



BHP

Transparency Report 2020



Offices

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Sheffield
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1. Our purpose and culture

BHP is the leading independent practice in Yorkshire and North East Derbyshire, with 5 offices and over 300 people across this region.

Our purpose is

“To support, develop and inspire our people and our clients so that they are able to realise their true potential.”

With a vision

“To be the firm of choice within our target markets, recognised not only for providing the highest quality service to our clients but also for employing and developing the best people.”

We support this purpose and vision with strategies covering the areas of people, growth and financial, innovation, advisory, our client approach and our working environment.

Our values are core to our approach and culture and are shared with all our staff, in conjunction with our purpose, vision and strategy. Our core values relate to people, excellence, commitment, teamwork and innovation.

These core values naturally underpin our Corporate Social Responsibility (CSR) activities. CSR is about supporting, developing and inspiring our people and works well when this is led by the staff. At BHP we have a CSR committee which is made up of representatives from each office. During the last two years, our staff have raised £50,000 for charities and we have committed to one paid volunteering day per person per annum to allow our staff to further support charities. We also have recently undertaken a carbon footprint assessment to understand our impact on the environment and identify ways that we can minimise that impact.

We measure our performance through annual staff surveys and the Investor in Customers accreditation and we will continue to adapt our strategy to cope with the significant changes currently occurring within the accountancy sector, particularly technological. We will ensure that we develop our people in line with advances such as cloud accounting and data analytics.

We will also ensure that our people development creates internal candidates to ensure succession in all areas of the firm and continue to promote or recruit partners on an annual basis.

2. Legal structure and ownership

BHP is the trading name of BHP LLP, a limited liability partnership registered in England and Wales. Registered number: OC416373 Registered office: 2 Rutland Park, Sheffield S10 2PD.

It is wholly owned by its members, who are commonly referred to as partners. A full list of members' names may be inspected at our registered office.

BHP is registered to carry on audit work in the UK and Ireland and regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales.



In addition to the main LLP, a number of connected businesses operate specific services including Financial Planning, Outsourced Accounting & Payroll services, Business Recovery & Insolvency and Debt Advisory.

BHP operates from 5 offices in Sheffield, Cleckheaton, Leeds, York and Chesterfield. The firm is structured along service lines. Our principal services are:

- Audit and Accountancy
- Business Advisory
- Business Recovery and Insolvency
- Consulting
- Corporate Finance
- Forensic Accounting
- Outsourced Accounting and Payroll
- Private Client and Financial Planning
- Tax and Tax Planning

3. International

BHP is a member of Kreston International Limited. Kreston International Limited is a worldwide network of independent accountancy and advisory firms. Kreston covers over 100 countries providing a resource of over 21,000 professionals and support staff. (Each firm is a separate and independent legal entity and as such has no liability for the acts or omissions of any other member firm.)

4. Governance and management

BHP has an Operations Board made up of the Joint Managing Partners, the Head of Risk and five other Partners, the Finance Director and the Directors responsible for HR and IT. The Operations Board meets on monthly basis to review firm policy, budgets, operational issues and financial matters. It also conducts formal business at additional meetings as necessary and that has particularly been the case during the Covid-19 crisis. The Operations Board is responsible for implementing strategy as set by the Partners. The Firm also has an Advisory Board which considers strategic issues on behalf of the Partners.

BHP holds quarterly Partnership meetings where any changes to structure are voted upon. Partnership direction and strategy are developed by the partnership group in three annual strategy meetings.

The appointment of Managing Partner is voted on by the partners every three years and at present, it is a joint role. The Managing Partners make an annual presentation to all employees in the business providing insights into the firm's strategy and operations. They also communicate regularly on topical issues affecting the firm via internal e-communications.

Every year, Service Line Heads set and communicate their service line strategic priorities, which are integral to our business planning process.

