

# **Independent Expert Summary Report**

## **Auditor Independence and Conflicts of Interest**

### **RCA Members, Hall Chadwick (NSW)**

**Prepared by: David Stevens CA, Independent Expert**

**16 April 2026**

#### **1. Background**

I was engaged as the Independent Expert pursuant to clause 8.9.4 of the Court Enforceable Undertaking (CEU) accepted by the Australian Securities and Investments Commission (ASIC) on 23 September 2025 in relation to the RCA Members of Hall Chadwick (NSW).

The CEU arose following ASIC's identification of contraventions of auditor rotation requirements under the Corporations Act 2001 in relation to certain audits conducted between July 2019 and June 2023.

My role was to evaluate whether Hall Chadwick (NSW)'s system of quality management (SQM), insofar as it relates to auditor independence and conflicts of interest, is adequately designed, implemented and operating effectively.

I issued my Independent Expert Report to ASIC on 3 March 2026, setting out my evaluation, observations, findings and recommendations. This summary report provides a concise overview of that report.

#### **2. Scope of Review**

In accordance with the CEU, the scope of my review was limited to an evaluation of the Firm's SQM as it relates to auditor independence and conflicts of interest obligations. The review focused on whether the SQM is adequately and properly designed, implemented and operating to provide reasonable assurance that the Firm and its personnel comply with:

- ASQM 1;
- ASA 102;
- APES 110 (including Independence Standards); and
- relevant provisions of the *Corporations Act 2001*, including auditor rotation and notification requirements.

### **3. Approach**

In conducting the review, I:

- reviewed relevant policies, procedures, manuals and templates;
- considered remediation actions undertaken by the firm following ASIC's findings;
- reviewed selected audit engagement files and independence declarations; and
- held discussions with partners and personnel with operational and governance responsibility for auditor independence.

My assessment reflects the design and implementation of the SQM as at 15 December 2025, together with evidence of its operation up to that date.

### **4. Independent Expert Evaluation**

Based on the work performed, I have not identified non-compliance with ASQM 1 insofar as it relates to auditor independence and conflicts of interest obligations, as at 15 December 2025.

Hall Chadwick (NSW) appears to be operating a system of quality management in this area that provides reasonable assurance that the firm and its personnel fulfil their responsibilities in accordance with relevant ethical requirements, as required by ASQM 1 up to that date.

This conclusion reflects the design and implementation of the firm's framework, together with evidence of its operation up to that date. The ongoing effectiveness of recently implemented monitoring and remediation processes will depend on their consistent operation over future reporting periods.

### **5. Key Observations and Findings**

The observations and recommendations outlined below are directed toward strengthening documentation, and the consistency of monitoring processes. These matters represent opportunities to enhance the robustness and sustainability of the firm's quality management system and do not constitute findings of non-compliance.

#### **Auditor Rotation and Long Association**

For Public Interest Entities, the firm has undertaken not to seek extensions beyond the initial five-year period.

For Non-Public Interest Entities, where engagements extended beyond ten consecutive years, there is limited evidence that the relative strength and ongoing appropriateness of those safeguards was subject to regular, periodic reassessment.

### **Provision of Non-Audit Services to Audit Clients**

The review identified inconsistencies in the documentation and approval of non-audit services provided to audit clients. In particular, independence assessments did not consistently address threats beyond self-review, including self-interest and intimidation threats.

There was also limited evidence, as at the assessment date, of active and periodic monitoring of non-audit service arrangements to identify cumulative or emerging independence risks over time.

Since the release of the Quality Management Manual dated 15 December 2025, the Firm has updated its non-audit services approval template to expand the range of independence threats explicitly required to be considered and documented, and to better prompt engagement teams to consider higher-risk non-audit service scenarios.

### **Identification and Documentation of Significant Relationships**

The review identified an instance where an incoming employee disclosed a potential significant relationship during the Firm's induction process. Whilst the instance does not indicate that independence was compromised, formal documentation of the Firm's consideration of the disclosed relationship was not recorded until the subsequent six-monthly independence declaration process.

## **6. Key Recommendations**

### **Auditor Rotation and Long Association Monitoring**

For Public Interest Entities, implement structured periodic monitoring of compliance with statutory rotation requirements to ensure that updated policies and tracking mechanisms are operating effectively in practice.

For Non-Public Interest Entities, strengthen the periodic monitoring of long-association safeguards to ensure their continued appropriateness as partner tenure extends.

### **Provision of Non-Audit Services to Audit Clients**

The Firm should continue to strengthen the consistency and depth of independence assessments in relation to the provision of non-audit services to audit clients. Ongoing monitoring mechanisms should support identification of cumulative or emerging independence risks over time.

### **Identification and Documentation of Significant Relationships**

The Firm should ensure that independence assessments arising from significant relationship disclosures by firm personnel are conducted in a timely and complete manner.

### **Monitoring Activities Across Key Independence Risk Areas**

The Firm should ensure regular, periodic monitoring activities which address relevant risks related to auditor rotation and long association, provision of non-audit services to audit clients, and consideration of significant relationships, including reassessment of safeguards over time.

Monitoring outcomes should be documented and reported to those charged with governance, with follow-up actions tracked to completion.

### **Ongoing Maintenance of the Independence Framework**

The Firm should ensure periodic review and reinforcement of independence-related policies, procedures and documentation practices to ensure they remain current, internally consistent and operationally effective. This should include maintaining a regular cycle for review of the Quality Management Manual, the Auditor Rotation Policy, the Audit Manual and key procedural templates.

## **7. Limitations**

My work was not performed in accordance with Australian Auditing or Assurance Standards and does not constitute an audit, review or assurance engagement. This report should not be relied upon for any purpose other than those set out in the CEU.

## **8. Update Since my Independent Expert Report was Issued**

In response to my Independent Expert Report issued on 3 March 2026, Hall Chadwick (NSW) has prepared and submitted a Remediation Plan to ASIC pursuant to clause 8.9.6 of the CEU.

In accordance with clause 8.9.7 of the CEU, I have subsequently reviewed that plan to assess whether it appropriately addresses the recommendations set out in my report. I am satisfied that the plan appropriately addresses those recommendations with no modifications required.



**David Stevens, CA**  
Independent Expert  
16 April 2026