from a range of departments and levels to drive further positive change in sustainability at the firm.

Reduction of waste

- Our building operates an 100% zero-to-landfill policy – all non-recyclable waste is compacted on site and then taken to a nearby plant that generates renewable energy. Any recyclables are removed at the plant and then the remaining waste is processed to make 'RDF Flock' (refuse derived fuel) which is then used as a fossil fuel replacement for energy production.
- Alongside our standard recycling and food waste composting, we have introduced recycling points in our office for staff to recycle more unusual items such as crisp packets, bottle tops, batteries, and tablet blister packs.
- We send all of the used coffee grounds from our office coffee machines to be converted into coffee logs and pellets that are used as fossil fuel replacements.
- We use a plumbed drinking water service and refillable glass bottles for our meeting rooms and events, meaning that we do not buy any bottled water. We also provide all staff with reusable, metal water bottles and have cotton tote bags available at the exits to discourage the use of single-use plastic.
- Our Project Paperless has utilised software to cut our paper usage by over 85% since 2019. Through online editing, fully cloud-based accounting, electronic signing, and digital publications, we continue to save upwards of 250 trees annually.
- We have a paperless audit package and have utilised the collaboration tool within our cloud-based software to transmit data and information for audit purposes, which has significantly reduced the use of paper during our audits. All audit files are saved electronically and supporting documentation attached to the audit file in PDF format.
- We have partnered with [Print Releaf](#) to offset any remaining necessary printing that we do – Print Releaf receive live data from our office printers and offset our paper usage by planting the equivalent number of trees in a certified [reforestation project in Madagascar](#) which contributes to five of the United Nation's Sustainable Development Goals.
- We only use recycled paper (made from the pulp of our confidential shredding for a circular loop of zero waste).
- We use large, foot pedal-operated hand sanitiser stations that are refilled from bulk bottles, reducing single-use plastic consumption.
- Milk and orange juice for the office is now delivered in reusable glass bottles, eradicating what was our main source of single use plastic waste and saving 113.6kg of plastic annually.
- We have switched to refillable, glass soap dispensers and have changed to using environmentally friendly soap, hand cream, and washing up liquid products from Faith in Nature and Ecover, which we purchase these in bulk quantities for minimal plastic packaging. This has saved a further 12.4kg of plastic each year.
- Where possible, we donate all old IT equipment to charitable causes or sell the equipment and donate the proceeds; where IT equipment cannot be reused, we recycle it when able to do so.
- We use the award-winning cleaning company, [Cleanology](#), who are leaders in their field at environmental sustainability. Using their own unique cleaning products, they have reduced their chemical usage by 99.4% and save over 26,000 plastic bottles a year as a result. They also solely use electric or hybrid vehicles and have a zero-to-landfill policy.

Carbon footprint

- We have partnered with [Amber Energy](#) to report on, and help us reduce, our carbon footprint as a business. We commissioned them to do a full site review of our building in September 2021 and are implementing their suggested changes to improve our energy efficiency.
- We are working with Amber Energy, and the other tenants in our building, to explore the options to switch our electricity tariff for our whole building to one which is from guaranteed 100% renewable sources.
- Our office uses motion-detecting, energy efficient lighting and our bathroom facilities use water efficient toilets, taps, and showers.
- Our hybrid working policy provides a framework for the majority of staff to attend the office an average of two days per week, utilising remote access technology and maintaining a reduction in travel across the firm between home and office.
- We offer incentives for staff to travel to work and client sites by bicycle or public transport through our cycle to work scheme, travel season ticket loans, and office facilities for showering and storage of bikes.
- During our recent office refit, we reused current furniture in the new plan as much as possible to reduce waste. Where it was necessary to remove some furniture, we partnered with [Reyooz](#) to find new homes to prevent it from going to landfill. Reyooz donate or sell at low prices to charities, schools, and businesses and measure the impact. They confirmed that through our donations we made an embodied carbon saving of 71,959kg, the equivalent of burning 25.19 tonnes of coal. As part of the refit, we used mostly renewable materials and installed acoustic panels in our meeting rooms made from 65% recycled plastic bottles.
- We are excited to announce that we have joined forces with national environmental charity [The Tree Council](#) as a Jubilee Partner for The Queen's Green Canopy. Collectively as part of a team of 70 green-hearted corporate partners, we will support the planting of an incredible 35,000 trees and 7 kilometres of hedgerow across the UK.

