

haysmacintyre

TRANSPARENCY REPORT

FOR THE YEAR-ENDED 31 MARCH 2023

Contents

1	Welcome	21	Our approach to Learning & Development
2	The Firm	22	Ethics and independence
3	Legal structure and ownership	23	Values
4	Management, leadership and governance	24	Environmental Sustainability
6	Comment from Independent Non-Executive	26	Diversity and inclusion
7	Head of sectors	27	Corporate social responsibility
8	International	28	Wellbeing
9	The Audit Board	29	Gender pay gap
11	Audit quality	31	Modern Slavery Act
14	Continuous improvement	31	Living Wage
17	Risk management	32	Partners' remuneration
19	Professional skills and training	33	Appendix

Welcome

The past year has seen many positive changes to our firm through further cementing our strategy – from the continued investment in technology to our evolving learning and development programme and strategic recruitment – we continue to achieve strong growth, while constantly adapting and innovating to the ever-changing environment.

Following the successful implementation of our new Management Team and Leadership Board structure in July 2022, the Firm is more forward-looking than ever. Our new management structure has supported the alignment of our growth, strategies, and goals to the creation of our new Mission Statement – which outlines the right people, the right clients, the right way – and is now an embodiment of our values and the development of our people.

With the appointment of our first Independent Non-Executives, we have also been able to focus on the Firm's strategy and how to achieve the business strategy goals to 2025. Our INEs have challenged our thinking and helped us shape and execute our strategy and it places us in strong stead as we look to the future.

Our quality continues to be front-of-mind. We have invested in various initiatives all with the aim of continually improving the quality of work, service delivery, training, and technology that supports our Mission Statement. With this focus we are committed to continually developing our training to ensure we have the right skills to inspire and lead the Firm and our team.

I am proud of the culture of the Firm and the many initiatives that the various committees have undertaken over the past year. Thank you to our team and our clients; the Partners are committed to the continued investment in our Firm, equipping our team with the skills and technology to deliver a quality service to our clients and to continue the Firm's success as we nurture our leaders of tomorrow.



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

28 July 2023



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.

Over the past few years, we have evolved our firm's values and what this means, both for clients and staff. After much consideration, we are pleased to share our mission statement:

We are a firm that continually invests in our people, equipping them with the right skills. To work with the right clients. In the right way.

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 24 have Responsible Individual (RI) status. In addition, the firm has 8 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.

Haysmacintyre LLP is licensed by the ICAEW to carry out the reserved legal activity of non-contentious probate in England and Wales.

The firm is structured along service lines, being:

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



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 implemented a new management and governance structure. The partners 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 were recruited to join the Leadership Board in autumn 2022, Ed Warner and Stephen Wardell. In April 2023, Ed resigned from his position due to a potential conflict of interest, more of which can be found in the next section, 'Comment from Independent Non-Executive'.

Each member is initially appointed for a three-year term and can be re-appointed. The Leadership Board meet formally every quarter and more frequently at certain times of year to review and consider matters and proposals from the Management Team requiring their approval, 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 four partners and our Chief People Officer, Chief Information Officer, and our Chief Financial Officer.

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

Leadership Board members



Stephen Wardell
Independent Non-Executive and
Interim Chair of Leadership Board
swardell@haysmacintyre.com



David Cox
Partner, Head of Audit and
Chair of the Audit Board
dcox@haysmacintyre.com



Mark Allwood
Partner
mallwood@haysmacintyre.com



Natasha Frangos
Managing Partner
nfrangos@haysmacintyre.com



Ian Cliffe
Partner
icliffe@haysmacintyre.com



Richard Weaver
Partner
rweaver@haysmacintyre.com

Management Team members



Natasha Frangos
Managing Partner
nfrangos@haysmacintyre.com



Tom Davies
Chief Information Officer
tdavies@haysmacintyre.com



Suki Allday
Chief People Officer
sallday@haysmacintyre.com



Will Irving
Chief Financial Officer
wirving@haysmacintyre.com



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



Nick Jordan
Partner, Interim Joint Head Non-Audit
Services
njordan@haysmacintyre.com



David Cox
Partner, Head of Audit and
Chair of the Audit Board
dcox@haysmacintyre.com



Elena Ramkalawon
Partner, Interim Joint Head Non-Audit
Services
eramkalawon@haysmacintyre.com

Comment from Independent Non-Executive

This is the first contribution to haysmacintyre’s Transparency Report by an Independent Non-Executive (INE). Following the firm’s decision to appoint INEs, Ed Warner and I joined the Leadership Board in Autumn 2022. Our recruitment is evidence of an intention to adopt the highest standards of corporate governance, consistent with the objectives set for the accountancy profession by our regulator, the Financial Reporting Council (FRC).

Ed was appointed Chair of the Leadership Board and also Chair of the regular meetings of haysmacintyre’s partners. He brought wide experience as a non-executive chair of financial, commercial and sports governance organisations over many years. This included a ten year period as an INE and Chair at a larger accountancy partnership in the UK. Ed was also a member of haysmacintyre’s Risk Committee.

I took up the role at haysmacintyre after a long career as an auditor and partner at one of the largest accountancy and advisory partnerships, where I had also held a number of management roles. After stepping down from that partnership I sat as a non-executive on its UK audit board, overseeing the quality of its audit work. I now have a portfolio of non-executive positions in organisations both in the UK and continental Europe. At haysmacintyre, I work closely with the audit practice and sit on the Audit Board that monitors our audit work, with a particular focus on quality.

In our early months at the firm, Ed and I spent considerable time getting to know the partners, Management Team and other key people. As well as the regulatory responsibilities, as set out by the FRC, there is also a key role to play in helping haysmacintyre’s leaders shape and then deliver the firm’s growth strategy. To that end, we were involved in debates about the opportunities and challenges facing the firm, providing advice in a way that is typical of non-executives throughout the corporate and public-sector worlds. Understanding haysmacintyre’s people, its culture, and history is clearly critical to the ability to provide meaningful challenge and advice.

The first material contribution was to lead a review of the structure of partner remuneration, to ensure that it is fit for purpose, providing appropriate incentives and delivering the correct culture and behaviours throughout the business. To that end, Ed and I met with every partner before recommending changes to the profit-sharing structure that we believed will deliver on the objectives of the review. They were unanimously approved by the partners and took effect from the start of the 2023/24 financial year.

Crucially, the new remuneration structure contains mechanisms to reward high-quality work – across all the firm’s activities, not only audit – and penalise poor quality. All of this is underpinned by a refined objective-setting and appraisal process. It also embraces a more structured and transparent approach to the assessment of possible promotions and recruitment of individuals into the partnership and then up through its ranks. I believe this will prove a valuable underpinning to haysmacintyre’s culture in the years ahead.

One element of the firm’s strategy is to increase its presence in the market for the audit of companies that the FRC deems to be PIEs. This carries with it heightened regulatory requirements. A key role as an INE is to be heavily involved in discussions within haysmacintyre and with the regulator to ensure that the firm has the people and systems in place to enable that expansion to be undertaken successfully and for high-quality audits to be delivered on behalf of all PIE clients. There will be a continued and close involvement with this strategic project for the foreseeable future.

Following the end of the financial year, a potential conflict arose between Ed’s role at haysmacintyre and his wider career and interests. Ed, understanding the position for the firm, decided to step down from his position and the firm accepted his resignation on 19 April 2023.

The firm is now in the process of recruiting an additional INE and I have taken on the role of Interim Chair.

Although I am still near the start of my time as INE, I believe that it has been a very positive start and I have appreciated the enthusiasm with which all at haysmacintyre have embraced the novelty of the involvement of INEs. I am excited at the firm’s prospects and look forward to working with a new INE to help it grow and prosper, while working assiduously to safeguard the interests of the stakeholders in all its clients.



Head of sectors

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 sectors are led by the following partners:

Corporate sectors



Creative, Media and Technology
Jon Dawson
jdawson@haysmacintyre.com



Financial Services
Bernadette King
Co-Head of Financial Services
bking@haysmacintyre.com



Financial Services
Melanie Pittas
Co-Head of Financial Services
mpittas@haysmacintyre.com



Hospitality
Emma Bernardez
ebernardez@haysmacintyre.com



Property
Ian Daniels
Co-Head of Property
idaniels@haysmacintyre.com



Property
Jake Pearlman
Co-Head of Property
jpearlman@haysmacintyre.com

Not for profit sectors



Charities
Adam Halsey
ahalsey@haysmacintyre.com



Education
Tracey Young
tyoung@haysmacintyre.com



Professional Institutes and Membership Bodies
Kathryn Burton
kburton@haysmacintyre.com

Private Client sector



Private Client
Katharine Arthur
karthur@haysmacintyre.com

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 one of the top ten largest accountancy alliance and international association. We have three partners on the board of MSI to provide guidance on its strategy. In February 2023, George Crowther retired from the Board and was replaced by Melanie Pittas.