In determining policy, processes and procedures the firm is mindful of the drivers and indicators set out in the Financial Reporting Council's Audit Quality Framework. These are reviewed by the Technical Committee on an annual basis and inform the annual compliance monitoring process.

The Firm has a Risk Committee which is chaired by one of our Joint Managing Partners and also includes the Head of Risk, the Ethics Partner and the Money Laundering Reporting Officer. It reports to Operations Board and its mandate is as follows:

- Assist Operations Board in managing risk - Identify, review, recommend, report, notify, guide, consult
- Advise on risk issues
- Help identify and implement best practice
- Deal with complaints
- Oversight and interaction with GDPR, AML, and regulatory functions
- Maintain Risk Register
- Act as delegated authority for certain risk decisions
- Limitations of liability - deviations from standard
- Letters of Engagement and standard terms – approval and review
- Acceptance of certain types of work from across the firm
- Oversight over procedures for authorization of individuals for certain specialist work
- Oversee PI renewal and claims handling
- Act as consultative body to the wider firm to discuss abnormal types of work, contractual relationships, release, access and non-disclosure agreement issues
- Link with external counsel as needed

The Firm has appointed an independent Data Protection Officer in relation to our compliance with GDPR requirements and he is mandated to instruct the Risk Board and Operations Board of any necessary actions.

5. Internal quality control systems

The Firm's Technical Committee is made up of the Audit Compliance Partner, the Quality Control Partner, the Head of Audit, one of the Joint Managing Partners, several other audit partners and several senior managers. It meets on a quarterly basis.

Reporting to the Operations Board, the role of the Committee is to:

- Ensure that the Firm's partners and technical staff are aware of changes in relevant legislation, regulations, Financial Reporting Standards and International Auditing Standards.
- Overview the audit systems and accounts production software utilised by the Firm.
- Oversee the Firm's quality control procedures, ensuring that they comply with all relevant standards including International Standard on Quality Control ('ISQC1').
- Oversee an annual programme of quality control monitoring procedures which covers client work undertaken by all teams within the Firm including the audit service line.
- Oversight of an annual programme of appraisals of audit RIs to ensure compliance with International Education Standard 8 ('IES 8')

One of the Firm's audit partners is designated as the Quality Control Partner and he oversees all of the Firm's control reviews of professional work.

All Responsible Individuals for audit purposes ('RIs') have an annual appraisal meeting with the Head of Audit and the Quality Control Partner to review their compliance with IES 8 and the outcome of quality control reviews of the audit files for which they are responsible.

Audit compliance

The Firm's Audit Compliance Partner (for the purposes of complying with Institute of Chartered Accountants in England & Wales (ICAEW) regulations) is required to ensure that the Firm has complied, and will continue to comply, with audit regulations. He is also the first point of contact with the ICAEW in this respect.

Audit file reviews

All audit files are reviewed by an audit manager and the RI at both the planning and completion stages.

A second RI review is required on all Public Interest Entities and certain other entities before the completion of the audit report. The Firm's Technical Committee issues guidance on the criteria which require the performance of a hot file review and they include size and public profile.

In accordance with audit regulation requirements, BHP conducts annual cold file reviews. Each year a sample of files is chosen and reviewed by an external provider which is currently Mercia Group, whilst another sample of files is reviewed by an internal peer review team. On a triennial basis, a sample of files is also reviewed by Kreston International.

The cold file reviews are performed on a sample of the Firm's audit clients, ensuring each RI's work is reviewed on an annual basis. Detailed reports are produced and discussed with the relevant RI and audit manager. A summary of the results is produced by the Technical Committee for the Operations Board and remedial action and follow-up is taken if necessary. The overall results and actions are communicated across the firm and discussed in feedback sessions which all members of the audit team are required to attend.

Statement on the effectiveness of the internal quality control system

The Operations Board considers that the internal quality control system is functioning at a suitable level of effectiveness to enable us to maintain our internal quality standards and comply with our professional and legal requirements.

