

# Transparency Report

Grant Thornton UK LLP year ended  
31 December 2023

April 2024

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# Chief Executive Officer (CEO)

2023 has been an excellent year from a quality perspective which demonstrates the impact of the investment we have made over the past five years. We are not complacent and will continue to invest in quality while pursuing growth, ensuring that we meet our objectives, the expectations of our people, wider stakeholders and the public interest.

This is my first transparency report as Chief Executive Officer having been elected by my fellow partners on 19 January 2024. It is an honour to be appointed and to take the firm forward following the significant changes and successes which Dave Dunckley led over the past five years, during which time I was COO.



**Malcolm Gomersall**  
CEO

### Quality

Over the last five years we have undertaken fundamental change in our audit practice to address concerns over the quality of some of our past audits. We are delighted that in 2023 we have market leading quality with all our external reviews resulting in ratings of “Good or limited improvements required”. This is a milestone achievement for the firm and the profession. We are not complacent and remain committed to continued investment and improvement in the quality of our audits.

### Inclusion and Diversity

We believe strongly that we need to have a diverse and inclusive team in the firm. Our approach is to be one of “the best firms at valuing diversity through everyday inclusion”. We continue to focus on achieving our targets across five diversity strands (gender, ethnicity and cultural heritage, social mobility, LGBTQIA+ and disability, medical conditions and mental health).

### Digital

We continue to invest in digital tools and technologies and see this as a significant opportunity for all our people. Our new Head of Digital, Alan Dale, is working to ensure we bring the best technology to the firm to support our clients and people. We have outlined our approach and some of our developments in the section “[Digital Audit Team](#)”.

### Governance

On 10 January 2024 David Dunckley announced his retirement as Chief Executive Officer (CEO) of the firm. Following a partner election I was appointed CEO. I would like to formally thank Dave for his contributions as CEO over the past five years. The firm’s strategy will continue with a commitment to our ongoing purpose of “Doing what’s right, ahead of what’s easy”. As a result of the change in CEO there have been some changes in our leadership structures which are detailed in the section on “[Leadership and Governance](#).”

### Growth

Over the last five years our audit practice has grown by 54% from £125m (12m to 31 December 2018 – pro rated) to £192.5m (12m to 31 December 2023). This has been achieved whilst fundamentally improving the quality of our audits. Our approach to delivering this growth has included focusing on those clients who value the audit, investing in our people, digital tools and embedding a culture of quality. We have ambitious growth plans focused on delivering high quality audits to clients we choose to work with. Our growth plans are key to allowing us to continue to invest in quality, our people, our digital capabilities and our I&D

A handwritten signature in black ink that reads "Malcolm Gomersall". The signature is written in a cursive, flowing style.

strategy.

**Malcolm Gomersall**  
Chief Executive Officer

# Head of Audit

## 2023 has been an excellent year for the audit practice. Our commitment to quality in a sustainable growing audit practice remains.

We are delighted to be able to report that all our external file reviews carried out by our regulators in 2023 were rated “Good or limited improvements required” which is profession leading. In respect of the FRC public file reviews this is the second year all of our reviewed files were rated as “Good or limited improvements required”. We are clearly immensely proud of this result and it demonstrates the investment and effort put in across the last few years to focus on quality not just with our Public Interest Entity (PIE) clients but across our entire client base. We are not complacent and know that we need to continue to invest in our audit practice so that we can continue to evolve and grow whilst maintaining our focus on delivering high quality audits.



**Fiona Baldwin**  
Head of Audit during 2023

### Culture

Having the right culture remains critical for our strategy and particularly in delivering quality audits. We engage regularly with the audit practice to understand their views and perspectives on our culture. Our ongoing culture programme continues to work with the practice to maintain and enhance our quality culture, in 2023 this has included:

- further focus on “speaking up” with the practice to ensure people are comfortable and actually do speak up when necessary
- improving real time support and guidance to those teams who have audits with potential unusual or fraudulent activities
- ongoing training including training around challenging conversations and professional scepticism.

