

Grant Thornton Assessment and Review (GTAR)

The GTAR program is on a three-year cycle, there was no review in the year with the next review expected in 2024.

Other regulatory reviews

We are subject to review in respect of audit quality by several other regulatory bodies.

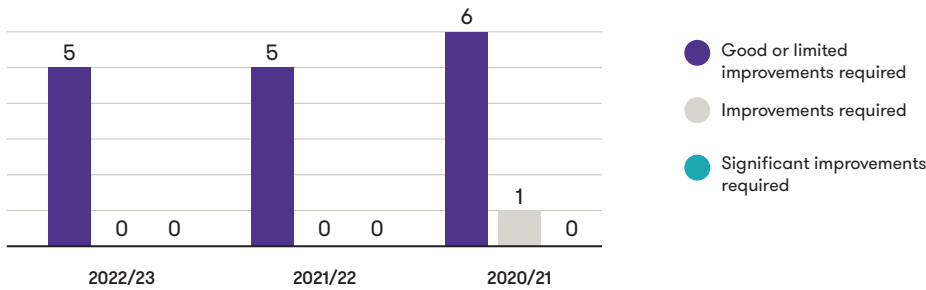
Body	Review in 2023
FRC (non-corporate reviews)	Public sector audits including value for money
QAD (ICAEW)	Corporate audits not in FRC scope

We are subject to review by CPAB, PCAO and Audit Scotland but no reviews have been conducted in the year.

Engagement reviews - external

FRC

The AQR reviewed five files (2022: five) as part of the review reported in July 2023, as the FRC have placed the firm in tier 2 and 3 there will be no separate report issued in 2024.

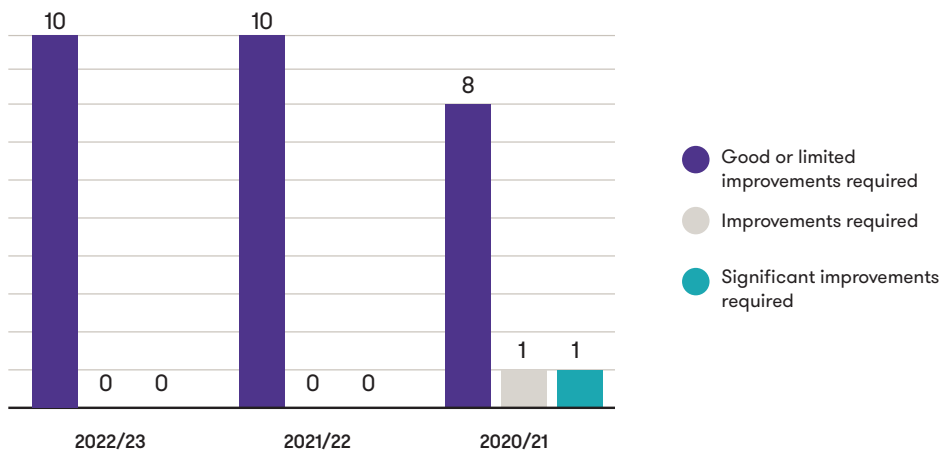


The Key Findings from the reviews were⁵:

Areas for improvement	Good practice identified
Follow up of matters raised by experts	Use of specialists
Evaluation of the expert's report	Challenge and professional scepticism
	Audit of revenue
	Group oversight

QAD

The QAD visited during the year. The results of previous visits are:



5. FRC audit quality inspection and supervision report - July 2023

Engagement reviews – internal

We undertake internal quality reviews for our signing engagement leaders (RIs, KAPs and others who act as public sector auditors). We have two types of review:

- 1 National Assurance Review (NAR) covers the whole audit from planning to completion. This includes a review of detailed audit work across a range of areas. Each engagement leader receives a NAR review at least once every three years, with new engagement leaders being reviewed normally within a year of appointment. Any engagement leader with files that do not meet the expected standard is subject to review in the subsequent year.
- 2 Pulse programme which focuses on two key risk areas of each audit. Any engagement leader who has not been subject to an external or NAR review receives a Pulse review.

Total engagement reviews (including public sector)

During the 2023 review cycle 113 (2022: 115) reviews have been conducted comprising both internal and external reviews.

Number of reviews	2023	2022	2021
External review	19	32	23
NAR	47	40	43
Pulse Review	47	43	37
GTAR	-	-	10
Total	113	115	113
Relevant engagement leaders reviewed (%)	100	100	99

Findings (percent)	Internal reviews			Total reviews		
	2023	2022	2021	2023	2022	2021
Good of Good limited improvements required	80	75	90	83	74	79
Improvements required	7	15	4	6	16	12
Significant improvement required	13	10	6	11	10	9

Firm-wide monitoring

External

The FRC in their annual report detail their firm wide work. The FRC review some areas on an annual basis and others on a three-year rotational basis. The focus for the year as reported in July 2023 was:

- audit quality focus and tone of the firm's senior management
- audit quality initiatives, including plans to improve audit quality
- root Cause Analysis
- complaints and allegations processes
- relevant ethical requirements – Implementation of the FRC's Revised ethical Standard (2019)
- partner and staff matters, including recruitment, appraisals, remuneration and promotion
- acceptance, continuance and resignation procedures.

