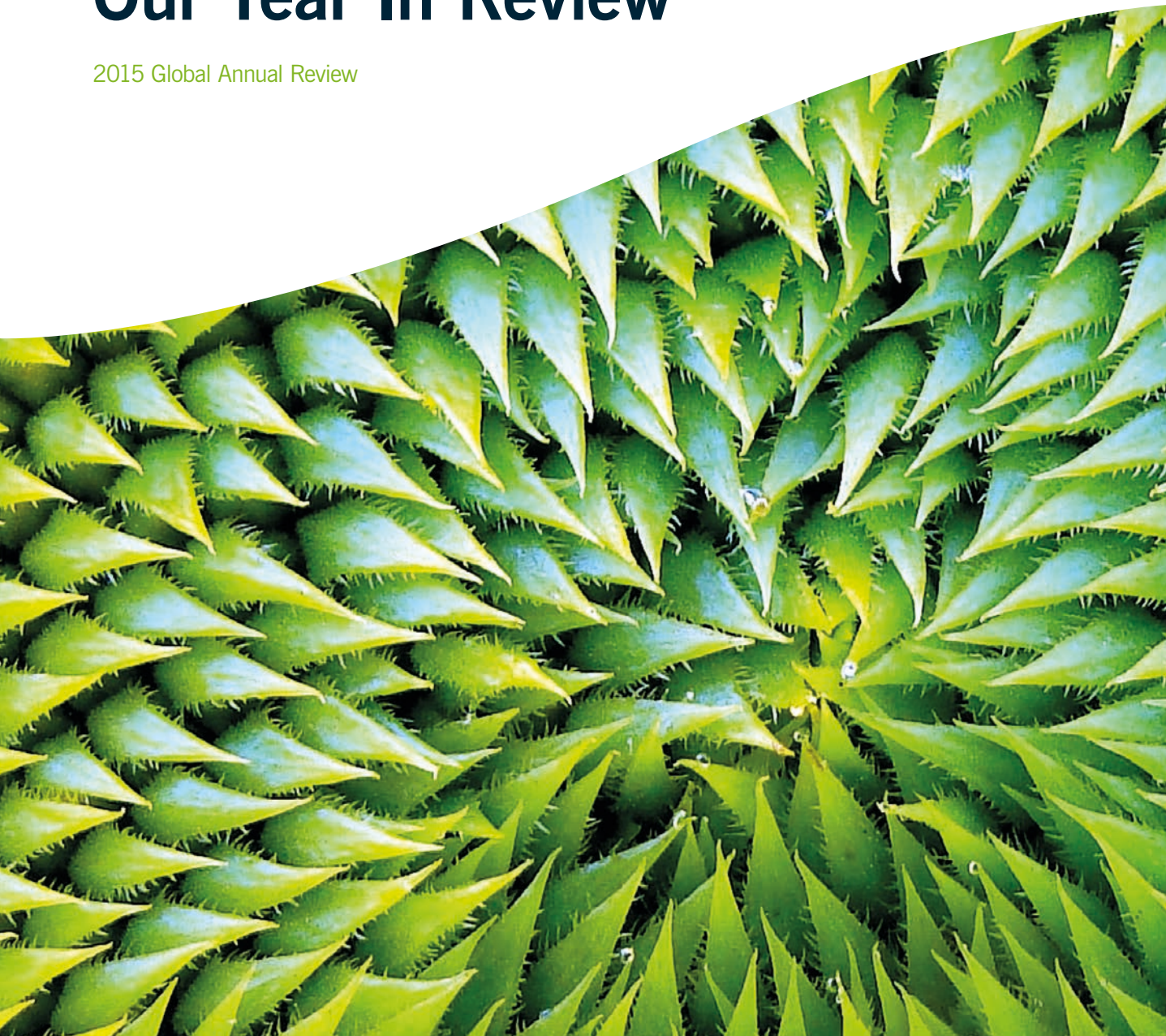


# Our Year In Review

2015 Global Annual Review





# Welcome to our tenth Global Annual Review in which we report on our performance and our key network policies and governance structures during 2015.

Baker Tilly International is one of the world's leading networks of independently owned and managed accounting and business advisory firms united by a commitment to provide exceptional client service.

Through our global network of member firms, Baker Tilly International serves clients in over 140 countries worldwide. For an up-to-date list of member locations, visit [www.bakertillyinternational.com](http://www.bakertillyinternational.com).



## CONTENTS

- 2 A MESSAGE FROM THE CEO
- 4 IN CONVERSATION WITH THE  
CHAIRMAN AND THE CEO
- 7 SHAPING OUR FUTURE
- 8 BEING THE BEST WE CAN BE
- 10 OUR GROWTH IN NUMBERS
- 12 HOW WE MANAGE THE NETWORK
- 17 OUR VALUES

# Strategic growth



2015 was a year of growth for Baker Tilly International. Combined revenues increased 7% to US\$3.8bn: this represents our strongest growth since 2008.