The directors attend at least two international conferences each year, enabling them to speak face to face with many members, ensuring members' views are considered and the changing requirements of clients around the globe are discussed

and considered. It also enables us to have a much closer understanding of member firms' capabilities and ways of working.

The Secretariat of MSI is based in haysmacintyre's offices at 10 Queen Street Place, London. This further enhances our collaborative relationship with MSI and therefore strengthens 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.



The Audit Board

The board comprises:

- David Cox – Head of Audit
- Steve Wardell – Independent Non-Executive
- Jon Dawson – Partner
- Tom Wilson – Partner
- Jessica Edwards – Partner
- Barinder Chadha – Head of Audit Quality Transformation

Key elements of the board's terms of reference

- **Strategy** – maintaining a three year strategic plan
- **Quality** – approving and monitoring the audit quality improvement plan (AQIP)
- **Risk** – reviewing audit quality risks and monitoring audit quality indicators (AQIs)
- **Culture** – setting the tone at top
- **Resourcing** – strategic and longer-term resource planning

Review of the year

It's been another busy and successful year for the audit department. We saw significant demand for our audit services and our audit fee income grew from £25m to £29m. The quality of our service led us to win some great new audits and we've received excellent client feedback during the year. The increase in opportunities has required us to make some tough decisions relating to our client portfolio, ensuring that this is consistent with our mission statement of working with the right clients. High audit quality requires a number of elements at a firm and engagement level consistently working in unison. This requires a lot of hard work by everyone in the team, and I thank all my colleagues for their excellent commitment during the year.

We welcomed Steve Wardell to the Board during the year and he has brought fresh insight and challenge which has made a positive impact. The audit profession is going through significant change with audit reform and increasing regulation, at the same time as wider economic challenges of high inflation, rising interest rates and staffing constraints. We are confident that our strategy and the changes we're making will enable us to attract highly skilled people that complement our existing teams, and together we can continue to improve the quality of our work and service.



The main focus of the year has been the implementation of a new audit platform, Inflo Workpapers. We had used our previous software, eAudit, for nearly twenty years and it was difficult to say goodbye to a trusted and familiar system, but the time was right to adopt a new Digital Audit system. Inflo Workpapers is, by far, the biggest single technology investment the firm has ever made to support our audit work, and we have spent time working with Inflo to ensure it delivers what is required and represents a once-in-a-generation change in how we do our work.

The new system and approach is a fresh, innovative new way of thinking about the traditional audit: it enhances audit quality and creates a new type of experience for clients – and importantly for our people: it shifts their time from menial, checklist driven tasks or testing large, samples of transactions towards more focused audit testing and valuable analysis and interpretation - empowering a more collaborative, enthusiastic, and agile team to complete a more efficient and higher quality understanding based audit.

This was a significant change for the whole department and there was, predictably, some challenges and a learning for everyone. We implemented this for nearly all December 2022 year-end audits to coincide with the revised audit standards and therefore over the past nine months everyone has worked diligently, learning how to use the new platform at the same time as complying with the new requirements. I'm grateful to our dedicated implementation team who, in conjunction with our partners at Inflo, have worked tirelessly to deliver a cutting edge system and audit approach and support their colleagues in its adoption.

As a PIE Auditor, the firm and three responsible individuals (RIs) joined the FRC's PIE Auditor Register in accordance with the new regime in December 2022. We have just completed our most recent AQR inspection, with the audit only requiring limited improvements (grade 2) with no key findings. It was pleasing that the AQR team highlighted good practice in respect of our going concern work. We are committed to operating in the PIE audit market and we continue to enhance audit quality and our system of quality management to enable us to grow our listed company portfolio.

Audit strategy

We have recently finalised our three year audit strategy with the short term aims of transitioning to a full digital audit approach, utilising AI and other technology to improve the quality of our work.

By 2026 we will have:

- over 80% of our audits awarded a grade 1 (good) or 2 (limited improvements required)
- a highly skilled team, of over 450 people, who enjoy performing high quality audits
- a refined client base that our people enjoy working with
- improved efficiency and quality from Inflo and other technology
- a well-structured, well-managed and productive department
- a proactive risk management system
- high performing partners, directors, managers and staff rewarded appropriately.



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 continues to be the largest service line for our firm and we are one of only a few medium-sized firms that audit PIEs and therefore it continues to be a priority area of investment. 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 FRC has recently published the 'What makes a good smaller PIE audit firm', a category haysmacintyre fits into precisely. In the document, they have outlined the following recommendations for good practice that are most impactful in improving audit quality:

- Culture
- Governance and leadership
- Ethical requirements
- Acceptance and continuance
- Resources
- Audit team support
- Root cause analysis (RCA)

We have addressed all of the above recommendations within this report, with the majority covered in this section.

Governance and leadership

The Leadership Board recognises and embraces the firm's responsibility to service the public interest by consistently performing quality engagements and, in particular, the Firm's obligation as a PIE auditor to support confidence in the financial markets by performing robust, high-quality audits.

Quality underpins our strategic aims, and the Leadership Board recognises its duty to demonstrate its commitment to quality through its behaviors and through internal firmwide communications. The Leadership Board is committed to driving continuous improvement in quality across all the firm's service lines, through the establishment and promotion of a culture which values quality over other considerations and which recognises that quality is a key driver of commercial success. Our focused approach to audit quality can be demonstrated by the structure of the audit department having a direct link into both the Leadership Board and the Management Team through the Head of Audit. Whilst the Audit Board has a strategic outlook, the Audit Operations Team is empowered and given authority to take more day-to-day management decisions with quality, compliance, and technical functions feeding into both.

Our aim is to focus on areas to achieve high-quality audits consistently. Improving and maintaining audit quality requires a team effort involving a relentless commitment across the following elements:

- Identifying and monitoring high-risk audits
- Resourcing
- Audit technology, innovation, and efficiency
- Appropriate competence and capabilities
- Training appropriate competence and capabilities
- Central support, technical and quality procedures
- Improving audit evidence and challenge of management
- Continuous improvement

Identify and monitor high-risk audits

We monitor high-risk audits to ensure audit teams respond appropriately to the identified risks.

We review all of our existing audit engagements to consider the inherent risks of each engagement, both to allocate appropriate and sufficient resources and to ensure that these risks do not compromise audit quality. Where such risks are identified, we consider what mitigating actions should be taken, and in some instances, we have and will disengage from audit engagements.

We act 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 firm's Risk and Compliance Officer. Specific templates and guidance have been developed, and specific training provided to those acting for listed companies.

Each audit client is graded on a risk basis. Higher tiers will require more experienced teams and additional monitoring, consultation, and review which is reflected in our fees. We do not accept appointment or reappointment to clients that do not fit within our risk profile, whether that relates to the nature of operations, competence and ethics of management, or reputational risk.

Resourcing

There are opportunities to improve quality and drive efficiencies in how we deliver our audits.

These opportunities 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 and accounts preparation), better use of standardised templates, and sector specialisation for audit staff at an earlier stage.

We implemented a four-team structure from January 2022, centred around the firm's sector specialisms, which has helped drive non-technology efficiencies. From September 2023, as part of our continuous improvement plan, a fifth team will form part of this structure with a specific focus on the not for profit sector. This structure has helped develop engagement and ownership and ensures that learning and development are at the forefront of these teams. Utilising these team structures has allowed for a pyramid structure to be implemented on our larger, more complex audits to ensure that work is completed at the right level. These teams have been driving more collaborative behaviours and instilling a better culture of working together and wanting to help the overall team succeed.

Structuring our audit teams by sector specialisms has undoubtedly improved audit quality and service provided to clients. This starts with specific sector training for partners, managers, and audit staff and having our people specialise in their chosen sectors is a positive for them and our clients. Our enhanced training plan forms part of our drive to improve 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 people to take greater responsibility for their audits.