During the year we have also received/responded to the FRC in relation to a number of non-engagement specific areas including:

ISQM 1 Implementation
Audit Sampling
Training and methodology
Hot reviews

When the FRC raise findings or recommendations these are assessed by senior individuals, including the Head of Audit, and actions plans developed as required. We have also responded in respect of the status of actions for areas subject to prior FRC sanction including ethics.

Internal

Monitoring activities are classified as hot and cold. Hot monitoring is for live, ongoing engagements/prospects whereas cold monitoring looks at a sample of completed engagements and events to evaluate whether firm policies and procedures were complied with. This monitoring was undertaken as part of the [QMA implementation](#).

Internal ethics and independence

We operate a number of specific monitoring activities in relation to compliance with the FRC Ethical Standard and other relevant independence regime. The key mechanisms are:

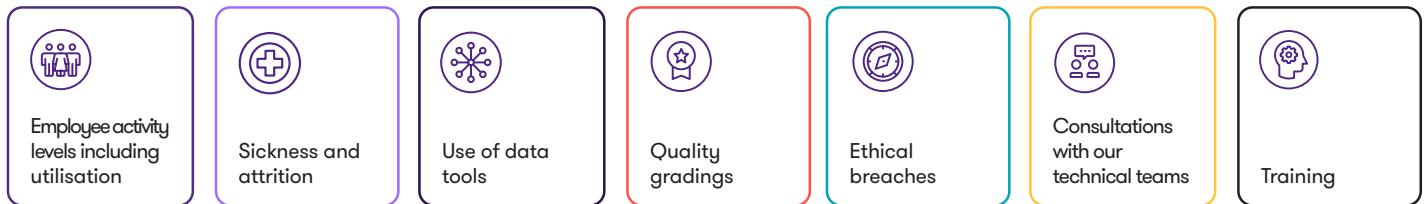
- individual NAR file reviews consider how the engagement team addressed ethical and independence matters
- the Annual Declaration process is a comprehensive declaration from all partners and people in respect of understanding and compliance with our policies and procedures in respect of ethics, independence, confidentiality, gifts and hospitality and other regulations
- sample testing of partners and people at manager grade and above to check the accuracy and completeness of disclosed financial investments
- consideration of ongoing consultations from engagement teams
- the pre-approval of non-audit services to audit clients
- ensuring that rotation requirements are met at the individual and firm level
- pre-approval of gifts, favours and hospitality above de-minimis limits and monitoring against expenses review of ethics and independence matters for higher risk audits at planning and completion.

Action plans

Action plans are developed for internal and external reviews. These actions are monitored and the status of actions reported to the AQB.

Audit Quality Indicators (AQIs)

As an audit service line we utilise a number of AQIs to support wider monitoring:



As a firm we utilise two AQI dashboards:

- 1 engagement leader dashboard – each audit engagement leader has their own dashboard with a range of AQIs to help them consider quality on their live audit engagements
- 2 firmwide AQI dashboard – Head of Audit has access to over 20 AQIs to assist with broader operational management. These AQIs are reported on a quarterly basis to the AQB.

We will be providing information to the FRC for their profession wide pilot on Firm Level AQIs these AQIs are detailed in [Appendix F](#).

The PRG identified a number of AQIs, in five areas, that the main audit firms publish in their transparency report on an annual basis. The table below identifies each AQI and where it can be found in this report:

AQI area	Location in report
Details of internal and external reviews	See above in this section
External investigations related to audit	Disciplinary and enforcement matters
Investments in audit	Training hours - People and Culture Wider investment in quality processes see risk management, quality and internal control
Investor liaison	Investor and external dialogue
Partner and staff surveys — Three questions based on: 1 firm's commitment to quality 2 sufficient time and resources to deliver quality 3 training and development.	People and Culture

Root Cause Analysis (RCA)

RCA is undertaken following the results of both internal and external quality reviews. Further RCA is also undertaken in respect of other areas where we have a concern over quality. At the end of reviews and annually themes are identified and actions developed to address those negatively impacting quality as well as to encourage wider uptake of areas of strength.

Our RCA approach is tailored to the subject being considered but includes a combination of:

- data gathering and analysis, with the use of external specialists where appropriate
- interviews with the team including the manager, engagement leader, EQCR and specialists where applicable
- group discussions and focus groups.

Number of reviews cover by RCA	2022/23	2021/22	2020/21
External file reviews	17	14	27
Internal file reviews	40	30	34

The results of the RCA are reported to the AQB and PIC. The key themes identified in the 2022/23 cycle were:



Root causes of negative quality findings

- Distractions diverting attention from other areas of the audit
- Training/guidance (particularly regarding revenue)
- Poor performance of team members
- Over reliance on prior audits

Root causes of good practice points

- Experience of the team being relevant for the audit
- Culture focused on quality and, learning from previous reviews
- Good understanding of the business
- Good Engagement leader involvement and timely review
- Consultation

Disciplinary and enforcement matters

FRC

There are no ongoing disciplinary investigations by the FRC into the firm's audits under the AEP or the Accountancy Scheme.

There has been one disciplinary matter in respect of audit work of ours, which the FRC has progressed.