But our growth was not limited to our combined revenues. In last year's review I touched upon how, alongside sustained organic growth, mergers and acquisitions are an important part of our member firms' individual growth plans. Many of them have grown through this strategy this year: we have seen an unprecedented number of strategic acquisitions and combinations take place across the network in the last 12 months. These combinations have broadened our geographic footprint, deepened our industry and service capabilities and opened up exciting new opportunities for collaboration.

Today, it seems that change is happening faster than ever. The challenge for us is to stay ahead of that change. And we can only hope to do this by working together effectively.

At Baker Tilly International collaboration is at the heart of everything we do. Yet we strive to be even better.

Over recent years we have invested heavily in delivering innovative, high quality professional development programmes that help our people meet the dynamic needs of clients working in a technologically-driven world with instant global communication links. We are committed to continuing to invest in this way and to bringing together people in environments that are designed to support collaboration and where ideas can be developed and where relationships can flourish.

In 2015 our conferences and classroom courses afforded our people the opportunity to gain 144 hours of Continuing Professional Education (CPE) credits, while in September we began offering an MSc in Financial Leadership programme – an online course developed with UK based BPP University. Aimed at managers and high performers across our network, the programme offers the opportunity for those who already hold a professional qualification to broaden their skillset so that they are able to add maximum value to their organisation and to their clients.

We turned to cloud collaboration technology this year to improve connections between our member firms worldwide and to provide a state of the art, highly secure portal for them and their clients. This gives us an increased level of accountability, transparency and visibility when we work together on international engagements.

We also launched Global Tax Solutions, which is designed to facilitate and co-ordinate international tax assignments. It allows us to leverage our extensive tax capabilities globally and provide clients with a single point of contact, a single contract and one collection system for invoicing on international tax assignments – no matter how many countries the assignment covers.

Another exciting development was the launch in partnership with our Indian member firm DHC – DesaiHaribhakti Consultants of our Global Centre of Excellence. Ensuring that clients have access to our best people wherever they might be is a key part of our value proposition. Through the Global Centre of Excellence we are able to build our global teams more efficiently and cost effectively to bring specialist skills and knowledge to address specific client needs in areas as diverse as tax consulting, financial modelling, risk management and virtual CFO services.

Clients are increasingly looking for us to work closely with their teams to develop solutions that deal with accelerated pace of change, technology disruption and responding to new market entrants. As I hope the developments that I have touched upon demonstrate, Baker Tilly International has never been better placed or more prepared to deal with these challenges and seize the opportunities that exist in the global marketplace. We, like our clients, are transforming how we do business, and I am excited about what Baker Tilly International will achieve, and the important role we will play in the global marketplace, in 2016 and beyond.

This is my final report as CEO and President before stepping down in June 2016. I would like to thank all past and present directors of the International Board for their friendship, advice and co-operation during my term as CEO, and to the current International Board members for their outstanding commitment during 2015.

It is, however, our member firms who have continued to grow and deliver excellent results year-on-year. I am confident that the talent and professionalism embedded within each of our firms will enable us as a network to continue to grow not only in size, but in influence, stature and diversity.



**Geoff Barnes**  
CEO and President

## Our Strategy

**Our strategy is to be the advisor of choice and to help mid-market corporates, privately held businesses, governments, NGOs and not-for-profits maximise opportunities and stay competitive.**

### **We are committed to:**

- Investing in the markets where our clients need us to be
- Building valued client-advisor relationships
- Demonstrating leadership and integrity to deliver high quality client services.

## Q&amp;A



Left to right: Jim Castellano, Geoff Barnes

In this question and answer section, Baker Tilly International Chairman, Jim Castellano and CEO and President, Geoff Barnes discuss the network's performance in 2015 and look forward to 2016.

James (Jim) joined RubinBrown (St. Louis, Missouri, US) in 1973 and has served at the helm since 1989. He was Chairman of the Board of Directors for the American Institute of Certified Public Accountants (AICPA) in 2002, representing more than 330,000 members, during one of the accounting profession's most challenging times: Enron took centre stage in the media and rocked America's confidence in financial reporting. Jim spent the majority of his term as Chairman travelling the country discussing the changes which needed to be made to restore confidence. His testimonies before the House Subcommittee on Commerce, Trade and Consumer Protection, and the Senate Banking Committee contributed to the debate on professional and legislative reforms. Jim has been Chairman of the network's International Board of Directors since 2001.

Geoff has been CEO and President of Baker Tilly International since 2000. Under his leadership the network has grown from global combined revenues of US\$900m and a presence in 59 countries worldwide to combined revenues of US\$3.8bn and member firms in 141 countries. He is currently Chairman of the International Advisory Panel (and a former member of Council) of the Institute of Chartered Accountants in England and Wales.