A separate sub-team was created in autumn 2022, the 'Plc' team, consisting of partners, managers and staff that have had and will have greater exposure to listed clients. Plc encompasses our PIE, other listed, and other entity of public interest (OEPI) clients under one umbrella. Additional training and resources are available for partners and staff who act for these types of clients. Due to the higher number of these clients preparing financial statements under IFRS, additional training, resources, and policies apply.

We have a dedicated audit quality support team with individuals that have no direct client responsibilities to help improve audit quality. Recruitment into this team will continue for the foreseeable future.

Building better, coherent, compelling, and harmonious teams remains a goal, helped by a blended learning approach to better cater for the diversity in learning abilities and preferences.

Audit technology, innovation, and efficiency

Technology will play a significant role in driving efficiency and improve quality within an audit.

The increased use of technology has directly impacted our audits through a more sophisticated audit system and greater use of AI technology. We have adopted Inflo Workpapers, a 'data-driven, AI-enabled audit engagement solution' that has replaced our eAudit software from January 2023.

Inflo Workpapers will drive greater efficiency through standardisation and automation, enhanced audit quality by increasing use of data analytics throughout the audit process, and enhanced client value by offering new insights and differentiating outputs.

Inflo Workpapers is the firm's most significant investment in achieving our quality objective by introducing:

- A compliant and consistent audit methodology
- Improved documentation of audit evidence
- Enhanced risk assessment
- Data analytics (journals testing and other analysis)
- Enhanced monitoring and reporting functionality
- Improved documentation of ethical matters (non-audit services etc.)

During 2023 we are introducing other data modules included within the Inflo suite, such as:

- Flux – provides initial variance analysis and analyses the impact on the engagement
- Treasury – automates the bank confirmation process and provides analytics over bank transactions
- Metrics – automatically prepares key financial metrics and compares the best-in-class results, KPI benchmarking
- Reports – create dynamic, visual, and insightful reports
- Explore – discover trends and visually explore movements in the financial data
- Select – automates sample selections and allows a collaborative approach to testing
- Revenue Cascade – provides a cascading visual of the revenue and receivables cycle to highlight notable transactions

To supplement Inflo, there has been significant investment in other technology to help substantive audit work, including Dayshape, a planning and resourcing tool to help manage our most significant resource: people.

We are actively recruiting ahead of the curve to meet requirements. We upgraded our resource scheduling tool to Dayshape in April 2022 and utilise the data obtained from the new client acceptance procedures to book potential work. Interlinking the budget process with resource planning within Dayshape provides greater transparency on reporting and assists with issues that need resolution whilst highlighting successes. Our journey continues into 2023 with our consideration of an appropriate AI strategy fit for the future.

Appropriate competence and capabilities

The audit team members must be competent and capable of auditing relevant industry sectors.

Delivering a quality audit depends on both our partners' and staff's expertise and hard work. The increased demands on our partners and staff require more resources, and we are recruiting those who can improve our workforce's quality. Some initiatives we have taken to ensure we attract the right people are:

- Hosting assessment centres in-person for fellow candidates to meet, to see the office, and for us to start building an authentic relationship from the beginning
- Sharing our firm values and culture on platforms, such as social media, to ensure we recruit talent with the same mindset and drive as us
- Forming an early talent task force to address recruitment as development starts from the beginning

We have raised the bar on our requirements at more senior levels, hiring more senior and experienced managers.

Over the past few years, our partners have increasingly specialised in their sectors and roles. Therefore, new clients have been attracted to the firm by partners with expertise in those sectors. We ensure that new clients are allocated to the most appropriate partner as part of our acceptance procedures. Also, as we rotate partners (who have a maximum client tenure of 15 years), we will ensure that the incoming partner is sufficiently competent and independent.

Managers and supervisors also specialise in sectors, and work is allocated accordingly. As previously mentioned in 'Resourcing', audit staff and management have been allocated into four teams based on their sector specialism. This is designed to improve the team dynamic with managers, supervisors, and seniors investing in developing more junior colleagues and the increased understanding and experience of staff working on similar clients more regularly.

Recruiting and training high-quality audit staff is essential as we act for high quality clients. We provide an opportunity for these individuals to acquire the necessary technical and soft skills as they progress through the audit department. Therefore, we have increased and improved the training provided to partners and staff. Our Head of Learning & Development has worked with our Technical and Training Senior Manager to ensure our partners and staff are equipped with the technical and soft skills training that they require. More details on technical training can be found in the 'Professional skills and training' section on page 19, and soft skills training can be found in the 'Our approach to Learning & Development' section on page 21.

Central support, technical and quality procedures

We are continually updating our engagement quality review policy and increasing the number of reviewers to enable the Firm to undertake more reviews. This is supplemented with increasing thematic, and RCA reviews to learn and share common areas for development and best practice. Further details on our RCA policy are included in the continuous improvement section.

We are growing our technical and specialist support teams in line with the other teams and identifying areas where additional support is required to improve the quality and efficiency of our work. Training focuses on both technical and non-technical skills auditors need but also professional scepticism, the challenge mindset, and the communication skills essential to the role.

Improving audit evidence and challenge of management

Following five principles:

1. Employee training – greater focus on soft skills with help in the art of challenging clients and developing critical thinking
2. Firmwide culture – developing an environment to support and encourage auditors to challenge management
3. Audit processes – designing audit procedures to identify risk
4. Appropriate audit procedures for areas of higher risk – audit procedures responsive to identified risk
5. Challenge management on key assumptions with the right mindset and appropriate scepticism – the audit team should ensure that the judgements, estimates, and related disclosures made by management are reasonable. This requires the firm to have an appropriate culture to encourage the right mindset and professional scepticism.



David Cox
Partner, Head of Audit and
Chair of the Audit Board
020 7969 5564
dcox@haysmacintyre.com



Barinder Chadha
Head of Audit Quality Transformation
020 7396 4236
bchadha@haysmacintyre.com

Continuous improvement

Setting the tone at the top, the firm’s leadership ensure the firm’s culture supports the ability to improve audit quality continuously.

We horizon scan and are aware of developments including technology, audit standards, and best practice. Feedback from our internal/external reviews and RCA enable us to continuously improve our audit quality indicators, strategy and procedures.

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.

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.

As previously mentioned, the Firm has transitioned to a new audit platform, InFlo Workpapers, with effect for all reporting periods from December 2022 onwards. Many of the procedures and policies that the ACR process is designed to monitor are automated within the workpapers functionality so ACRs are only carried out on audits documented in the firm’s legacy platform, eAudit. The eAudit platform will be fully phased out by the end of 2023 and will be retained thereafter solely for document retention purposes.

CFRs are performed continuously to assess the quality of audit work on completed files. The firm has phased in an increased volume of CFRs performed in each annual cycle to 56 audits for the current cycle (October 2022 to September 2023), and the process is operated around a quarterly review and reporting cycle. 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. Scoping discussions are held quarterly to identify additional areas of focus to be reviewed on every file selected for review, which may be driven by previous CFR findings, areas of regulatory focus or significant weaknesses identified by previous regulatory review visits. Each file selected for a CFR will also be subject to an ACR, which may highlight additional areas of focus, specific to that audit, which the CFR reviewer needs to address.

The Firm’s CFR cycle runs from October to the following September 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 56 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

The above grades are defined in qualitative terms and awarded based on the reviewer’s overall assessment of the quality of each audit, taking into account the number and severity of individual findings from their review.

The CFR team holds a quarterly moderation meeting to discuss the basis for the grades awarded and ensure that similar findings are given consistent significance in the determination of the grade.

Our current target is that at least 75% of CFR scores in the top two grades, and our three year strategy raises that target to 80%, with no files rated Unsatisfactory (a grade 4). 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 Audit Quality Team (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 2023 are summarised below:

Grade	Q/E 30 June 2022	Q/E 30 September 2022	Q/E 31 December 2022	Q/E 31 March 2023	22/23 total	21/22 total
1 and 2	8	9	8	8	33	26
3	5	2	2	3	12	13
4	1	3	1	1	6	3
Total	14	14	11	12	51	42

The table above shows an improving trend in our monitoring results for the year ended 31 March 2023. 65% of files were categorised as good or generally acceptable, which was an improvement on the 62% last year, but still below our target of 75%.

