

PEOPLE.

PURPOSE.

PROSPER.

**HLB GLOBAL ANNUAL
REVIEW 2022**

Network of the Year



INTERNATIONAL ACCOUNTING BULLETIN



TOGETHER WE MAKE IT HAPPEN

TABLE OF CONTENTS

01	3	05	19
Chairman Message CEO Message Global Revenue		Step by step: Creating an inclusive future Embedding a learning culture	
02	9	06	22
Our global headcount reached a record high this year		Accelerating technology over 2022 Leaving a footprint: The Carbon Calculator Awarding excellence	
03	11	07	26
Our values and behaviours HLB CSR Strategy		Quality monitoring International Standards on Quality Management (ISQM) Partnerships and professional bodies Engagement with the Forum of Firms and IFAC	
04	16	08	29
IAB Network of the Year 2022 award PropertyGuru Asia Property Awards		The Executive Committee The Finance Committee The Nomination Committee Independence of our governance bodies from the assurance function	

01



2022

NETWORK

PERFORMANCE

Welcome to HLB's Global Annual Review 2022.

In this report, we look at issues that impact our stakeholders around the globe, including our clients, our people and the communities we operate in. We examine our performance as we look back on the financial year 2022.



GLOBAL RANKING
#10 (up from 2021)



COUNTRIES
156



GLOBAL COMBINED REVENUE
US\$ 4.44 BN



PEOPLE
40,831



NETWORK GROWTH
9%



OFFICES
1,128

Note to readers

Revenue and other global figures are aggregates of results of individual HLB member firms. Our 2022 financial year runs from 1 January 2022 to 31 December 2022. In this Global Annual Review, the terms 'HLB International', 'HLB', 'our' and 'we' are used to refer to the network of member firms of HLB International Limited or, as the context requires, to one or more HLB member firms. For more information about our structure, visit www.hlb.global/legal



CHAIRMAN

MESSAGE

BILL HAGAMAN
HLB Global Chairman

As I write this message, I am reminded that as a global community, we are always facing challenges – from the geo-political issues of the day to the economic reality of the effects of the pandemic. Personally, I like to think of these challenges as opportunities for growth and development.

The continued fast pace of technological change is presenting us with more opportunities than ever before. We have seen the revolutionary effects of digital transformation right here at HLB. Over the years, we have used our innovative thinking to propel the network forward, expertly spearheaded by our CEO Marco Donzelli and my predecessor Corney Verstedden. They set us on a path for unprecedented growth, and as a result, we have landed at a top 10 position in global ranking. What an achievement. We are grateful not only for their leadership, but also for their commitment to our network.

It is an exciting time to become Chairman.

Before taking on this Chairmanship on 1 January 2023, I was the managing partner and CEO of Withum. Our firm has been a long-time member of HLB USA. Over the years, we have been impressed with the level of advanced thinking that is propelling the network and its people forward.

The next three years present a great opportunity for me to work more closely with our HLB communities around the world. It is my aim, as Chairman, to help promote and encourage a culture of open and meaningful debate with our people, which will extract the best possible path forward for our network. Our people are at the heart of what we do, and together, we make it happen.

Challenges around talent, innovation and ESG will form part of our efforts going forward. Helping our network to embed more positive corporate cultures and inclusive working environments will remain a primary focus.

Our strategy, developed in conjunction with our members, will set our direction and empower our people to deliver great results.

I look forward to leading our network to continued growth, future-proofing HLB, and increasing value for our stakeholders. We are already committed to constantly reviewing our processes to adapt to, or better anticipate, changing market conditions and improve the impact of the HLB network.

Together with Marco, we will be focused on the long-term success of the HLB network. Along with our innovative teams, we will live by the HLB purpose and create a better, more sustainable future for our people, the environment, and the communities we operate in.

**CEO****MESSAGE**

MARCO DONZELLI
HLB Global CEO

In this year's review, we look back on how HLB managed the unprecedented events of 2022 to pave the way for success in the future. As society emerged from the pandemic, it was faced with a series of events, such as the War in Ukraine, an impending recession, rising inflation, an energy crisis and, of course, the climate crisis. Managing these societal challenges was tough, but we remained resilient with a solid focus on our strategic priorities.

We came together, drawing on the skills and capabilities of our diverse global community to weather the storm. Together, we made it happen. We accomplished a substantive 9% growth in FY22, with a combined annual revenue of US\$ 4,436,362,402.