We are proud of the importance we place on environmental sustainability at haysmacintyre but recognise there is still much more that we, and all businesses, can and must do to tackle the climate crisis. We will continue to hold ourselves to account and strive to improve even further in the coming year.

DIVERSITY AND INCLUSION

We value the positive impact that a diverse workforce brings to the firm, as well as to our clients, and we recognise that our people are our strength. We believe that race, gender, sexual orientation, religion, socio-economic background, health and disability should not affect how people are treated, and we understand that having teams with a range of backgrounds and experience ultimately contributes to improving audit quality by providing diverse perspectives and skills. We are committed to creating a friendly, inclusive culture where every individual can develop and make a real difference to our firm and our clients.

Over the past year, we have held regular staff-led diversity discussion forums where colleagues have shared experiences, interviewed guest speakers and discussed different areas of diversity and inclusion; including race, religion, gender, disability, neurodiversity, and sexuality. Our Diversity and Inclusion Committee meets regularly to drive diversity and inclusion initiatives forward with an aim to continually review and improve our policies. Most recently, we have introduced firmwide, mandatory unconscious bias training and we are currently rolling out a training programme across the firm covering all areas of diversity.

We are currently preparing baseline data on the diversity of our current job applicants, as well as gathering diversity data on race, religion and socio-economic background from existing staff, which will give us a foundation to measure progress and set goals. In the interests of transparency, we will be using the staff diversity data to publish our first voluntary ethnicity pay gap report, alongside our next gender pay gap report.



CORPORATE SOCIAL RESPONSIBILITY

Our charity partnership programme is a firmwide initiative where staff nominate and elect a UK charity to be the recipient of our fundraising activities throughout the year.

As a positive contributor to the firm's commercial goals and culture, the charity partnership element of the CSR programme encourages leadership, internal communication and collaboration, project management work, and socialising across grades and departments. It also enables colleagues to learn about social enterprises and charities, try new activities, work in teams towards a common goal, and have fun together. This element of our CSR programme raised over £25,000 for our last charity partner, Central London Samaritans. haysmacintyre's new charity partner, as nominated and voted for by staff, is Alzheimer's Society, and we look forward to raising awareness and funds for a powerful force for change for those affected by dementia.

In response to the ongoing conflict in Ukraine, haysmacintyre staff and partners donated sleeping bags, toiletries, first aid supplies, and a shelter, which was transported to the Ukrainian border by lorry. In addition to this, we launched a fundraiser for the British Red Cross' Ukraine crisis appeal, which to date has raised over £10,000. haysmacintyre also supports colleagues who have signed up for the Homes for Ukraine Scheme, offering them additional days of annual leave to help settle and support Ukrainian refugees when they have arrived.

As part of our ongoing support for Ukraine, we have partnered with the UK Ukraine Business Consortium, sponsoring RefuAid clients to learn English, recertify their qualifications, and receive resettlement and employment advice and support.

In addition to our annual charity partnership, the firm also has a history of supporting the annual Jeans for Genes, Poppy Appeal, and Christmas Jumper Day fundraising campaigns, which we will continue to do. Furthermore, the firm also supports individual members of staff in their own personal fundraising activities through financial donations.

We encourage staff to volunteer as trustees and governors. As well as supporting charities with their professional skills, this means that many of our partners and staff have first-hand experience of being on a trustee board, which helps them to better understand their clients' needs.

WELLBEING

Since the beginning of the COVID-19 pandemic, we have increased our efforts to support the mental wellbeing of our people.

From the outset we introduced regular communications to keep the firm connected through fortnightly virtual firm briefings, our weekly internal eNews, and a new initiative called 'Reach out Roulette' to pair colleagues for a virtual cup of tea and a catch up. We have continued with all of these through the past year and it has proved beneficial in connecting those that joined remotely with their colleagues.