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 performed in early 2023, the feedback from this review was positive, with the audit only requiring limited improvements (grade 2) with no key findings and the AQR team highlighted good practice in respect of our going concern work.

The most recent completed review by the QAD took place in 2021. The QAD carried out a ‘year two’ visit in November 2022, which did not include any reviews of audit files but did consider the results of our CFR findings in respect of three specific areas of weakness that the QAD had identified in their 2021 visit. This visit concluded with no additional findings or specific actions to address. The QAD have scheduled a full visit for October 2023, in line with their established two-year review cycle.

Internal quality control/quality management

For the majority of the year ended 31 March 2023, the firm was operating a system of quality control in accordance with the International Standard on Quality Control (UK) 1 (ISQC1) but with effect from 15 December 2022, the firm implemented a System of Quality Management (SoQM) in accordance with the requirements of the International Standard on Quality Management (UK) 1 (ISQM1). Most of the procedures and policies adopted under ISQC1, including quality monitoring activity, have carried over into the firm’s SoQM but the requirements of ISQM1 are much broader and encompass more ‘whole-firm’ considerations than ISQC1.

The firm’s system of internal quality control and SoQM include 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 is 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

Implementing ISQM1 and developing the firm's SoQM

The firm commenced work in summer 2022 to prepare for the implementation of ISQM 1, recognising that the risk-based approach required by the new standard would have an impact across the whole firm. A working group was established to map the requirements of the new standard to our existing ISQC 1 monitoring framework, identify gaps and establish suitable procedures to address those gaps.

The working group recognised early on the benefits of using third party software to support the SoQM process and elected to adopt the Inflo QMS platform for this purpose to provide a degree of synergy with the Inflo Workpapers audit platform that the firm was implementing in parallel with the SoQM work.

The ISQM1 implementation project comprised the following major workstreams:

- Establishment of quality objectives
- Identification and assessment of quality risks
- Review of existing policies and procedures
- Establishment of new policies and procedures
- Identification and assessment of suppliers relevant to the SoQM
- Design the monitoring and remediation framework

The policies and procedures comprising the SoQM are documented in the firm's Audit Compliance Manual, which all relevant staff are required to confirm that they have read and understood, and the QMS platform records the individual quality objectives, quality risks and responses to quality risks. Periodic reassessment of quality risks and responses is facilitated by the platform and the findings from monitoring activity will also be recorded in the platform in due course.

The firm has adopted an additional IT solution to facilitate the assessment of suppliers relevant to the SoQM, including those who are formally designated as service providers within the context of ISQM 1. This enables the firm to send standardised questionnaires to existing and new suppliers to enable the quality team to assess their impact on the firm's quality risk assessment and to identify any additional responses that may be required to address related quality risks.

The main element of the firm's monitoring process continues to be reviews of completed engagements, with the majority of the other responses to quality risks being subject to quarterly or annual reviews to support the Leadership Board's annual assessment of the effectiveness of the SoQM.

To supplement the CFR process, the firm is designing a programme of thematic reviews which will consider a narrower range of specific matters across a broader selection of engagements. The first thematic review will cover the effectiveness of the implementation of the Inflo Workpapers audit platform and will be carried out in two phases over the course of Summer 2023.

The findings from all of the firm's monitoring activity will be assessed to determine whether they represent deficiencies in the SoQM which require remediation. The firm is also in the process of implementing its RCA framework, which will initially focus on the outcomes of CFR activity with audits graded 'Good' and audits graded 'Unsatisfactory' being subject to RCA to identify aspects of good practice which can be shared throughout the firm, and aspects of poor practice which require remediation. As part of this process, audit quality measures will have a direct impact on partner remuneration to ensure that quality is given appropriate prominence.

Statement of the effectiveness of the internal quality control system

This report spans two separate quality control/quality management regimes, with ISQC1 being the relevant standard until the implementation of ISQM 1 with effect from 15 December 2022. The firm conducted a review of the internal quality control system as required by ISQC1 in December 2022 and, based on the outcome of this review, the Leadership Board are satisfied that the system was effective in all material respects.

Following the implementation of ISQM 1, the internal quality control system has been replaced by the System of Quality Management (SoQM). The first full assessment of the effectiveness of the SoQM is scheduled for late 2023, in line with the requirement of ISQM 1 for this to be completed no later than 15 December 2023, to allow for the new monitoring processes to be fully bedded-in. The Leadership Board are satisfied that the responses that have been implemented to address the quality risks are appropriate and that the results of recent monitoring activity, including the March 2023 round of cold file reviews, do not give cause for concern that there are any material deficiencies in the SoQM.

Risk management

We have established a Risk Management Framework (RMF) to identify, control, and manage the key risks we face. An effective risk management framework is essential to manage both risks we face and to facilitate necessary improvements to systems and processes within our business.

There are five elements that make up the RMF:

1. Identification
2. Measurement and assessment
3. Mitigations
4. Reporting and monitoring
5. Governance

All risks have been categorised into three broad areas of focus, this allows the risk owners to focus on the risk at their appropriate level: Leadership Board, Management Team and Department. Whilst responsibility for oversight of the risk on a day-to-day level rest with risk owners, oversight of the risk management process takes place through the firm's Risk Committee, who report to the Leadership Board.

All risks are regularly reviewed and are categorised into one of three areas:

1. Strategic risks – owned by the Leadership Board
2. Management risks – owned by the Management Team
3. Departmental risks – owned by department heads

As well as our focus on quality and our system of quality management, which we have set out in the previous section, we consider our key risks are as follows.

People (Management)

Principal risk	Description	Control/action
Attracting, retaining, and recruiting key staff continues to be a significant risk with a greater emphasis on retention	Ensure that the Firm's employee value proposition is appropriate both in terms of market positioning and cultural approach. The intention is to ensure the firm is an attractive place to work and to build a career.	<ul style="list-style-type: none"> • Develop a clear succession plan and workforce plan to ensure that the firm is positioned for promotions and also potential loss of key staff • Ensure Learning & Development is embedded within the firm, including career pathways, competency frameworks, specific development courses to support and aid development and retention illustrating investment in our people

Operational (Departmental)

Principal risk	Description	Control/action
Supplier and contract management	As a business we have many suppliers for different services lines throughout the business. Understanding and organising these into a central register, identifying internal leads, reviewing appropriateness and the commercial viability regularly, ensuring value for money, service delivery or fitness for purpose.	<ul style="list-style-type: none"> • Identifying internal leads who will take responsibility for ensuring the contract is still valid, fit for purpose and subject to annual review • To establish a cycle of tender/service delivery required for each supplier in this category over a cycle of three years • Regular reporting to the Management Team
Business continuity	<p>We have responded well to the Covid emergency measures, lockdown, and resulting closure of the office.</p> <p>In order to respond to any future emergency, a detailed plan will be formalised in order to continue a quality service to clients and to ensure the wellbeing of our staff.</p>	<ul style="list-style-type: none"> • Formalising a Business Continuity Plan which will include annual testing and greater communication informing all staff and partners of what to do in the event of an incident • Implementing emergency communication plans • Understanding our key suppliers and contacts who we rely on for critical business services

Laws and regulations (Departmental)

Principal risk	Description	Control/action
Sanctioned clients	Following the Russia/Ukraine invasion there are regular updates to the list of sanctioned individuals. There is a risk that we do not identify sanctioned clients (including those controlled by sanctioned individuals) and appropriately respond.	<ul style="list-style-type: none"> • SmartSearch PEP/Sanctions Screening • Formalised escalation/sign off process • Review of existing clients that have connections to sanctioned countries
Onboarding and AML	<ul style="list-style-type: none"> • A risk of breaching AML regulations • Initiating client work before any AML checks/risk assessment is carried out • Unknowingly take on work where we have a conflict of interest, threat to independence of an ethical issue • Not providing an engagement letter prior to undertake any work and issuing a fee to a client 	<ul style="list-style-type: none"> • Managed by an enlarged specialist team • Updated risk-based client set-up forms • Updated AML guidance and training • Improvements to systems and digitisation • Smart restrictions on the ability to bill until an engagement letter is in place • Ongoing periodic AML processes • Monthly reporting procedures



Professional skills and training

We continue our commitment to developing a high standard of training through our internal and external courses supporting our people with the technical and administrative support they need, establishing an environment where staff have opportunities to improve and widen their skills.