We reached all the targets for FY22 as set out in our business strategy, 'Shaping our Shared Future'. During a difficult time for the global economy, we maintained growth across our service lines. Advisory is an integral part of our strategy so I am pleased that it now makes up 27% of our total revenue. This growth is testament to our efforts in future-proofing the network and delivering enhanced services to our global community. The global team has worked hard on strategic initiatives to stimulate international work between HLB firms. This growth can also be attributed to the increased investments we've continued to make in training and recruiting the best talent. As a result, I am delighted to say that we are not only the 10th largest global network, but we are also well on our way to meeting all our strategic objectives by the end of 2023. Additionally, for the first time, in 2022 we tracked our network net promoter score (NPS), and can report that HLB has a 71 NPS.

SUSTAINABLE IMPACTS

In 2022, we launched our new CSR strategy, which was formed not from need, but necessity. Business needs to be a force for good, leading the way forward with integrity, accountability, and a strong emphasis on environmental, social and governance (ESG) matters. Our CSR strategy puts front and centre diversity and inclusion, the environment, and communities. It is aligned with, and a key component of, our business strategy.

We redefined our organisational purpose beyond financial performance. The new purpose puts people first and has a strong focus on both the environment and community. The HLB network employs almost 41,000 people across the globe. The expectations of our workforce, and the labour market are changing considerably. Individuals today want to work with companies who have a strong sense of purpose and whose values are ethically aligned to their own. They want to be part of a corporate culture that focuses on all stakeholders, not just shareholders, to help shape a better world. We need a continuous flow of creative and ambitious people, committed to our purpose, ensuring business continuity and innovation for years to come.

