



Transparency Report

MNSA Pty Ltd
& Associated/Controlled Entities
For the year ended 30 June 2019

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Managing Directors' Letter

It is with pleasure that MNSA Pty Ltd, MNSA Financial Services Pty Ltd and Mark Schiliro & Associates Pty Ltd (MNSA) provides this 2019 Transparency Report for the benefit of our clients, prospective clients, regulatory bodies and existing directors and staff.

MNSA's office is located at Levels 1 and 4, 283 George St, Sydney NSW Australia.

This Transparency Report provides a clear message to all our stakeholders of our commitment to quality and service that is a benchmark of our philosophy and success.

With the business community, and general public demanding even higher professional auditing standards, MNSA has spent considerable time, effort and resources in:

- a) Increasing technical training to all our audit directors and staff
- b) Developing a standard audit methodology
- c) Conducting internal monitoring and peer reviews
- d) Utilising the results and feedback from reviews of our practice and engagement files by the Australian Securities and Investments Commission (ASIC), and Chartered Accountants Australia & New Zealand (CAANZ) to instigate improvements.

These steps demonstrate our focus and vision in further improving the quality of our audit services and to continue our journey of improvement.

This Transparency Report provides an overview on the structure of MNSA and the governance in which we operate.

In addition, this Report also outlines our quality control systems and the effectiveness of such systems, our quality control monitoring and our continuing professional education.

This 2019 Transparency Report is factual at the time of writing and is based on the results for the year ended 30 June 2019.

Mark Schiliro
Managing Director

31 October 2019

Who We Are

MNSA prides itself on providing personalised director service to our clients while keeping fees at an affordable level. MNSA is structured so that efficiencies can be gained from appropriate tasks being completed by staff at the relevant level, with quality maintained by adequate supervision and review procedures by senior personnel. Meeting our clients' needs in a rapidly changing business environment has led to the development of an extended range of business services drawing on all areas of our expertise.

We provide extensive services in the following areas:

- Auditing & Assurance services
- Tax Planning & Consulting
- Management Accounting

MNSA maintains the philosophy that our clients receive value for money in the services provided.

To achieve this, we have instigated the following infrastructure/methodology within our company:

- Overheads are regularly monitored, and budgets restricted to ensure the practice is running "lean and mean".
- Staff have a detailed knowledge of all areas of accounting, taxation and indirect taxes.
- We don't maintain pure "researchers" within the MNSA. Staff are kept up to date with frequent staff training, external courses and information from a network of training firms.

Service Oriented

At MNSA we believe all clients are entitled to receive a service which is timely, informative and meets all statutory requirements. MNSA operates under a policy where there is always a second senior staff member or director who is aware of your operations. This means that we can always meet your needs, even when certain staff may be unavailable.

Experience

MNSA brings together a diverse spread of experience in all facets of accounting and taxation which can be applied to meet any circumstances facing our clients. The structure and experience of MNSA means that we can cope with all requirements ranging from large private and public company auditing, accounting and taxation to small individual taxation returns, all at a competitive price. We have experience in a wide variety of industries including telecommunications, IT, real estate, mining, oil and gas, retail, wholesale, insurance, publishing, hospitality, investment, property, construction, medical, legal, superannuation, manufacturing and associations.

Legal Structure and Ownership

MNSA is a private company owned by its equity directors. As at 30 June 2019 there was two equity directors and two non-equity directors. All audits undertaken are conducted by the authorised audit company, MNSA Pty Ltd.

Governance Structure

The directors are responsible for determining and reviewing MNSA's operating and reporting structure.

Directors meet periodically to consider various matters relating to the operations of MNSA and to make strategic decisions in line with our vision and goals.

The directors constitute MNSA's Leadership Team. The Leadership Team provides operational leadership to the MNSA. It meets at least weekly.