In October 2015, Geoff was honoured with the International Accounting Bulletin's Lifetime Achievement Award.

**Geoff, in your CEO message you highlighted that the network has recorded its highest revenue growth since the global financial crisis. Can you comment further on the network's performance?**

**Geoff** I am proud of this year's results. Despite the fact that the global economy is not growing as fast as we perhaps would hope, we achieved our highest revenue growth since 2008. We saw growth across each of our four service lines and in each of our geographic areas, with combined global revenues increasing 7% to US\$3.8bn.

Strong performances in developed markets were led by double digit growth in our member firms in Germany and Australia, both of which grew through successful, large-scale combinations this year. Our European sub-region also returned to growth following a sluggish 2014, albeit at a more modest level compared to pre-crisis growth. Of particular note within the region were changes to our representation in Italy and Russia, both of which have significantly strengthened our coverage in these countries.

Despite mixed economic conditions across many of the developing economies, with growth in many countries slowing, last year we recorded some very strong performances in these markets driven by our member firms across our Middle East and Eurasia sub-regions.

**Jim** As Geoff mentioned, to be recording strong growth across all of our service lines and in each geographic area is a result of which we are very proud. To do so against a backdrop of uneven global recovery with weaknesses hampering both developed and emerging markets, makes those results even more impressive.

All of our service lines grew in 2015. Consultancy led the way, growing 17% (compared to 1% growth in 2014) as our member firms continue to broaden their service offering to meet changing market demands, in particular in the areas of performance management, business valuations, risk management and IT services.

Tax delivered strong growth (7% compared to 4% in 2014) as member firms successfully helped clients address a rapidly changing tax environment that was dominated by the Organisation for Economic Co-operation and Development's (OECD) high profile Base Erosion and Profit Shifting (BEPS) project.

Our more modest growth across our audit practice (2% compared to 10% in 2014) demonstrates the challenges our members face in relation to pending changes to the auditor rotation rules across the European Union and other countries, and the ongoing competitiveness of the audit market globally.

**Jim, you touched upon the OECD's BEPS announcement. This has been hailed by some as the most fundamental changes to international tax rules in almost a century. What effect will this have on clients over the coming years?**

**Jim** National tax laws have not changed in line with how global multinationals now operate. This has led to inconsistency in the way many transactions are treated in different territories, which in turn has brought the fairness and integrity of the international tax system into the spotlight.

The completion of the OECD's BEPS project in October 2015 signalled the most comprehensive reform of international taxation. Forthcoming changes will have huge implications for multinational businesses that go far beyond the confines of the tax department, impacting the way these businesses operate and grow and the extent to which their tax and financial affairs need to be disclosed. While the detailed rules are yet to be finalised, the direction of the proposals is clear and we can begin working with our clients to help them understand, and alter where necessary, the elements of their tax structure and operating models that will be affected by the changes.

# Q&A

**The theme of 2015 for Baker Tilly International was very much focused on growth. How are the economic realities that we are facing affecting future sustainable growth both for you and your clients?**

**Geoff** It goes without saying that our growth – both as individual businesses and as a network – and the growth of our clients is strongly influenced by what is happening in the global economy. This was never more evident than in 2008 when we moved from a buoyant economy to one that saw largescale institutions go bankrupt and whole economies collapse.

Whilst we have now returned to growth, albeit at more subdued levels, we are operating in what can be described as disruptive conditions.

Technology is disruptive for the existing business models across many industries, including our own: it shortens the business cycle, transfers power to consumers, blurs boundaries between industrial sectors and reduces barriers to market entry. Businesses that can grapple with these new technologies and successfully incorporate them into the way they operate or shape them into commercially viable products or services will stand the best chance of dealing successfully with the opportunities, rather than succumbing to the threats, they represent. And, of course, cyber threats and plans to mitigate their risks should have risen to the top of every Board's agenda.

**Jim** Alongside the impact of technology, a key issue for our clients in ensuring growth is how to operate successfully in a global and interconnected marketplace.

For many businesses, there is pressure to grow simply to survive. And this is where we can really add value – helping our clients identify the right growth path for them: the right markets and the right way to enter those markets.

**What's in store for the network in 2016?**

**Geoff** We are, and have always been, committed to delivering high-quality audit services. We continually invest in auditing methods, ensuring that they are compliant with the International Standards on Auditing (ISA).

In 2016, we will be launching an exciting new global audit methodology within the network which focuses the audit approach on risks relevant to each client. We are confident that this new technology will further enhance our capabilities in respect of delivering high-quality multi-jurisdictional audits.

**Jim** For us as a network, our future success will, to a large extent, depend on our ability to adapt and redefine our business model to remain competitive in a new reality in which technology is a dominant fact and the main revenue stream will no longer come from compliance, but rather value added services.