Early on, we set up our 'Wellbeing Hub' to detail the support we offer in terms of mental health through our Employee Assistance Programme, 24-7 stress helpline, virtual GP appointments, yoga and mindfulness videos, and corporate subscriptions to various apps to promote wellbeing, such as Thrive and Headspace. We have reviewed this key area of our intranet ensuring all know that we have these resources available, including directing them to our Mental Health Buddies and First Aiders. These are colleagues who have volunteered to be a friendly, listening ear to any who need it, and are training to know how to support fully.

Our Diversity & Inclusion Committee recently organised a very well received Samaritans talk which has received excellent feedback from a wellbeing perspective, and we plan to keep our education campaign highlighting where support is available as a key initiative for 2022/23.

STAFF SURVEY RESULTS

A snapshot of the results to some of the questions in our latest staff survey in March 2022:



GENDER PAY GAP

We value the difference a diverse workforce brings to the firm and to our clients.

haysmacintyre is committed to treating individuals fairly and rewarding them based on their merits. We are an equal pay employer and do not pay men and women differently for the same or equivalent roles. Within this context we present our fourth gender pay gap report for the year ended 5 April 2021. This report has been prepared in accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

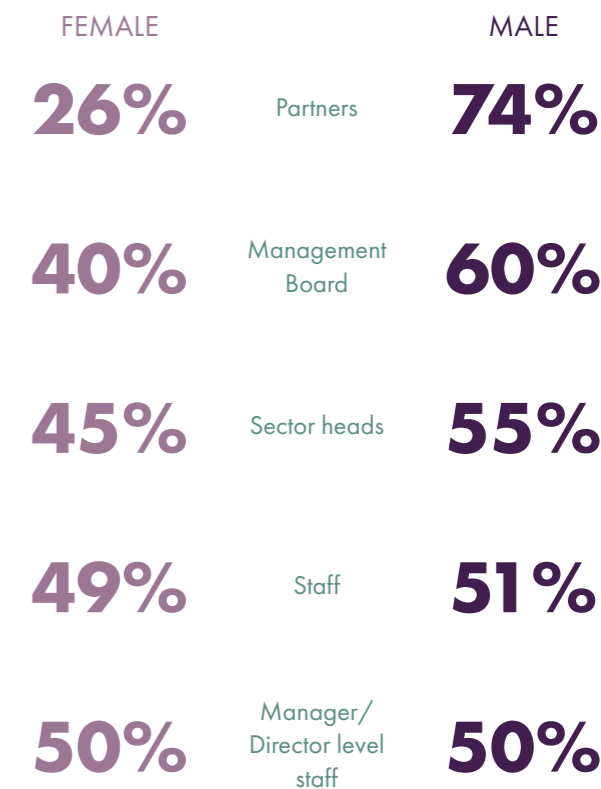
This year we have continued to prioritise work to make the firm an inclusive and welcoming place to all staff and partners. They reported in our latest annual survey that 84% felt strongly that they were able to be themselves at work and 88% agree that haysmacintyre is an inclusive place to work. We are proud that people feel comfortable in our workplace and feel able to be honest and open with their managers. We are not, however, complacent that this will naturally continue and therefore we invest in initiatives to support our on-going development as a firm.

- This year our Diversity and Inclusion Committee have continued to work across the firm, listening to staff views and making changes aimed at being an inclusive firm with staff who feel they can be themselves at work
- We introduced a new hybrid working policy, allowing people flexibility for improved work life balance and ability to manage life commitments as well as work
- We celebrated our staff and partners through International Women's Day, Black History Month, Pride month, and religious festivals throughout the year
- On International Women's Day we published the firm's first menopause policy aimed at supporting all staff affected by the menopause
- Our new office refit enables people to work in a productive environment as well as relax, socialise and prioritise their own wellbeing. The refurbishment of our wellbeing room as a place for prayer, reflection or some time away has meant that staff wellbeing is supported in the office.
- We have introduced more regular pulse surveys to continue to listen to feedback from staff and partners
- A new Head of Learning and Development has joined the firm to help us to shape programmes for staff development and clear career paths for people at the firm.

