

# PwC: Design Effectiveness Review of Tax Governance and Internal Control Framework

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**Bruce Quigley**

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## Terms of Reference

Undertake a review of PwC's Tax Governance and Internal Control Framework (the Control Framework) to determine whether it meets the following principles and standards contained in the draft 'Large Market Tax Adviser Principles' (the draft Adviser Principles)<sup>1</sup>:

- Acting with integrity
- Providing Advice to clients which meets or exceeds the "Reasonably Arguable" standard
- Having regard to the wider risks and circumstances relevant to the matter when providing Advice
- Working honestly and openly with the Commissioner
- Having appropriate quality control processes in place which includes regularly testing those processes
- Meeting their statutory and regulatory obligations
- Not engaging in activities which would constitute a breach of the promoter penalty provisions.

Assess whether the Control Framework includes suitable policies and controls covering the following key elements:

- Adoption and adherence to firm codes of conduct and related probity matters
- Client acceptance
- Engagement acceptance
- Periodic review
- Team competency
- Engagement management and delivery
- Opinion levels
- Dealing with higher risk/higher significance engagements
- The framework should be supported by relevant training programs.

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<sup>1</sup> The draft Adviser Principles were drafted by the Big 4 Accounting firms and Greenwood & Freehills in September 2019 (Appendix 1).

## Review Methodology

### Testing Control Effectiveness: ATO

The review methodology drew on the Australian Taxation Office's (ATO) website guidance on 'Testing Control Design Effectiveness' in the context of the tax governance framework of a large company (tax control framework) recognising that there are different purposes and application between the ATO's guidance and PwC's Control Framework.

The ATO guidance on testing and evaluating a large organisation's tax control framework provides for two components:

- Testing control design effectiveness; and
- Testing the operational effectiveness of a control.

The most common method for testing control design effectiveness according to the ATO guidance is to perform a walkthrough of the control processes, which includes the following actions:

- Conducting an inquiry of appropriate personnel
- Observing the company's operations
- Inspecting relevant documentation and addressing the following objectives
  - understanding the flow of transactions including how those transactions are initiated, authorised, processed, recorded and treated
  - identifying the points within the process at which a potential error is likely to occur
  - identifying the controls that have been implemented to address these potential errors.

The review of PwC's Control Framework included all of the above actions.

If the design effectiveness of a control is adequate and is expected to reduce the identified tax risk, the control should then be tested for operational effectiveness to determine whether controls have operated effectively. The ATO considers that a combination of methods can be used to determine control effectiveness:

- Re-performance provides the most evidence in determining operational effectiveness of a control
- Examination/inspection tests provide the second-most amount of evidence
- Observation provides the third-most amount of evidence
- Inquiry provides the least amount of evidence (inquiry alone does not provide sufficient evidence to support a conclusion about the effectiveness of a control).

The review of PwC's Control Framework included examination/inspection, observation and inquiry, however given the nature of the review, it did not include re-performance.

## Document review and Interviews

Numerous Global and Australian PwC (PwCA) policies, guidelines and other materials were reviewed, in particular documents provided for the PwC Global Tax Governance Review in November 2020. These consisted of:

- Documents prepared for PwC reporting purposes in relation to the Quality Management System (QMS) for the Tax and Legal Services (TLS) business for FY20; and
- Documents prepared to demonstrate operational risk management and operational effectiveness of the TLS governance process, in accordance with the draft Adviser Principles.<sup>2</sup>

Interviews were conducted with a sample of PwC partners and staff as well as Second Commissioner Jeremy Hirschhorn to get the ATO perspective. No clients or other stakeholders were interviewed. A number of matters (8) that had been considered by PwC's Tax Policy Panel (TPP) were reviewed and discussed with two of the Chairs of the TPP. There was no opportunity to participate or observe any TPP calls or meetings.

The above document reviews, examination and observation, together with interview responses formed the basis for the assessment of PwCA's Control Framework.

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<sup>2</sup> Appendix III contains a list of documents made available by PwC for this review.

## Key Findings and Observations

The draft Adviser Principles provide sound guidance and best practice for large market tax advisers providing complex tax advice and need to be finalised. PwCA has developed an effective Control Framework which is consistent with the principles and standards contained in the draft Adviser Principles.

There is a high correlation between the draft Adviser Principles and the PwC Global Tax Code of Conduct (GTCOC). The standards and principles contained within the GTCOC are regularly communicated within the firm and reinforced in a number of ways with the Australian Financial Advisory (FA) Risk & Quality (R&Q) team<sup>3</sup> reporting on compliance annually.

PwCA TLS Leadership appropriately assumes responsibility for TLS Lines of Service (LoS) risk management, quality, tax policy, reputation and regulation. There is a strong focus on values, quality, accountability and risk. Recent structural changes have elevated the focus of risk management and quality within the firm. A comprehensive suite of training and development activities underpins the Executive Board's (EB) focus on delivering quality service.

The comprehensive Enterprise Risk Management (ERM) Framework approved (and reviewed annually) by the Governance Board Risk Committee reflects the firm's commitment to managing risk and how risk management activities are embedded in business practices, systems, processes and behaviours, at all levels of the firm.

It is considered that FA TLS has the appropriate governance and internal control framework to address the key elements of operational risk management. There is a robust QMS in place consistent with PwC Global requirements. There are well documented policies and procedures in the Control Framework around key elements such as client acceptance, engagement acceptance and delivery. Upfront systems have been developed to help ensure that these policies and procedures are followed. They are also a focus of regular ECRs and QARs with outcomes of those reviews linked to the partner performance system. Recently introduced and proposed enhancements to these systems, and more frequent reviews will further strengthen controls in these areas.

A Higher Risk Engagement (HRE) policy forms a key element of the R&Q policy for the Australian tax and private client businesses. There is a fully functional Tax Policy Panel (TPP) that reviews high risk advice (per defined triggers) as part of a broader HRE strategy and Complex Tax Advice Protocols/requirements which may also require 2<sup>nd</sup> partner reviews. Although the TPP has been operating since 2016, there has been no independent evaluation of its effectiveness.

The ATO has been concerned about certain PwCA behaviour in the past around such things as providing aggressive advice, clients being 'pushed' into legal engagements, the lack of discipline around these engagements, and the perception that 'commercial purpose' was

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<sup>3</sup>The FA R&Q team is comprised of highly experienced, specialist resources.

manufactured by certain advisers. The Control Framework addresses these concerns in a number of ways including the HRE and TPP policies and processes, and the '10 requirements' when providing complex tax advice (e.g., positive advice will only be at a minimum 'reasonably arguable position', material facts and assumptions must be confirmed in writing, clients must not be required or encouraged to obtain legal advice from the firm, advice must be 'holistic', advice will recommend engagement with the ATO in certain circumstances, etc).

## Recommendations

It is recommended that:

- The Business Risk Partner (BRP) commence discussions with the other professional firms and the ATO with the view of finalising the draft Adviser Principles by 30 June 2021
- The R&Q team, as part of the reassessment of the application of the R&Q Metrics process in FY21, review the appropriateness of the current criteria in assessing a person as either 'Exceeding expectations' or 'Not meeting expectations'
- As a part of reviewing the adequacy of the TPP triggers, the R&Q team and the BRP consider whether there are specific risks to one or other of the Tax or Private Client businesses only, and the HRE policies amended accordingly
- To provide greater independence (or perception of independence), that the Chair of the TPP re-examine how an external consultant could participate as an observer at a number of TPP calls/meetings during the year as initially proposed
- The BRP and R&Q team engage with the ATO to develop a range of indicators that the ATO considers would assist in assessing the effectiveness of the TPP
- The R&Q team ensures that every partner and business unit is subject to a QAR each year
- The BRP formalise a series of meetings (say every 3 to 6 months) to update Second Commissioner Hirshhorn and other senior ATO officers on the progress that PwC has made, and continues to make, with respect to the Tax Governance and Internal Control Framework.

## Large Market Tax Adviser Principles

The Large Market Tax Adviser Principles (the Draft Principles) were drafted by the Big 4 Accounting firms and Greenwood and Freehills (the professional firms) in September 2019 following discussions with the ATO, and Chartered Accountants Australia and New Zealand.

The Draft Principles set out expectations of large market tax advisers, and are relevant to the giving of advice by tax advisers, on which a client is able to rely, which recommends or

supports the implementation of a transaction or arrangement. There is a high correlation between the Principles and the PwC GTCOC (see below).

The Draft Principles provide sound guidance and best practice for large market tax advisers providing complex advice to taxpayers. They remain in draft form and it is stated that it is expected that the wider environment will continue to evolve (e.g., International Ethics Standard Board for Accountants (IESBA), review of the Tax Practitioners Board) and may impact the development and implementation of the Principles. Work on finalising the Principles was also affected by Covid-19 restrictions.

It is recommended that discussions with the ATO and other professional firms be restarted with the view to finalising the Adviser Principles by 30 June 2021. The Government's response to the finalised Review of the Tax Practitioners Board was released in November 2020, and any new standards or other pronouncements of the IESBA (or any other relevant body) can be considered as they occur. Covid-19 restrictions will no doubt remain to some extent for some time, however this should not be used as a reason to delay the finalisation of the Principles.

## TLS QMS Global Reporting Process

### Overview

The PwC Network Standard for QMS and Risk Standards (the QMS Standard) has the following objectives:

*'Member firms shall establish through their lines of service quality and risk management systems and business processes that promote and facilitate the delivery of quality services and enable the firm and its personnel to meet applicable professional standards, regulatory and legal requirements and PwC Network Standards and policies.'*

The Global TLS Risk and Quality (R&Q) team provides guidance on the requirements for the development, implementation and monitoring of an appropriate QMS consistent with these objectives. FY20 involved an expansion of the reporting requirements from earlier years with an enhanced focus on evidence supporting compliance with the QMS requirements and demonstrating the effectiveness of the QMS processes and controls. The FY20 TLS QMS contains fourteen requirements, eight of which are most relevant to this review. The Australian FA R&Q Team compiled the reference documentation in consultation with various other teams. All documentation was reviewed by the FA BRP and FA R&Q Leader with the FA Leader approving the QMS reference documentation.

