



PwC Australia

Highlights from our Audit Transparency Report

Year-ended 30 June 2024



Message from our CEO



Kevin Burrowes
CEO, PwC Australia

At PwC Australia, we are proud of the high quality audits we deliver. Audits are a cornerstone of a trusted and well-functioning capital market.

Our audit services instill trust and confidence in the information companies report to both global and domestic markets. We recognise this will continue to evolve significantly in the coming years including the imminent requirement to report and assure sustainability information.

We acknowledge that our firm has not always met the standards expected of us. Our past actions, although unrelated to audit quality, have unfortunately contributed to diminished confidence and trust in our firm and the professional services industry at large.

Following an independent review by Dr. Ziggy Switkowski AO, we outlined in September 2023 the actions we would undertake to strengthen our culture and governance.

We are making significant progress against these commitments, and over the course of this year have introduced a new business strategy and structure, a new leadership team, a new board, new risk systems, and new accountability measures.

Throughout this change, our focus on the critical importance of audit quality has remained unwavering. I am proud that we have continued to improve on almost all of our audit quality measures, which reflects our ongoing investment and commitment to our audit teams.

Our people and culture are core to achieving high quality audits, and we have made significant strides in strengthening our culture at the firm, guided by the principles of unbounded curiosity, one firm collaboration, and constructive challenge. We aspire for PwC to be a place where our people can continue to thrive and grow their careers, including our 1,605 dedicated auditors.

I extend my heartfelt thanks to our incredible audit partners and teams for their commitment and care. I also express my gratitude to our audit clients, including the many I had the opportunity to meet with during the year. Your feedback and support have been invaluable.

I look forward to continuing our journey of reinvention for the benefit of our people, clients, communities, and all our stakeholders.

Message from our Assurance Leader



Sue Horlin

Assurance Leader, PwC Australia

As PwC Australia's Assurance Leader, it's my privilege to release PwC Australia's Audit Transparency Report for the year to 30 June 2024 ('2024'). The report highlights a year of positive improvement in many of our audit quality indicators, and describes our approach to maintaining the highest standards of quality across our Audit and broader Assurance business.

Throughout the year, our commitment to audit quality investment, monitoring and learning has been evident, and I am proud of our Assurance team's commitment to our clients, our teams, and each individual's ongoing professional development.

It was also a challenging year, where the firm underwent significant change as we addressed past failings. In light of Dr Switkowski's encouraging comments on our Assurance business which he describes as 'appearing to substantially model best practice', our Assurance team has supported PwC Australia's significant program to improve governance, culture and accountability as part of our [Commitments to Change](#). Our firm has introduced a leading governance reform package, a new strategy which places culture at its heart, and appointed an Independent Chair and two independent Board members.

Other highlights include changes to lift the powers of our Governance Board, planned mechanisms for remuneration deferral and clawback for audit quality failures, and in the coming year we will voluntarily cease the provision of certain non-audit services to audit clients, to further strengthen independence. We also remain on track to publish the first set of audited financial statements from a Big 4 audit firm, next year.

As we reinvent PwC Australia and reposition for the future, we remain committed to taking steps that strengthen confidence among our valued audit clients, not only in the Assurance business, but in our entire firm.

Driving change

Our strong focus on reinventing our firm has enabled us to embrace changes and opportunities across the market, and within the assurance profession. This is an exciting time for both our people and our clients to engage with new ways to deliver confidence.

An example is the new mandatory assurance requirements for sustainability reporting, beginning 1 January 2025. To support our clients, we are rapidly upskilling our whole Assurance team on this important contribution to the climate challenge.

Advancements in processing power and AI are also transforming how we deliver assurance. As clients adopt new technologies, there's growing demand for our expertise in providing confidence over technology – from automated continuous control monitoring to Responsible AI.

We're also at the forefront of driving AI through our audit, with secure generative AI in the hands of every PwC auditor, training on use cases, audit prompting and driving insight and quality.

These are exciting and significant global trends, and throughout the year to June 2024, we focused on three key areas:

1. Delivering high quality, independent audits above all else;
2. Accelerating the next evolution of our leading audit technology; and
3. Investing in our people by providing future-focused development opportunities.