#### THE MISSION OF THE AUDIT PRACTICE INCLUDES:

“Achieve sustainable audit quality comparable to the best of our peers, creating trust and integrity in the audit market.”

#### THE BUSINESS PURPOSE OF THE AUDIT PRACTICE REMAINS TO:

“Create a sustainable talent model comprising specialist auditors with future fit skills delivering gross margin in line with the firm’s business plan.”

### The last few years

Our journey in recent years has involved significant investment across a number of areas including:

- deselection of clients so that we are only working with those who meet our expectations on quality
- creation of a culture of quality, where consultation and speaking up is a day-to-day activity
- restructuring of certain teams so that they are focused on specific sectors
- investment in our people with the development of comprehensive training programs for all
- development and acquisition of a range of digital tools to improve the quality of our audit assurance
- continuing work to address the concerns of the FRC on old enforcement findings
- development of our overseas teams with Grant Thornton colleagues in India and the Philippines.

### Going forward

We are now progressing well against our 2025 strategy. This focusses on creating an inclusive environment to grow and deliver high quality audits by:

- creating an environment which allows us to consistently excel in our chosen markets, which means we will make intentional choices where we will seek to lead and where we will be a challenger
- deliver exceptional results in four key areas:
  - Quality
  - I&D
  - ESG
  - People experience
- invest in talent, technology and infrastructure, continually which allows us to re-invest in the very best people, technology and infrastructure to create a culture of continuous improvement supporting us to excel our chosen markets.



### How we deliver audit

Our restructured practice is now key to ensuring that we have the right people and skills in the right place and that we deliver the right experience to our audits.

### Our audit sectors:

- Commercial audit, split into:
  - listed entities and public interest
  - Private capital - including entities funded by private equity capital
  - Entrepreneurial services
- Financial services including pensions
- Public sector.

Our colleagues in India and the Philippines are embedded into our teams to delivery day to day audit work in a market leading “fully blended model” as well as them focusing on certain key audit activities.

## Digital

During the year we implemented the new GTIL audit software “Leap” we believe strongly that this is helping us to enhance quality, give our people a better working environment and improving delivery. All our audits from 31 December 2023 year ends onwards now use Leap. Our Digital Audit Team continue to develop tools to support audit teams both internally and with third party providers. During 2023 this has included the continued development and use of data analytics and the launch of GT Assist, our transformative platform that will both help our internal operations become more efficient and help us to anticipate and fulfil audit needs.

## Governance

Following the election of Malcolm Gomersall as CEO my role has changed to the firm wide role of Head of People and Brand. Wendy Russell has been appointed Head of Audit and we will complete a fulsome and effective transition so she can continue to deliver on the 2025 strategy, supporting the continued growth in high quality audit practice working with organisations that value high quality audits.

**Fiona Baldwin**

Head of Audit during 2023

# Independent chair of the Audit Quality Board (AQB)

## As the new chair of the AQB it is my role to advise the Strategic Leadership Team (SLT) on maintaining and improving the firm's levels of audit quality and to support the firm's commitment of the public interest nature of audit.

This is my first report as chair of the AQB having taken over from Philip Johnson on 1 February 2024. I am grateful for the opportunity to work with the firm to support the continued audit quality journey. I would like to thank Philip for his work over the last four years which have seen significant change in the quality of auditing delivered by the firm.

It remains clear to me that the firm continues to improve its overall performance with a clear focus on delivering high quality work across all audits. This is most clearly demonstrated by the fact all of our external file reviews this year were rated as "good or with limited improvements required." The firm is focused on continuing to maintain its quality through continued development and the audit strategy, set out by Fiona Baldwin, demonstrates the continued focus on those areas that impact this most significantly:

- embedding a culture of challenge
- attracting and maintaining a flexible, inclusive and diverse employee base which has the right talent and potential
- developing our use of digital tools
- structuring teams to ensure we consistently deliver the highest quality audits.