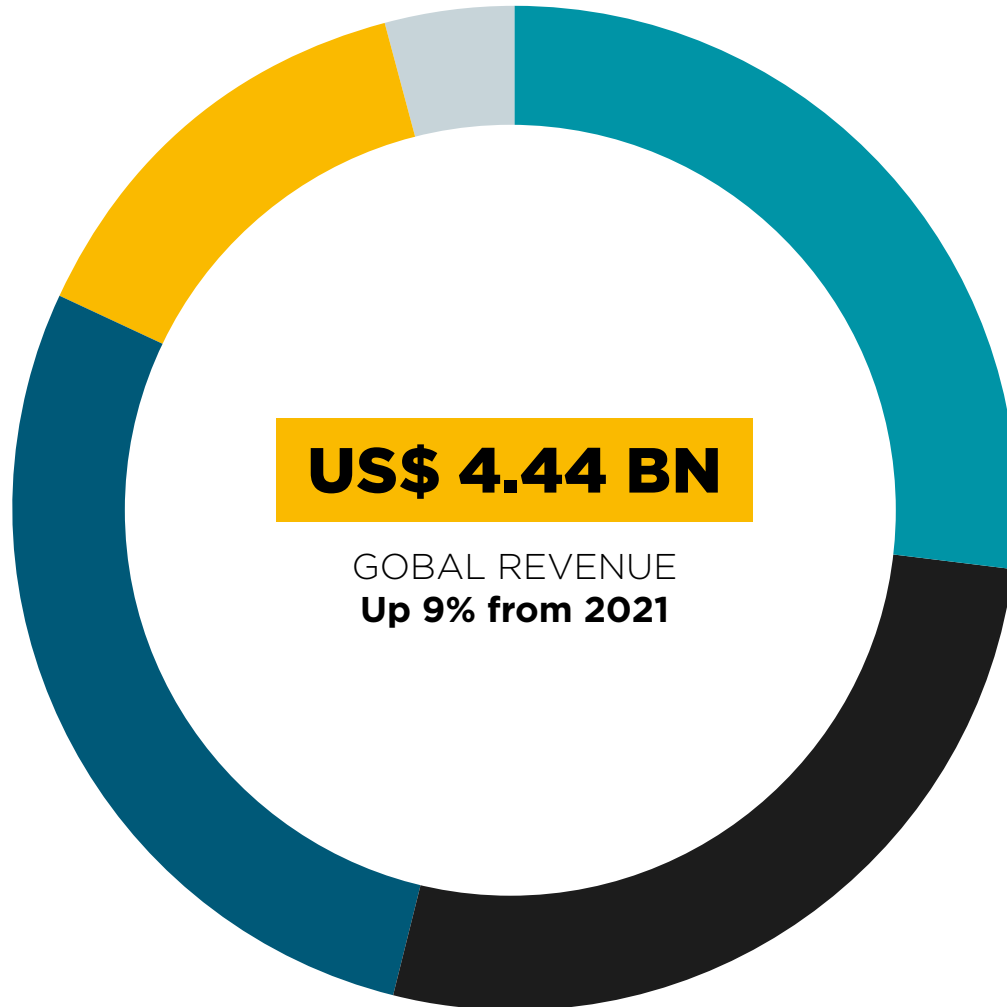
LEADING WITH INNOVATION

As always at HLB, we lead the way with an innovative mindset. This, as well as our strategic growth over the years, was one of the reasons why we won the prestigious IAB Network of the Year award for 2022. Over the past year, we have enhanced our service offerings to help protect our network from the high-risk factors facing businesses today. We have made multiple strategic investments to expand our professional capabilities in key areas, such as cybersecurity, cloud, emerging technologies and the metaverse. We have worked hard to maintain remote-working capabilities enabled by digital technology and remote-working infrastructures, which are now standard for many HLB firms.

We continued to embed a culture of learning to upskill our people for the future. Over 2022, we launched two key initiatives: the HLB Skills Hub and a new executive learning programme, HLB Building the Future, in partnership with Cambridge University.

Fostering relationships is integral to our continued success. In 2022, we were delighted to get back to more in-person events. We reconnected with our global community at two of our key conferences: the Audit, Tax, and Advisory Conference in Florida, and our Global Summit in Sintra, Portugal. We are pleased to have formed a strategic partnership with Drees & Sommers as well as maintain our ongoing partnership with PropertyGuru. The Global China Service is maintaining momentum despite geopolitical uncertainties. There has been engagement with large Chinese companies with a global footprint in construction, engineering and logistics. Additionally, we have established new business channels in Germany, the Middle East, and Southeast Asia.

As we look ahead, I don't see challenges, but opportunities. I know we have the strength, agility and expertise to achieve our strategic objectives for the end of 2023 and, more importantly, drive us forward into the new era of HLB. The future looks bright.



Revenue split
by service line

27% | **ADVISORY**
US\$ 1.20 BN

27% | **TAX**
US\$ 1.20 BN

28% | **AUDIT AND ASSURANCE**
US\$ 1.24 BN

14% | **ACCOUNTING**
US\$ 621 M

4% | **OTHER SERVICES**
US\$ 178 M

02



GLOBAL REACH

Our global headcount reached a record high this year, with **40,831 people** working out of **1,128 offices** across **156 countries**.

NORTH AMERICA

10,675 people
199 offices
17 countries

LATIN AMERICA

1,716 people
75 offices
17 countries

EUROPE

16,387 people
576 offices
44 countries

ASIA-PACIFIC

10,410 people
165 offices
25 countries

AFRICA AND THE MIDDLE EAST

1,643 people
113 offices
53 countries



03



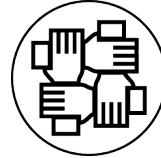
MAKING A POSITIVE AND SUSTAINABLE IMPACT

At HLB, it's our purpose to make a positive and sustainable impact on the future of our clients, our people and our communities, because we care about their well-being and success. Driven by our shared values and behaviours, we collaborate across the globe and find innovative ways to fulfil this purpose. Together, we make it happen.

OUR VALUES AND BEHAVIOURS



WE EMPOWER CHANGE
AND INNOVATION.



WE WORK TOGETHER TO
CREATE SUSTAINABLE VALUE.



WE INSPIRE ALL OUR
PEOPLE TO THRIVE AND
PURSUE THEIR PASSION
AND REACH THEIR GOALS.



WE FOSTER TRUST
AND TRANSPARENCY.



WE LEAD WITH EMPATHY
AND PROFESSIONALISM.



WE ARE NOT AFRAID TO
EXPLORE AND BOLDLY LEAD
THE WAY.

HLB CSR STRATEGY

We kept our focus on CSR through many of our activities in 2022. This began with the launch of our network CSR strategy, which was built on the foundations of three strategic pillars: DEI, the environment, and communities. This more united approach to CSR will enable HLB to continue to power an inclusive, sustainable future for our ecosystem and for all our people.

Making sure we operate in robust communities is crucial to our success and an integral part of our CSR strategy. Each year, we host #HLBCommunities Day, our annual networkwide CSR initiative where the network comes together to support local communities. It's our way of saying 'thank you' to the places in which we live and work.

The day was a great success with volunteers from the HLB network dedicating their time to worldwide community projects.



1,013
PARTICIPANTS



8,708
HOURS



38
PROJECTS



CASE STUDIES

HLB Mann Judd

Firms in the HLB Mann Judd Australasian Association participated in #HLBCommunities Day and donated 174 hours to three community projects in Fiji and Australia.