The leadership team consists of:

- Mark Schiliro – Managing Director/Registered Company Auditor
- Elizabeth Calaitzopoulos – Director/Practice Manager
- Allan Facey – Director/Registered Company Auditor
- Sam Danieli – Director/Registered Company Auditor
- Brian Wheeler – Audit Manager/Registered Company Auditor
- Keith Reilly – Technical Advisor
- Norman Chapman – Manager/Registered Company Auditor
- Chi Ly – Manager
- Aileen Russell – Manager
- Yama Mahmoodi – Manager

The audit & assurance division within MNSA is subject to the same governance oversight by the directors and represents one division of the broader operations of MNSA. Other Divisions include:

- Taxation Consulting
- Taxation Compliance
- Superannuation Services
- Financial Services
- Business Advisory

Internal Quality Control System

Leadership Responsibilities for Quality within MNSA

MNSA has an overriding commitment to quality. It is the ultimate responsibility of the Managing Director to ensure that the quality assurance policies and procedures are adhered to. The Managing Director believes that the internal quality control system for the period to 30 June 2019 has been effective.

The directors accept responsibility for leading and promoting a quality assurance culture within MNSA and for providing and maintaining necessary practical aids and guidance to support engagement quality.

MNSA recognises the importance of quality in performing all client engagements. The mandatory status of ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements and APES 320 Quality Control for Firms is acknowledged and MNSA affirms its intention to operate in a climate of quality, complying with ASQC 1 and APES 320. Specifically:

- All directors and staff are expected to maintain a high level of quality in all assigned tasks and be fully conversant with the requirements of APES 110 Code of Ethics for Professional Accountants.
- Quality will not be compromised by commercial considerations on assignments
- All staff members will consistently follow adopted procedures
- Training is recognised as the key component to ensuring quality is maintained
- Staff members are required to attend training relevant to their roles
- MNSA devotes resources for the development, documentation and support of its quality control policies and procedures
- Staff members' annual performance reviews are documented and include an appraisal of their demonstrated commitment to quality and ethics, their level of continuing professional development, adherence to the policies and procedures of MNSA and the level of competence of the team member

Ethical Requirements

All directors and staff of MNSA are required to adhere to the fundamental principles of professional ethics as outlined in the By-Laws, Regulations, and Miscellaneous Professional Statements (APS) of CAANZ, and APES Standards issued by the Accounting Professional and Ethical Standards Board (APESB). All directors and staff must maintain a high standard of personal reputation, MNSA's reputation or that of the professional accounting body of which they are a member.

Staff members are expected to be fully conversant with APES 110 and other mandatory ethical requirements. If any staff members are concerned with a matter relating to non-adherence to the ethical principles, they are required to communicate these concerns to the Managing Director.

Acceptance and Continuance of Client Relationships and Specific Engagements

MNSA acknowledges that client integrity and the ability of MNSA to conduct the engagement competently and ethically are essential components of MNSA's quality control system.

MNSA and its directors and staff shall accept new engagements and client relationships only after the Managing Director, based on a review process conducted by the (prospective) engagement team, has approved acceptance of the engagement, in accordance with MNSA's policies and procedures.

Acceptance and Continuance of Client Relationships and Specific Engagements Cont.

MNSA uses established procedures to provide it with reasonable assurance that it identifies and assesses the potential sources of risk associated with a new client relationship or a specific engagement.

MNSA will only tender for or accept new clients after completing the appropriate documentation, including sending an ethical letter to the previous accountant, and assessing the acceptability of the client. The factors MNSA will consider include:

- The actual and/or perceived integrity of the client
- The cultural fit of the client within MNSA's practice areas
- The competence and capability of MNSA to complete the engagement within the required timeframe
- Ethical issues, with reference to any perceived independence and conflict of interest threats.

Human Resources

Human Resources is recognised as a critical success area for MNSA. Accordingly, all directors accept the ultimate responsibility for the quality of the work performed by staff to be able to issue reports that are appropriate in the circumstances. Management of, and communication with, staff members is one of the major roles of directors.

On an ongoing basis, MNSA monitors their needs to ensure that the level of staff enables them to maintain current client levels and anticipated growth, turnover of personnel and retirements. The Managing Director and Practice Manager are allocated responsibility for all human resource issues. They have the responsibility for:

- Maintenance of human resource policies
- Identifying required policy changes resulting from labour laws and regulations, and to remain competitive in the marketplace
- Providing guidance and consultation on human resource related matters
- Maintenance of performance evaluation appraisal systems
- As requested, recommending specific actions or procedures appropriate to the circumstance (that is, discipline, recruitment)
- Scheduling of in-house professional development
- Maintenance of personnel files (including annual declarations of independence, acknowledgement of confidentiality, and continuing professional development reports)
- Development and delivery of induction training.