Last year we said that we expected to be able to voluntarily report on our ethnicity pay gap this year. We have made progress in collecting data on this but at the moment do not hold enough data from staff about their own diversity characteristics to be able to publish this report. We will continue to work towards this goal.

We are aware that we must not be complacent and need to encourage, through appraisals and training, all staff to continue to feel that they have an equal opportunity to thrive and advance at haysmacintyre. The firm is transparent about how we treat all our staff and we are committed to addressing inequality where it is identified.

Our gender split in April 2021

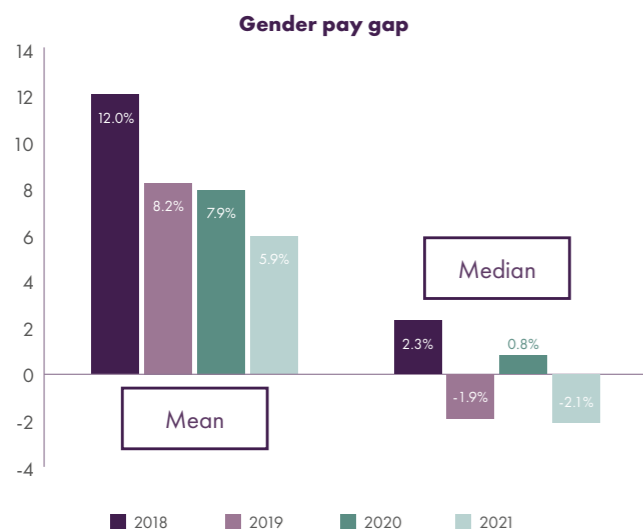


| | Female % | Male % |
|-----------------------|----------|--------|
| Lower quartile | 48 | 52 |
| Lower middle quartile | 46 | 54 |
| Upper middle quartile | 58 | 42 |
| Upper quartile | 40 | 60 |

Gender pay gap

We have made good progress throughout the last four years and during this period our mean gender pay gap has fallen from **12% in 2018 to 5.9% in 2021**, while our median gender pay gap has fallen from **2.3% to -2.1%** in the same period.

**In 2020 our gender pay gap figures were significantly affected by the Coronavirus Job Retention Scheme, which we participated in for a short time in 2020 including at the snapshot date of 5 April 2020. The 'like for like' figures for our gender pay gap, taking out the effect of the CJRS, were a mean gap of 7.9% (reported gap 4.2%) and a median gap of 0.8% (reported gap 0.6%).*



Partner pay gap

In accordance with the Gender Pay Gap regulations our partners are excluded from the reported figures, as they are not employees of the firm. In order to be transparent about our pay structures for all our people, we have voluntarily included our partner gender pay statistics. This calculation uses the partner profit shares for the year to 31 March 2021.

For our 38 partners, our mean gender pay gap is **-6.7%** and our median gender pay gap is **-27.3%**.

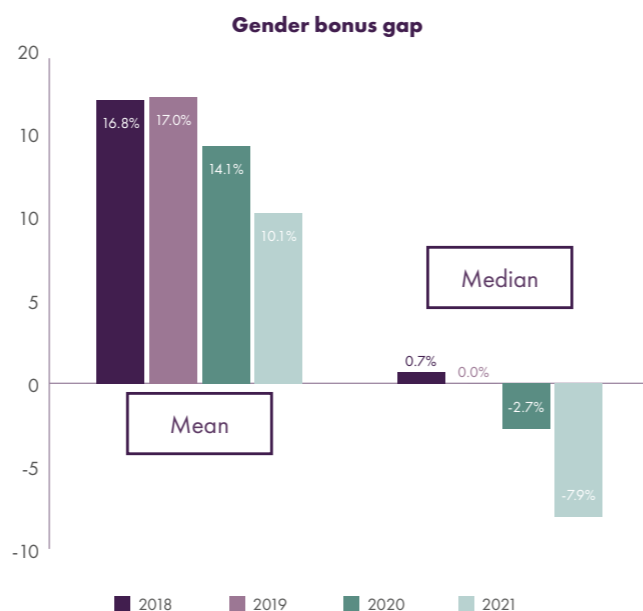
Gender bonus gap

Our bonus system rewards all individuals. The statutory calculation of bonus pay gaps includes information relating to our bonus paid between April 2020 to April 2021, which mainly relates to our annual bonuses which were paid in July 2020 to all staff.