We have always helped clients maximise opportunities but we now need to provide them with a more holistic view of their business and continue to build genuine long-term business partnerships with them. This requires a different set of skills beyond standard audit compliance and we are committed to investing to ensure our people are equipped with the right skills to enable them to widen the scope of advice they deliver to clients.

**Geoff, you will step down as CEO and President in June 2016. Are there any final thoughts you would like to share?**

**Geoff** I still have a lot to do over the next six months and I am very much focused on what we are trying to achieve within the network. As I said earlier in my CEO message, we have a strong foundation upon which to build and I am excited about the momentum that we have and the direction in which we are taking the network. It's an exciting time to be in professional services and, more importantly, to be part of Baker Tilly International.

In the 16 years I have been CEO the business landscape has changed beyond recognition. We constantly have had to transform and invest in our businesses in order to ensure we continue to grow and service clients efficiently – and we can be confident that in ten years from now the world will be a different place from today and the way our clients do business will alter significantly.



# In detail

**In October 2015, Tim Christen, CEO of our US member firm Baker Tilly, was elected Chairman of the Board of Directors of the AICPA, the world's largest member organisation representing the accounting profession. In his opening speech to AICPA members Tim made reference to the accounting profession being at a critical point in history and the need for it to embrace change in order to move confidently towards the future and remain in the best possible position to serve the public interest. Here Tim shares his thoughts on four areas where individuals within the accounting industry can shape our future to maintain relevance.**

## **Modernise services**

Relevance means staying ahead of the curve in what the public expects and the marketplace and clients demand. People didn't know they needed a new kind of portable music player until the iPod was released. Likewise, our profession can be one step ahead with services clients may not even know they need.

Twitter, for example, claims that it verifies the identity of certain users. But who better to assure their accuracy than a qualified accountant? Or assuring that a Google search returns legitimate sources of information in the way Google's business model intends? Or reliable assurance that a business is meeting non-financial performance objectives?

The need for non-financial assurance is all around us. The question is, how can the accounting profession provide that assurance? How can we provide a trusted seal of approval of non-financial information?

## **Increasing the speed of everything**

The world no longer waits. Keep up or be left behind. This is where our sense of urgency comes in. We must be faster in the delivery of our services and quicker in adapting to change.

Maintaining relevance also means we have to help our people to learn faster, smarter and in more ways. Our body of knowledge and how we gain competencies must keep pace with changes in business.

As our industry tackles learning changes at a macro level, businesses should adapt as well, taking action and ensuring we are providing our staff with the support they need to get the job done effectively and efficiently.

## **Increasing collaboration with others**

Collaboration is critical to solving many of today's business challenges. The once simple relationship between advisor and client has been transformed into one that is more complex and fluid. Accountants and other qualified professionals are

playing more strategic, interconnected and critical roles in business than ever before. Specialists and stakeholders in different fields are collaborating to share resources and develop better solutions. Businesses are taking a more holistic view in their decision making. Conversations that used to include just the accountant and finance team, now also include human resources, IT and other external stakeholders. This is how business is done today.

The profession can excel in this environment by studying business trends, adjusting our perspectives and developing new guidance and training. This information is critical to firms and businesses of all sizes.

Our challenges today include competition, pace of change and varied needs of our clients. But tomorrow's challenges may be something completely new. The onus is on us to develop the mind-set and capabilities to anticipate challenges and collaborate in more timely and meaningful ways.

## **People**

We already know that we'll need the best and brightest, but we also need to change the way we relate to individuals and how we develop them. We must recognise that people are about more than work. Who are they? What inspires them? What about their family? Their interests, their passions?

We can meet the needs of the entire person by investing in people on a personal level. The war for talent will be won by the organisations that most successfully engage their teams. A dynamic personal and professional experience will attract the best and brightest from future generations.

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Tim Christen began his career at Baker Tilly Virchow Krause (Chicago, Illinois, USA) (trading as Baker Tilly) in 1980, becoming the firm's CEO in 1999. He currently serves on the Baker Tilly International Board of Directors, the North American Regional Advisory Council and chairs the network's Remuneration Committee. In 2015 he was named in Accounting Today's Top 100 Most Influential People in Tax and Accounting.

# Talent

**Learning and development is an essential part of our growth strategy as a network and of each of our member firms. Through our continued investment in professional development offerings we reinforce our commitment to building a supportive, inclusive and highly motivated community across our member firms.**

## **We are committed to:**

- > Continuing to establish best practice across the network
- > Building quality into every aspect of our people management and so further enhance our client services
- > Helping ensure that our people gain access to the right training at the right time in their development
- > Developing new services as a reflection of changes in the profession.

The LeaD Partnership, the network's learning and development services, offers development options through a number of avenues, including: technical and non-technical training (both classroom and webinars); experiential learning through secondments; leadership development through our Leaders in Collaboration (LinC) programme; manager development through the Financial Leadership Development course; conferences; and English language training for business.