Engagement Performance

Through established policies and procedures and its quality control system, MNSA requires that engagements be performed according to professional standards and applicable regulatory and legal requirements.

MNSA's overall systems are designed to provide reasonable assurance that MNSA and its directors and staff adequately and properly plan, supervise, and review engagements and produce engagement reports that are appropriate in the circumstances.

To ensure directors and staff performance on engagements is consistent and according to professional standards and regulatory and legal requirements, MNSA has sample working paper templates for documenting the engagement process for clients. These templates are updated as required to reflect any changes in professional standards. Directors and staff use these templates to document key facts, risks, and assessments related to acceptance or continuation of each engagement.

Directors and staff are encouraged to exercise professional judgement when modifying such templates to ensure that such matters are appropriately documented and assessed for each engagement in accordance with professional standards and MNSA's policies.

Also available are research tools and reference materials; appropriate industry-standard software and hardware tools, including data and system access security; and guidance, training, and education policies and programs, including support for compliance with the professional development requirements of CAANZ. CaseWare audit software is used for all major audit engagements.

When performing any engagement, all directors and staff are required to:

- Follow and adhere to MNSA's planning, supervision and review policies
- Use MNSA's templates for file preparation, documentation, and correspondence, as well as its software, research tools, and the signing and release procedures appropriate for the engagement
- Follow and adhere to the ethical policies of the profession and MNSA
- Perform their work to professional and MNSA standards with due care and attention
- Document their work, analysis, consultations, and conclusions sufficiently and appropriately
- Complete their work with objectivity and appropriate independence, on a timely and efficient basis, and document the work in an organised, systematic, complete, and legible manner
- Ensure that all working papers, file documents and memoranda are initialled, properly cross-referenced and dated, with appropriate consultation on difficult or contentious matters
- Ensure that appropriate client communications, representations, reviews, and responsibilities are clearly established and documented
- Ensure that the engagement report reflects the work performed and its intended purpose and is issued soon after the fieldwork is complete.

Engagement Quality Review Process

Monitoring consists primarily of understanding the quality control system and determining - through interviews, walk-through tests, and file inspections - whether, and to what extent, this control system is operating effectively. It also includes developing recommendations to improve the system, especially if weaknesses are detected or if professional standards and practices have changed. The overall objective of the monitoring process is to help improve the quality of engagements

MNSA relies on every director and staff at all levels to informally monitor and enforce quality, ethics, and professional and MNSA standards. This monitoring shall be inherent in every aspect of professional work. Directors and staff who are in a position to make decisions or oversee the work of others have a greater level of responsibility.

MNSA implements any feedback received from routine audit inspections by the Australian Securities & Investments Commission (ASIC) and CAANZ's practice inspection program.

Quality reviews in relation to public interest audit engagements is conducted by an independent Audit Manager/Registered Company Auditor. All directors and staff must co-operate with the Reviewer, recognising that their work is an essential part of the quality control system. Support of the directors and staff of the process and to reinforce the Reviewers comments and findings is of critical importance.

Effectiveness of Internal Quality Control System

The directors consider the appropriateness and effectiveness of the internal quality control policies and procedures in place based on information provided to it including the findings from quality monitoring reviews and external reviews. As MNSA has a commitment to continuous improvement, in any one year, some albeit relatively minor, changes in procedures are inevitable but in the current year none of the findings from reviews have required any major change in procedures.

The directors confirm that, whilst recognising that no system can provide an absolute guarantee, the directors are satisfied with the operation and effectiveness of its internal control system.

Mark Schiliro

Managing Director

31 October 2019

External Monitoring

MNSA is subject to a program of scheduled internal and external monitoring of audit quality and independence compliance. ASIC conducted its last inspection in 2017. CAANZ is to conduct an inspection in 2019/2020.

Regular external monitoring of audit quality is required by legislation and professional requirements. Other than as described in this Transparency Report, users of this Report should not make any assumptions about the scope of, or findings from, any external inspections.

Public Interest Audit Clients

The following is a list of public interest entities where we are currently appointed as auditors.