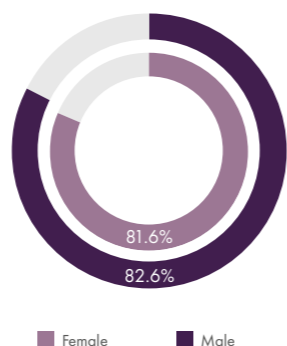
The figures show that not all employees received a bonus. This is because the data reflects employees in employment on 5 April 2021, some of whom are newer recruits who were not in employment in July 2020 when the bonus was paid.

Our mean bonus gap has fallen from 14.1% last year to **10.1%**.

Our median bonus gap has fallen from -2.7% last year to **-7.9%**.



Proportion of staff receiving a bonus



Definitions

Mean gender pay/bonus gap – the difference between the average hourly rate of pay/bonus pay of male employees and that of female employees calculated as a percentage of male pay/bonus pay.

Median gender pay/bonus gap – the difference between the midpoint hourly rate of pay/bonus pay of male employees and that of female employees calculated as a percentage of male pay/bonus pay.

PARTNERS' REMUNERATION

All partners receive a share of the firm's profit, approved by the equity partners, after taking into account proposals made by the Leadership Board.

Audit partners' remuneration is based on various factors which include audit quality and an assessment against the eight pillars of performance listed below.

Each partner is subject to an annual performance review where all aspects of the partner's performance including audit quality are discussed.

The partners are appraised against the following:

1. Financial and business performance
2. Professional standards and competence
3. People management, leadership, and team/skills development
4. Business development
5. Client relationship management
6. Contribution to the firm as an institution
7. Self-development and self-leadership
8. Living the firm's values

Audit Quality forms part of staff, managers, and partners appraisals.

MODERN SLAVERY ACT

haysmacintyre does not operate in high risk areas and we do not consider any of our activities to be at high risk of slavery or human trafficking. However, we remain diligent to monitor and manage this risk and are committed to tackling modern slavery in our business activities and supply chains.

Before engaging suppliers, we seek to obtain their own Modern Slavery Statement and have developed an ethics questionnaire for our main suppliers to obtain their assurance that they are compliant with the Modern Slavery Act.

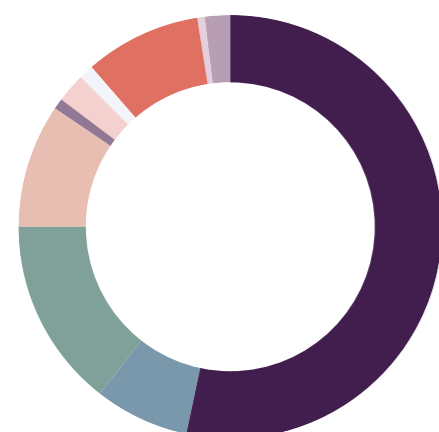
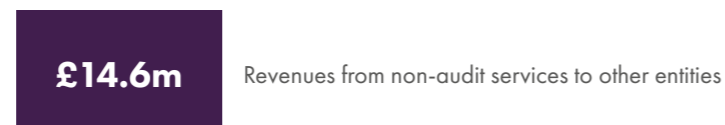
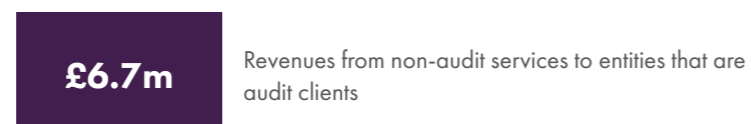
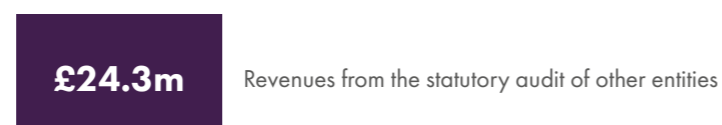
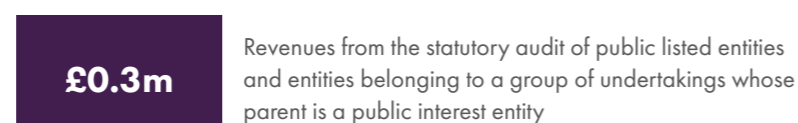
LIVING WAGE