These changes create exciting opportunities for our people to develop their expertise and deploy leading technology as assurance evolves. At PwC, we are investing significantly to empower our teams to respond to, and lead in this changing landscape.

There is also a broader discussion underway regarding the expectations and regulation of the audit industry and audit firms, both within the Australian Parliament and through the current Commonwealth Treasury consultation¹. We welcome and support these important initiatives, and will continue to engage and advocate for positive change.

Our commitment

As we have navigated this challenging year for our firm, I'm proud of our team's dedication to delivering high quality audits and their commitment to serving our clients. I'm excited about the opportunities ahead as stakeholder needs and technology evolve.

 I am grateful for our clients, and for the curiosity, engagement and feedback they have shared this year. We remain resolute in our commitment to enhancing our firm's culture and governance, and will continue to invest in high audit quality.

Most importantly, the quality of our audits and future progress depend on the objectivity, teamwork, and excellence of our 1,605 audit practitioners, along with the specialists from across PwC who support them. Thank you to every member of our team for your passion for learning, coaching and developing, and for the high-quality outcomes you delivered to our clients in 2024.

Statement on the firm's System of Quality Management

During the year, we completed our evaluation of the firm's System of Quality Management (SoQM) under ASQM 1. On behalf of PwC Australia, Sue Horlin, Assurance Leader, has evaluated whether our firm's SoQM provides us reasonable assurance that:

- The firm and its personnel fulfil their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements; and
- Engagement reports issued by the firm or engagement partners are appropriate in the circumstances.

Based on all the relevant information of the firm's SoQM, as at 31 March 2024 we believe our SoQM provides us with reasonable assurance that the quality objectives noted above have been achieved.

The Transparency Report has been prepared to comply with Sections 332 to 332G of the Corporations Act 2011 (the Act) and Regulation 2M.4A and Part 2 of Schedule 7A in the Corporations Regulations 2001 (Regulations) in Australia.

1. Consultation paper: [Regulation of accounting, auditing and consulting firms in Australia](#)

Key highlights

98% compliance in internal quality inspections,

no audit report changes or restatements.

▲
(+7%)

86% client Audit Quality Score,

with 93% of clients strongly agreeing / agreeing that our teams bring a questioning mindset to the audit.

▲
(+1%)

13,000+ pieces of individual feedback

in the Leadership in Ethics & Quality Survey, with an average score of 9.6/10.

▲
(+86%)

74% continuity rate

for senior associates and above on ASX100 audits and improved retention rates for audit staff.

▲
(+1%)

92% positive rating for willingness to challenge

in our annual people survey, 92% for use of expertise and 84% for supervision / guidance in support of quality work.

▲
(+4%)

64% of new Assurance partners in 2024 are female,

with 27% from diverse cultural backgrounds.

▲
(+32%)

New firm strategy with culture at its heart

built on firmwide behaviours of curiosity, collaboration and challenge, strengthening ongoing investment in our Audit Quality Culture.



QUALITY HIGHLIGHTS

Audit Quality and Culture

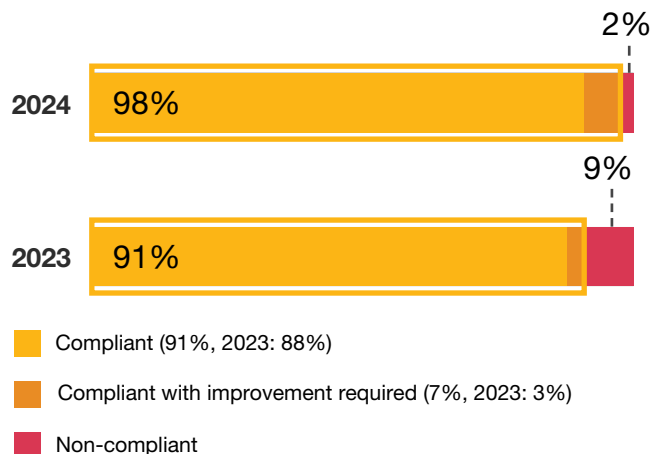
Delivering high-quality, independent audits has remained our audit teams' top priority this year. Guided by a consistent message from the Assurance Leadership Team that quality comes first, we have maintained a deep focus on providing the systems, controls, resources, support, and culture necessary to maintain and enhance audit quality.