We are continuing to comply with monitoring and reporting obligations imposed following concluded disciplinary investigations, which relate to audits of Sports Direct International Plc, Patisserie Holdings Plc and Interserve Plc. These obligations are due to conclude in 2024.

Our monitoring and reporting obligations imposed following disciplinary findings made in 2020 relating to ethical standards and requirements, concluded in 2023.

ICAEW

On 26 January 2023, the ICAEW imposed a severe reprimand in respect of three audits of ours dating from 2016 to 2018 of an entity whose name it did not publish and fined us £91,000.

On 27 February 2023, the ICAEW imposed a reprimand in respect of four audits of ours dating from 2016 to 2019 of an entity whose name it did not publish and fined us £143,350.

On 21 March 2023, the ICAEW imposed a reprimand in respect of one audit of ours in 2019 of an entity whose name it did not publish and fined us £194,600.

We have ongoing investigations by the ICAEW which we are working with it to resolve.

Public sector audit – including local audit

Our public sector practice provides statutory and other related audit services to a range of public sector clients including those subject to the Local Audit and Accountability Act 2014 (the Act). The Act requires the auditor of certain public bodies in England to appoint a registered “Local Auditor” as their statutory auditor.

Bodies to which the regulations apply include:

- councils
- health trusts (excluding foundation trusts)
- clinical commissioning groups
- Integrated care boards
- police and crime commissioners and chief constables
- fire and rescue services
- national parks
- certain pension funds.

Our work over the past year has been undertaken during a period of continued challenge in the public sector, with many NHS bodies and local authorities struggling to balance budgets and deliver desired levels of services within available resources.

During the year we have commenced work under the PSAA allocation of local government, police and fire bodies in England which represents about 36% of the audits allocated by the PSAA. Over the past year the local authority sector has seen continued delays in the sign off of audit opinions across all firms. We are working with clients and supporting the governments new measures revolving around these audits to address the backlog. We support the work of the government, NAO and FRC in seeking a rapid and practical solution to these issues. In 2023 we have signed 108 opinions in relation to Major Audits (2022: 45). See [Appendix K](#).

We are continuing to see significant changes in our NHS and Local government audits due to the financial position of these organisations. We also continue to see instances of more complex transactions resulting in changes to the accounting and auditing of these. We continue to see issues in respect of data quality and completeness. These impact our ability to complete our audits and the nature of opinions we are able to issue. We are working with the NAO, DLUHC and the FRC to promote better quality accounts preparation, and to make representations for other changes which we believe will help reduce the backlog of accounts sign offs.

As part of our wider responsibilities as local auditors under the National Audit Office Code of Audit Practice, we have issued the following reports in respect of our obligations over local authorities since 1 January 2021:

Year	Authority	Report
February 2024	Nottingham City Council	Statutory Recommendations
January 2024	Cannock Chase District Council	Statutory Recommendations
January 2024	Dudley Council	Statutory Recommendations
January 2024	Stafford Borough Council	Statutory Recommendations
September 2023	Birmingham City Council	Statutory Recommendations
February 2023	Slough Council	Statutory Recommendations
January 2023	Cheshire East Council	Public Interest report
November 2022	Bromsgrove District Council	Statutory Recommendations
November 2022	Redditch District Council	Statutory Recommendations
March 2022	Copeland Borough Council	Statutory Recommendations
January 2022	London Borough of Croydon	Public Interest Report
January 2022	Sandwell Borough Council	Statutory Recommendations
October 2021	Thanet District Council	Statutory Recommendations
May 2021	Slough Borough Council	Statutory Recommendations
February 2021	Copeland Borough Council	Statutory Recommendations

Registration

We are registered as a Local Auditor under the requirements of the Act through registration with the ICAEW. At 31 December 2023 we had 30 registered KAPs (2022: 26), the most of any audit firm. Our dedicated public sector audit practice is part of our audit service line.

Structure

The public sector practice follows the same policies, processes and methodologies as the wider audit practice with adaptation to meet the specific requirements of our public sector audit base. The team face many of the same challenges faced by our wider audit practice. The Head of Public Sector Assurance reports to the Head of Audit.

Internal control

Our local audit work is subject to our overall internal quality control system the QMA and has been subject to the review under the QME. There are additional areas of control that are focused on local audit. These include:

- a dedicated Public Sector technical team, which provides guidance and support to audit teams in respect of specific accounting, audit and financial reporting matters. This team works closely with our NAS teams to ensure consistency of approach
- specific sector files are developed to support the consistency of our quality
- the public sector nature of local audits is considered as part of our acceptance and continuance process
- we have specialist technical panels for specific matters which are unique to the public sector, for example, Value for Money.

Recruitment

The public sector practice uses the same recruitment processes as the wider audit practice but with a clear focus on the public sector nature of our work.

Development, appraisal and promotion

Individuals follow the same development, appraisal and promotion processes as those of the wider audit practice. This includes the use of the same competency framework and CPD requirements.

Learning

Given the specialist nature of public sector audit, we take very seriously the need to ensure all people working on local audits keep up to date technically and professionally. People working in the public sector team are subject to the same training requirements as people in the wider audit practice. However, to ensure all individuals maintain and develop their technical competence for public sector work, we provide additional training and support under our sector badging policy.