### FY20 TLS QMS Requirements

The following TLS QMS requirements are considered to be the **most** relevant for this review:



- Requirement 1: Leadership Responsibility
- Requirement 4: Accountability Framework
- Requirement 5: Purpose, Values, TPP and Global Tax Code of Conduct (GTCOC)
- Requirement 7: Operational Risk Management and higher risk engagements (HREs)
- Requirement 8: Training
- Requirement 10: High Risk Engagements (HREs)
- Requirement 11: Engagement Completion Reviews (ECRs)
- Requirement 12: Quality Assurance Reviews (QARs).

Each of these requirements is discussed below.

#### Requirement 1: Leadership Responsibility

It is considered that the TLS leadership appropriately assumes ultimate responsibility for TLS LoS risk management, quality, tax policy, reputation and regulation. Senior Management has a strong focus on values, quality, accountability, risk, independence and the drive to manage stakeholder expectations. This is supported by strong communication at all levels, including numerous presentations, webcasts and a 'Tone at the Top' self-assessment initiative for senior leaders to have ongoing discussions with their leadership teams to reinforce expectations.

The BRP is a senior partner responsible for risk management in the FA business and ensuring the risk management and quality frameworks are operating effectively.

Structural changes made in FY20 and FY21 elevated the focus of risk management and quality within the firm:

- With the appointment of the BRP to the FA Leadership Team (FALT)
- With the appointment of an additional risk BRP responsible for the Deals and Infrastructure & Urban Renewal (IUR) businesses to allow the FA BRP to increase focus on R&Q matters for TLS
- Having the FA BRP and R&Q Team report directly to the FA Leader with broken-line reporting to the Chief Risk Officer (CRO)
- With each business (the FA, Assurance and Consulting LoS) having their own responsibility and teams for risk and quality.

One of the responsibilities of the BRP is to foster a risk awareness culture within the FA Business. Risk culture is an important part of the comprehensive Enterprise Risk Management (ERM) Framework approved (and reviewed annually) by the firm's Governance Board Risk Committee. The ERM Framework is aligned with International Standard ISO 31000:2018 Risk Management Guidelines (ISO 31000:2018) and reflects the firm's commitment to managing risk and describes how risk management activities are embedded in business practices, systems, processes and behaviours, at all levels of the firm. The ERM Framework is supported by a Risk Management Handbook which provides the processes and procedures for effective risk management across the firm, and appropriate resourcing and training.

The FALT supports the achievement of the QMS standard by approving the FA R&Q Annual Plan and Global reporting. In addition, the FA BRP and FA R&Q Leader make regular presentations to the FALT in relation to R&Q matters.

#### Requirement 4: Accountability Framework

PwCA’s Accountability Framework (The Partner Performance and Income System) in relation to R&Q matters applies consistently across all LoS. There is no separate or additional Accountability Framework for the TLS LoS. This is considered appropriate.

Many of the requirements and processes for the Accountability Framework are mandated by the Global Network. The objective of the R&Q metrics rating process is to ensure risk and quality leadership, accountability and recognition are appropriately aligned utilising both qualitative and quantitative criteria. These criteria are considered in aggregate in reaching a partner rating in one of the following categories:

- Exceeds expectations (matters identified as demonstrating leadership quality)
- Meets expectations (matters on balance expected of the individual’s role and responsibility)
- Meets expectations with review comments (minor matters noted but no penalty recorded)
- Does not meet expectations (matters identified as requiring a penalty)<sup>4</sup>.

These inputs are then moderated by the FA R&Q team to ensure consistency for similar behaviours across all businesses. All data supporting ratings are shared and discussed between partners and FA R&Q Team members who have the support and authority of FA Leadership.

This is a thorough process consistent with processes found in other large organisations.

The R&Q Metrics ratings for FA for FY20 are shown in table 1.

**Table 1: FA R&Q Metrics ratings FY20**

	<b>Number</b>	<b>Percentage</b>
Exceeds expectations	7	2.4%
Meets expectations	223	77.4%
Meets expectations with review comments	43	15.0%
Does not meet expectations	15	5.2%
<b>Total</b>	<b>288</b>	<b>100%</b>

In addition to the Partner R&Q ratings, financial penalties were imposed in relation to three partners in respect of FY20 for behaviour contrary to the firm’s values. This demonstrates a strong commitment to the introduction of cultural change within the organisation.

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<sup>4</sup> A negative adjustment for a R&Q rating is determined by the severity of the matter(s) and is generally between 2% and 5% of Personal Income.

It is difficult to make generalisations from the figures alone, however it would appear that there is a very high bar for a person to be assessed as 'Exceeds expectations'. Whilst there were more partners assessed as not meeting expectations, it also appears that negative behaviour would have to be quite significant to warrant a rating of 'Did not meet expectations'. It has been decided to reassess the application of the R&Q partner metrics process in FY21 as part of improving the firm's quality culture. The reassessment includes consideration of the level of penalties relative to the type and significance of matters, comparison of other Network firms and relativity to performance uplifts and bonuses. It is recommended that the review also consider the appropriateness of the current criteria in assessing a person as either 'Exceeding expectations'<sup>5</sup> or 'Not meeting expectations'. PwC advises that they believe their governance processes are intended to ensure that those not meeting expectations are kept to a bare minimum whilst those who abide by the strict measures are doing what is expected and would only exceed expectations in limited circumstances.

#### Requirement 5: Purpose, Values, Tax Policy Panel & Global Tax Code of Conduct

Requirement 5 requires that the TLS LoS promotes a PwC Purpose-driven and values-led culture, including adherence to the GTCOC. The training deck "How we provide complex tax advice" is fundamental in promoting the PwCA Purpose, Values and Global Tax Code of Conduct.

#### *Purpose and Values*

Much of the firm's concept of purpose and values is embodied in the training deck "How we provide complex tax advice" (Complex Advice training deck) where it is stated (at p.3) that:

*'How we advise our clients on the complex tax implications of positions, transactions, structures and financial arrangements should be aligned to our global **purpose**, guided by our **values**, within the parameters set by our **global tax code of conduct**, and supported by our local **R&Q policies**.'*

The highlighted concepts are then explained in some detail later in the deck. The firm's purpose and values are promoted and reinforced in a number of ways including:

- The 'Tone from the Top' self-assessment process
- Expectation that partners promote and personally uphold PwC values
- Linking appraisal processes to this expectation
- Engagement Completion Reviews (Requirement 11) and Quality Assurance Reviews (Requirement 12)
- Global and local surveys
- Learning & development activities.

An important new FA initiative in FY21 is the *Leadership in Quality* (LiQ) survey which, for the first time, allowed all staff to provide anonymous upward feedback on how partners

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<sup>5</sup> For example, partners who took on broader firm-wide responsibilities in addition to their LoS responsibilities may be considered for a rating of 'exceeds expectations'.

lived and shared PwC values, acted consistently with the GTCoc, and adhered to R&Q policies, protocols and procedures. The results of this survey are remarkable with 65 percent of all partners who were eligible for an individual feedback rating being rated as 'exceeds expectations' overall and 33 percent rated as 'meets expectations' overall. The remaining 2 percent were rated as 'meets expectations some of the time'. No partners were rated as 'does not meet expectations' overall.

### *Tax Policy Panel (TPP)*

PwCA's TPP was introduced in April 2016. It is chaired by the BRP who also chairs the Global TPP Network. Its role is to review high risk advice (per defined triggers) in the Higher Risk Engagement Policies (HRE) for both the Tax and Private Client businesses to ensure appropriate specialist involvement, consistency of technical positions and the provision of holistic tax advice. The TPP forms part of and assists in the execution of the firm's Complex Tax Advice Protocols (the Protocols). The Protocols consist of a set of 10 requirements that facilitate the delivery of high-quality services when advising on complex tax matters. An important role of the Chair of the TPP is to regularly meet with the ATO (and other regulators as appropriate) to raise awareness of current TPP and HRE protocols and to discuss emerging or contentious tax issues.

The triggers for either referral to the TPP, for TPP Triage or 2<sup>nd</sup> partner review are factors that one would reasonably consider to be inherently of higher risk. This may be due to technical complexity, the amount of tax involved, the nature of the particular client, potentially sensitive issue or other matters. Examples include:

- Advice involving an analysis of a General Anti-Avoidance Rule (GAAR)
- Advice on a new position or idea that may have application to multiple clients
- Engagements involving a sensitive issue that may attract media or political interest
- Engagements which involve positive advice on a technical position which is contrary to an ATO Ruling, Determination or Taxpayer Alert.

The triggers are not static. For example, in a matter that the TPP considered in 2020, it resolved to recommend to Tax Leadership that a new mandatory Panel trigger be introduced where PwCA was advising on an arrangement where an interest deduction is claimed on borrowings from a related non-resident lender but interest withholding tax is not payable (other than as a consequence of specific exemption or operation of a Tax Treaty).

It is intended that the R&Q Team in conjunction with the BRP will undertake an annual review in relation to the adequacy of the TPP triggers in the HRE policies with regard to feedback from the ATO and key trends/issues. Currently the triggers are the same for the Tax and Private Client businesses. It is recommended that as part of any review, consideration be given to whether there are specific risks to one or other of the businesses only and the HRE policies amended accordingly.

TPP triggers are required to be considered at the engagement acceptance stage, either independently by the teams, or as prompted through the risk assessment system. The risk

assessment system requires teams to answer questions regarding the TPP triggers and HRE policies, to determine whether a triage or TPP review meeting is required. When one of the triggers is selected, an additional confirmation box appears advising the team that under the HRE Policy, TPP involvement is required for the engagement and that a notification has been sent to the TPP to notify them of the engagement. The FA R&Q team relies on these system notifications to address the risk that engagement teams do not appropriately consult the TPP. It is recognised that the system alone may not adequately address the risk and other measures are proposed in FY21 to help mitigate the risk (see Requirement 12).

Engagement teams must implement the recommendations/instructions from any TPP review and document the outcomes and actions in the engagement file. The TPP Secretariat follows up to ensure this is done.