The pandemic provided food for thought about the way we provide learning opportunities and how people learn. In the immediate aftermath, we enjoyed the return to in-person, instructor-led sessions. Now, we look towards a future offering of blended learning that combines face-to-face learning experiences with online technology in the hope that each element complements the other. The anticipated benefits include the possibility of a wider variety of learning mediums and on-demand access to the material for learners. Fostering a culture of independent development is a key part of our future strategy.

Our newly formed Training Committee takes a holistic approach to training and identification of the resources needed to support the firm's training needs. The primary deliverables of the Training Committee will be:

- Development of a competency framework that supports the overall strategic goals of the firm, whilst being compliant with the requirements imposed by regulators and professional bodies
- Designing and implementing a development program that enhances the skills and competencies of all within the firm and enables transition through the agreed competency framework
- Ensuring that the overall development offering is in line with the firm's appetite for learning and that the time allocated to learning is used to its best advantage
- Continuously evaluating the effectiveness of training and development activities and make recommendations for improvement
- Fostering a culture of continuous learning and professional development
- Understanding our Continuous Professional Development (CPD) needs and requirements, including those imposed by regulators and professional bodies

There has been a greater focus on rounded skills, including a number of 'soft skills' to help improve quality, develop the art of challenging clients, and understand critical thinking. To further aid critical thinking and effective challenge, we are moving in the direction of bringing back more face-to-face training. This is supplemented by our learning pathways and supporting changes to our firmwide core competencies. This, alongside the different types of soft skills, can be found in the next section, 'Our approach to Learning & Development'.

Training has been tailored to meet the needs of the department and the requirements of the individuals. To this end, our training program includes:

- A tailored program of training for those joining the firm as experienced hires. Our departmental induction process includes a dedicated suite of training that combines recorded content with in-person training and live Q&A opportunities. Audit methodology, use of data analytics, and AI software are among the technical topics covered and compliance, resource management, and WIP management are among the operational matters.
- Case study and mini audit led training days for audit staff, tailored to their grade and stage of development. Training encompasses the necessary technical and operational skillsets auditors need but also emphasises the role of professional scepticism, the challenge mindset, and the communication skills essential to the job.
- Staff 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 moving up to a supervisor role and starting their management team journey are offered a summer program of training that introduces them to the wider firm and senior management.
- Sessions designed for trainees covering team-specific and hot topics. Our first- and second-year trainees receive mentoring and 'on-the-job' training from the seniors, supervisors, and managers in their teams. The engagement teams ensure that trainees develop the practical skills required whilst auditing. Additionally, breakfast sessions take place within our sector teams with managers overseeing the provision by the seniors of training to more junior staff.

We have also recently implemented Professional Skills courses that form part of our apprenticeships and are delivered at the point of need to ensure our trainees are equipped with the skills they need to be successful in their careers.

- Sector training for all relevant staff prior to busy seasons (LLP/FCA/Charities/Schools etc). 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. Some of this is via in-house instructors and some via external experts.

- Audit quality training, at least quarterly, for qualified staff from supervisor to partner. Qualified staff attend audit quality training sessions, which focus on aspects of the firm's audit quality improvement plan, and changes to the firm's audit methodology. Training also embraces issues identified by the AQT that arise from CFRs, external reviews, and developments in auditing and accounting standards.
- Specific training for the Plc audit team. Topic-specific training is also provided on a quarterly basis for the Plc audit team.
- Annual audit conference for all in the audit department. The 2022 audit conference allowed us to introduce and focus on the implementation of our new audit software. The technical session centred around the Wowers Trousers! case study that allowed a hands-on experience bringing the whole department (partners and staff) together to discuss the new audit platform and application of ISA 315 (Revised). This was a key opportunity during the year for all levels of staff to collaborate directly together.
- Quarterly CPD sessions for all qualified staff presented by a market-leading external trainer. These sessions cover regulatory, accounting, and auditing developments of the moment and content is refined in partnership with the audit department technical team to ensure that it is firm-specific.
- AML and Ethics training for all partners and staff. In 2022 we screened the ICAEW's new film 'All Too Familiar' as part of training sessions and grade-appropriate ethics training has been provided both in-house and by external trainers.
- Training on the use of new software. Online sessions to maximise attendance and permit screen sharing have covered all aspects of our increasing use of data analytics and the switch to a new audit platform. These have included walkthroughs of the different stages of the audit process and wider-ranging best practices and Hints and Tips offerings. All of this has been supported by the reference material available on our audit department intranet site that covers the firm's take on their application.

In our regular review and assessment of training needs, we have procured additional training from external sources. This is a model that works well for the department when we lack capacity, or subject specialists. Some examples of external training received in 2022/23 were:

- IFRS round-up and update
- IFRS 2
- IFRS 9
- FCA
- PIE, OEPI, and other listed entities

Individual-specific training requirements are determined during job feedback and TALK (feedback) meetings – more information on our TALK project can be found in the next section. We also collate audit department requests for topics where further training would be beneficial. This then drives upcoming training sessions to ensure that development needs are being met.

Guidance, and best practice examples, are shared via the bi-weekly Transformation Tuesday Bulletin. Some of the newsletters cover topics and publications of the moment and others cover wider themes over several publications. Over the last 12 months ISA 315 (Revised), and ESG reporting have been areas of focus.

2022 also saw the start of a second newsletter dedicated to the implementation of the new audit platform to inform and support – *Workpapers Wednesdays*.

Our approach to Learning & Development

What have we done so far?

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

As we move towards building 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. Offerings include quick, bitesize videos, development plans, and how-to guides enabling our people managers to have richer 1:1's around development.

Needs are constantly being collected from across the business ensuring we tailor the support given to teams and are now partnering with vetted, external training providers and as well as an external coaching faculty.

Today our offering is divided into required learning:

- Effective feedback skills
- Delegation skills
- Interview skills
- People Manager Programme
- Mental health awareness for managers

And recommended learning:

- Time management
- Influencing and persuading
- Fee negotiation skills
- Presentation skills
- Getting the most from client meetings
- Preparing to pitch

To improve the quality of our people manager skills we are prioritising this area with a People Management Programme focusing on three modules: coaching basics, managing teams, and delivering difficult messages. This rollout falls in tandem with our TALK project, which is the replacement of the traditional annual appraisal process and the implementation of new regular quarterly 1:1s between line 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, giving them the tools to have richer, more qualitative conversations about performance and development, whilst aligning ourselves with more up to date approaches.

Ensuring our people have the right tools at their fingertips to drive their development is paramount. We have launched our firmwide competency framework of core skills, 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.

Learning from others and sharing experiences as part of the 70:20:10 methodology is also an important component of how we develop our people. With that in mind we recently launched our new mentoring scheme whereby partners can offer a mentoring relationship to senior managers and directors. This opportunity will bring work-life balance, career, and general growth centred conversations to happen with partners paired with staff they have not worked with offering an impartial, fresh eyes, fresh ears perspective and support.

What's next?

2023 has seen the launch of our new Learning & Development offering, as mentioned above, and we will continue to see engagement and uptake to keep feedback of courses at the heart of how we tailor our development offering.

Embedding a digital learning platform or learning experience platform offering a suite of learning for soft skills will also take place in 2023. 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 doesn't and to identify trends.

Wellbeing continues to be a need that we provide support and resources for. Feedback from those who manage others focused on having more tools to approach wellbeing conversations. For this reason, we decided to add a virtual programme under our required learning section called 'Mental health awareness for Managers' with an external expert psychologist.

Our partner and director development will be worked on as well, with the addition of an external pool of coaches ready to support on areas such as strategic thinking, leadership, and other priority-based needs.

We have also established a training committee, which meets monthly, to align development across the firm and ensure we are focusing on the right things at the right time, as well as quality of internal delivery and constant innovation.

All of these developmental aspects enable haysmacintyre to have a continuous learning culture, developing leaders of the future who know how to adapt in an evolving environment, at both a global and industry scale, which will protect the future success of the Firm.



Suki Allday
Chief People Officer
020 7969 5545
sallday@haysmacintyre.com

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.

We have an Ethics Manual and a suite of internal policies and procedures, which are available on our staff intranet, to ensure that we remain independent from our 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. In the event that breaches of the FRC’s Ethical Standard are identified or reported, these are notified to the Management Team, and to the FRC on a biannual basis in line with the requirements of the Ethical Standard.

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.