2015 saw the launch of regional learning and development/human resources committees in our Europe, Middle East and Africa, Latin America and Asia Pacific regions, which now sit alongside our established North American committee. The aim of these committees is to develop a more collaborative approach to creating learning and development solutions and to support individual member firms in developing their people through robust human resources processes and systems.

### **Training**

Technical training on the latest developments in tax, audit and accounting is offered through

classroom learning, for example alongside our regional conferences and collaboration summits, as well as a variety of live and recorded webinars. Tax training (in London) and audit and accounting training (in Prague) took place in the form of classroom training in September 2015, while sessions focused on best practices in corporate finance, corporate governance and risk management and audit and accounting services were run alongside our Asia Pacific Collaboration Summit in December 2015. There were also a number of training sessions delivered to member firms on site, and we are looking to increase this area of our services.

Webinars allow us to disseminate information on international regulations and developments affecting accounting, audit and tax, and global initiatives faster and more widely across the international network. In 2015 our webinars included both technical (for example the increase in audit risk due to the recent tax changes) and non-technical. The latter covered a wide range of soft skills such as coaching and managing in times of change. Other non-technical webinars included how to develop new services. Individuals can either join the live webinars or

download the recordings of these sessions. The recorded webinars offer just-in-time training, a flexible approach to meet development needs.

2015 also saw an increase in the technical briefing papers offered, which provide another knowledge development opportunity that can be used internally with colleagues or externally with clients.

Our partnership with EF Corporate Language Training gives our members, for whom English is not their first language, access to the world's largest online language school for improving business English.

### **Partner development**

Our LinC programme offers new or soon to be partners in member firms the opportunity to learn of new approaches to leadership and business development as well as forge relationships with others across the network, ultimately strengthening our ability to deliver high-performing global teams. Feedback received from those who have previously attended confirms LinC continues to excel in these objectives. Designed by and run in conjunction with the University of Chicago Booth School of Business, the programme is held in Chicago Booth's state of the art campuses. Focused on topics of leadership, strategy and business, it's a chance for participants to immerse themselves in the conceptual knowledge of Chicago Booth's thought leaders and receive the type of feedback rarely available in their daily lives. It's also a unique opportunity for firms to invest in those high performing individuals in their organisations and by doing so, adding value to their clients.

### **Manager development**

In September 2015 we began offering an MSc in Financial Leadership. This is an online course developed with BPP University, which specialises in professional development postgraduate courses.

Aimed at managers and high performers, this programme offers the opportunity for those who already hold a professional qualification to broaden their skillset enabling them to add maximum value to their organisation. The programme is delivered online and includes tutor-led sessions which will be recorded so that individuals can access them when convenient.

The modules of the course are: professional practice; leading and influencing; understanding value; managing client engagements; and managing in a professional services firm.

### **Conferences**

Senior and managing partners and other key decision makers from our member firms worldwide come to the annual Baker Tilly International conferences to discuss key market developments and business development opportunities, and to gain in-depth exposure to best management practices in leading accounting firms. Conferences also provide the opportunity to network with others and to generate business together.

### **Secondments**

Secondments make it possible to share best practice and other specialist knowledge across the network. They provide a fantastic opportunity to develop relationships within the network as well as to add value to client services. 2015 included secondments of senior leaders, enabling the development of new services across the network.

### **Supporting our communities**

A commitment to being responsible businesses is an integral part of our culture and we recognise that we must be prepared to continue to make changes to the way we work to fulfil that responsibility. Our member firms are taking direct action to integrate corporate responsibility into everything they do; many have established formalised corporate responsibility programmes which are integrated within their overall business strategy.

We have a long tradition of actively supporting projects beyond simply making financial contributions, including working as volunteers and leaders and developing partnerships with charities, schools and not-for-profit organisations. Many of our people get paid time off so they can perform this work, or receive incentives and rewards through their firm's performance management processes.

More information on our member firms' work in the community can be found by following us on Facebook: <https://www.facebook.com/BakerTillyInternational>

# Performance

**It's no surprise we like numbers: after all, we help our clients with some of their most important ones.**

While our success is not measured by numbers alone, our financial performance serves as an indicator of how far we have come on our journey to be recognised as a global network of closely aligned, premier, independent accounting firms serving leading national and global organisations.