In 2023 for our qualified people this has included:

- ongoing training on a range of topics including the audit of estimates, property valuations, journals and sampling
- tailored training sessions on the practical implementation of ISA 315 in both local government and NHS audits
- a number of digital audit training sessions and workshops, supporting teams to utilise our growing suite of digital tools
- feedback from the results of internal and external inspections, highlighting learning and development needs;
- weekly updates or briefings for teams on 'hot' topics
- a session for EQRs on maximising the impact of EQCR work
- a briefing session for Engagement Leads on the new Local Government audit contract.

In total, training approximated to 10 (2022: 10) days per person. Our associates received their own tailored programme in line with our internal and professional requirements.

Quality monitoring

Our public sector audits are subject to both internal and external monitoring. The internal monitoring is detailed in the "Monitoring" section of this report. We are also subject to potential external review from several regulatory bodies during the year we have been subject to inspections from FRC and QAD.

During the year, the four (2022: 12) files have been subject to external inspections:

Type of audit	2023	2022	2021
NHS Foundation Trusts	-	2	4
Major Audits - NHS	2	1	2
Major Audits - Local Government	1	6	7
Non Major local audit	1	3	3

We also undertook a number of internal reviews as part of the NAR programme. In 2022 we undertook nine (2022: three) and seven pulse reviews (2022: five). As a result of these reviews, we identified some key areas which we have focused on in our training, including the valuation of property plant and equipment, our approach to fraud risk assessment and journals testing, and the way in which we pinpoint our significant risk assessments.

The Local Auditors (Transparency) Regulations 2020

Below is outlined our response to the disclosure requirements of the Local Auditors (Transparency) Instrument 2015. As our public sector practice is integrated with our wider audit practice most of our responses cross reference to the wider Transparency Report.

Provision of the Local Audit Regulations Review	How Grant Thornton UK LLP complies
a A description of the legal structure, governance and ownership of the transparency reporting local auditor	See " Appendix G - Legal structure including GTIL "
b Where the transparency reporting local auditor belongs to a network, a description of the network and the legal, governance and structural arrangements of the network	See " Appendix G - Legal structure including GTIL "
c A description of the internal quality control system of the transparency reporting local auditor and a statement by the administrative or management body on the effectiveness of its functioning in relation to local audit work	See above and section " Risk management, quality and internal control "
d A description of the transparency reporting local auditor's independence procedures and practices including a confirmation that an internal review of independence practices has been conducted	Our public sector practice is subject to the same ethics and independence rules as all other areas of audit practice. This includes firm-wide requirements where applicable. See section " Ethics, Independence and Compliance "
e Confirmation that all engagement leads are competent to undertake local audit work and staff working on such assignments are suitably trained	Our engagements leaders for this work are all KAPs under the legislation. They and our people are appropriately trained and competent in the roles. See above and in section " People and Culture "
f A statement of when the last monitoring of the performance by the transparency reporting local auditor of local audit functions, within the meaning of paragraph 23 of Schedule 10 to the 2006 Companies Act, as applied in relation to local audits by Section 18 and paragraphs 1, 2 and 28(7) of Schedule 5 to the 2014 Act, took place	As set out above the last external reviews were undertaken by the FRC and QAD during the year
g A list of major local audits in respect of which an audit report has been made by the transparency reporting local auditor in the financial year of the auditor; and any such list may be made available elsewhere on the website specified in regulation 4 provided that a clear link is established between the transparency report and such a list	See " Appendix J - Major Local Audits "
h A statement on the policies and practices of the transparency reporting local auditor designed to ensure that persons eligible for appointment as a local auditor continue to maintain their theoretical knowledge, professional skills and values at a sufficiently high level	See section on " learning " above
i Turnover for the financial year of the transparency reporting local auditor to which the report relates, including the showing of the importance of the transparency reporting local auditor's local audit work	Turnover from local audit work in the 12 months to 31 December 2023 was £34.6 million, (2022: £31.8 million). This represents 14.5% (2022: 14.5%) of the firm's total audit revenue and 5.0% (2022: 4.9%) of firm's total revenue, respectively. These amounts are included in the revenue disclosed in Appendix G
j Information about the basis for the remuneration of partners	See " Appendix H - Financial information and partner details "

Appendices

Appendix A	Audit Firm Governance Code and EU Regulations	55
Appendix B	Governance Key Performance Indicators (KPIs)	61
Appendix C	Firm's principal risks	63
Appendix D	Leadership and governance – attendance at meetings and length of service	70
Appendix E	Leadership and governance – biographies and changes	72
Appendix F	FRC Pilot Audit Quality Indicators	77
Appendix G	Legal structure including Grant Thornton International Limited (GTIL)	78
Appendix H	Financial information and partner details	82
Appendix I	Public interest entities	84
Appendix J	Major Local Audits	85
Appendix K	Definitions and contacts	87

Appendix A

Audit firm governance code and EU regulations

AFGC

We have set out below how we have complied with the AFGC – April 2022 issued by the FRC. We have adopted this revised code from 1 January 2023 and we consider the firm to be compliant with the provisions of the new code.