Maintaining our independence

A list of prohibited securities is maintained on our intranet. Partners, staff, consultants, and sub-contractors or any persons closely connected with them are not permitted to hold interests in prohibited securities.

The firm, partners, covered persons (as defined by the FRC) and any person closely associated with a partner or covered person are not permitted to hold any direct or material indirect financial interest in an audit client, or an affiliate of an audit client.

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.

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. 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 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.



*except in very exceptional circumstances.

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.

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

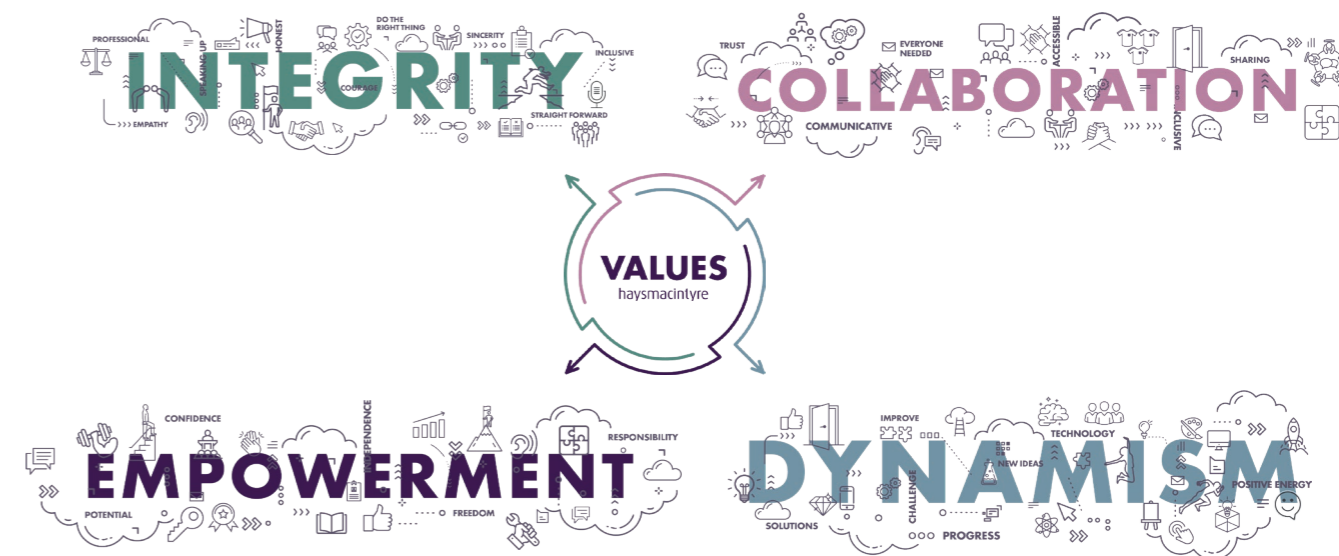
Dynamism

- 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:

- Service delivery
- Recruitment
- Induction
- Appraisals
- Spot bonuses, which recognise 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 take seriously our corporate responsibility to reduce our impact on the environment, and continually review our processes to make sustainable improvements where possible. To demonstrate our commitment to reducing our carbon footprint, we have committed to achieving net carbon neutral status for scope one and two and continue to work towards achieving this in 2024 as per our target.

We have an Environmental Committee made up of members of staff from a range of departments and levels to suggest initiatives to drive continued positive change in sustainability at the firm. Some key highlights of our sustainability initiatives are detailed below.

Reduction of waste

- We were pleased to change marketing merchandise to sustainable products in spring 2023. Each product has been checked, and given a sustainability score, against the market according to emissions, sustainability, disposal, and lifespan. We are in the process of using all previous merchandise to avoid waste, and so expect all of our marketing collateral to become environmentally friendly by 2024.
- Our office building operates a 100% zero-to-landfill policy – all non-recyclable waste is compacted onsite 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.
- We use a plumbed drinking water service and refillable glass bottles for our meeting rooms and events, meaning that we do not buy bottled water. We also provide all staff with reusable, metal water bottles and have cotton tote bags available to discourage the use of single-use plastic.
- Our Project Paperless has utilised software to cut our paper usage by over 85% since its introduction in 2019. Through online editing, fully cloud-based accounting, electronic signing, and digital publications, we have reduced our consumption by the equivalent of 250 trees. We also have a paperless audit package 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 are 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](#) (voted for by staff) which contributes to five of the United Nation's Sustainable Development Goals.
- We use recycled paper in our printers which is sourced from a company who make recycled paper from the pulp of our office, and other offices', confidential shredding, creating a circular loop that aims to eradicate paper waste.

- We have replaced all the toilet paper in our office with products made from certified sustainable bamboo pulp rather than trees and has zero plastic packaging. The production produces 65% less carbon emissions than toilet paper made from trees, and 30% less than recycled toilet paper.
- Milk and orange juice for our office are delivered in glass bottles with recyclable aluminium tops. These used to be our main source of single-use plastic waste and reduces our plastic consumption by around 114kg annually.
- 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.

Carbon footprint

- We are partnered with Amber (an energy consultant) who report on, and help us reduce, our scope one and two emissions as a business.
- 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 most staff to attend the office an average of two days per week, utilising remote access technology and maintaining a consistent reduction in travel across the firm between home and office compared to prior to the pandemic.
- Our office design utilises renewable and recycled materials such as timber and acoustic panels made from 65% recycled plastic bottles. When it has been necessary to remove furniture from our office, such as during our 2020 office refit, we partnered with [Reyooz](#) to rehome the furniture to prevent it from going to landfill. Reyooz donate or sell at low prices to charities, schools, and businesses and measure the impact. Our donations to them made an embodied carbon saving of 71,959kg, the equivalent of burning 25.19 tonnes of coal.
- We are a 'Jubilee Partner' to the national environmental charity [The Tree Council](#) and support them financially as well as through staff volunteering. 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.

Other initiatives

- We have consolidated our supply chain by moving to one complete Facilities provider – Complete (apart from catering). Complete pride themselves in Responsible Sourcing, being ISO 14001 Accredited, Waste Management – a member of WRAP (Waste and Resources Action Programme) and Carbon Footprint.
- Our new cleaning firm, Peartree Cleaning, now provide all our cleaning and bathroom consumables (apart from toilet roll) and pride themselves on the following:
 - Removal of single use plastics by using powder sachets for core cleaning products, resulting in an 88% reduction in plastic consumption and a 75% saving on average CO2 emissions and transportation costs.
 - Sustainable cleaning products that are safe, biodegradable, non-toxic and made with sustainable packaging. Preferred chemical supplier manufactures all of its products in the UK and are accredited and approved by both Cruelty Free International and the Vegan Society.

- All-electric vehicles fleet - during 2021 we began the process of replacing our hybrid fleet with electric vehicles. Currently 77% of our fleet is All-Electric with target of 100% by the end of 2023.
- UK sustainable procurement from an extensive UK based supply chain, which not only mitigates transportation and delivery issues, but also creates a more sustainable post Brexit purchasing strategy. Branded uniforms, PPE and equipment are all sourced in the UK.

We are proud of the importance we place on environmental sustainability at haysmacintyre and the many sustainability initiatives we have in place, but recognise there is still always more that we, and all businesses, can and must do to in order to tackle the climate crisis. We will continue to hold ourselves to account and implement any changes we, or our environmental partners and advisors, can identify to further reduce or negate our impact on the environment.



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 overall 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 events celebrating Chinese New Year, Pride, South Asian Heritage month, Black History month and Diwali. We have also had diversity discussion forums focusing on deaf awareness and mental health awareness, interviewed guest speakers and held training sessions covering different areas of diversity and inclusion, including race, religion, gender, disability, neurodiversity, and sexuality.

Our DEI Committee have become more structured and meet regularly to drive diversity and inclusion initiatives forward with an aim to continually review and improve our policies. Most recently, we have finalised our agenda to introduce firmwide, mandatory training and we are also looking at rolling out a training programme specifically for our new joiners, as well as reviewing how the training is delivered across the firm.

We are continuing to obtain baseline data on the diversity of our current job applicants, as well as diversity data on race, religion and socio-economic background from existing staff. We now have sufficient data to generate the ethnicity pay gap report, alongside our gender pay gap report from April 2023, which will give us a foundation to measure progress and set goals.