We are proud to be an accredited Living Wage Employer. All our staff and third-party contractors are paid at least the London Living Wage and we support the Living Wage Foundation's goal of ensuring that a hard day's work deserves a fair day's pay.

APPENDIX

FINANCIAL INFORMATION

For the year-ended 31 March 2022, the firm's turnover was £45.9m (2021: £38.4m; 2020: £37.3m; 2019: £32.8m) of which £24.6m (2021: £21.1m; 2020: £19.7m; 2019: £17.1m) related to the provision of statutory audit services.



Service lines and turnover split 2021-22:

| | |
|------------------------------|--------|
| Audit | £24.6m |
| Accounts and other assurance | £3.3m |
| Corporate tax | £6.7m |
| Personal tax and trust | £4.2m |
| Tax disputes and resolution | £0.4m |
| VAT | £1.0m |
| Employment tax | £0.6m |
| Business support | £4.0m |
| Payroll | £0.3m |
| Company secretarial | £0.8m |

PUBLIC INTEREST ENTITIES

During the year-ended 31 March 2022, audit reports were issued on the financial statements of the following entities:

| Public interest entities as defined |
|---|
| AIQ Limited |
| Boston International Holdings PLC |
| Brown Advisory US Smaller Companies Plc |
| Nuformix Plc |

OTHER UK LISTED COMPANIES

During the year-ended 31 March 2022, we also acted as auditors for the following UK listed companies:


| Other UK listed companies |
|------------------------------|
| 7 Digital Group plc |
| ADM Energy plc |
| Akari Therapeutics Plc |
| All Active Asset Capital Ltd |
| Asimilar Group plc |
| Audioboom Group plc |
| Bidstack Group plc |
| Bigblu Broadband plc |
| BiON plc |
| Catalyst Media Group Plc |
| Cornerstone FS plc |
| D4t4 Solutions plc |
| Digitalbox Plc |
| Early Equity Plc |
| Frenkel Topping Group plc |
| Immotion Group plc |
| Klimvest plc |
| Kromek Group plc |
| Northcoders Group Plc |
| Oberon Investments Group plc |
| Quidnet REIT |
| Tasty plc |
| The City Pub Group plc |
| Touchstar Plc |

haysmacintyre

haysmacintyre
10 Queen Street Place
London EC4R 1AG
T 020 7969 5500
F 020 7969 5600
E marketing@haysmacintyre.com

www.haysmacintyre.com
@haysmacintyre



 Committed to Sustainability

© Copyright 2022 Haysmacintyre LLP. All rights reserved.

haysmacintyre is the trading name of Haysmacintyre LLP, a limited liability partnership

Registered number: OC423459 Registered in England and Wales

Registered to carry on audit work in the UK and regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales

A list of members' names is available for inspection at 10 Queen Street Place, London EC4R 1AG

A member of the ICAEW Practice Assurance Scheme

Disclaimer: This publication has been produced by the partners of Haysmacintyre LLP and is for private circulation only. Whilst every care has been taken in preparation of this document, it may contain errors for which we cannot be held responsible. In the case of a specific problem, it is recommended that professional advice be sought. The material contained in this publication may not be reproduced in whole or in part by any means, without prior permission from Haysmacintyre LLP.



Shortlisted 2019 National Firm of the Year



Shortlisted 2019 Tax Team of the Year



Highly Commended Partner of the Year



Winner: Audit Team of the Year



Top 15 auditor to quoted companies in Adviser Ranking Listing



An eprivateclient top accountancy firm 2021



Top adviser to the top 5,000 charities, Charity Financials' league table 2021