Provision of the code	How we comply
A Leadership	
1 A firm should establish a Board or equivalent governance structure to oversee the activities of Management.	The PBG acts as our primary governance group see Leadership and governance .
2 At least half a firm's Board should be selected from among partners who do not have significant management responsibilities within the firm.	None of the partners on the PGB have significant management responsibilities.
3 The chair of the Board should not also chair parts of the Management structure or be the managing partner.	Imogen Joss chairs the PGB and is one of the firm's INEs.
4 A firm's Management and Board should have a clear understanding of their authority, accountabilities and responsibilities. The Board should have clearly defined terms of reference, with matters specifically reserved for its decision, detailing in particular its role in relation to firm strategy, risk, culture and other matters relating to the purpose of this Code. Management should have terms of reference that include clear authority over the whole firm and matters relating to the purpose of this Code. Terms of reference should be disclosed on the firm's website. Terms of reference for international management and governance structures taking decisions that apply to the UK should be disclosed on the UK firm's website in the same way as for UK-based structures.	Terms of reference are present for the PGB and sub committees. These are available on our website Leadership and governance Grant Thornton
5 A firm should establish arrangements for determining remuneration and progression matters for members of the Board which support and promote effective challenge of Management.	<p>The partner members of the PGB and SLT are subject to the firm's membership agreement in respect of remuneration and progression.</p> <p>This is reviewed by the remuneration committee in relation to</p> <ul style="list-style-type: none">• profit share process• the remuneration framework for the CEO and SLT• partner exits <p>The Remuneration and performance evaluation for our INEs is considered by the Nominations committee.</p> <p>Details can be found in the terms of reference of each committee which are on our website:</p> <ul style="list-style-type: none">• Remuneration [grantthornton.co.uk]• Nominations Committee [grantthornton.co.uk]
6 The individual members of a firm's governance structures and Management should be subject to formal, rigorous and ongoing performance evaluation and, at regular intervals, members should be subject to re-election.	<p>All individuals, including non-executive members, of our governance groups are subject to annual performance evaluation.</p> <p>Members of the PGB serve for an initial three-year period with a maximum term of continuous appointment of elected members (six years) and INEs (nine years).</p> <p>Details can be found in the terms of reference which are on our website Terms of Reference [grantthornton.co.uk].</p>

Provision of the code

How we comply

7	There should be a formal annual evaluation of the performance of the Board and any committees, plus the public interest body. A firm should consider having a regular externally-facilitated board evaluation at least every three years.	An annual review is undertaken with an externally facilitated review undertaken at least every four years. The last externally facilitated review was in 2022.
8	Management should ensure that, wherever possible and so far as the law allows, members of governance structures and INEs and ANEs have access to the same information as is available to Management.	Those charged with governance, including our non-executive members have access to the same information as management.
9	A firm should disclose in its annual transparency report: a the names and job titles of all members of the firm's governance structures and its Management b a description of how they are elected or appointed and their terms, length of service, meeting attendance in the year, and relevant biographical details c a description of how its governance structures and Management operate, their duties, the types of decisions they take and how they contribute to achieving the Code's purpose. If elements of the Management and/or governance of the firm rest at an international level and decisions are taken outside the UK, it should specifically set out how management and oversight is undertaken at that level and the Code's purpose achieved in the UK d an explanation of the controls it has in place on individual powers of decision and to support effective challenge by Board members, how these are intended to operate and how they work in practice.	See Leadership and Governance especially subsection PGB and PIC Appendix D – attendance at meetings and length of service Appendix E – Biographies and changes.
B	People, Values and Behaviour	
10	A firm's Board and Management should establish the firm's purpose and values and satisfy themselves that its purpose, values and culture are aligned. If a firm's purpose and values are established at an international level, the firm should ensure it has the ability to influence that decision-making process and the ability to tailor the output for the UK.	The firm's purpose is "Doing what's right, ahead of what's easy" the board and management set our purpose, values and culture in consultation, where appropriate, with our people. Our purpose is set within the firm with reference to the overall approach and strategy of GTIL. During the year, our then Chief Executive Officer David Dunckley was a member of the GTIL Board of Governors. The firm also has representation on each of the Board of Governors standing committees. This allows the firm to ensure appropriate influence at a GTIL level.
11	A firm should have a code of conduct which it discloses on its website and requires everyone in the firm to apply. The Board and INEs should oversee compliance with it.	Our Code of Conduct can be found on our website Code of conduct Grant Thornton All our people have to comply with this code. We also publish on our websites our codes/statements in respect of: • "Anti-bribery and corruption" Anti-bribery and corruption statement (grantthornton.co.uk) • "Third party code of conduct" Third-Party Code of Conduct (grantthornton.co.uk) • "Modern slavery" Modern slavery statement (grantthornton.co.uk) • "Carbon reduction" Carbon Reduction Plan (grantthornton.co.uk) • Approach to tax Our approach to tax Grant Thornton.
12	A firm should promote the desired culture and a commitment to quality work, professional judgement and values, serving the public interest and compliance with professional standards and applicable legal and regulatory requirements, in particular through the right tone at the top and the firm's policies and procedures.	See People and Culture especially subsection Culture.
13	A firm should establish policies and procedures to promote inclusion and encourage people to speak up and challenge without fear of reprisal, particularly on matters relating to this Code and the firm's values and culture.	See People and Culture especially subsection Speak Up.
14	A firm should introduce meaningful key performance indicators on the performance of its governance system, and report on performance against these in its transparency reports.	See Appendix B - Key Performance Indicators.
15	A firm should assess and monitor culture. It should conduct a regular review of the effectiveness of the firm's systems for the promotion and embedding of an appropriate cultures underpinned by sound values and behaviour across the firm, and in audit in particular. INEs should be involved in this review and where a firm has implemented operational separation the ANEs should be involved in the review as it relates to the audit practice. Where it is not satisfied that policy, practices or behaviour throughout the business are aligned with the purpose of this Code, it should take corrective action.	See People and Culture especially subsection Culture.