“ We enjoy coming together for #HLBCommunities Day. It’s a positive experience for the staff, particularly as our offices get to choose how they want to give back. Whether its sorting clothes for Sydney’s homeless, planting trees in the Adelaide parklands or cleaning up the streets of Nadi in Fiji, #HLBCommunities Day makes an impact that matters.”

Tony Fittler, Chair of the HLB Mann Judd Australasian Association

HLB Mann Judd is an independent member of HLB, a global network of advisory and accounting firms. Collectively, the HLB network consists of 40,831 people working in 156 countries. Engaging effectively with global communities is an integral part of HLB’s new CSR strategy. HLB Mann Judd is an Australasian association of independent advisory and accounting firms, with member firms in Australia, New Zealand and Fiji. [Learn more](#) about HLB’s commitments.



CASE STUDIES

HLB UK: Beaver and Struthers

In 2022, the team at HLB member firm Beaver and Struthers, with the help of EC Housing Care, supported Albion Mill in Blackburn, United Kingdom. With #HLBCommunities Day falling so closely to World Environment Day, it made perfect sense to get involved with an environmental project. Together, they spent the day weeding the patios outside of residents' apartments and tidying the flower beds lining the carpark.

“ We have thoroughly enjoyed our day tidying up the gardens at Albion Mill. It has benefitted our well-being both mentally and physically. It has been great having a day away from the office and supporting the local community. Our sweat and chats were very much appreciated by the staff and residents at Albion Mill. George who lives on the ground floor said, ‘They did a fantastic job. I had a go at the weeding and thought I’d done okay until they turned up and worked their magic!’”

Ayesha Master, Trainee Accountant at Beaver and Struthers





04

RECONNECTING

In 2022, we finally reconnected with our HLB global community after two years. We understand that maintaining relationships is integral to our long-term viability and the strength of our network. We were delighted to welcome HLB people to the HLB Audit, Tax and Advisory Conference 2022 in Fort Lauderdale, Florida. We also reconnected with a host of delegates in Sintra, Portugal, for the HLB Global Summit. That was not all; we attended various regional meetings around the world as well as some external stakeholder initiatives.

Network of the Year



INTERNATIONAL ACCOUNTING BULLETIN

IAB NETWORK OF THE YEAR 2022 AWARD

HLB always strives for greatness, so we are thrilled to have been awarded as the 2022 Network of the Year at the annual IAB awards. Accepting the award at the gala in front of some of our HLB people after so long made it even more special.

The Network of the Year award is presented to the multi-firm organisation that demonstrates profitable growth strategies and excels in key strategic and operational areas. HLB stood out due to our substantial growth over 2021 and our innovative offerings to clients worldwide.

“ I am delighted that we received the Network of the Year award for 2022. We consistently use our innovative mindset to propel us forward and promote growth. We maintain high-quality standards across the network to promote trust and confidence among our clients worldwide, and we offer top-class audit, accounting, tax and advisory services. At HLB, we strive to create a better future for our people, clients and the communities we operate in.”

Marco Donzelli, HLB Global CEO



PROPERTYGURU ASIA PROPERTY AWARDS

PropertyGuru is a US-listed real estate technology company with its headquarters in Singapore. For a second year, HLB partnered with PropertyGuru as the official supervisor of PropertyGuru Asia Property Awards, working with judges from 14 markets in the region. We supported all stages of the judging process to ensure credibility, transparency, and fairness.

“Real estate is one of HLB’s key sectors. We add value to our clients through professional services globally, and we contribute thought leadership with our sector expertise. The real estate sector is like a mirror to reflect how the world is opening up, gaining confidence and exploring future growth.”

Coco Ke Liu, HLB Chief Regional Officer for Asia-Pacific and Head of Global Business Channels

“The awards have an unparalleled reputation for being credible, fair and transparent, and it is an honour to be entrusted with their supervision. Leveraging off the network’s strong presence in Asia-Pacific, HLB supervised the judging of the awards in over 14 markets in the region. The awards reward and raise the bar for real estate in Asia, promoting quality housing for consumers and the development of sustainable practices in the industry. Acting as the award’s official supervisor provides us with unique insights into the latest developments and trends in the region’s real estate industry.”

Paul Ashburn, Co-Managing Partner at HLB Thailand

Throughout the year, we worked closely with PropertyGuru to highlight HLB’s role as supervisors for the awards. Our role was accentuated by Coco Ke Liu, HLB’s Chief Regional Officer for Asia-Pacific and the Head of Global Business Channels, who visited Thailand and the PropertyGuru headquarters last summer for the first time since the pandemic.