**Fastest growth since 2008 with combined revenues up by 7% to US\$3.8bn.**

**Growth across all four service lines and four geographic areas.**



MEMBER FIRMS

165

+11



COUNTRIES

141

+8



OFFICES

745

+52

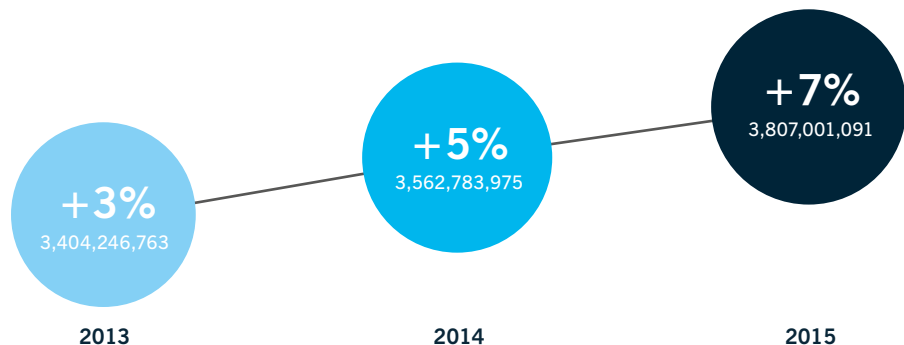


GLOBAL WORKFORCE

28,000

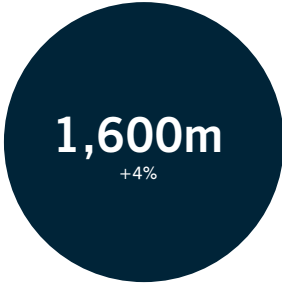
+1,000

REVENUES US\$

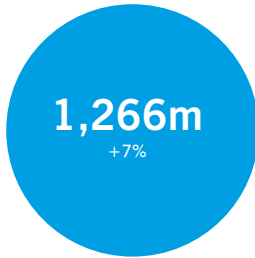


1. Each Baker Tilly International member firm is an independent entity. Members do not report revenues on a combined basis.
2. Statistics presented represent the combined figures of the independent member firms. Because of rounding, numbers may not tally.
3. Percentage growths have been rounded.
4. Each member firm reports its figures for its accounting year ending in the 12 months to 30 June.
5. All revenue is reported in US\$.

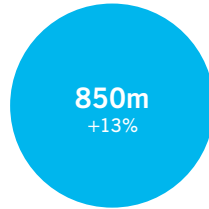
REVENUE BY REGION US\$m



NORTH AMERICA



EUROPE, MIDDLE EAST AND AFRICA



ASIA PACIFIC



LATIN AMERICA

REVENUE BY SERVICE LINE US\$m



AUDIT



ACCOUNTANCY



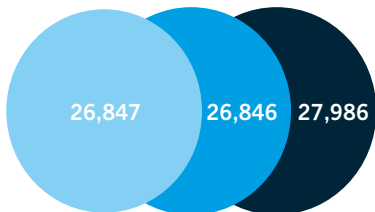
TAXATION



CONSULTANCY

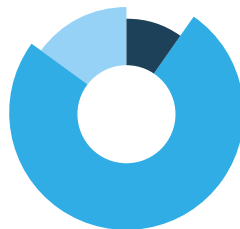


TALENT



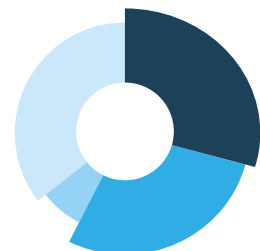
2013 2014 2015

TALENT BY LEVEL



- 2,729 Partner
- 21,130 Professional staff
- 4,127 Administrative staff

TALENT BY REGION



- 8,271 North America
- 7,860 Asia Pacific
- 1,967 Latin America
- 9,888 Europe, Middle East and Africa

# Governance

We need to harness our collective strength in order to deliver our mission. Baker Tilly International is structured as a network of independent firms owned and operated locally in countries worldwide. This model provides a platform that allows member firms to share knowledge, skills and resources to deliver global services of a consistently high standard, whilst maintaining the personal attention and partner involvement upon which we pride ourselves.

## We are committed to:

- > Leading by example, acting in a way that epitomises what we expect from our member firms and our people
- > Striving for more diversity in the International Board and Regional Advisory Councils by encouraging the participation of all regardless of gender, race or professional background
- > Modernising our governance structure to reflect the increased size and complexity of the network
- > Maintaining our strict membership criteria and extensive due diligence process for applicants, and our rigorous and ongoing quality assurance programme for members.
- > Enhancing the involvement of all member firms in the International Board

## Legal Structure, Ownership and Network Arrangements

### **Baker Tilly International Limited**

Baker Tilly International Limited (Baker Tilly International) is a private company limited by guarantee, incorporated in England and Wales. It is owned by its members, all of whom hold an equal interest in the legal entity. Client services are delivered by the members of Baker Tilly International, each of which is a locally owned and managed independent firm. Each governs itself and handles its administrative matters locally, and is responsible for its own liabilities.

As a member services organisation, Baker Tilly International's role is to enhance the international capability of its member firms through the co-ordination and strengthening of communications and skill sharing, promoting the Baker Tilly brand, working towards the consistent application of quality standards by member firms worldwide, including compliance with independence policies, and identifying market opportunities and developing associated strategies.