Provision of the code

How we comply

16	A firm should establish mechanisms for delivering meaningful engagement with its people. This should include arrangements for people to raise concerns in confidence and anonymously and to report, without fear, concerns about the firm's culture, commitment to quality work, the public interest and/or professional judgement and values. The INEs should be satisfied that there is an effective whistleblowing policy and procedure in place and should monitor issues raised under that process.	See People and Culture especially subsections culture and Speak up.
17	INEs should be involved in reviewing people management policies and procedures, including remuneration and incentive structures, recruitment and promotion processes, training and development activities, and diversity and inclusion, to ensure that the public interest is protected. They should monitor the firm's success at attracting and managing talent, particularly in the audit practice. Where operational separation is in place the ANEs should be involved in this process.	Our INEs and non-executive members of the AQB are involved in people matters as part of their role on the PGB, PIC and AQB, including receiving reports from the Head of People and Culture. Paula Dillon specifically focuses on people matters and is our INE with responsibility for people matters.
18	INEs and ANEs should use a range of data and engagement mechanisms to understand the views of colleagues throughout the firm and to communicate about their own roles and the purpose of this Code. One INE should be designated as having primary responsibility for engaging with the firm's people.	Our INEs and non-executive members of the AQB receive data and access to people in the firm to allow them to understand values and communicate their role.
19	<p>A firm should disclose in its annual transparency report a description of how:</p> <ul style="list-style-type: none"> a it engages with its people and how the interests of its people have been taken into account in decision-making b opportunities and risks to the future success of the business have been considered and addressed, its approach to attracting and managing talent, the sustainability of the firm's business model and how its culture, in particular in the audit practice, contributes to meeting the purpose of this Code. 	<ul style="list-style-type: none"> a see People and Culture especially subsection Our people are our business b see Risk management, quality and internal control especially subsection Risk Management.
C Operations and Resilience		
20	A firm should assist the FRC and its successor bodies to discharge its duties by sharing information openly.	The firm works with the FRC on a regular basis and will continue to work with any successor body.
21	A firm should take action to address areas of concern identified by regulators in relation to the firm's audit work, leadership and governance, culture, management information, risk management and internal control systems.	The firm has regular engagement with the FRC, ICAEW team and other regulators as required. There is a formal action management process for all audit related regulatory reviews.
22	A firm should develop robust datasets and effective management information to support monitoring of the effectiveness of its activities, including by INEs (and ANEs), and its ability to furnish the regulator with information.	See Risk management, quality and internal control especially subsection Data office.
23	A firm should establish an audit committee and disclose on its website its terms of reference and information on its membership. Its terms of reference should set out clearly its authority and duties, including its duties in relation to the appointment and independence of the firm's auditors. Where a firm's audit committee sits at an international level, information about the committee and its work should be disclosed by the UK firm as if it were based in the UK.	See Leadership and Governance and Leadership and governance Grant Thornton on our website. All activities are at UK level.
24	A firm should monitor its risk management and internal control systems, and, at least annually, conduct a review of their effectiveness. INEs should be involved in the review which should cover all significant controls, including financial, operational and compliance controls and risk management systems.	<p>See Risk management, quality and internal control</p> <p>Our Key internal controls review is undertaken in conjunction with our QME which meets the requirements of ISQM 1.</p>
25	A firm should carry out a robust assessment of the principal risks facing it, including those that would threaten its business model, future performance, solvency or liquidity. This should reference specifically the sustainability of the audit practice in the UK. INEs (and in firms with operational separation, ANEs) should be involved in this assessment.	See " Appendix C - Firm's principal risks ".
26	A firm should publicly report how it has applied the Principles of this Code, and make a statement on its compliance with its Provisions or give a detailed explanation for any non-compliance, i.e. why the firm has not complied with the Provision, the alternative arrangements in place and how these work to achieve the desired outcome (Principle) and the purpose of this Code.	We consider that we are compliant with the principles of the AFGC. This is explained in this appendix and throughout this report.
27	A firm should explain who is responsible for preparing the financial statements and the firm's auditors should make a statement about their reporting responsibilities in the form of an extended audit report as required by International Auditing Standards (UK) 700/701.	This is included in our financial statements which can be found on our website Annual reports Grant Thornton