At the end of each year, PropertyGuru hosts an annual Asia Real Estate Summit in Bangkok, followed by a gala dinner. Coco Ke Liu was invited to speak at this year’s summit on the topic of women leadership. Paul Ashburn, Co-managing Partner at HLB Thailand and a member of HLB’s real estate global leadership team, gave a speech on behalf of all the judging panels at the gala dinner. HLB Thailand hosted HLB people from Australia, Hong Kong, India, Indonesia, Malaysia, and the Philippines who had come together for this event.





05

**EMPOWERING
THE HLB GLOBAL
COMMUNITY**

CREATING AN INCLUSIVE FUTURE

At HLB, we lead with a human-centric approach that boosts morale, and we celebrate people from different backgrounds, cultures, identities, locations and services. We tell a true and consistent story about diversity, equity and inclusion (DEI) and walk the talk, however difficult that can be sometimes.

Helping our people to embed inclusive working environments has been a primary focus for us in 2022. Our HLB DEI Council has set clear and ambitious goals for gender diversity and the inclusion of underrepresented groups. Through a storytelling campaign and a toolkit of important resources, we fostered more open dialogues on DEI progress and challenges within the network. We also encouraged people to bring their authentic selves to work and emphasised the importance of allyship. We strive to include DEI in all our activities, services, processes, and systems, and we hold ourselves accountable.

OUR PEOPLE



24%

FEMALE REPRESENTATION
AT PARTNER LEVEL



UP 14% FROM 2021

STAFF FROM UNDERREPRESENTED
GROUPS



UP 15% FROM 2021

PEOPLE WHO PARTICIPATED IN
DEI TRAINING OR ACTIVITIES



As a member of the LGBTQ+ community, I can attest that I grew up playing a version of myself – one that sacrificed authenticity at the hands of ‘fear’ and rejection to minimise the prejudice and humiliation that followed. Fast-forward to today, 25 years later, I choose to show up, daily – authentically – and ‘unpack’ my backpack. Exhausting at times, I must unpack which parts of my identity are truly me and which parts I have created to protect the former me.”

Bill Bradshaw, HLB Global DEI Leader



I am honoured to be a member of HLB DEI Council, and it is part of the overall plan we have at Menzies to ensure that we can help drive the DEI journey forward beyond the confines of our own business. I am also delighted that Menzies was recently awarded the TRI Company Award for Diversity and Inclusion at the 2022 Turnaround, Restructuring and Insolvency Awards. The judges said that they were particularly impressed by the way our ten-year DEI plan integrated with our team, with regular feedback opportunities and interest groups. I believe it is a plan the whole team will implement, and it reflects the culture within HLB.”

John Cullen, Partner, HLB UK (Menzies LLP)

EMBEDDING A LEARNING CULTURE

'The great resignation' signified the beginning of a new phase in the way businesses and their HR departments operate. Learning and development (L&D) as well as talent retention are quickly becoming crucial components of business in a post-pandemic world. Luckily for HLB, learning was already at the heart of all our activities and projects in 2022.

We have invested in the implementation of a global HLB Skills Hub, powered by Degreed, to support all HLB people with their upskilling and reskilling efforts. It is a skill-based platform that offers learning opportunities to enhance our firm's digital, advisory, people and leadership skills. The Skills Hub also includes the functionality to build an internal marketplace where our people can find interesting opportunities to build their careers in different disciplines, and in different parts of the world.

We also introduced a new executive learning programme in partnership with Cambridge University, called HLB Building the Future. This is linked to our current and future strategy. The aim is to build a strong talent pipeline in our organisation, so there is more to come in terms of opportunities and development programmes for young and ambitious people.



Job satisfaction and career progression are more important to young people today than ever before, so it's no wonder the world's most successful companies are making L&D a priority. Establishing a culture of learning through a comprehensive set of training opportunities, supported by HR technological solutions, is imperative to future-proof an organisation and retain its talent. However, to embed this culture effectively, it must be carefully aligned with the business strategy and corporate values."

Marina Kooijmans, HLB Global Chief People Officer



I joined HLB Mann Judd, Fiji, in 2019 as an Administrator. The HLB network focuses on upgrading staff knowledge through CPDs. As such, to gain knowledge, we normally went online and looked for courses with certificates based on our job descriptions. Then our firm in Fiji was introduced to HLB Skills Hub. This was a great initiative by the network. We initially had limited access, but after the Audit, Tax and Advisory Conference in Florida in 2022, which I attended and gained great insight into the network's initiatives, I was given direct access to Skills Hub. On my return to Fiji, I began to explore what Skills Hub was about. This education platform was of great benefit to me as I researched the multitude of topics. Everything is just a click away. The Skills Hub platform has so much information that not only helps me in gaining knowledge, but also helps our 50 plus staff at the Fiji firm. With our access, we learn and portray the same information to the rest of the team, which is really helpful in our daily tasks. We are grateful to the network for providing a platform where we get to learn new things every single day. Thank you, Skills Hub. Thank you, HLB."