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, 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. Our current charity partner, as nominated and voted for by staff in June 2022, is Alzheimer's Society. We are pleased that since being voted as our charity partner, we have raised over £20,000 and we continue to raise awareness and funds for a powerful force for change for those affected by dementia. A team of ten colleagues recently finished a fundraising event by cycling from London to Paris in under 24 hours to raise awareness and funds for the cause.

Apart from our charity partnership, this year the Firm has funded a raffle and matched donations to Girl Guides in memory of a late colleague who used to volunteer there. 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

The mental wellbeing of our people is always front of mind for us. We want our people to be able to contribute fully to all aspects of their lives, have good balance, and be able to be the best possible version of themselves at work, for the benefit of their colleagues and our clients. Most importantly, our Managing Partner speaks of the importance of being able to be the real you at work and we all hope to promote that philosophy and enable it at all levels.

From a firmwide perspective we communicate regularly, through quarterly firm briefings, available online and in person, keeping all up to date with the strategy and direction for the firm, developments, and all aspects of the employee value proposition, such as learning and development, social opportunities, and benefits updates. We also circulate our weekly internal eNews, our 'Reach out Roulette' initiative that pairs colleagues together for an in-person or virtual cup of tea and a catch up, and have reintroduced 'Pay Day Drinks'.

We have introduced a Quarterly Induction session to bring together all joiners from that time period and ensure they meet key stakeholders in the firm. On a more strategic level, we have introduced a new initiative called 'CONNECT' which will pull together many of the non-client related aspects of day-to-day life at haysmacintyre (ie CSR Committee, Environmental Committee, Social Committee, Staff Engagement Group) to improve how we publicise and invest in these for the benefit of all employees and partners. All of these prove beneficial in connecting those that joined remotely with their colleagues.

Our 'Wellbeing Hub' continues 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. This can also direct people to Mental Health Buddies and First Aiders, who are colleagues that have volunteered to be a friendly, listening ear to any who need it, and are trained to know how to support fully.

We have also introduced virtual learning sessions with Dr Jake Lovelock, where he presented on resilience, performance under pressure, and more general mental health awareness sessions. One of the largest groups, our trainee population, is known to deal with considerable pressure at certain times. To offer more comfort, we now provide more support to this group, particularly during their exams, with a dedicated support to them in a PQ Advisor who has strengthened the relationship with our external exam provider for their benefit. We are looking at ways to support this population further with enhanced holiday provision and exam pass awards too.

To promote gratitude and appreciation within the Firm, which has a correlation to wellbeing, we have introduced 'Spot Bonuses' where anyone can recognise any other colleague in the moment, thanking them for a contribution and awarding a voucher. Approximately five of these awards are made each week and their impact is promoting positivity, connection, and developing confidence too.

Our Diversity & Inclusion Committee has rebranded to DEI (Diversity, Equity, and Inclusion) and is actively promoting a programme of education and enlightenment within the Firm to ensure we appreciate the importance of support for one another, to the benefit of all our wellbeing.

Gender pay gap

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 fifth gender pay gap report for the year ended 5 April 2022. This report has been prepared in accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. As it currently stands, the Gender Pay Gap regulations do not define the terms 'men' and 'women'. In line with current regulations, if an employee has not self-identified as 'male' or 'female', reporting of this data has not been included.

This year we have continued to focus on ensuring the firm presents an inclusive and welcoming place for all staff and partners. Our staff survey from March 2022 reported 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 the ongoing development as a firm:

Diversity, Equity and Inclusion (DEI)

- As a firm, we are committed to creating a diverse and inclusive working environment and encourage staff to share data through our diversity questionnaire, on joining, to ensure we have systems in place to support everyone.
- This year our DEI 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.
- The DEI Committee have organised events to celebrate our staff and partners through International Women's Day, Black History Month, Pride month and have hosted events and religious festivals throughout the year to both educate and connect our staff.

Learning & Development

- We continue to offer a wider programme of Learning & Development for staff development and intend to publish clear career paths for people at the firm this year.
- 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.

Culture

- We have continued to support our hybrid approach to work, allowing people the flexibility for an improved work life balance and ability to manage life commitments as well as work
- Our office enables people to work in a productive environment as well as relax, socialise and prioritise their own wellbeing.
- The refurbishment of our prayer/wellbeing room as a place for prayer, reflection or some time away has meant that staff wellbeing is supported in the office
- We have made progress in collecting ethnicity data which will enable us to report, internally in the first instance, on ethnicity pay gap for the upcoming financial year.

As a firm we are clear that all are to be treated with dignity and respect, by colleagues and clients alike, and we are committed to addressing issues where identified.



Our gender split in April 2022

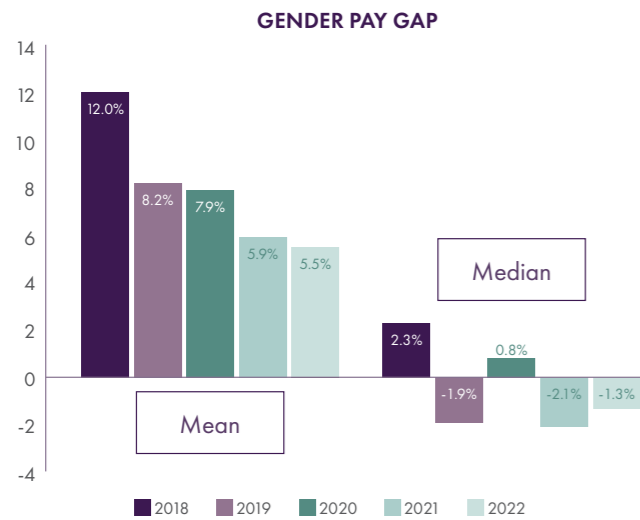
	Female %	Male %
Partners	29	71
Management Board	38	62
Sector Heads	43	57
Staff	47	53
Manager/Director level staff	42	58
Service Heads	43	57
Ops Heads	50	50

Proportion of females and males in each pay quartile

	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 five years and during this period our mean gender pay gap has fallen from **12% in 2018** to **5.5% in 2022**, while our median gender pay gap has fallen from **2.3% to -1.3%** in the same period.



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 2022.

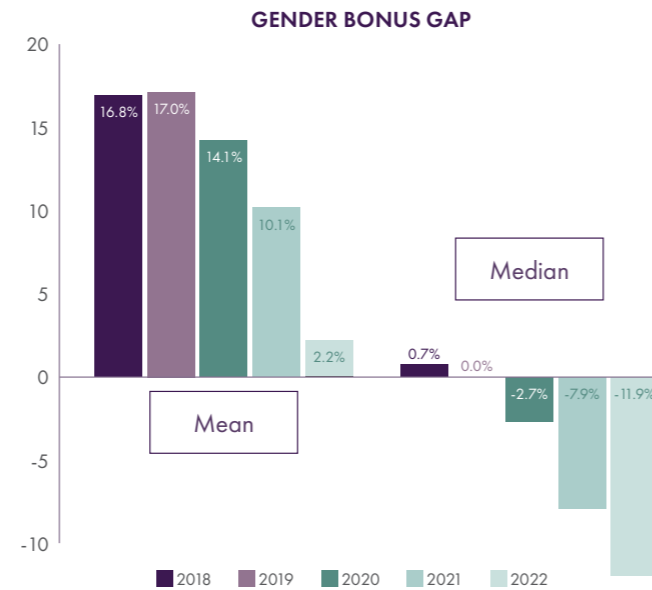
For our 38 partners, our mean gender pay gap is **1.9%** and our median gender pay gap is **-3.0%**.

Gender bonus gap

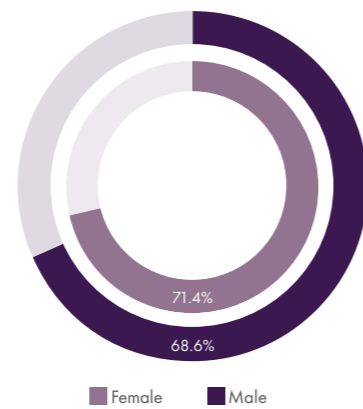
Our bonus system rewards all individuals. The statutory calculation of bonus pay gaps includes information relating to any bonuses paid between April 2021 to April 2022. Bonus payments are related to tenure and performance, and therefore not all employees receive a bonus.

Our mean bonus gap has fallen from 10.1% last year to **2.2%**.

Our median bonus gap has fallen from -7.9% last year to **-11.9%**.



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.