- Aeeris Limited
- Austpac Resources Limited
- Australian Whiskey Holdings Limited
- Impelus Limited
- Ironbark Limited
- iSentric Limited
- Malachite Resources Limited
- MNF Group Limited
- Mobecom Limited
- Pilot Energy Limited
- Whitefield Limited

Independence

The directors and staff must be independent both in mind and appearance of their assurance clients and engagements. Independence shall be maintained throughout the engagement period for all assurance engagements, as set forth in and by:

- APES 110 Code of Ethics for Professional Accountants, specifically sections 290 and 291
- Corporations Act 2001
- ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and other Financial Information, and other Assurance Engagements
- ASA 220 Quality Control for an Audit of Financial Statements.

If threats to independence cannot be eliminated or reduced to an acceptable level by applying appropriate safeguards, MNSA eliminates the activity, interest, or relationship that is creating the

threat, or refuses to accept or continue the engagement (where withdrawal is not prohibited by law or regulation).

MNSA is responsible for the development, implementation, monitoring, and enforcement of policies and procedures designed to assist all directors and staff in understanding, identifying, documenting, and managing independence threats and for the resolution of independence issues that arise prior to or during engagements, and is conducted annually.

Independence Declarations

The independence declaration process seeks confirmation from directors and staff on commencement of employment with MNSA and annually thereafter that our policies around financial, business, employment, and personal relationships have been complied with and requires all such relationships to be declared.

The annual independence declaration was conducted in August 2019.

All audit engagement team members, including internal experts, are required to confirm and declare their independence in relation to the engagement prior to commencing the audit. This declaration is documented and maintained in the audit engagement file.

Continuing Professional Education

Our directors and staff are our greatest assets, and we are a 'learning organisation', so continued professional education is actively encouraged.

Professional Accounting Bodies

All directors and staff members who are members of professional accounting bodies are encouraged and supported to meet the training and development requirements of their professional bodies. We monitor and review compliance with the relevant minimum professional education requirements which is 40 hours per annum of which 30 hours is structured. Directors who hold professional registrations or licenses are required to spend 40% of their minimum hours for each registration or license.

Study Policy

MNSA supports the undertaking of both the CAANZ and CPA study programs for staff. Whilst we do not insist on the successful completion of either of these qualification programs as a pre-requisite for ongoing employment, we encourage their completion as they provide further professional development for the participant.

We also support any employee who wishes to undertake any course of study that will provide them with knowledge and experience that will benefit them and us.

In addition, we support the completion of part-time studies by staff members for a degree, post-graduate degree course or MBA etc., by allowing flexibility in work hours to accommodate lecture times, study, exams, and by way of assistance with fees. However, this is reviewed on a case by case basis.

We also similarly encourage the attainment of higher qualifications or course participation for all other Staff members - be it an IT course, advanced courses in Word, receptionist skills, etc., and will actively support their endeavours as we do those of our accountants.

Structured In-house Training

This policy encapsulates technical training, management training, independence training and mentoring for all professional and administration staff.

Technical training is a mixture of Webinar and in-house sessions delivered by directors, and senior staff and, sessions delivered by external presenters such as the Technical Advisor and CAANZ.

Management business skills training will consist primarily of external courses.

Independence updates are provided for directors and staff.

Unstructured Training

As part of MNSA's commitment to staff development, we offer training to help staff achieve professional and personal growth and greater job satisfaction. MNSA provides unstructured training to staff through several different avenues:

- periodic peer group meetings take place that contain an element of training
- coaching and on-the-job training occurs while gaining experience from completing work
- practical issues identified while completing assignments are incorporated into on-the-job training.

External Courses and Seminars

As part of our performance appraisal process, we evaluate the training and development needs of all directors and staff and encourage professional and administration staff to attend approved external courses if their training and development needs are not addressed in our in-house training courses. The training focus for professionals will, of course, be different from administration staff.

Financial Information - year ended 30 June 2019

Description	\$
Revenue from external audit services and other assurance engagements provided to audit clients	1.73m
Revenue from non-assurance services provided to audit clients	0.05m
Revenue from non-assurance services provided to non-audit clients	<u>1.67m</u>
Total Revenue	<u>3.45m</u>

Other information - as at 30 June 2019

Description	
Number of Directors	4
Number of Professional Staff (full time equivalents)	18
Number of Non-professional Staff (full time equivalents)	<u>2</u>
Total	<u>24</u>

Audit

Number of Directors	4
Number of Professional Staff (full time equivalents)	<u>16</u>
Total	<u>20</u>

Director Remuneration

Profits of MNSA are shared based on the equity share held by each director.