Dipika Reddy, Administrator at HLB Fiji



I recently joined HLB HAMT but started using Skills Hub right from the very first week of joining. It is an amazing tool that has almost everything included and caters to the many training needs of employees. Almost 70% of our employees have access to Skills Hub, and they all find it very helpful; they have started using it for their development needs, especially the behavioural training. We will soon start assigning certain upcoming training sessions to employees, which shall be made mandatory to attend."

Humairah Basu, Human Resources Manager at HLB HAMT

06



**LEADING THE
WAY THROUGH
INNOVATION**

HLB is dedicated to keeping abreast of all technological advances for the benefit of our network. In 2022, multiple member firms undertook their own digital transformation journey, and HLB has supported them by enabling resources, tools, and training, through various channels, driven from a central strategy. By undertaking this digitisation journey, members have benefited from increased productivity and streamlined processes, which have resulted in improved, client-focused service offerings.

At HLB, our strategy around technology is a hybrid mix of developing tools and partnering with leading vendors to provide support to the network.

Our technological advances are often based on the Microsoft technology stack, making use of the azure infrastructure and products to develop communication and collaboration solutions and scale to the enterprise. Tools such as Microsoft Power Platform help our data analytics and business intelligence dashboards. Member collaboration via OneDrive, Teams and SharePoint allows us to disseminate knowledge seamlessly and securely in these streams. Development of solutions are for the purpose of enabling members to work digitally on cross-border business.

HLB has developed and implemented solutions using Blockchain technologies to improve the transparency of its systems.

Our partner programme allows HLB to partner with industry leading vendors to further enhance capabilities and offerings. The programme has allowed members to accelerate digitisation in areas such as audit, tax and data analytics.

ACCELERATING TECHNOLOGY OVER 2022

HLB Metaverse Case Study by Abu Bakkar,
HLB Chief Innovations Officer

As an IT professional working within accounting, I am excited by the potential of the metaverse to transform the way we work and interact with our clients. With the ability to create a shared virtual space, the metaverse offers exciting new opportunities for collaboration and communication between accounting teams. Imagine being able to meet with colleagues from different locations in a virtual environment where we can work together in real time, share ideas and data, and collaborate on projects more efficiently.



Beyond internal communication and collaboration, the metaverse also offers potential benefits for client services. Accounting firms could use this technology to provide clients with more engaging and immersive experiences, such as virtual tours of our offices, interactive financial reports, and personalised financial planning sessions. By leveraging the power of the metaverse, we could create a more dynamic and innovative way to serve our clients and make financial concepts more accessible and easier to understand.

As the metaverse continues to develop, it is exciting to think about the potential ways that it could be used in the accounting industry. With its ability to facilitate communication, collaboration, and immersive client experiences, the metaverse could truly revolutionise the way accounting professionals work and engage with their clients.

“Digital transformation is a core philosophy for HLB Ireland and powers a holistic process of continuous improvement that accelerates our firm’s agility. In turn, this has opened up new opportunities and strengthened our resilience and ability to thrive in today’s rapidly changing business environment.

Our HLB membership, close working relationship, and pragmatic support from Abu Bakkar and his team have been key to accelerating our digital transformation. These new ways of approaching work reveal new solutions, which, in turn, have improved client experience, driven our innovation and created new opportunities for growth at the fundamental level.

As our digital transformation journey advances, it continues to inspire our leadership team with a mindset focusing on collaboration, which is transforming our service delivery, not only by streamlining processes, but also by elevating our clients’ experience.”

Mark Butler, Managing Partner at HLB Ireland



LEAVING A FOOTPRINT: THE CARBON CALCULATOR

In keeping with the strategic pillars of our CSR strategy, we created a Carbon Calculator. This is a powerful online tool designed to help businesses reduce their carbon footprint. By tracking and reporting on emissions from various activities, such as travel, hotel stays, energy use, and waste management, businesses can identify areas that contribute the most to their carbon footprint. This will not only help them save costs, but also play a significant role in creating a more sustainable future.