I met with Fiona Baldwin as Head of Audit along with other senior individuals in the firm's leadership team throughout the year. I am looking forward to working with Wendy Russell as she moves into the role as Head of Audit. The AQB meets 12 times a year and receives regular updates on key projects impacting quality, this includes regular reporting on Audit Quality Indicators (AQIs), actions from internal and external regulatory reviews and other ongoing quality matters.



**Faried Chopdat**

Independent chair of the AQB

# Independent non-executive chair of the Partnership Governance Board (PGB) and the Public Interest Committee (PIC)

## Independent Non-Executive (INE) chair of the Partnership Governance Board (PGB) and the Public Interest Committee (PIC). My third annual report comes at the end of another strong year for audit quality.

I chair two key groups in the firm, the PGB and the PIC. The PGB is the primary governance group of the firm. I and my two fellow INEs we sit as non-voting members. In this role we can oversee and challenge key decisions whilst maintaining independence from the firm's leadership. We have a fundamental responsibility to stakeholders both within the firm and externally, including supporting the public interest aspects of audit.

The work of the PGB includes meetings without the SLT being present to allow for an open and thorough debate about all matters relating to the firm including SLT activities, key risks and events.

The PIC meets three times a year and includes all the INEs, with one elected PGB member and the CEO also present at each meeting. Faried Chopdat (and previously Philip Johnson) as the independent chair of the AQB, are invited to attend. Areas of focus at the PIC during the year have included:

- receiving updates from the Head of Audit, chair of the AQB and Ethics Partner at each meeting
- consideration of people and culture matters including meeting with the firm's CLEAR representatives (see "[People and Culture](#)")
- reviewing complaints, whistleblowing issues and other legal matters
- considering the firm's response to ISQM 1 (through its QMA program)
- our response to the various areas of the revised Audit Firm Governance Code (AFGC).

### Audit Firm Governance Code

The new Audit Firm Governance Code provides a framework for governance against which audit firms, particularly those auditing Public Interest Entities (PIEs) can be assessed. The principal objectives of the code are:

- to promote audit quality
- to ensure firms take account of the public interest in their decision-making, particularly in audit
- to safeguard the sustainability and resilience of audit practices and of firms as a whole.

The PGB and its subcommittees supports these obligations through regular meaningful monitoring and constructive challenge to the firm's leadership across a range of matters. The CEO and relevant members of the SLT present to the PGB on key developments within the firm, including operational, legal, financial and structural matters. In 2023 we have remained active in bringing our expertise to the firm and discharging our responsibilities. We have detailed how we comply with the AFGC in [Appendix A](#).



**Imogen Joss**  
Independent Non-Executive  
chair of the PGB and PIC

## Promoting audit quality

As members of the PGB, we receive regular updates on both the audit practice and the firm as a whole. This includes matters relating to quality. Over the course of the year, we receive, scrutinise and constructively challenge the leadership's strategic plans and activities, both holistically and at a service line level. Quality is a fundamental part of this conversation. There are several specific ways we are particularly focused on audit quality:

- Philip Johnson (now Faried Chopdat) as chair of the AQB and Fiona Baldwin as Head of Audit attended each PIC meeting to provide a comprehensive update on audit which enabled us to discuss and challenge relevant matters
- Deena Mattar, as chair of the Risk and Audit Committee (RAC) receives updates on the firm's internal controls review, updates from the Head of Audit and Ethics Partner as well as the Transparency Report
- receiving updates from the team monitoring and testing the firm's QMA
- Paula Dillon focuses on people matters across the firm with particular focus on the Audit service line as well as chairing the firm's Remuneration and Profit Sharing Committee
- the PIC meet with the Head of People and Brand to consider how quality is embedded into the firm's culture, performance management and reward policies
- independence is a key element of audit quality and as such the Ethics Partner provides an update on key matters and developments at each PIC meeting
- we annually review the results of the Root Cause Analysis (RCA) work undertaken by the audit RCA team.