The TPP composition for any matter typically consists of three partners – the BRP as the TPP Chair and two partners selected by the Chair based on tax or other expertise relevant to the matter, and independent of the matter under consideration. It was envisaged that to enhance TPP effectiveness and provide a further degree of independence that an external consultant would be appointed to:

- Review materials provided by the TPP Chair each quarter in relation to key TPP matters of the prior quarter;
- Meet with the TPP Chair, TPP Secretariat, and member of the PwC Tax Policy team on a quarterly basis to run through key TPP matters; and
- Be an observer at a number of TPP calls/meetings (target 10% of formal panels) during the year.

This did not occur as planned. The consultant has not participated in any TPP calls or meetings since being appointed in May 2020, primarily due to Covid-19 restrictions and privacy concerns. The only interaction he has had with respect to TPP matters is consideration (and discussion with the Chair and one other member of the TPP) of eight matters that had been considered by the TPP in FY20.

Based on this limited interaction, examination of relevant documentation (e.g., TPP Overview, Tax Policy Panels PwC Australia Compliance, etc) and interview responses, it is considered that the TPP has a robust process in place that supports the PwCA Tax business in achieving its stated objectives (slightly modified):

- To help clients and PwC people make informed and considered decisions on tax, taking into account the relevant considerations and risks involved, both for clients and the firm, including technical, economic, commercial, reputational and the broader stakeholder context
- To ensure that PwC takes a broader and forward-looking view when engaging with clients.

Nevertheless, to inject more independence (or perceived independence) into the process, it is recommended that the Chair of the TPP re-examine how an external consultant can in future be involved with the TPP as originally envisaged, especially with the easing of Covid-19 restrictions and considering that consultants are required to sign the PwC Confidentiality, Privacy & Intellectual Property Deed.

The PwC Global Network has taken a number of steps in recent years which seek to assess the effectiveness of the TPPs operating in its key territories (including Australia). For instance, the Australian Tax R&Q team was required to provide a report to the Global Tax R&Q Leader which documented the status of the implementation and embedding of their local TPP and established a plan for further testing of the effectiveness of the TPP.<sup>6</sup> This process was based on a framework which was intended to assess the following areas of the firm's TPP policy: Existence, Communications, Understanding, Sponsorship, and Monitoring and Enforcement (referred to as the "EXCUSME framework"). The annual Network review of the Australian firm's T&L Quality Management System (QMS) also focussed on the operation of the TPP as part of the 2019 and 2020 reviews. However there has not been any external assessment of the effectiveness of the PwCA TPP since it was established in 2016.

FA Leadership has been considering whether there is a need to develop further effectiveness measures for the TPP. Some initial thoughts they have had on what those measures might be included:

- the number of adverse media reports
- number and scale of 'Troublesome Practice Matters'
- number and scale of investigations by the ATO.

The ATO has done a lot of work around assessing effectiveness of activities and measures.<sup>7</sup> It is recommended that the BRP and R&Q Team engage with the ATO in developing a range of indicators that the ATO considers would assist in further assessing the effectiveness of the TPP.

### *Global Tax Code of Conduct*

To a large extent the standards and principles set out in the GTCoc parallel those in the draft Adviser Principles and embodied in the '10 requirements' for the provision of complex tax advice by PwCA. In particular:

- Tax advice must be based on a 'credible basis in law' ('Reasonable Arguable Position' in the Australian context)
- No tax advice relies for its effectiveness on any tax authority having less than the relevant facts
- Tax advice is given in the context of the specific facts and circumstances as provided by the client concerned and is appropriate to those facts and circumstances
- Tax advice involves discussion of the wider considerations involved, as appropriate in the circumstances
- PwC firms advise clients of appropriate options available to them under the law having regard to all of the principles contained in the applicable tax codes.

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<sup>6</sup> Refer to *TPP Australia Compliance Report* submitted to the Global Tax R&Q Leader on 18 February 2020 and *Global Tax R&Q Report – TPP Assessing Implementation and Embedding* November 2020.

<sup>7</sup> *The Compliance Effectiveness Process* was developed by the ATO to measure the effectiveness of compliance strategies and has been reflected in the publication OECD (2010) *Evaluating the effectiveness of compliance risk strategies*. Whilst in a different context, the principles should be relevant.

The importance of adhering to these standards and principles is communicated and reinforced in a number of ways including:

- Training, including 'How we provide complex tax advice' and 'Risk & Quality' training
- HRE policies
- Monitoring of the Annual Compliance Confirmation (ACC) process requiring all partners to confirm that they understand they have a personal responsibility to comply with the GTCOC and that they believe that their conduct has been consistent with the principles
- Engagement Completion Reviews (ECRs)
- Quality Assurance Reviews (QARs)
- It is emphasised by the TPP.

#### Requirement 7: Operational Risk Management and Higher Risk Engagements

It is considered that FA TLS has the appropriate governance and internal control framework in place to address the key elements of operational risk management.

As documented elsewhere in this report, FA TLS has a comprehensive suite of policies and procedures in relation to the following matters:

- Adoption and adherence to PwCs Global Tax Code of Conduct and the Tax Agents code of professional conduct
- Client acceptance including the need for independence, to have no conflicts of interest, and a requirement that clients must meet minimum standards of character and integrity
- Engagement acceptance and the systems, questionnaires and reviews pertaining thereto
- Client acceptance 3 yearly testing requirement
- HRE policies including a risk escalation framework
- Complex Tax Advice protocols ('10 requirements')
- Promoter Penalty regime and false and misleading statements
- Ensuring engagement teams are appropriately skilled and trained.

#### Requirement 8: Training

An assessment of the quality of the firm's training is beyond the scope of this review. However, it is necessary to understand the scope, relevance and comprehensiveness of available training, coaching and support programs to be able to form an opinion on whether they support the Control Framework, enable professionals to comply with relevant external regulatory requirements and ensure that Engagement Teams are able to deliver quality services. It is considered that the suite of training, coaching and support activities available to partners and staff at all levels satisfies these standards.

Technical quality is a specific priority area in FY21 for the Tax and Private Client Businesses.<sup>8</sup> This is intended to be achieved 'by a focus on empowering and enabling our people through best in class Learning & Development, Tax Markets & Knowledge team support and a partner led technical focus'.<sup>9</sup> A national learning and development curriculum focuses on the delivery of tax technical training by Subject Matter Experts (SME) on core concepts and new developments to all levels. This is supplemented by tailored programs for Managers and below, and more in-depth sessions for Partners, Directors and Managers. Local training is also undertaken in offices around the country typically focussing on industry/client specific tax technical issues.

Training on 'How we provide complex advice' was presented to all Tax and Private Clients staff in FY20, and is also presented to all graduate recruits. This training is critical in reinforcing PwCAs Purpose, Values and Global Tax Code of Conduct. Items that have been identified by FA R&Q Leadership as higher risk<sup>10</sup> are presented to Partners and Directors in sessions to increase awareness of these risks and discuss mitigation strategies.

The FA R&Q team provides ongoing support for engagement leaders providing Tax Agent Services to ensure they are appropriately registered with the Tax Practitioners Board (TPB), and also to legal partners in respect to Law Society requirements. Specific training is also provided for the Core Legal team on a quarterly basis.

The provision of tax advice as a legal service including claims of Legal Professional Privilege (LPP) has been an issue of tension with the ATO in recent times.<sup>11</sup> In response, a new governance framework and engagement acceptance protocols for tax advice as a legal service were implemented in December 2018. Legal advice in respect of tax services training has been given to the Tax and Private Clients practices to reinforce the protocols to be followed in respect of such engagements.

There is a strong focus on formal and informal coaching and mentoring at all levels of the firm. Technical quality of deliverables is managed 'on the ground' through the '4 eye review' concept and support of specialists in Tax Markets & Knowledge. Importantly, whilst there were a few less than positive comments, feedback in client surveys has generally indicated that clients are satisfied with the quality and level of advice that they receive.

#### Requirement 10: Higher Risk Engagements

A fundamental aspect of the FA QMS is the HRE policies which require the identification and escalation of higher risk engagements and the application of enhanced risk procedures. They complement the GTCoc and are outlined in the Complex Advice training deck. There are HRE policies in place for both the Tax Business Unit and Private Clients Business Unit. As discussed in relation to Requirement 5, the policies include mandatory escalation to the TPP (for triage or meeting) or to a 2nd Partner Review. In addition, the Complex Tax Advice

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<sup>8</sup> This reflects the Executive Board priority on Quality.

<sup>9</sup> TLS QMS Reference Documentation FY20: Requirement 8, p.1.

<sup>10</sup> See FA R&Q Update "War Stories" and FA Risk Register.

<sup>11</sup> Risk 8 on the FA Risk Register.



protocols (including application of the '10 requirements') in the Complex Advice training deck focus on ensuring that high quality advice is provided when the firm is advising a client on a complex matter.

Application of the R&Q policies is supported, reviewed and verified by the FA R&Q framework, including:

- Questions and prompts as part of the engagement acceptance process
- Training and learning
- R&Q Engagement completion reviews
- R&Q Quality/business reviews
- Confirmation of compliance with PwC Network standards.

Non-compliance with R&Q policies may result in partner financial penalties.

#### Requirement 11: Engagement Completion Reviews (ECRs)

ECRs (and EQRs) are important elements in ensuring compliance with the firm's engagement protocols, regulatory regimes and legal requirements. They are an integral part of the partner metrics process in determining an Engagement Partner's Overall R&Q Rating. It is a robust program with an engagement leader being subject to one ECR annually.<sup>12</sup>

The ECR program has a number of strong features:

- Engagements to be reviewed are selected following a risk-based process, considering various risk parameters, as applicable for each engagement leader
- All reviews are conducted by Reviewers trained in conducting R&Q Reviews, with a senior R&Q Team member (Validator) experienced in performing R&Q Reviews conducting a '4 eye' review
- Reviewers are provided with Annual R&Q Reviewers training
- There is a detailed (138 page) procedural manual for Reviewers
- The automation of 'ECR Demerit Points' based on factual criteria enhances objectivity and consistency of judgments by Reviewers and Validators
- A multi-stage moderation process ensures that assessments are valid and fair
- There is an open communication and feedback process<sup>13</sup>
- Results are reported to FA Leadership, and ultimately the Executive Board (EB)
- A Continuous Improvement Strategy (that is reviewed regularly throughout the year) is also presented to the FALT.

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<sup>12</sup> Engagement leaders that received a Non-compliant rating in the previous year are subject to two reviews in the current year.