Provision of the code

How we comply

<p>28 The transparency report should be fair, balanced and understandable in its entirety. A firm should disclose in its transparency report:</p> <ul style="list-style-type: none"> a a commentary on its performance, position and prospects b how it has worked to meet the legal and regulatory framework within which it operates c a description of the work of the firm’s audit committee and how it has discharged its duties d confirmation that it has performed a review of the effectiveness of the system of internal control, a summary of the process it has applied and the necessary actions that have been or are being taken to remedy any significant failings or weaknesses identified from that review e a description of the process it has applied to deal with material internal control aspects of any significant problems disclosed in its financial statements or management commentary f an assessment of the principal risks facing the firm and explanation of how they are being managed or mitigated g a description of how it interacts with the firm’s global network, and the benefits and risks of these arrangements, with reference to the purpose of this Code. This should include an assessment of any risks to the resilience of the UK firm arising from the network and any action taken to mitigate those risks. 	<ul style="list-style-type: none"> a see “CEO” and “Head of Audit Commentaries” plus developments in each major section b see “Risk management, quality and internal control” including subsection “Quality Management Approach (QMA)” c see “Leadership and Governance” especially Subsection “RAC” d see “Risk management, quality and internal control” especially “AFGC internal control review” e see “Risk management, quality and internal control” especially “Quality Management Approach (QME)” f see “Appendix C - Firm’s principal risks” g see “Appendix G - Legal structure including Grant Thornton International Limited (GTIL)”.
<p>D INEs and ANEs</p>	
<p>29 INEs should number at least three, be in the majority on a body chaired by an INE that oversees public interest matters and be embedded in other relevant governance structures within the firm as members or formal attendees with participation rights. If a firm considers that having three INEs is unnecessary given its size or the number of public interest entities it audits, it should explain this in its transparency report and ensure a minimum of two at all times. At least one INE should have competence in accounting and/or auditing, gained for example from a role on an audit committee, in a company’s finance function or at an audit firm.</p>	<p>We have three INEs. Our PIC oversees public interest matters. The INEs are the only members of this committee.</p>
<p>30 INEs should meet regularly as a private group to discuss matters relating to their remit. Where a firm adopts an international approach to its management and/or governance it should have at least three INEs with specific responsibility and relevant experience to focus on the UK business and to take part in governance arrangements for this jurisdiction. The firm should disclose on its website the terms of reference and composition of any governance structures whose membership includes INEs, whether in the UK or another jurisdiction.</p>	<p>Our INEs meet.</p>
<p>31 INEs should have full visibility of the entirety of the business. They should assess the impact of firm strategy, culture, senior appointments, financial performance and position, operational policies and procedures including client management processes, and global network initiatives on the firm and the audit practice in particular. They should pay particular attention to and report in the transparency report on how they have worked to address: risks to audit quality; the public interest in a firm’s activities and how it is taken into account; and risks to the operational and financial resilience of the firm.</p>	<p>See statement by our “INE Chair of the Partnership Governance board (PGB) and the public interest committee” and</p> <p>See “Leadership and Governance” – sub sections “PIC and INE”</p>
<p>32 A firm should establish a nomination committee, with participation from at least one INE, to lead the process for appointments and re-appointments of INEs (and ANEs), to conduct a regular assessment of gaps in the diversity of their skills and experience and to ensure a succession plan is in place. The nomination committee should assess the time commitment for the role and, when making new appointments, should take into account other demands on INEs’ (and ANEs’) time. Prior to appointment, significant commitments should be disclosed with an indication of the time involved. Additional external appointments should not be undertaken without prior consultation with the nomination committee.</p>	<p>See “Leadership and Governance” – sub section “Remco”</p>
<p>33 A firm should provide access for INEs to relevant information on the activities of the global network such that they can monitor the impact of the network on the operations and resilience of the UK firm and the public interest in the UK.</p>	<p>Our INEs directly and through engagement with the SLT have access to information relating to the activities of GTIL. This includes access to the GTIL INEs</p>
<p>34 INEs should have regular contact with the Ethics Partner, who should under the ethical standards have direct access to them.</p>	<p>The ethics partner attends the PIC on a regular basis</p>
<p>35 INEs should have dialogue with audit committees and investors to build their understanding of the user experience of audit and to develop a collective view of the way in which their firm operates in practice.</p>	<p>“Leadership and Governance” sub section “Investor and external dialogue”</p>
<p>36 Firms should agree with each INE (and ANE) a contract for services setting out their rights and duties. INEs (and ANEs) should be appointed for specific terms and have a maximum tenure of nine years in total.</p>	<p>Each of our INEs and independent members of the AQB has a contract for services.</p>

Provision of the code

How we comply

37	The firm should provide each INE (and ANE) with the resources necessary to undertake their duties including appropriate induction, training and development, indemnity insurance and access to independent professional advice at the firm's expense where an INE or ANE judges such advice necessary to discharge their duties.	Sufficient resources, including access to independent legal advice, is available to our INEs and independent members of the AQB.
38	The firm should establish, and disclose on its website, well defined and clear escalation procedures compatible with Principle P, for dealing with any fundamental disagreement that cannot otherwise be resolved between the INEs (and /or ANEs) and members of the firm's Management and/or governance structures.	These are in place and disclosed within the INE terms of reference on our website. Appointment, role, and responsibilities of Independent non-executives (INEs) (grantthornton.co.uk)
39	An INE (and / or ANE) should alert the regulator as soon as possible to their concerns in the following circumstances: <ul style="list-style-type: none">• the INE or ANE believes the firm is acting contrary to the public interest• the INE or ANE believes the firm is endangering the objectives of this Code• the INE or ANE initiates the procedure for fundamental disagreements.	Our INEs and independent members of the AQB are aware and committed to this requirement of the code
40	A firm should disclose in its annual transparency report: <ul style="list-style-type: none">a information about the appointment, retirement and resignation of INEs (and ANEs); their remuneration; their duties and the arrangements by which they discharge those duties; and the obligations of the firm to support them. The firm should report on why it has chosen to position its INEs in the way it hasb its criteria for assessing whether INEs (and ANEs) are: i) independent from the firm and its owners; and ii) independent from its audited entities.	<ul style="list-style-type: none">a See "Leadership and Governance" sub section "INEs"b See "Ethics, independence and compliance" subsection "INEs independence". <p>There have been no changes to non executive appointments in the year. Philip Johnson stood down as chair of the AQB on 31 January 2024.</p>