## Public interest approach

During the year we have developed our statement on public interest as recommended by the Audit Firm Governance Code. As INEs we consider the Public Interest as key to our role. The firm's purpose "Doing what's right, ahead of what's easy" is important in delivering audit work in the Public Interest. Whilst Public Interest does not have a specific definition, and is a fundamental abstract concept, we concur with the FRC's view that the "Public Interest" is about<sup>1</sup>:

- putting the common good and wellbeing of society above the interests of an individual or a small group of individuals
- in the context of audit, the consistent performance of high-quality audits is in the public interest because they promote the efficient functioning of capital markets in the UK, lowering the cost of capital
- reliable corporate reporting allows market discipline. More broadly it underpins public trust and confidence in the market economy whether or not audit firms are operating in a manner which supports the consistent performance of high-quality audits is therefore a matter of public interest.

## Safeguarding the sustainability of the audit practice and the firm as a whole

PGB meetings consider a range of matters that could influence the firm's ongoing stability. This includes consideration of financial results and key matters which have, or could have, a significant financial impact on the business or its reputation. The INEs are also involved in the consideration of the firm's risks and risk processes as well as the results of internal audits. We continued to have a strong dialogue with members of the SLT, including regular calls I have with the CEO. Deena Mattar as chair of the RAC has strong oversight of the firm's approach to risk management, principal risks and risk appetite.

Further details can be found in the [Leadership and governance](#) section.

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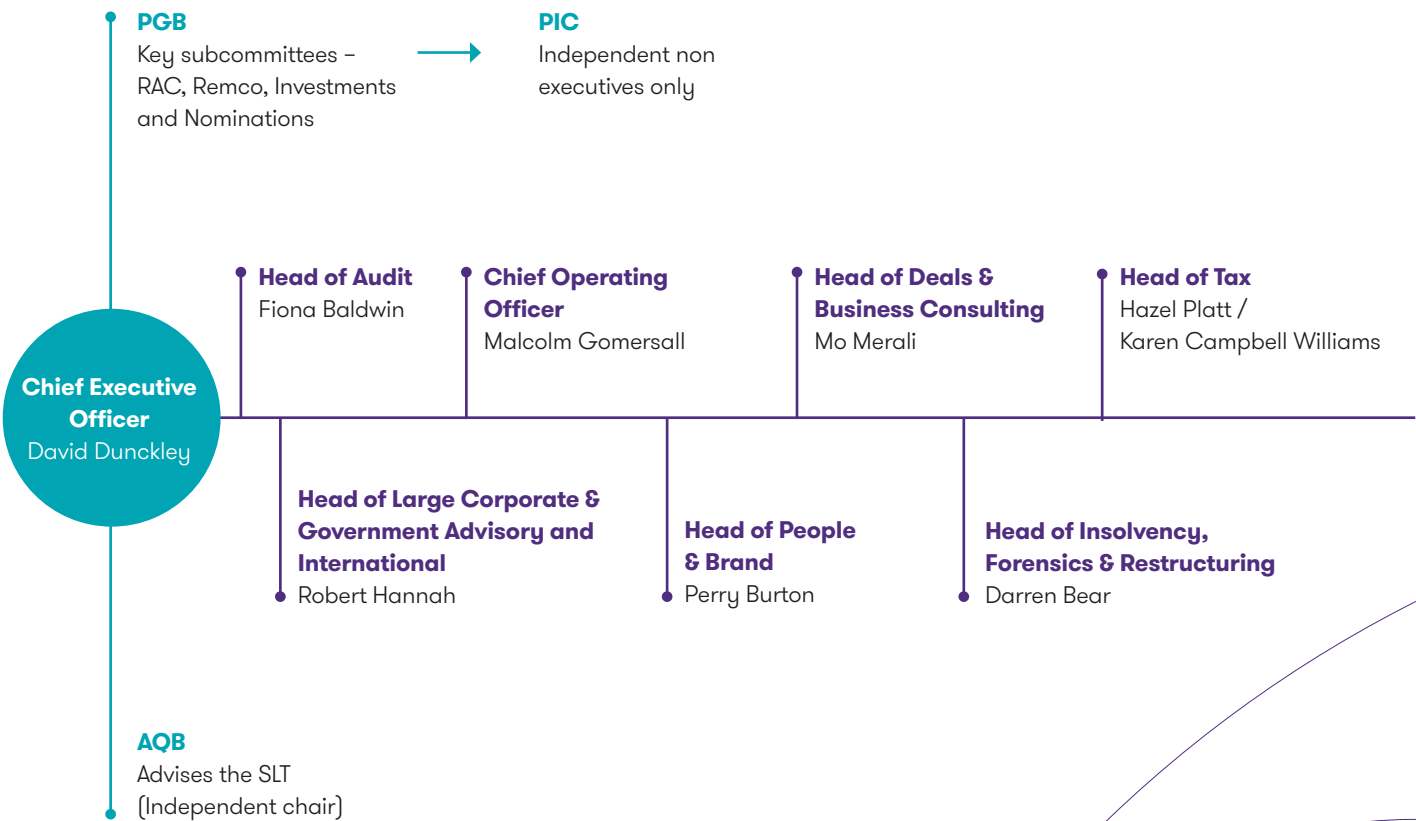
<sup>1</sup> FRC Audit Firm Governance Code 2022