<sup>13</sup> This includes the R&Q Leader communicating with R&Q Global with respect to ECR results and outlier situations to seek feedback on appropriateness of ratings applied in the ECR process.

## Requirement 12: Quality Assurance Reviews

The overall goal of the QAR program as defined by Global R&Q<sup>14</sup> is to:

- Assess the appropriateness of a business unit's controls, systems and environment for driving quality services
- Monitor, benchmark and where appropriate, improve the quality of the services offered by the business unit
- Assess whether the business unit is appropriately managing risk.

There are two dimensions to the QAR program<sup>15</sup>:

- The "business unit review" – a review of the business unit environment, including its policies, procedures, systems and controls, and the way in which it is managed
- The "engagement quality review" – a review of a sample of engagements, focusing on the quality of services provided.

The FA R&Q team runs a robust QAR program which complies with Global R&Q directions for completing QARs. The QARs are performed by a combination of file review and interviews with the Engagement Leader and other engagement team members. It was decided that from FY20, there would be some enhancements to the FA QAR Program consistent with the EB's emphasis on Quality in the FY20 strategy.

Global R&Q recommends that every tax business unit should be reviewed at least every five years, with larger business units (and any smaller units where it is deemed appropriate) reviewed every three years.<sup>16</sup> The Australian FA LoS applied a process of reviewing each partner and business unit every 3 years up until FY19. For FY20 it was decided to enhance the QAR program even further with the intention that every partner and business unit in FA would receive a quality review. One-third of reviews would be conducted by the FA R&Q Team and two-thirds by Partner Peer Reviewers. However, the Covid-19 pandemic meant that there were less Partner Peer Reviewers available to perform quality reviews than was originally planned. Nevertheless, 67% of FA partners were subject to a quality review in FY20. The aim for FY21 is to achieve the 100% coverage. This is an important initiative supporting the upfront risk systems in ensuring compliance with the firm's engagement protocols, regulatory regimes and legal requirements.

Other enhancements included:

- Each engagement leader to receive an annual overall R&Q QAR rating (including 'superior' where appropriate) which will input into the overall Partner Metrics process
- Making it a mandatory requirement for a client feedback survey to be obtained in respect of all engagements selected for EQR, with any outlier feedback to be followed up with a discussion with the client

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<sup>14</sup> Global Risk and Quality: *Quality Assurance Review programme*, p.3, May 2018.

<sup>15</sup> Ibid, p.4.

<sup>16</sup> Ibid, p.3.

- All FA partners required to include specific risk and quality objectives in their partner personal plans
- Continued focus on HRE policies by focussing engagement selections for reviews on larger engagements; ensuring application of HRE policies is a key focus of the EQR process; including additional questions in the ACC around compliance with HRE enhanced procedures; continued refinement of HRE triggers across FA
- Better differentiated ECR results.

These enhancements will, over time, help to drive quality and provide an increased recognition and accountability for engagement quality in FA.

In addition, in FY20, the R&Q team developed an R&Q Metrics Dashboard. By using data analytics tools to enable visualisation of all the underlying data collected through the ECR/EQR process, the Dashboard enables the R&Q team to better identify and understand trends, outliers, and patterns in R&Q results. Further enhancements to the Dashboard are planned for FY21.

The QAR program also has many of the features noted in the ECR process:

- Engagements to be reviewed are selected following a risk-based process, considering various risk parameters, as applicable for each engagement leader
- All reviews are conducted by FA R&Q team quality reviewers experienced in conducting QARs who do not perform any client facing work, and peer reviewed by an independent FA partner
- Partner peer reviewers receive either face to face or online training
- A multi-stage moderation process ensures that assessments are valid and fair
- There is an open communication and feedback process
- Results are reported to FA Leadership, and ultimately the Executive Board (EB)
- A Continuous Improvement Strategy (that is reviewed regularly throughout the year) is also presented to the FALT.

## Interviews

A number of interviews were conducted with a sample of FA partners and staff, as well as Second Commissioner, Jeremy Hirshhorn, to get the ATO's perspective.

### PwC interviews

Interviews were conducted with the FA BRP, TPP members, the TPP Secretariat, Private Clients Business Leader, Tax Business Leader, a sample of Private Clients and Tax partners and staff (including some who had had matters considered by the TPP), FA R&Q Leader and members of the FA R&Q team.<sup>17</sup> The interviewees' experience within PwCA ranged from around 2 years to in excess of 20 years. The purpose of the interviews was to:

- Gain an understanding of the various R&Q policies, protocols and procedures

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<sup>17</sup> The schedule of interviews is included at Appendix II.

- How those policies, protocols and procedures are implemented on the ground
- Gain insights from the interviewees' experiences.

The interviews were conducted in a free-flowing manner adapted to the particular role that the interviewee(s) had within the firm, rather than adhering to a strict, formal set of questions. A number of common themes emerged from the interviews.

The firm has been undergoing an overwhelming cultural shift since at least 2016. This has been led by the EB and the FALT in emphasising that behaviours, messages, actions and initiatives reflect the firm's values and focus on quality, accountability, risk management and the drive to manage stakeholder expectations. The strengthening of R&Q activities through the ECRs and QARs has also led to behavioural change. Partners do not want to be seen as not complying with the various R&Q policies and protocols – not only because it may result in a financial penalty - but also because there is a culture of 'responsibility to each other'. Some credit also needs to go to the ATO in 'forcing' behavioural change through their positioning around advisers. There was acknowledgment that there were 'issues' in the past and that there is now a more open, honest and transparent relationship with the ATO.

How complex tax advice is provided has shifted. Previously, the approach was very much black and white - 'here is the advice, so go and do it'.<sup>18</sup> There is now an expectation that advice needs to be more 'holistic' and complete to include comment on practical and reputational risk, in addition to technical risk.<sup>19</sup> There is now more discipline around engagements (including client acceptance) and formality in providing advice. For example, material facts and assumptions must be confirmed by the client in writing.<sup>20</sup> In addition, the TPP often directs the engagement team to seek additional explanation and evidence from the client to support the reasons for the use of relevant entities.

There was universal support for the TPP (and '4 eyes' concept). Rather than being seen as a 'watchdog' to be avoided, the TPP was perceived as a positive resource with some partners erring on the side of caution by referring matters for guidance even though they didn't fall under one of the mandated triggers. Commitment to providing quality service and staff training to facilitate this came through strongly in many of the interviews.

Legal engagements have been a particular area of focus in the last 4 years in response to increased activity by the ATO to ensure there is discipline around legal engagements. PwCA will not encourage or direct clients to sign up in relation to a legal service engagement for advice.<sup>21</sup> This has not always been the case. A lot more resources and formality have been devoted to processes to ensure that legal services are robust, and that the client's privilege is protected. The risk assessment process 'flags' if an engagement needs to be approved by the FA R&Q Legal Leader or she needs to test whether a legal service is within the scope of the engagement. There are specific questions in the ECRs relating to legal advice and all engagements that are legal advice are reviewed by the FA R&Q Legal Leader and her team

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<sup>18</sup> Not all interviewees agreed that this was ever the case.

<sup>19</sup> Item 6 of '10 requirements'.

<sup>20</sup> Item 4 of '10 requirements'.

<sup>21</sup> Item 7 of the '10 requirements'.

to ensure that a lawyer initiated the advice, opined on it, and delivered it. As every letter is reviewed, LPP is not such an issue of contention (although PwCA would like more clarity around LPP). Risks are more around waiver of privilege or scope creep. There is a training pack around the systems and approval process, as well as an explanation of what LPP is and how it is applied. The BRP and FA R&Q Legal Leader conduct training annually on recent case law around LPP.

A couple of interviewees who had come to PwCA from other Big 4 firms commented on the differences in culture and attitude. The R&Q function at PwCA had a lot higher level of authority, respect and their support more valued than elsewhere. The general culture of the firm was said to be more consultative, collaborative, affiliate and collegiate than at other firms.

### ATO Interview

Second Commissioner Hirshhorn was interviewed on 24 November 2020 to get the ATO perspective on PwC's Tax Governance and Internal Control Framework. Mr Hirshhorn has been involved in discussions in relation to the Principles and has provided feedback and suggestions in relation to the operation of PwC's TPP.

Mr Hirshhorn shared some of the concerns that the ATO has had with PwCA in the past. These included the 'Rover' model where tax structures (many including cross-border arbitrage) would be 'rolled out' to the market; PwCA was at the 'centre' of a number of the Taxpayer alerts that the ATO issued; clients would be 'pushed' into legal engagements; there was insufficient attention given to the proper engagement of legal practitioners; a perception that 'commercial purpose' in relation to General Anti-avoidance rules were manufactured by PwCA and not the taxpayer's actual purpose of entering into particular transactions.

Mr Hirshhorn acknowledged that PwCA's appetite for risk has probably reduced and that some of the partners who were involved in aggressive behaviour in the past may no longer be with the firm. He considered that the relationship between PwC and the ATO was now much more open and transparent. He was very supportive of the Principles and the directions of PwC's governance processes, in particular the TPP. However he reserved judgment until he witnessed changes in behaviour ('the proof is in the pudding'). It is recommended that the BRP formalise a series of meetings, say every 3 to 6 months, to update Second Commissioner Hirshhorn and other senior ATO officers on the progress that PwC has made, and continues to make, with respect to the Control Framework, to demonstrate the positive cultural and behavioural changes that have been made, and continue to be made.

## Large market tax adviser Principles [25 September 2019]

*This document has been jointly developed further to previous discussions as between the ATO, CA ANZ and the 5 firms for discussion purposes. It is expected that the wider environment will also continue to evolve (eg, IESBA, review of the Tax Practitioners Board) and may impact the development and implementation of these Principles*

The ATO's purpose is to contribute to the economic and social wellbeing of Australians by fostering willing participation in the tax and superannuation systems. One of the ATO's key aspirations for 2024 relates to "building trust and confidence"<sup>1</sup>. A related ATO strategic initiative is to "support intermediaries to ensure clients do the right thing, and increase internal transparency around the risks in their professional practices"<sup>2</sup>.

Taxpayers are responsible for their affairs even if someone else, including a registered tax agent, assists in connection with their tax affairs<sup>3</sup>. However, registered tax agents and other tax advisers (collectively 'tax advisers') play an important role in assisting their clients manage their tax affairs.