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.

Our 2023 Modern Slavery Statement can be found on our website.

Living Wage

We are proud to be an accredited Living Wage Employer. All our staff 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.

Partners' remuneration

We undertook a full review of partner contribution and remuneration during the FY 2022/23. This has resulted in a revised appraisal process, which now takes place twice per year, definitions of partner which against which to assess contribution and a revised approach to reward.

The new approach is designed to reward high performance and penalise poor performance, including:

- Quality of work
- Adherence to strategy
- Behaviours/values

A key focus for partners should be on setting the right culture for the firm by their own behaviours. The consistent prioritisation of quality, strategy and behaviours over other potentially conflicting individual goals will set the right tone at the top.

Quality of work

The quality of our work can be objectively measured by our compliance with firm policies and procedures as well as against external regulations and standards.

Across all major service lines, the firm will monitor and measure adherence to policies and procedures that are designed to mitigate risks, including client engagement procedures, the timelines of delivery and client communication.

Evidence of poor quality will be identified through file reviews, complaints, claims and regulatory inspections, where applicable

Behaviours

Partners' behaviours are expected in line with our values and strategy, in particular:

- Complying with and upholding professional requirements and obligations
- Doing "the right thing" at all times
- Being communicative, consultative and accessible
- Following firm strategy even when it is difficult
- Setting an appropriate "tone at the top"

We can measure those behaviours by monitoring:

- Adherence to firm policies and procedures
- Compliance with requirements in a timely and professional manner
- Support and feedback to staff through the TALK system
- Support to other partners and staff on clients/work outside of individual portfolios
- Upwards feedback

Tone at the top

Setting the appropriate "tone at the top" is an important behaviour in respect of quality and the culture of the firm. Culture is much more about people than it is about rules. The alignment and consistency of behaviours of leaders, and how they communicate through words and actions is an essential starting point. In this context, partners should lead by example and ensure that good standards of behaviour permeate throughout all levels of the firm and that staff feel valued for the work they perform.

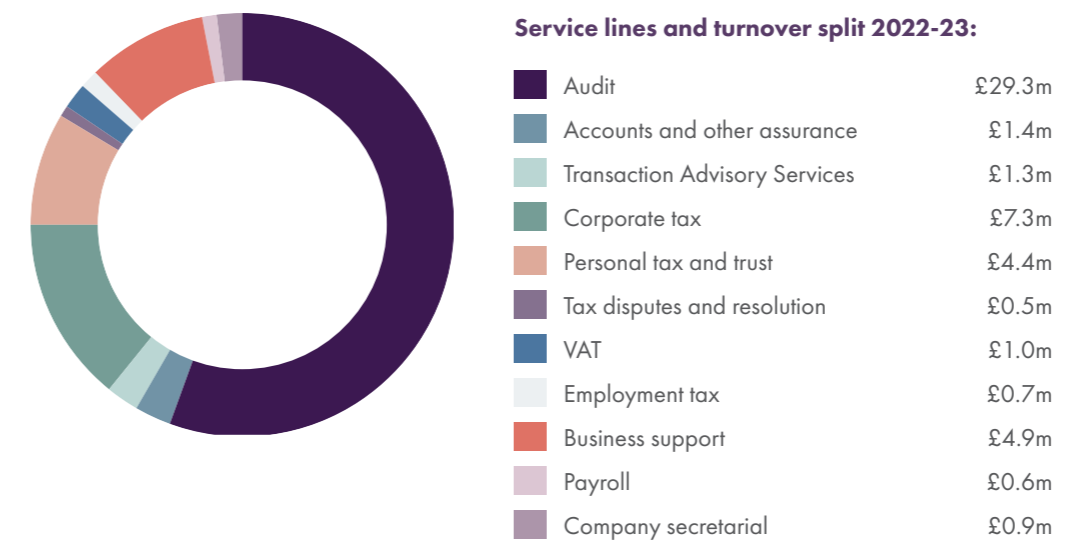
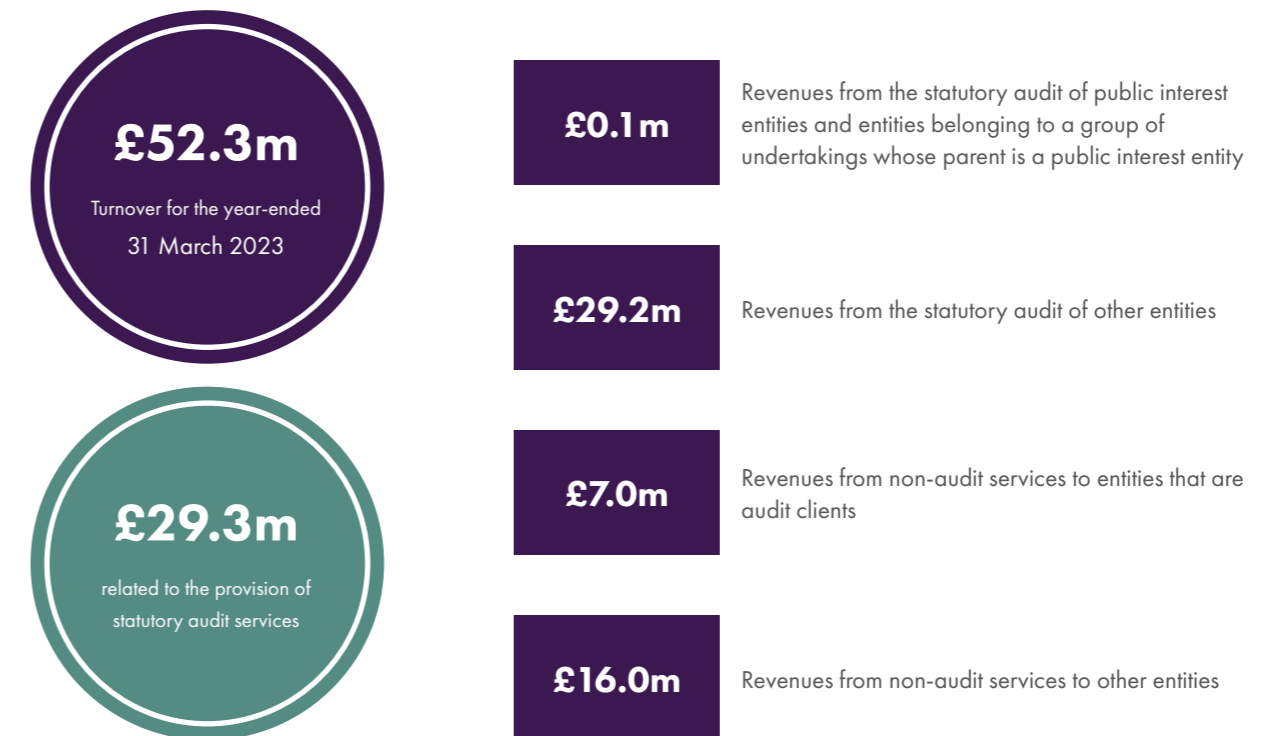
What partners do can often be more important than what they say – partners should visibly live and demonstrate the firm's values and act in a way that shows the importance of quality. Partners should proactively strive to ensure their quality grades achieve the minimum requirement described above. Partners should develop appropriate action plans to address poor quality and demonstrate the appropriate behaviours that create a culture of quality within the firm.

All of the above is owned by the Managing Partner and the Chief People Officer.

Appendix

Financial information

For the year-ended 31 March 2023, the firm's turnover was £52.3m (2022: £45.9m; 2021: £38.4m; 2020: £37.3m) of which £29.3m (2022: £24.6m; 2021: £21.1m; 2020: £19.7m) related to the provision of statutory audit services.



Public interest entities

During the year-ended 31 March 2023, audit reports were issued on the financial statements of the following entities:

Public interest entities as defined

Boston International Holdings PLC
Brown Advisory US Smaller Companies Plc

Other UK listed companies

During the year-ended 31 March 2023, we also acted as auditors for the following UK listed companies:

Other UK listed companies

7 Digital Group plc
Akari Therapeutics Plc
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
Equipmake Holdings plc
Frenkel Topping Group plc
Immotion Group plc
Kromek Group plc
Logistics Development Group Plc
Northcoders Group Plc
Oberon Investments Group plc
Quidnet REIT
Tasty plc
The City Pub Group plc
Tortilla Mexican Grill 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

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

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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 2022



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