E Operational Separation

This is not applicable to the firm as we are not required and have not applied Operational Separation however, we would note the following that we comply with the requirements of provisions 41 - 43

EU Regulations

We set out below how we comply with Article 13 of the EU Regulations 537/2014 which is enshrined into UK Law.

Summarised requirement	How we comply
<p>A statutory auditor or an audit firm that carries out statutory audits of public-interest entities shall make public an annual transparency report at the latest four months after the end of each financial year. That transparency report shall be published on the website of the statutory auditor or the audit firm and shall remain available on that website for at least five years from the day of its publication on the website. If the statutory auditor is employed by an audit firm, the obligations under this Article shall be incumbent on the audit firm.</p>	<p>This transparency report, along with our prior reports are available on our website under About us/Annual reports</p>
<p>Statutory auditors and audit firms shall communicate to the competent authorities that the transparency report has been published on the website of the statutory auditor or the audit firm or, as appropriate, that it has been updated.</p>	<p>The FRC and ICAEW are informed of the publication of this Transparency Report</p>
<p>The annual transparency report shall include at least the following:</p>	
<p>a a description of the legal structure and ownership of the audit firm</p>	<p>See “Leadership and Governance”</p>
<p>b where the statutory auditor or the audit firm is a member of a network:</p> <ul style="list-style-type: none"> i a description of the network and the legal and structural arrangements in the network ii the name of each statutory auditor operating as a sole practitioner or audit firm that is a member of the network iii the countries in which each statutory auditor operating as a sole practitioner or audit firm that is a member of the network is qualified as a statutory auditor or has his, her or its registered office, central administration or principal place of business iv the total turnover achieved by the statutory auditors operating as sole practitioners and audit firms that are members of the network, resulting from the statutory audit of annual and consolidated financial statements. 	<p>See “Appendix G – Legal structure including GTIL”</p>
<p>c a description of the governance structure of the audit firm</p>	<p>See “Leadership and Governance”</p>
<p>d a description of the internal quality control system of the statutory auditor or of the audit firm and a statement by the administrative or management body on the effectiveness of its functioning</p>	<p>This is discussed throughout this report but specifically in sections</p> <ul style="list-style-type: none"> • “Leadership and Governance” • “Risk management, Quality and Internal control” • “Ethics, Independence and compliance” • “People and Culture” • “Monitoring”
<p>e an indication of when the last quality assurance review referred to in Article 26 was carried out (External review)</p>	<p>See “Monitoring”</p>
<p>f a list of public-interest entities for which the statutory auditor or the audit firm carried out statutory audits during the preceding financial year</p>	<p>See “Appendix I – UK Public Interest Entities”</p>
<p>g a statement concerning the statutory auditor’s or the audit firm’s independence practices which also confirms that an internal review of independence compliance has been conducted</p>	<p>See “Monitoring” sub sections “Firm-wide monitoring”, “Ethics, Independence and compliance”</p>
<p>h a statement on the policy followed by the statutory auditor or the audit firm concerning the continuing education of statutory auditors referred to in Article 13 of Directive 2006/43/EC</p>	<p>All of our qualified people are required to take part in appropriate continuing professional education. This includes compliance from 1 November 2023 with the revised ICAEW CPD requirements.</p>
<p>i information concerning the basis for the partners’ remuneration in audit firms</p>	<p>See “People and Culture”</p>
<p>j a description of the statutory auditor’s or the audit firm’s policy concerning the rotation of key audit partners and staff in accordance with Article 17(7)</p>	<p>See “Appendix H – Financial information and partner details”</p>
<p>k where not disclosed in its financial statements within the meaning of Article 4(2) of Directive 2013/34/EU, information about the total turnover of the statutory auditor or the audit firm, divided into the following categories:</p> <ul style="list-style-type: none"> i revenues from the statutory audit of annual and consolidated financial statements of public-interest entities and entities belonging to a group of undertakings whose parent undertaking is a public-interest entity ii revenues from the statutory audit of annual and consolidated financial statements of other entities iii revenues from permitted non-audit services to entities that are audited by the statutory auditor or the audit firm iv revenues from non-audit services to other entities. 	<p>See “Ethics, Independence and compliance” sub section “Audit specific matters”</p>
<p>l The transparency report shall be signed by the statutory auditor or the audit firm</p>	<p>The report is signed by Malcolm Gomersall on behalf of Grant Thornton UK LLP</p>