DOWN 9% FROM 2021 CARBON FOOTPRINT

By tracking their carbon footprint, businesses can adopt sustainable practices and incentivise their employees to do the same. For instance, businesses can encourage their employees to use public transportation or low-emission vehicles, and reduce waste by adopting circular economy principles. Additionally, businesses can offset their emissions through renewable energy projects, carbon capture initiatives, and reforestation efforts. By using the Carbon Calculator to track and report their carbon emissions, businesses can show their commitment to the environment and contribute to creating a more sustainable future for everyone.

The Carbon Calculator is a vital tool for businesses seeking to reduce their carbon footprint and embrace sustainable practices. By tracking their emissions and taking targeted actions to reduce them, businesses can create a more sustainable future while simultaneously improving their reputation, enhancing their brand value and reducing costs.

AWARDING EXCELLENCE

The UAE's SME sector is thriving and significantly boosts the nation's economy. The SME Tech Innovation Conference & Awards is intended to serve as an annual event for the SME industry. This event fosters discussions and offers knowledge on technologies and transformation-related areas that might support business success.



We are pleased to announce that HLB HAMT won two awards at the highly anticipated SME Tech Innovation Awards 2023 held at Conrad Dubai on 16 February 2023. HLB HAMT won the prestigious Outstanding Technology Transformation award for achieving substantial objectives in our technology transformation journey.

HLB HAMT's Director of Technology Consulting, Vimal Rama Chandran, was awarded the prestigious Technology Transformer of the Year accolade. This award was presented to various achievers across industries, mainly to CIOs and IT heads of SME entities that are helping organisations drive and pursue digital transformation initiatives.



**THE AUDIT AND
ASSURANCE
FUNCTION**

With hybrid working now the norm for many HLB firms, auditors have become more comfortable using various technologies to improve their services and build client loyalty. While staff enjoy the benefits of working remotely, we recognise the need for a good balance with in-person working, especially where it concerns audit staff in the early stages of their career.

As popularity for the audit profession has been in decline for some years and staff shortages remain a challenge across our industry, we must find ways to engage and excite younger staff members. We need to highlight new areas within auditing to advocate for the profession, such as ESG-related assurance, solve challenges around the valuation of digital assets, or showcase what the potential ethical implications of operating in the metaverse might be. Our message on Auditor Proud Day 2022 focussed on just that. Auditor engagement with other service lines, such as cybersecurity, is another area of opportunity for new businesses as well as audit staff looking to differentiate.

In 2022, we launched a new HLB Centre of Excellence around Audit Technology, led by Jennifer Chowhan. With technology playing a progressively more important role in the audit profession, we must commit as an organisation to make sure HLB member firms are constantly up to date with the best solutions and that they support one another in their development. While a key area of focus for this group is effective and value-adding use of audit software, such as Caseware or Plenitude, the group also explores other areas in which technology and business intelligence tools can be used to drive innovation across audit practices.



QUALITY MONITORING

Quality is at the heart of the HLB services offering. It is fundamental to our business and operations across service lines and disciplines. It is also a prerequisite for our continued Forum of Firms membership.

A revised HLB International Audit Manual was made available to member firms. It provides an audit methodology that member firms may adopt while carrying out an audit using the International Standards on Auditing. The main updates concern ISA 540 (revised) and ISA 315 (revised). This new version contains a colour-coded application guide as part of relevant audit questionnaires to facilitate the work of audit teams who no longer need to consult the full audit manual for guidance.

In order to guarantee the continued success of our brand, consistent audit quality throughout the network is of paramount importance. Our Quality Assurance (QA) review programme is vital to ensuring quality standards are upheld. In 2022, 18 QA reviews took place through a mix of virtual and in-person review methods.

Over the years, we have developed a QA system, which includes a root cause analysis and training element. Either these elements are integrated in the final stages of each review when required or training is delivered during separate events. In 2022, we ran a two-day root cause analysis event in Puebla, Mexico, for 50 of our young professionals in the region.



INTERNATIONAL STANDARDS ON QUALITY MANAGEMENT (ISQM)

In the last quarter of 2022, the implementation deadline for the new international quality management standards was set for 15 December 2022. Many firms embraced our proprietary ISQM tool (created with the help of a third-party consultant who worked with our Technical Director on a six-month project in 2021) to update their internal guidelines. A survey, which was conducted to assess compliance for Forum of Firms reporting purposes, indicated that the network as a whole is compliant.

Most importantly, our member firms understood the message that they have everything to play for and that the implementation of a new system of quality management is more than an obligation. Many firms organised their own, sometimes regional, working groups and carried out gap analyses during the implementation process to genuinely understand their own firms' operations. They took ownership of the implementation process and audit quality of their firms, and they ran internal training measures to ensure that all staff members are fully invested in the process.