## Governance

### **International Board of Directors**

The International Board of Directors (International Board), which consists of a minimum of 15 elected members, has ultimate responsibility for upholding the values, standards and procedures of Baker Tilly International. Its responsibilities include approving the global strategic direction and policies of the network as recommended by the CEO and President and authorising membership changes.

Jim Castellano is the current Chairman of the International Board. Initially appointed in 2001, he was re-elected in 2014 for a further three-year term.

International Board members are, or have previously been, senior partners (or the equivalent) drawn from member firms across the network and are elected for a four-year term by partners exercising their votes through their member firms. The International Board comprises directors from each of our regions and represents member firms of different sizes.

The International Board meets in person twice a year and on further occasions as required.

# Governance

## **CEO and President**

The CEO and President is appointed by, and reports to, the International Board and is responsible for the day-to-day leadership of Baker Tilly International. The role of the CEO includes the development and recommendation of global strategic priorities for ratification by the International Board, together with overseeing execution of these priorities. The CEO has responsibility for appointing the Global Office team which assists in the delivery of the global strategy.

Geoff Barnes has been CEO and President of the network since 2000. In June 2016 he will retire from the role and will be succeeded by Ted Verkade (current Regional Chairman, Europe, Middle East and Africa, Baker Tilly International Project Director and former Baker Tilly Berk Managing Director). Ted and Geoff are working together closely on a transition programme and have been since the formal announcement made in June 2015 of Ted's appointment.

## **The Global Office**

Led by the CEO and President, the Global Office supports the day-to-day leadership and management of Baker Tilly International, recommending the policies and regulations to govern and manage the network, and ensuring alignment in the execution of the global strategy.

The network's strategic planning cycle includes an annual evaluation of the global strategy resulting in a proposal to the International Board for changes in the strategic objectives, if any, and strategic priorities for the next year's strategic action plan.

The Global Office operates through three teams focusing on: global technical support and quality assurance; learning and development; and communications and business development.

## **Regional Advisory Councils**

The network operates geographically through four regions: North America; Latin America; Europe, Middle East and Africa; and Asia Pacific. Each region has a chair, appointed by the International Board, who leads an advisory council made up of partners (or the equivalent) from and elected by members in that region.

Each chair is supported by a full-time regional director whose role includes the co-ordination and development of business between members, the recruitment of new firms as necessary and the implementation of the global strategy within their region.

## **Remuneration Committee**

The Remuneration Committee is responsible for evaluating the performance and establishing the compensation of the CEO and President, and reviewing and approving the CEO's recommendations to the International Board in respect of compensation of the Global Office's senior management, the Chair of the International Board and the Regional Chairs.

## **Nominating Committee**

The role of the Nominating Committee is to oversee the nomination and appointment of International Board members, as appropriate, and, specifically, to manage the succession process of the Chair of the International Board. The current Chairman, Jim Castellano, will step down in 2017.

## **Finance Committee**

The Finance Committee is responsible for reviewing the network's financial information and budget to be approved by the International Board. It is also responsible for recommending to the International Board a funding model that achieves the network's vision.

## **Member Firm Structure**

The partners (or the equivalent) of Baker Tilly International member firms are generally the owners of their respective member firms. Each firm operates within the legal and regulatory framework of its particular jurisdiction(s). They are separate and independent firms that are owned and managed locally.

## **Baker Tilly International Quality Standard**

We require, as a condition of membership, that members deliver professional services in accordance with the Baker Tilly International Quality Standard and other relevant technical and regulatory standards. The Baker Tilly International Quality Standard requires members to conduct all aspects of their business to the highest professional standards,



to maintain integrity and to keep in good standing in their local business community.

Each member should comply with all national standards applicable to all aspects of their work. These include auditing, independence and any other standards issued in a member's country which have an impact on their work.

Members are also expected to comply with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and to carry out audits to standards no lower than those contained in the International Audit and Assurance Board's International Standards on Auditing (ISAs).

Member firms are also required to maintain a centrally-held list of companies considered 'restricted' as a result of an audit relationship.

Baker Tilly International and its member firms are full members of the Forum of Firms having met international quality and ethics requirements. The objective of the Forum of Firms is to promote consistent and high quality standards of financial and auditing practices worldwide. Organisations which are members of the Forum of Firms have confirmed that they:

- Have policies and methodologies with respect to transnational audits that are based, to the extent practicable, on ISAs and conform to the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and national codes of ethics
- Maintain appropriate quality control standards in accordance with International Standards on Quality Control (ISQC) in addition to relevant national standards
- Conduct, to the extent not prohibited by national regulation, regular, globally co-ordinated internal quality assurance reviews.

### Quality assurance

Our code of conduct and shared values set the tone of Baker Tilly International, providing us with a clear set of standards that influence everything we do.