6. External Monitoring

The firm is subject to regular external monitoring by the Quality Assurance Department of the ICAEW (QAD), and the Audit Quality Review team of the Financial Reporting Council (FRC). The last inspection visit by QAD was in 2017. As mentioned above, external reviews are also undertaken by Mercia Group and Kreston International.

Rigorous procedures and controls are in place to ensure compliance with each of the firm's regulators and legislative requirements.

BHP is committed to the highest standards of technical excellence and client service, but in order to mitigate any remaining risk, the firm arranges appropriate professional indemnity insurance.

7. Independence Procedures

The FRC publishes Ethical Standards which provide regulations and guidance on possible threats to integrity, objectivity and independence in the conduct of audit engagements as well as on potential safeguards which may be instituted to counteract those threats.

In respect of its responsibility as regulatory body for auditors, the ICAEW publishes rules under which auditors will be regulated: the Audit Regulations.

The Firm's independence procedures and policies are consistent with these requirements and set out in guidance published by the Technical Committee which all partners and staff must follow.

Within BHP

Within the Firm, overall responsibility for compliance with the Audit Regulations rests with a partner designated as Audit Compliance Partner as described above. In accordance with the Audit Ethical Standards, an Ethics Partner has also been appointed.

Members of staff are made aware of ethical considerations on commencement of their employment, on periodic internal updates and on regular courses which are provided by external providers such as Mercia Group and ICAEW.

All partners and staff complete an annual declaration of their independence and must notify the Firm of any circumstances which may affect their independence, or of any potential or actual conflicts of interest. The annual declarations are reviewed by the Audit Compliance Partner.

Acceptance and continuance of clients and engagements

Before accepting a new appointment, the RI must consider and justify the decision to accept the appointment. In doing so the RI will consider (amongst other matters) independence, ethics and risk issues, the Firm's expertise and resources and its ability to carry out the work, and the Firm's money laundering procedures. The latter are overseen by a partner who is designated as the firm's Money Laundering Reporting Officer.

This review is undertaken again each year by the RI as part of the audit planning process.

Monitoring

An internal review of independence practices is included in the Annual Compliance Review which is conducted by the Audit Compliance Partner on an annual basis.

8. Professional skills and education

BHP requires all audit partners and qualified audit staff to attend annual audit and financial reporting update courses run by appropriate external providers such as Mercia and ICAEW. The individuals each submit an annual CPD return which is reviewed by the Audit Compliance Partner. For audit partners and staff RI's, these are in a format to ensure compliance with International Educational Standard 8.

All trainees undertaking audit work are on appropriate, supervised training programmes which are monitored by ICAEW and ACCA as appropriate. Appropriate training is also undertaken on a regular basis by all relevant audit staff in respect of the audits of specialist industries and sectors, where specific agreed procedures are carried out or where specific other requirements exist.

Internal training is also carried out to ensure that the firm's own policies and procedures are disseminated and applied on a consistent basis.

Specialist courses are arranged for non-audit staff through a structured learning and development and appraisal system.

Routes for progression in the firm are regularly discussed and updated for appropriate staff and support given for further development.

9. Financial information

Fees of BHP LLP for the year ended 31 March 2020 are analysed below by service line:

	2020	%	2019	%
	£000		£000	
Audit, assurance and accounting	12,210	61	11,108	63
Tax advisory and compliance	4,632	23	4,688	27
Corporate Finance, Forensic and Advisory	3,242	23	1,712	10
	20,084	100	17,508	100

10. Members' remuneration

Members' remuneration is considered by an elected Remuneration Committee on an annual basis. Profits are allocated to Members either on a Fixed or Equity sharing basis.

The firm considers that no partner remuneration is contingent upon any basis that would compromise the independence of any audit, including the sale of non-audit services.

11. Public interest entities

- Sheffield Mutual Friendly Society
- Railway Enginemen's Assurance Society