PARTNERSHIPS AND PROFESSIONAL BODIES

Staff shortages remain a big challenge across our audit practices. In order to help mitigate this problem, HLB appointed SAPRO at the start of 2022. SAPRO, a new preferred supplier, is a professional outsourcing company that specialises in tax, audit and advisory professionals. The objective of our collaboration with SAPRO is to navigate potential staff shortages while ensuring that firms can maintain their usual high standard in audit quality.

We have also further strengthened our existing relationship with Plenitude Consulting. Their financial risk management and anti-money laundering tool ensures our member firms are compliant during the client acceptance and continuance processes by using a tool with a proven methodology.



ENGAGEMENT WITH THE FORUM OF FIRMS AND IFAC

HLB has been a Forum of Firms member for many years. As a network, we take the responsibility of representing and giving a voice to our mid-tier member firms very seriously. HLB Technical Director, Bettina Cassegrain, has been a member of the Transnational Auditors Committee since 2014 and the Forum of Firms' Agenda Committee since 2016.

We believe in the importance of candid conversations between auditors and standard setters to ensure alignment on overarching principles and the vision behind new standards. Through her various engagements, such as her participation on a Global Developments within the Profession panel at the Forum of Firm's Audit Quality Event in Mumbai, Bettina was once again able to represent a mid-tier perspective during discussions with these important industry bodies.



08

**GOVERNANCE OF
OUR NETWORK**

Our international board – the Council – is the decision-making unit of the network. It is composed of one council member (a director of HLB under United Kingdom company law) and one alternate director from each of the following countries: Australia/Fiji/New Zealand, Austria, Belgium, Brazil, Canada, Mainland China and Taiwan, Cyprus, Denmark, France, Germany, Hong Kong, the Republic of Ireland, Italy, Mexico, the Netherlands, Singapore, Spain, the United Kingdom, and the United States of America.

Our rules permit the appointment of independent non-executive directors as council members.

The Council has three subcommittees: the Executive Committee, Finance Committee, and Nomination Committee.

THE EXECUTIVE COMMITTEE

The Executive Committee consists of the Chairman, Chief Executive Officer, and between eight to ten council members or alternate directors appointed by the Council, following recommendations from the Nomination Committee and in accordance with the Executive Committee regulations. The Executive Committee is an advisory body to the Council.

THE FINANCE COMMITTEE

The Finance Committee consists of three council members or alternate directors appointed by the Council, following recommendations from the Nomination Committee and in accordance with the Finance Committee terms of reference. For the avoidance of doubt, Finance Committee members cannot also be members of the Executive Committee or Nomination Committee or be the Chairman of the company.

The Finance Committee is responsible for recommending financial policies, goals and budgets that support the mission, values and strategic goals of the HLB network. The committee reviews the network's financial performance against its goals. The committee recommends policies and processes related to the network's systems of internal controls and the auditing and financial reporting processes and reports to the Council and Executive Committee.

THE NOMINATION COMMITTEE

The Nomination Committee consists of the Chairman, two Executive Committee members, and two directors or alternate directors who are not also Executive Committee members appointed by the Council, in addition to the external directors (if any).

The role of the Nomination Committee is to ensure that there is a formal, rigorous and transparent procedure for the appointment of members of the Executive Committee; members of the Finance Committee; any external directors in accordance with article 73.1 of the Articles (“the External Directors”); the Chairman of the Company; and the Chief Executive Officer of the Company. The committee has to lead the process for such appointments and make recommendations to the Council who have final approval over all such appointments.

The committee assists the Council in ensuring the composition of the Executive Committee is regularly reviewed and refreshed, so that it is effective and able to operate in the best interests of members; and in doing so, the Nomination Committee works and liaises with other Council committees, where appropriate.

INDEPENDENCE OF OUR GOVERNANCE BODIES FROM THE ASSURANCE FUNCTION

Our International Assurance Committee is completely independent from the Council, and its subcommittees, as well as our International Tax Committee, our Global Advisory Committee and all the global HLB Specialty and Industry groups.



www.hlb.global/annualreview

TOGETHER WE MAKE IT HAPPEN



©2023 HLB International Limited, all rights reserved.

HLB International Limited, registered in England & Wales No. 02181222, registered office: Lynton House 7-12, Tavistock Square, London, WC1H 9LT.

HLB International Limited is an English company limited by guarantee which co-ordinates the international activities of the HLB International network. HLB International is a global network of independent advisory and accounting firms, each of which is a separate and independent legal entity and as such has no liability for the acts and omissions of any other member. In no event will HLB International Limited be liable for the acts and/or omissions of any member of the HLB International network