# Leadership and governance



The firm is owned by its partners<sup>2</sup> and during the year had two principal leadership and governance groups, the SLT and the PGB. In addition, the AQB focuses on audit quality. Each group works together to provide us with a best practice governance structure. We remain committed to and comply with the provisions of the AFGC. The full Terms of Reference for each group can be found on our website on the Leadership and governance page.

During the year up to 31 December 2023 our governance structure was as follows:



2. Not all partners are members of Grant Thornton UK LLP. The term partner is also used to refer to some of our most senior employees.

Appointment of new Chief Executive Officer

On 10 January 2024 David Dunkley announced his retirement as CEO. Malcolm Gomersall (COO) was elected as his replacement. Following his appointment, several changes were made to the Strategic Leadership Team. The revised governance structure consists of three areas of firm-wide leadership as follows:

Strategic Leadership Team

The SLT is chaired by the CEO and has ultimate responsibility for delivering the firm’s strategy and growth plan, with support from everyone across the firm. Service Line Leadership roles have been condensed into three roles: Head of Audit, Head of Tax and Head of Advisory. The Advisory structure below this level will evolve.

Two new roles have been introduced to the SLT to support fulfilling our strategic priorities: a Head of Industries with a deliberate focus on our chosen markets and leveraging investments across our business to unlock growth; and a Head of Partner Development & Engagement, to work with the partnership on performance, progression and succession. The firm’s Head of Quality & Risk and General Counsel, Ian Cokayne, will continue to directly report into the CEO.

Operations Board

The Operations Board is chaired by the Chief Operating Officer (COO) and is responsible for enabling our service lines and Central Client Services to work together as one firm, optimising synergies and removing duplication as we work to deliver on our growth plan.

The Operations Board includes the Heads of Service Lines, Head of Industries and Head of People & Brand. They are joined by Ruth Topham, Finance Partner and Head of CCS Operations; Giles Mullins, Head of Advisory Operations; Nick Watson, Head of Audit Operations; Pete Dawson, Head of Tax Operations; and Alan Dale, Head of Digital, which he will do alongside his role as Head of Business Consulting for a transitional period.

Service Line Leadership Teams

Service Line Leadership Teams are responsible for implementing firmwide strategy and delivering service line growth plans and budgets.

Details of the governance structures, including the rights and obligations of partners, are set out in our Membership Agreement, which was last updated in 2023.