Member firms are subject to continuous monitoring via the annual submission of information relating to their practice.

Member firms conduct their business within the framework of their internal policies which comply with applicable professional standards, laws and regulations. Each member is responsible for its risk and quality performance and, where necessary, for driving change and improvement.

The Baker Tilly International Quality Assurance Review Programme is part of the overall quality assurance procedures of Baker Tilly International. Under this programme, member firm reviews are carried out under a risk-based cyclical programme, and member firms are subject to review more frequently should their structure or business focus materially change.

Led by a full-time centralised team, the review programme covers all aspects of a member firm's operations and service delivery. It is intended to:

- Provide assurance that a member firm delivers all of its services to the highest standard
- Provide assurance that a member firm's audits are carried out to standards no lower than those contained in the ISAs
- Evaluate a member firm's own quality assurance procedures to assess whether these are equivalent to the requirements of the ISQC 1. While the focus of ISQC 1 is on the provision of assurance services, it also addresses certain requirements for each member firm's governance and oversight that are relevant to all service lines
- Confirm a member firm's compliance with the Baker Tilly International Quality Standard, including the obligations on independence
- Review a member firm's policies and procedures for the acceptance and continuance of clients and engagements
- Review a member firm's human resource management to provide assurance it has personnel with the appropriate skills and experience required to service clients.

Member firms design and implement action plans as they deem appropriate based on the results of the review. These are reviewed by Baker Tilly International and, depending on the circumstances, may result in a further review of all or part of a member firm's procedures. Failure to comply with the Baker Tilly International Quality Assurance Programme may result in a member's dismissal from the network.

# Governance

## International Board

### Chairman

Jim Castellano United States

### Directors

Christian Alibay	France
Geoff Barnes, CEO and President	United Kingdom
Harry Blum	Canada
Tim Christen	United States
Daw Ching Foong	Singapore
Dilip Desai	India
Ralf Groening	Germany
Gonzalo Hordeñana	Uruguay
Eyal Horowitz	Israel
Carl Johnson	United States
Howard Kies	United States
Brian Kreischer	United States
Tommy Lawler	United States
Eduardo Ojeda	Mexico
Jingzhi (Justin) Qiu	China
Don Rankin	Australia
Rakesh Shaunak	United Kingdom
John Smiley	Canada
Ted Verkade, CEO Elect	Netherlands
Alan Whitman	United States

### Company secretary

Paul Ginman,  
Chief Operating Officer and Technical Director United Kingdom

The following members of the International Board stepped down during 2015:

Claus-Michael Allmendinger	Germany
Robert Ciaruffoli	United States
Oswaldo Nieto	Brazil

## Regional Chairs

Carl Johnson	North America
Daw Ching Foong	Asia Pacific
Gonzalo Hordeñana	Latin America
Ted Verkade	Europe, Middle East and Africa

Oswaldo Nieto stepped down as chair of our Latin American region in December 2015.

## Regional Directors

Jake Luskin	North America
Ben Lloyd	Asia Pacific
Donny Donosso	Latin America
Adam Grainger	Europe, Middle East and Africa

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**OUR VALUES**


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**WE LEAD  
BY EXAMPLE**



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**WE ARE OPEN AND HONEST  
IN ALL COMMUNICATIONS**



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**WE FOSTER TEAMWORK  
AND COLLABORATION  
WITH EACH OTHER**



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**WE DELIVER A QUALITY  
SERVICE WITH AN EMPHASIS  
ON INTEGRITY**



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**WE ACT  
ETHICALLY**



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**WE MAINTAIN A SUPPORTIVE  
ENVIRONMENT IN WHICH OUR  
INDIVIDUALS CAN FLOURISH**

**Note to readers**

This is our tenth annual review, covering the period 1 January to 31 December 2015. Financial information provided is for the 12 months ending 30 June 2015.

In this Global Annual Review, the terms *Baker Tilly International*, *we*, and *our* are used to refer to the network of member firms of Baker Tilly International Limited, each of which is a separate and independent legal entity. Baker Tilly International does not provide professional services to clients but acts as a member services organisation. Client services are delivered by the independent members of Baker Tilly International. Each member firm governs itself and handles its administrative matters locally, and is responsible for its own liabilities. Member firms are not members of an international partnership or legal partners with each other. No single member firm is responsible for the services or actions of another. Although many member firms adopt the Baker Tilly name, they are not owned by Baker Tilly International.

Baker Tilly International is a member of the Forum of Firms.

## **Baker Tilly International**

Global Office  
Juxon House  
100 St Paul's Churchyard  
London EC4M 8BU  
United Kingdom  
T: +44 (0) 20 3102 7600  
F: +44 (0) 20 3102 7601

[www.bakertillyinternational.com](http://www.bakertillyinternational.com)



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