In 2024, this commitment included upholding our robust System of Quality Management and making additional investments in our Chief Auditor Network and support teams to ensure quality is consistent and accessible.

While our pursuit of quality is ongoing and we are actively working on our 2025 quality plan, we are pleased to report improvements in most of our key metrics in 2024.

1 PwC internal inspection results

PwC Australia is subject to globally coordinated quality inspections as part of the PwC network. In the 2024 inspection program, 45 files out of 46 reviewed were compliant (3 with improvement required), while 1 was non compliant with the PwC network or professional standards and policies. No findings required re-issue of the audit report or a misstatement. The learnings and root cause analysis form a key part of our annual Audit Quality Improvement Plan.



2 Restatements

In 2024, there were no cases where there was a resulting restatement, when issues were identified in external or internal audit inspections of PwC audits of publicly listed companies.

0

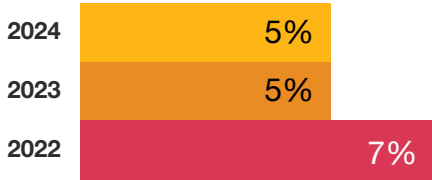


Restatements for public companies identified by external or PwC inspections due to material error (2023: 0)

3 Auditor Independence

Independence is fundamental to audit quality - it ensures our objectivity. No audit partner is incentivised, evaluated or remunerated based on selling non-audit services to our audit clients. Profitability of the audit business is broadly equal with that of the firm as a whole, which means that remuneration of audit partners is not subsidised by other businesses within the firm. When audit clients choose PwC as the best option for a project, the work is considered through our independence and conflict processes considering independence regulations and professional standards before any work commences.

Non-audit fees as a percentage of audit fees for ASX 200 audit clients



ASX 200 calculated based on market cap at time of submission of financial statements (top 200 market cap).

<1%



Non audit fees from ASX 200 audit clients as % of total firm revenue (2023: <1%)

4 Leadership in Ethics and Quality

In 2024 our Assurance partners and staff received more than 13,000 pieces of feedback on their Leadership in Ethics and Quality – an anonymous survey on the quality behaviours demonstrated by partners and senior leaders. The volume of feedback increased by 86% this year.

Of the partners who received feedback from staff, they achieved an average score of

9.6 out of 10
(2023: 9.5)

Of the senior staff grades who received feedback, they achieved an average score of

9.5 out of 10
(2023: 9.4)



5 People and Culture survey

PwC conducts an annual engagement survey, with questions asking how people are feeling about a range of areas including leadership, wellbeing and their perception of our culture and quality behaviours.

92%

of audit respondents believe we consult subject matter or technical experts as necessary to enable us to perform quality work (2023: 87%)

84%

of audit respondents believe that they receive the supervision and guidance (technical and non-technical) to perform quality work (2023: 79%)

86%

of audit respondents strongly agree / agree that our Assurance culture supports high quality outcomes (2023: 89%)

92%

of audit respondents say the people they work with challenge them and each other to deliver quality work (2023: 88%)

6 Client Feedback

We ask our audit clients for their view on our levels of challenge and the quality of our audits, which we measure as a combined “Audit Quality Score”.

86%

Audit Quality Score

Overall audit quality score from our clients in feedback surveys

From 460 external audit feedback surveys (2023: 85% from 320 surveys)

93%

Strongly agree / agree

PwC brings a questioning mindset to our audit

From 460 external audit feedback surveys (2023: 91% from 320 surveys)





QUALITY HIGHLIGHTS

Our Technology

Leading technology, including secure AI, is at the core of how PwC delivers our audits, providing quality, confidence and insight. Our core audit technology, used by every PwC auditor around the world, drives risk-based workflows and automation, full-population testing and a data-driven audit.

Our global AI Centre of Excellence, based in Australia, is helping drive more advanced techniques throughout our audits. In addition to the optical recognition tools to automate tasks such as financial statement checking and invoice matching, we are now also performing AI powered high volume testing of unstructured data. Full-population testing now extends to AI reading and interpreting large populations of documents, and automatically testing them on defined criteria.