These Principles set out our expectations of large market tax advisers, and are relevant to the giving of advice by tax advisers, on which the client is able to rely, which recommends or supports the implementation of a transaction or arrangement (referred to in this document as 'Advice').

### Executive Summary

Large market tax advisers perform an important role in making a positive contribution to the effective operation of the tax system. The provision of high quality advice underpins self assessment and builds confidence in the tax system.

It is important in a proper functioning tax system that advisers are able to provide taxpayers with advice on the law. Tax advisers have an obligation to act within the law and in the best interests of their clients.

The tax laws are often complex and uncertain in their application, and there are frequently matters on which different views can be reasonably held. It is, with recognition of this, that Parliament has set the standard of 'reasonable care' and 'reasonably arguable position' for the purposes of provisions which deal with taxpayer penalties and which in turn shape the expected conduct of taxpayers and their tax advisers. Tax advice should be based on a tax position which is reasonably arguable or a higher level of comfort, if possible.

There are multiple existing legal, professional and regulatory regimes that set the standards of a tax adviser and provide strong external oversight together with appropriate penalties and sanctions where necessary.

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- 1 ATO Corporate Plan 2019-2020, page 2  
<https://www.ato.gov.au/uploadedFiles/Content/CR/downloads/ATO%20corporate%20plan%202019-20.pdf>
  - 2 Ibid, page 6
  - 3 [note only for drafting reference, delete when finalised – paraphrased from the Taxpayers Charter, <https://www.ato.gov.au/print-publications/taxpayers--charter---what-you-need-to-know/>]

Large market tax advisers make a positive contribution to the effective operation of the tax system by conduct which meets these Principles:

- Acting with integrity;
- Providing Advice to their clients which meets or exceeds the “Reasonably Arguable” standard;
- Having regard to the wider risks and circumstances relevant to the matter when providing Advice;
- Working honestly and openly with the Commissioner;
- Having appropriate quality control processes in place which includes regularly testing those processes;
- Meeting their statutory and regulatory obligations;
- Not engaging in activities which would constitute a breach of the promoter penalty provisions.

The following Guidelines and best practices reflect conduct consistent with these Principles, which are not intended to impose additional standards or duplicate existing regimes.

The Guidelines and best practices cover the following aspects:

- An outline of existing regulatory regimes
- The role of advisers
- Some aspects of the Reasonably arguable position criterion in practice
- Tax advisers will ensure they have Governance and internal control framework, addressing key elements of operational risk management.
- The design effectiveness of the framework will be assessed by a party who is independent of the framework design teams within firms.
- Internal testing (by people or a function within the firm who is independent of the client advising teams) will be undertaken periodically to test the operational effectiveness of the framework.
- Open and regular communication between the tax adviser firm and the ATO and TPB, including feedback from these bodies on the conduct of, or positions taken by, the adviser (and its partners/staff).
- The results of the testing and tax regulator feedback will be reported to the tax leadership of the tax adviser firm and actions taken in relation to any confirmed breach of framework standards or requirements, as appropriate.
- Annual confirmation of the continued operation of the framework will be made to the broader community

In our experience, the vast majority of tax advisers contribute positively to the effective operation of the tax system. However, tax advisers who engage in egregious conduct can expect additional focus from the TPB and the ATO and the full force of the law.

## Guidelines and best practices

### Existing regulatory regimes

There are multiple existing legal, professional and regulatory regimes that set the standards of a tax adviser, and which in turn, govern the way in which tax advisers are required to operate. These regimes provide strong existing external oversight together with penalties and sanctions.

The *Tax Agents Services Act 2009* (TASA) established the TPB. The statutory object of the TASA is to ensure that tax agent services are provided to the public in accordance with appropriate standards of professional and ethical conduct. The TASA also includes the Code of Professional Conduct. The TPB is an independent body which has three strategic objectives:

- protect consumers
- maintain, protect and enhance the integrity of the registered tax practitioner profession
- the TPB is recognised as an effective and efficient regulator.
- acting on misconduct
- shaping and influencing law and policy
- strengthening capability
- supporting the legal and ethical standards of the profession
- supporting consumers.<sup>4</sup>

The ATO has the power of general administration of the *Income Tax Assessment Acts*. The concept of a “reasonably arguable” position as defined in the tax laws is an essential element of the effective functioning of the tax system. The *Taxation Administration Act 1953* (TAA) includes various administrative penalties (Division 284) for:

- a) Making false or misleading statements
- b) Taking a position that is not reasonably arguable
- c) Entering into schemes

Such penalties are determined by reference to the conduct of either the taxpayer or the tax adviser.

In addition, Division 290 of the TAA is intended to deter the promotion of tax avoidance schemes and tax evasion schemes. A breach of these rules can result in civil penalties or injunctions, and the Commissioner can enter into voluntary undertakings.

The Accounting Professional and Ethical Standards Board has published APES 110 Code of Ethics for Professional Accountants, In addition, it has also published APES 220 which sets the standards in the provision of quality and ethical “Taxation Services”, which is mandatory for members of CPA Australia, Chartered Accountants ANZ and Institute of Public Accountants. APES 220 covers a range of matters including Public Interest, Integrity and professional behaviour, Objectivity, Confidentiality, Professional Competence and due care, as well as tax return lodgements, tax schemes and arrangements and false or misleading information. One of the requirements of APES 220 is that “A Member shall not promote, or assist in the promotion of, or otherwise encourage any tax schemes or arrangements where the dominant purpose is to derive a tax benefit, and it is not reasonably arguable that the tax benefit is available under Taxation Law. Accordingly, a Member shall not provide advice on such a scheme or arrangement to a Client or Employer other than to advise that in the Member’s opinion it is not effective at law.”

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<sup>4</sup> Ibid, page 19



Legal practitioners are subject to the Legal Profession Uniform Law Australian Solicitors' Conduct Rules 2015, including in relation to the provision of tax advice.

### **Role of advisers**

Given the complex and often uncertain nature of Australia's taxation laws, taxpayers and their advisers will from time to time be acting in an adversarial capacity with regards to the ATO. This position is different in many ways to the relationship and interactions between professionals in other industries and their regulators.

It is important for the proper functioning of our tax system, including due process, that advisers are able to provide taxpayers with advice on the law. Tax advisers have an obligation to act within the law and in the best interests of their clients<sup>5</sup>. In some cases, advisers may hold a technical view which they consider is "reasonably arguable" and is in accordance with the adviser's protocols but which is considered by the ATO as not being reasonably arguable. It is unremarkable that such differences of opinion will occur from time to time, and in such cases, all parties should engage in good faith endeavours to resolve the dispute.

The ATO is not concerned by differences of opinion reasonably held, and of itself, such differences will not attract any sanction, or be indicative of inappropriate conduct. Parliament has determined appropriate penalties for conduct that shows intentional disregard of the law, recklessness, lack of reasonable care and lack of a reasonably arguable position. In addition, there are penalties and sanctions under the promoter penalty legislation (which also uses the "reasonably arguable" position standard), and the TPB has powers to impose penalties and sanctions under the TASA, by reference to the TASA Code of Conduct. These existing regimes are subject to the right to appeal to the courts.

Where the above regimes are being considered by the ATO and the TPB, it can be expected that regard will be had to matters covered in these Principles, to the extent that the advice or conduct of a tax adviser is relevant to such matter. Expressed differently, compliance with these Principles will generally reflect conduct and processes that would be indicative of demonstrating reasonable care and adopting reasonably arguable positions.

### **Reasonably arguable position**

The concept of a "reasonably arguable" position is an essential element of the effective functioning of the tax system. A matter is reasonably arguable if it is about as likely to be correct as incorrect, or if it is more likely to be correct than incorrect<sup>6</sup>. This threshold level of opinion forms a key plank in the standard expected of tax advisers.

Whether a position is reasonably arguable requires an "objective analysis of the law and the application of the law to the relevant facts"<sup>7</sup>. It involves a "question of judgement"<sup>8</sup>. The tax law currently prescribes particular times when the existence or otherwise of a reasonably arguable position is to be tested<sup>9</sup>. Whether a position is reasonably arguable is to be objectively determined

<sup>5</sup> Code of Professional Conduct, item 4, section 30-10 *Tax Agent Services Act*

<sup>6</sup> Section 284-15(1), *Taxation Administration Act*

<sup>7</sup> Explanatory Memorandum, *A New Tax System (Tax Administration) Bill (No. 2) 2000*, paragraph 1.22

<sup>8</sup> Refer *Pagone J in Orica Limited v Commissioner of Taxation* [2015] FCA 1399, paragraph 41 referencing *Hill J in Walstern v Commissioner of Taxation* [2003] FCA 1428

<sup>9</sup> Refer Division 284 and Division 290, *Taxation Administration Act*

at the relevant time: it is not to be conclusively determined or re-determined by the view of the ATO, the view of the taxpayer or the adviser, or the terms of any settlement outcome.

Taxpayers are expected to take reasonable care and adopt positions that are at least reasonably arguable.

Tax advisers have an obligation to act within the law and in the best interests of their clients. Tax advisers are also required to take reasonable care in advising their clients. Tax advisers should ensure that the Advice they provide and the recommendations contained in that Advice is at least reasonably arguable based on the law as it stands at the time of providing the Advice.

In the course of advising a taxpayer, it is to be expected that a tax adviser may consider or discuss various positions, some of which may not be reasonably arguable, prior to reaching their conclusions. However, recommended positions or Advice provided by tax advisers should be at least reasonably arguable, based on the law as it stands at the time of providing the Advice.

In the course of a tax adviser's engagement with a client, the client may have previously taken, or may intend to take, positions which in the tax adviser's view may not be reasonably arguable. It is in the interest of the ATO and the health of the tax system as a whole, that tax advisers advise clients in such situations. The adviser should outline how they assess such positions and advise the client about the risk assessment of the matter, ATO engagement options, disclosure obligations and penalty considerations. Depending on the scope of the engagement, the adviser may also comment on alternative positions and arrangements that are not reasonably arguable. Tax advisers may also assist the taxpayer in rectifying their affairs in such a situation.

Positions adopted by a taxpayer with respect to their tax affairs are ultimately a matter for the taxpayer to decide. Notwithstanding the adviser's recommendation or Advice, a taxpayer may decide to proceed in a manner that is not reasonably arguable in the adviser's opinion. In that case, advisers should consider their various legal and professional obligations, ensure the client is aware of the risks of such an approach, address obligations (if any) under Non-compliance with Laws & Regulations (NOCLAR) and in appropriate cases, cease to act. These Principles do not create any additional obligation to disclose such situations to the regulators: this will continue to be governed by the adviser's obligations to the client and existing legal requirements.

There will be situations where the application of the law to a matter is not clear and where reasonable minds will differ. If the ATO has a different view on a matter, that does not of itself mean that the position of a taxpayer or an adviser is not reasonably arguable.

A tax adviser should have policies to identify and manage matters that may not be reasonably arguable, or which may be "about as likely to be correct as incorrect". These policies should require a relevant risk assessment at the commencement of an engagement and on a continuing basis as the engagement proceeds.

The standards and expectations in connection with reasonable care and reasonably arguable positions are reinforced by various penalty provisions in the tax laws, including in relation to the promotion of tax schemes.

## **Governance and internal control framework**

For the purpose of these Principles, “governance and internal control framework” refers to the risk management framework that tax advisers have in relation to compliance with the tax laws and applicable regulatory regimes.

It is expected that businesses will also have other risk management frameworks and policies to address other risks outside the scope of these Principles.

Tax advisers are expected to:

- develop and continuously improve their governance and internal control framework
- test the robustness of the design of the governance and internal control framework
- test the operational effectiveness of the governance and internal control framework.

### General

Tax advisers should at all times have a documented governance and internal control framework.

The framework should also identify the key risks that have a potential material impact on the ability of the firm to comply with the tax laws and applicable regulatory regimes, including but not limited to compliance with the TASA and the Code of Conduct. The framework should also outline the approach to managing those risks.

The leadership of the firm (CEO, Board, Senior partner as relevant) is ultimately responsible for the governance and internal control framework.

Where a firm is part of a broader firm construct (such as a network of member firms) and it uses common policies and risk management frameworks, it must ensure that it identifies any instances where it needs to supplement those policies and frameworks to meet the requirements of these Principles.

A firm should ensure that its governance and internal control framework identifies all risks that could impair its ability to meet the requirements in these Principles, and provide reasonable comfort as to how these risks will be identified and managed.

For firms that are subject to APES, APES 320 (Quality control for firms) and APES 325 (Risk management for firms) are also relevant.

### Operational risk management

Best practice in respect of governance and internal control frameworks should include documented policies and processes in relation to the following matters:

- Adoption and adherence to **firm codes of conduct**, and where relevant tax practice codes of conduct, and related **probity** matters (such as compliance with TASA requirements)
- **Client acceptance**: the firm will not accept clients that do not meet minimum standards of character and integrity. Firms are also expected to address Know Your Client requirements, independence and conflicts of interest and have a full view of the facts and circumstances relevant to the engagement

- **Engagement acceptance:** appropriately defining the scope of the engagement, expectations of the adviser and the client including the provision of complete and accurate information by the client, and documenting this in an engagement letter
- **Periodic review** of client and engagement acceptance risk assessment, for example due to change in factual circumstances, engagement scope and tax technical issues which may emerge as the transaction or advice proceeds
- **Competency** including processes to ensure appropriately skilled advisers, minimum education requirements, training (technical, risk and business matters)
- **Engagement management and delivery protocols** to apply across engagements generally, including matters such as ensuring that the engagement team has appropriate skills and experience, documenting the facts and assumptions on which the work is based, review of work (4-eyes review), use of specialists as appropriate
- **Opinion level:** ensuring that advice provided by advisers is at least reasonably arguable, as demonstrated by compliance with these Principles and the governance and internal control frameworks
- Protocols dealing with **higher risk / higher significance engagements:**
  - Identifying triggers which identify such engagements, such as transaction size or significance, positions that may have systemic risks to the Revenue, matters which are known to attract the ATO's attention, contingent and other non-traditional fee arrangements, advice contrary to ATO published positions, advice provided at the "about as likely to be correct as incorrect" level, procedures where it is determined that a client does not have a reasonably arguable position, as well as transactions and arrangements which carry other features which indicate a higher than normal level of risk
  - Establishing appropriate risk mitigation plans, which might include additional partner review, specialist involvement, seeking advice from Counsel, engagement with the ATO and an internal review panel

The framework is to be supported by effective **training programs**. These should be compulsory for all professional practice partners and staff providing tax services and advice, with recorded attendance. Formats might include face-to-face, video and webinar. Topics may include:

- Relevant firm policies
- Tax Agents' Code of Conduct
- ATO administration practices
- Promoter penalty rules
- Definition and requirements for a 'reasonably arguable' position
- Other matters identified from time to time as tax laws, the tax system and the role of advisers evolve

### Design effectiveness

Tax advisers should undertake design effectiveness reviews of the controls and governance framework:

- An initial independent review upon commencement of these Principles. To ensure independence and to pursue best practice outcomes, the review should be undertaken by a person external to the firm and with appropriate experience in risk and governance [scope, process, etc to be discussed]
- Regular reviews, on an at least three yearly basis, to assess changes in the external environment, any identified weaknesses and any other changes required

## Operational effectiveness

Tax advisers should undertake regular operational effectiveness reviews of the controls and governance framework:

- **Escalation procedures:** The firm should have processes in place by which risk issues are escalated to relevant firm's tax leadership, or other internal advisory panels and governance bodies.
- **Risk policies compliance testing:** A file review program that tests for operating effectiveness of the framework as it relates to engagements, advice and technical competency which is performed by a person who is independent of the engagement team involved and overseen by the firm's Quality and Risk function. The primary focus is on client engagement file reviews. The process should reflect a systematic review that assesses compliance with the firm's Risk Management Framework). Additional reviews of partners/engagement files may also be undertaken based on ATO or TPB feedback.
- **Annual partner declarations:** Partners should be required to make an at least annual internal declaration in relation to compliance with the risk framework.
- **Reporting:** Following completion of the risk policies compliance testing, the firm's Quality and Risk function should report to relevant firm leadership on compliance or otherwise with the governance and internal control frameworks. Instances of non-compliance should be reported to relevant firm leadership, including matters identified through
  - compliance testing
  - partner declarations; and
  - other reviews based on feedback from the ATO or TPB.
- **Outcomes / firm imposed sanctions:** Where partners or staff are found to have been non-compliant with the requirements of the risk framework, there should be a range of prescribed outcomes. These may include
  - counselling/warning letters;
  - additional reviews to identify more systematic breaches;
  - penalties (eg, remuneration impacts or other financial consequences); and
  - removal from the firm.

## Engagement with the authorities

Adviser firms are required to comply with TASA and TPB requirements as regards lodging applications for granting and renewal of tax agent registrations. Large adviser firms may also be required to make filings or declarations in order to comply with government requirements from time to time as regards government procurement.

It is expected that senior leadership of large adviser firms will maintain open and regular dialogue with senior officers of the ATO and TPB.

## Annual confirmation

Large adviser firms should confirm annually that:

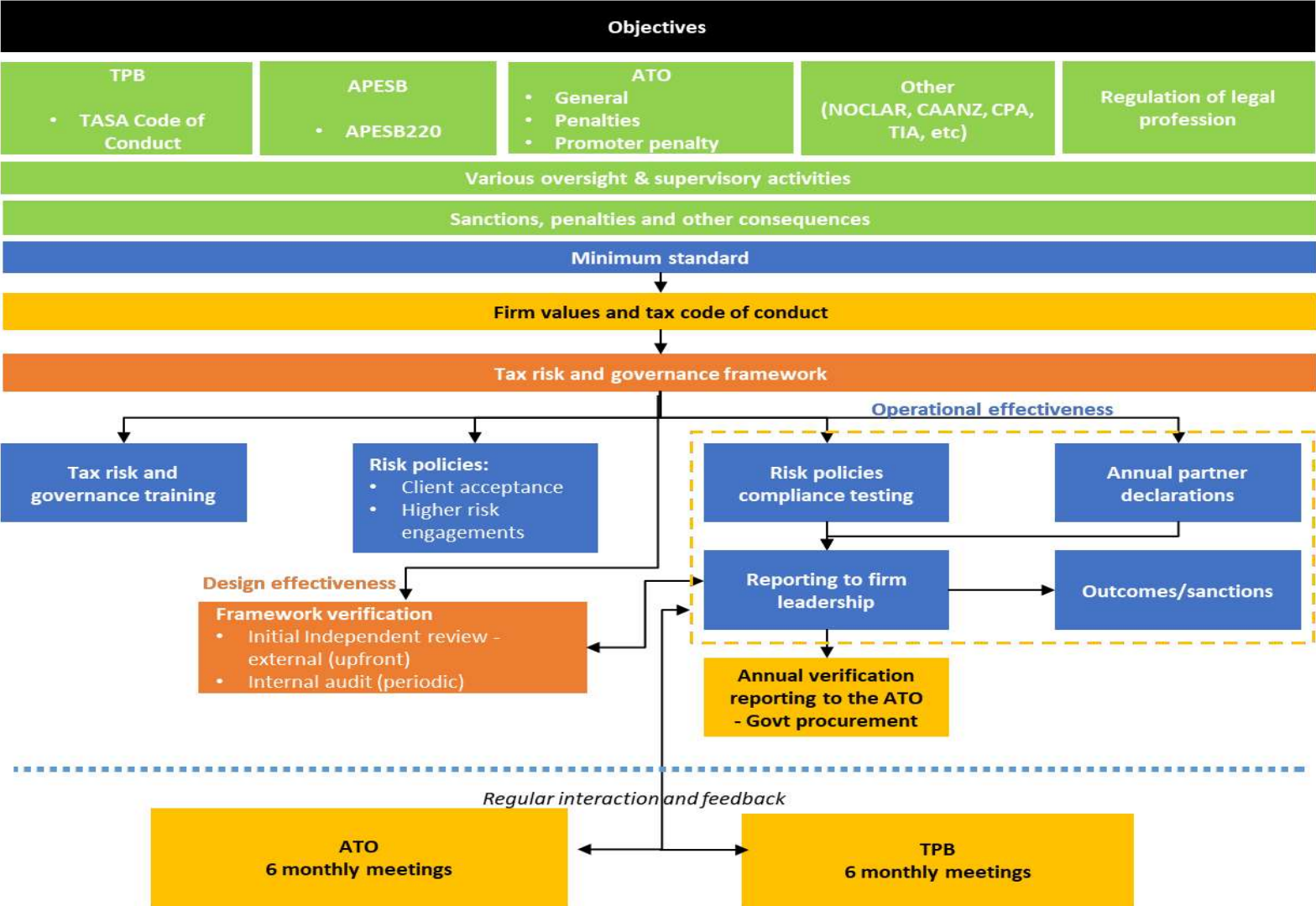
- The firm has in place processes consistent with these Principles.
- The firm has undertaken trainings in respect of governance and internal control framework.
- The firm has sought from all tax partners declarations that they are not involved in promotion of tax schemes that are not reasonably arguable.