ChatPwC, built in a secure environment on Microsoft's Open AI Large Language Model, can now also be used by every PwC auditor in Australia to make our audit smarter, more efficient, and more insightful. Our focus on the next evolution of technology contributes to improving the quality of the PwC audit and readying our people and our clients for what's next.

1 Leading technology in our audits

100%

PwC audit clients on our single, globally consistent and integrated digital audit platform, AURA.

96%

PwC ASX200 audits utilising our expert data analytics and 100% population testing, Halo.

100%

All audit teams have access to use our AI powered platform which reviews financial statements and disclosures.

100%

PwC ASX 200 audit clients utilising our market-leading collaboration software for secure sharing of audit information – no more emails and a single, shared, source of truth for the planning and monitoring of audit information and audit progress.

2 Citizen-led digital auditing

100%

All Assurance new graduates are enrolled in a Digital Academy upon joining the firm, training them how to use leading automation, visualisation and analysis tools and techniques.

100%

Audit team members who have data wrangling, automation and visualisation tools in their own hands to apply in their audits.

90+

Digital champions embedded within audit teams to support the development of more advanced and complex tailored audit automations and analysis.

3 ChatPwC: PwC's state-of-the-art AI assistant

100%

PwC staff with access to ChatPwC

2,187

Assurance active users

225,000

Queries posted by Assurance team members

103

Average queries per Assurance team member





QUALITY HIGHLIGHTS

Our People

Our people are at the heart of audit quality. In 2024 we continued to invest in future-focused development opportunities to help our teams learn new skills such as using advanced AI in our audits, new areas of assurance such as sustainability and new ways of learning. For example:

- **Connected Coaching** connects our new graduates to senior associates for a two month accelerated learning experience as part of their induction;
- **Online micro-credentials** help our people learn skills just-in-time for a new project, or at any time they want to explore, learn and develop their skills; and
- Our new **AI accelerator program** allows waves of staff to spend time in our global AI Centre of Excellence. As AI Champions, they receive advanced training, content and tools and are part of a global community of AI leaders. These advanced skills are taken to their audit teams to upskill others and rapidly lift advanced AI adoption throughout the audit.

All of our team are encouraged to participate in future-focused development through protected learning time, as well as Assurance-wide campaigns to reinforce our commitment to the development of our team.

People quality metrics

1 Continuity

We have measured our “continuity rate” for senior associate grade through to partner for our ASX 100 30 June year ends. Continuity from year-to-year drives a strong understanding of our clients’ business, good sharing of information, and informed coaching of our junior staff – all key contributors to a quality audit.

74%



of senior associates and above for ASX100 30 June 24 year ends are in at least their 2nd year on the audit (2023: 73%)

2 Audit retention rate by staff level

Our audit staff retention rates continue to support the high team continuity that drives audit quality. We remain focused on attracting and retaining our talented people through a range of rewards, benefits and wellbeing initiatives, as well as investment in personal and professional development.



3 Our training investment in people

In 2024 our auditors undertook an average of 88 hours of formal training through an engaging combination of face-to-face learning in client teams and virtual learning bursts. In addition to these formal training hours, programs such as Connected Coaching significantly increased on-the-job skill reinforcement with 1-1 tailored coaching for our new graduates. This program delivers meaningful, structured, development for both our coaches and coachees.

Classroom and online training: average hours achieved by partners and staff

	Online	Classroom	Total	Total hours completed
2024	33	55	88	141,091
2023	40	59	99	170,543

Audit training: number of hours of auditing and accounting training mandated by grade

	Partners	Managers	Senior associates	Associates
2024	38	38	38	112
2023	31	31	31	125

4 Technical support for our teams

A leading indicator of our investment in our System of Quality Management is the ratio of partners in quality or technical roles compared to the total number of audit signing partners. Partners with senior risk and quality roles are highly valued and their remuneration is comparable to our most senior client facing partners.

1 to 10

Ratio of partners serving in technical/audit quality support roles to the total number of audit signing partners (2023: 1 to 9)



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