- The firm has a program of review of engagement files by persons independent of the client engagement team in accordance with their risk framework, which is continuing. This program includes reporting of results to relevant firm leadership.
- The firm has undertaken appropriate action in respect of any partner or staff member where there are identified instances of non-compliance with the governance and internal control framework.

**Strong existing external oversight and sanctions**

**Enhanced community & stakeholder confidence via minimum standards, codes of conduct, governance and testing**

**Continued strong engagement and feedback with both regulators**



## APPENDIX II

### Interview Schedule

#### Tuesday 24 November 2020

Interview	Role
Jeremy Hirshhorn	Second Commissioner ATO

#### Tuesday 1 December 2020

Interview	Role & Team
[REDACTED]	Private Clients Business Leader
[REDACTED] (TPP Chair)/ [REDACTED] & [REDACTED] (TPP Alternative Chairs)	Tax Policy Panel (TPP) Chairs
[REDACTED]	Private Clients Partner & Private Clients Risk Management Partner

#### Tuesday 8 December 2020

Interview	Role & Team
[REDACTED]	Financial Advisory Risk & Quality Team
[REDACTED]	Tax Business Leader
[REDACTED]	International Tax Partner/Corporate Tax Director

#### Thursday 10 December 2020

Interview	Role & Team
[REDACTED]	Infrastructure & Real Estate Partner/Corporate Tax Director & TPP Secretary
[REDACTED]	R & Q Team member



## APPENDIX III

### Document Listing

*The following documents were provided for review as part of the PwC: Design Effectiveness Review of Tax Governance and Internal Control Framework*

Document Number	Folder Name	Document Name
1	QMS Global Guidance Documents	Copy of Quality Requirement 1 - implementation guidance July 2019 final
2		Copy of Quality Requirement 2 - implementation guidance July 2019 final
3		Copy of Quality Requirement 3 - implementation guidance July 2019 final
4		Copy of Quality Requirement 4 - implementation guidance March 2020 update
5		Copy of Quality Requirement 5 - implementation guidance May 2020 update
6		Copy of Quality Requirement 6 - implementation guidance July 2019 final
7		Copy of Quality Requirement 7 - implementation guidance July 2019 final
8		Copy of Quality Requirement 8 - implementation guidance July 2019 final
9		Copy of Quality Requirement 9 - implementation guidance July 2019 final
10		Copy of Quality Requirement 10 - implementation guidance July 2019 final
11		Copy of Quality Requirement 11 - implementation guidance July 2019 final
12		Copy of Quality Requirement 12 - implementation guidance July 2019 final
13		Copy of Quality Requirement 13 - implementation guidance July 2019 final
14		Copy of Quality Requirement 14 - implementation guidance July 2019 final
15		Copy of TLS QMS Guide July 2019 final
16		Copy of TLS QMS Reviews and Evaluations July 2019 final
17	Reference Documentation	Copy of TLS QMS Req 1 – Reference Documentation
18		Copy of TLS QMS Req 2 – Reference Documentation
19		Copy of TLS QMS Req 3 – Reference Documentation
20		Copy of TLS QMS Req 4 – Reference Documentation
21		Copy of TLS QMS Req 5 – Reference Documentation
22		Copy of TLS QMS Req 6 – Reference Documentation
23		Copy of TLS QMS Req 7 – Reference Documentation
24		Copy of TLS QMS Req 8 – Reference Documentation
25		Copy of TLS QMS Req 9 – Reference Documentation
26		Copy of TLS QMS Req 10 – Reference Documentation
27		Copy of TLS QMS Req 11 – Reference Documentation
28		Copy of TLS QMS Req 12 – Reference Documentation
29		Copy of TLS QMS Req 13 – Reference Documentation
30		Copy of TLS QMS Req 14 – Reference Documentation
31	QMS Req 1 – Leadership Responsibility	Copy of Copy of FY20 QMS Copy – Our approach to complex tax advice – 2020 presentation deck (21.02.20) (1)
32		Copy of FA risk register – Oct 20 Update
33		Copy of FY20 QMS Copy - BRP Role _ 19 May 2020
34		Copy of FY20 QMS Copy - Business Risk Structure for Network Standard
35		Copy of FY20 QMS Copy - Client Experience FY20 EoFY report
36		Copy of FY20 QMS Copy - Enterprise Risk Management Framework FINAL June 2019
37		Copy of FY20 QMS Copy - ERM Training - For Distribution
38		Copy of FY20 QMS Copy - FA Client Experience Dash April 2020 – Leadership
39		Copy of FY20 QMS Copy - FA Client Experience year end report FY20
40		Copy of FY20 QMS Copy – FA FY21 strategy infographic

41		Copy of FY20 QMS Copy - FA FY21 Strategy_PPT_Partners
42		Copy of FY20 QMS Copy - FA risk register
43		Copy of FY20 QMS Copy – Final FA R&Q Review Results 2020 – FA Leadership [REDACTED]
44		Copy of FY20 QMS Copy - Financial Advisory R&Q Update - Feb 2020
45		Copy of FY20 QMS Copy - Financial Advisory R&Q Update - May 2020
46		Copy of FY20 QMS Copy - Financial Advisory R&Q Update - Nov 2019
47		Copy of FY20 QMS Copy – FY20 Business Risk focus and key contacts for FA – Tom Seymour comms (5 Jul 19)
48		Copy of FY20 QMS Copy - Our approach to complex tax advice - 2020 presentation deck (21.02.20) (1)
49		Copy of FY20 QMS Copy - Risk Management Handbook FINAL
50		Copy of FY20 QMS Copy - SRR _ FY21 Structures (1 Sept 20)
51		Copy of FY20 QMS Copy – Tax Leader comms – PwC Mail – Thank you and the year ahead
52		Copy of FY20 QMS Copy - Tone at the Top Self Assessment-May20-v2
53		Copy of PwC Mail – Financial Advisory Leadership Team (3.4.20)
54		Video link – CEO Webcast – 18 March 2020
55		Video link – CEO Webcast – 6 April 2020
56		Video link – CEO Webcast – 29 April 2020
57		Video link – CEO Webcast – 20 May 2020
58		Video link – CEO Webcast – 3 June 2020
59		Video link – CEO Webcast – 17 June 2020
60		Video link – CEO Webcast – 8 July 2020
61		Video link – CEO Webcast – 3 August 2020
62		Video link – FA Leader Webcast – 4 June 2020
63		Video link – FA Leader Webcast – FA FY21 Strategy – 11 August 2020
64	QMS Req 2 – R&Q Leadership	Copy of FY20 QMS Copy - FA R&Q - FY20 Priorities
65		Copy of FY20 QMS Copy - FA R&Q Contacts
66		Copy of FY20 QMS Copy - Financial Advisory R&Q - Enhanced QAR Program FY20
67		Copy of FY20 QMS Copy - FY20 Resourcing Model
68		Copy of FY20 QMS Copy - FY21 FA R&Q Team Resourcing Model
69	QMS Req 3 – Business Plan	Copy of FY20 QMS Copy - FA Risk Register - Report to GBRC (6 Mar 2020)
70		Copy of FY20 QMS Copy - Our Tax Strategy FY21
71		Copy of FY20 QMS Copy – PC FY21 strategy
72		Copy of FY20 QMS Copy - RMP Meeting Slides - 19 September 2019
73		Copy of Req 3 – PwC Mail – Fwd_ ATO Status
74		Link to PwC Google Site – Legal FY21 Growth Priorities
75	QMS Req 4 – Accountability Framework	Copy of FY20 QMS - Copy of War stories FY20
76		Copy of FY20 QMS Copy – Consequence Management Policy
77		Copy of FY20 QMS Copy – EB Paper – 2019 R&Q ratings
78		Copy of FY20 QMS Copy – EB Paper – 2020 R&Q ratings [REDACTED]
79		Copy of FY20 QMS Copy - FA Engagement Reviews - A briefing for engagement leaders (ID 315238)
80		Copy of FY20 QMS Copy - FA R&Q Reviews Moderation Process - FY20
81		Copy of FY20 QMS Copy - FA R&Q Update - Aug 2019 (for Global update 13 Aug 19)
82		Copy of FY20 QMS Copy - Risk & Quality Guidance
83	QMS Req 5 – Purpose, Values, GTCOC and TPP	Copy of Copy of FA How's our Mojo Dec 2019 - Action Planning

84		Copy of FY20 QMS Copy - 2020 Grad Academy - GAAR overview and our approach - Online - part
85		Copy of FY20 QMS Copy – Complex Tax Advice Protocols
86		Copy of FY20 QMS Copy – Engagement Acceptance – High Risk TPP notification Part 1
87		Copy of FY20 QMS Copy – Engagement Acceptance – High Risk TPP notification Part 2
88		Copy of FY20 QMS Copy - Engagement Acceptance High Risk Triggers
89		Copy of FY20 QMS Copy – High Risk Engagements Policy – Private Clients
90		Copy of FY20 QMS Copy – High Risk Engagements Policy – Tax
91		Copy of FY20 QMS Copy - How we will measure success in Financial Advisory_ FY20 bringing it to life in your personal plan
92		Copy of FY20 QMS Copy – Private Clients R&Q Training August 2019
93		Copy of FY20 QMS Copy – Summary Report How’s our Mojo Dec 2019 Survey (Values)
94		Copy of FY20 QMS Copy – Summary Report People Perspectives Mojo April 20 (COVID)
95		Copy of FY20 QMS Copy - Tax Policy Panel Overview
96		Copy of FY20 QMS Copy - TPP FY20 Plan on a Page
97		Copy of FY20 QMS Copy – TPP Guidance Comms – PwC Mail – Fwd_ JobKeeper – Tax Panel
98		Copy of FY20 QMS Copy - TPP PwC Australian Compliance FINAL
99		Copy of Training attendance - National Complex Tax & Legal Services FY20
100		Copy of Training attendance - Delivering Distinctive Quality In Financial Advisory FY20
101		Copy of Training attendance - FA Grad Academy Tax Stream FY20
102		Link to speech – ATO Second Commissioner, PwC Global Tax Symposium, Paris, November 2019
103		Link to PwC website – Where next for Australia’s Tax System
104		Link to PwC internal training – Global Tax Code of Conduct Training
105		Link to PwC internal training – Delivering Distinctive Quality in Financial Advisory training
106	QMS Req 6 – Independence – Independence Comms	Copy of FY20 QMS - Copy of 191021 CH C34 - The Monday Note - 21 October 2019 - Independence amnesty reminder (1)
107		Copy of FY20 QMS - Copy of 191111 CH C34 - The Monday Note - 11 November 2019 - CES update (1)
108		Copy of FY20 QMS - Copy of 191211 Update on new US restrictions on services to some SEC audit clients - confirmation of the entities impacted (2)
109		Copy of FY20 QMS - Copy of 200203 OFN G+ article - Interested in using micro-investing apps, robo advisers or other digital inve. (1)
110		Copy of FY20 QMS - Copy of 200302 PRI comms - non-assurance partners - Providing services to superannuation funds (1)
111		Copy of FY20 QMS - Copy of 200304 Checkpoint Partner Support - register this week (1)
112		Copy of FY20 QMS - Copy of 200309 PwC Mail - UK FRC - Revised Ethical Standard in relation to services to UK PIEs, their UK parents and global subsidiaries, and some other entities - Update (1)
113		Copy of FY20 QMS - Copy of 200520 G+ - OFN - Independence reminder if you are thinking about leaving PwC to join an audit. (1)
114		Copy of FY20 QMS - Copy of 200520 G+ Reminder for our practice staff_ Hi everyone the uncertainty in our market. (1)
115		Copy of FY20 QMS - Copy of 200616 G+ OFN post - Personal Independence reminder (1)

116		Copy of FY20 QMS - Copy of 200616 Personal Independence - follow on note from the Monday Note (1)
117	QMS Req 6 – Independence	Copy of FY20 QMS – Copy of Essential IQ New Starter_ Scope of Services Practice Staff and Partners 2020 (1)
118		Copy of FY20 QMS - Copy of Essential IQ Refresher_ Independence Below Manager 2019 (1)
119		Copy of FY20 QMS - Copy of Essential IQ Refresher_ Independence Manager & Director 2019
120		Copy of FY20 QMS - Copy of Essential IQ Refresher_ Independence Partner 2019 (1)
121		Copy of FY20 QMS - Copy of Essential IQ_ Independence non practice staff 2020 (1)
122		Copy of FY20 QMS - Copy of Essential IQ_ Independence Partners 2020 (1)
123		Copy of FY20 QMS - Copy of Essential IQ_ Independence practice staff 2020 (1)
124		Copy of FY20 QMS Copy - AFS champions
125		Copy of FY20 QMS Copy - AFS Training - Feb 20
126		Copy of FY20 QMS Copy – BIG Review Process
127		Copy of FY20 QMS Copy - BIG Reviews - Financial Advisory
128		Copy of FY QMS Copy – Essential IQ Independence Training (Partners)
129		Copy of FY QMS Copy – Essential IQ Independence Training (Practice Staff)
130		Copy of FY20 QMS Copy - FA R&Q FY21 Continuous Improvement Plan
131		Copy of FY20 QMS Copy - FA R&Q SNow - allocating enquiry to Independence Team
132		Copy of FY20 QMS Copy – FY18 War Stories Training Tax & Private Clients
133		Copy of FY20 QMS Copy - FY20 Legacy AFS System Report
134		Copy of FY20 QMS Copy - Global Tax Training R&Q Fundamentals (May 2020) - Parts 1 & 2
135		Copy of FY20 QMS Copy – Independence Enquiries - ServiceNow
136		Copy of FY20 QMS Copy - New AFS TLS AFS - FY20-2020-09-09-19-48-12 (2)
137		Copy of FY20 QMS Copy – New AFS Vantage Training
138		Copy of FY20 QMS Copy – New CES Vantage Training
139		Copy of FY20 QMS Copy - R&Q Refresh - March 2020
140		Copy of FY20 QMS Copy – RMP Meeting Slides – 29 April 2020
141		Copy of FY20 QMS Copy - War stories FY19
142	QMS Req 7 – A&C and HREs	Copy of FY20 QMS Copy – Assignment Acceptance Essentials
143		Copy of FY20 QMS Copy - Client acceptance - automated 3 yearly review
144		Copy of FY20 QMS Copy – Client acceptance – Client acceptance essentials
145		Copy of FY20 QMS Copy - Client acceptance – Ethical Clearance
146		Copy of FY20 QMS Copy - Client acceptance – risk identification
147		Copy of FY20 QMS Copy - Client acceptance policy – all engagements
148		Copy of FY20 QMS Copy - Client and engagement acceptance - TLS
149		Copy of FY20 QMS Copy – Independence Tab – Engagement Acceptance
150		Copy of FY20 QMS Copy – Legal risk assessment flow chart
151		Copy of FY20 QMS Copy – PC risk assessment flow chart
152		Copy of FY20 QMS Copy - Proposed Governance Framework - Engagement Acceptance v2
153		Copy of FY20 QMS Copy – Relationship check tab – Engagement Acceptance
154		Copy of FY20 QMS Copy – Risk Escalation Framework
155		Copy of FY20 QMS Copy – TLS Engagement Acceptance Flowchart
156	QMS Req 8 – Training and Coaching	Copy of Copy of Wage Trust Training Pack - 22.01.20 (for distribution) (1)
157		Copy of FY20 QMS Copy - 2020 FA GA Tax Skills course outline _ Online Delivery.docx



158		Copy of FY20 QMS Copy - 2020 May Tax as a Legal Service
159		Copy of FY20 QMS Copy - FA Sponsorship Program - FY19 Plan
160		Copy of FY20 QMS Copy - FY20 Essential IQ FA
161		Copy of FY20 QMS Copy - Meeting Agenda New Partner R&Q
162		Copy of FY20 QMS Copy - Policies _ Flexible Work policy
163	QMS Req 9 – Engagement Leader Responsibility	Copy of FY20 QMS Copy – Armor Policies – 4 eyes review and Director signing rights
164		Copy of FY20 QMS Copy – T&L Director Signing Rights Policy
165	QMS Req 10 - HREs	Copy of FY20 QMS Copy – FA R&Q Cases by Category
166		Copy of FY20 QMS Copy – Private Clients Tax R&Q Training August 2019
167	QMS Req 11 - ECRs	Copy of FY20 QMS Copy – Draft FA R&Q Review Results 2020 – FA Leadership [REDACTED]
168		Copy of FY20 QMS Copy - ECR - Results email - Non - Compliant (1)
169		Copy of FY20 QMS Copy - ECR - Validator Information
170		Copy of FY20 QMS Copy - ECR Assessment Process - June 2020
171		Copy of FY20 QMS Copy - ECR demerit points draft
172		Copy of FY20 QMS Copy - FA R&Q - Overall Quality Rating
173		Copy of FY20 QMS Copy - FA Reviews Manual FY20 (ID 318039)
174		Copy of FY20 QMS Copy - FY20 - ECR Template (ID 316115) - ECR - Info Req
175		Copy of FY20 QMS Copy - FY20 - ECR Template (ID 316115) - ECR - Review Record
176		Copy of FY20 QMS Copy - FY20 engagement selection process
177		Copy of FY20 QMS Copy - FY20 Results email to Partners - Draft Email for Mail Merge
178		Copy of FY20 QMS Copy - Reviews Training 3 February 2020
179	QMS Req 12 - QARs	Copy of FY20 QMS Copy - 1. National Signers Program Document
180		Copy of FY20 QMS Copy – CAANZ R-045031 Findings and Suggestions Report – completed (Final PwC edited) (2)
181		Copy of FY20 QMS Copy – CAANZ R-045031 Quality Review – Review results
182		Copy of FY20 QMS Copy - FY20 EQR Questionnaire Template (ID 317524) - EQR - Questionnaire
183		Copy of FY20 QMS Copy – Quality Assurance Review Program
184		Copy of FY20 QMS Copy - Quality Review training for FA (1)
185	QMS Req 13 – R&Q Plan	Copy of FY20 QMS Copy - FALT meeting 10.06.20 R&Q Focus Areas
186		Copy of FY20 QMS Copy - FY20 R&Q Plan (annotated for final status)
187		Copy of FY20 QMS Copy – FY20 R&Q Plan (final)
188		Copy of FY20 QMS Copy - FY21 FA R&Q Plan
189	QMS Req 14 - TPMs	Copy of FY20 QMS Copy – Armor Policy - TPMs
190	Additional Documents	Copy of Annual Compliance Confirmation 2020 – Google Form
191		Engagement Acceptance process – engagement letters
192		Large market tax adviser principles 250919
193		PwC Code of Conduct-2017
194		PwC Global Tax Code of Conduct-2015
195		Sample Tax and Legal UEL
196		Sample Tax Consulting SoW
197		TLS Fundamentals Risk Controls
198		Copy of Tax Policy Panels – Assessing Implementation and Embedding
199		Copy of Tax Policy Panels – TPP Effectiveness Monitoring
200	External Tax Governance Review Nov 20	Interview notes – [REDACTED]
201		Interview notes – FA R&Q Team
202		Interview notes – [REDACTED]
203		Interview notes – [REDACTED]
204		Interview notes – Tax Policy Panel Chairs

<b>205</b>		Interview notes – [REDACTED]
<b>206</b>		PwC Tax Governance Review – Interview Agenda
<b>207</b>		Tax Governance Review Nov 20 – Overview and Document List