



PwC Australia

Audit Transparency Report

Year-ended 30 June 2024



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Section one

Our year in quality

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.

Welcome to our Audit Transparency Report



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

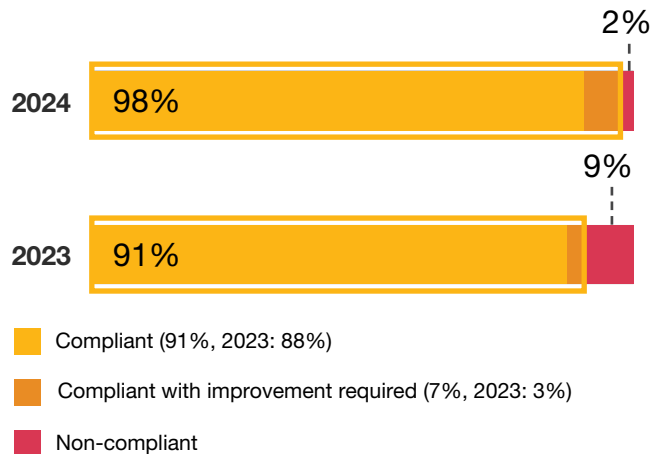
Delivering high-quality, independent audits has remained our audit teams' top priority this year. Guided by a consistent message from the Assurance Leadership Team that quality comes first, we have maintained a deep focus on providing the systems, controls, resources, support, and culture necessary to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

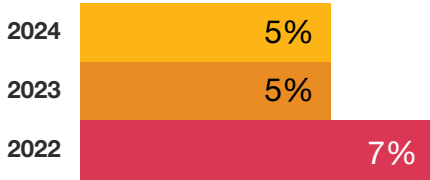


Restatements for public companies identified by external or PwC inspections due to material error (2023: 0)

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

<p>100%</p> <p>PwC audit clients on our single, globally consistent and integrated digital audit platform, AURA.</p>	<p>96%</p> <p>PwC ASX200 audits utilising our expert data analytics and 100% population testing, Halo.</p>	<p>100%</p> <p>All audit teams have access to use our AI powered platform which reviews financial statements and disclosures.</p>
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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)





QUALITY HIGHLIGHTS

Audit Quality Advisory Board

PwC Australia’s Audit Quality Advisory Board (AQAB) provides external advice, guidance and challenge regarding PwC’s approach to audit quality, specifically on matters relating to the quality of statutory (external) audits performed by the firm.

The AQAB has access to all information about our audit quality processes and provided its fifth report in September 2024. The full Executive Summary of the report is provided as an appendix to this document. Below we share the Board’s observations and recommendations for 2024, and how PwC will act on those recommendations.

Focus areas for 2024:

1. Updates to PwC’s audit quality agenda, including a focus on steps taken following Dr Ziggy Switkowski’s Independent Review, other measures flowing from changes to the firm’s leadership and governance arrangements, and any further insights from contemporary approaches to quality management;
2. PwC’s approach to managing independence and conflicts created by the provision of non-audit services to an audit client or prospective audit clients; and
3. PwC’s assurance services for sustainability reporting.



..the Assurance business has continued to invest in audit quality with the clear purpose of delivering quality audit services in accordance with external requirements and firm policies. Significantly also, the AQAB recognised the emphasis given to audit quality by the leadership of the PwC Assurance business.

Extract from AQAB report

2024 Report Recommendations

The AQAB made 4 recommendations for 2024 as set out below.

Recommendation	PwC's response, owner and date
<p>1. The Assurance business clearly spell out to partners and staff in communications and training how the behaviour of Collaboration should be interpreted in the context of its assurance functions – where independence is central to relationships.</p>	<p>In executing our audits, the behaviour of Collaboration is critical in many ways, for example:</p> <ul style="list-style-type: none">– bringing the right specialists and experts to complex areas to support audit quality– working in diverse teams, including teams in different geographical locations– working with accounting and audit technical teams to provide support in areas of complexity or judgement <p>As we drive the firm's behaviours through Assurance for example in induction sessions, training, goal setting, assessment, and communications, we will use case studies and story-telling to reinforce the importance of independence while Collaborating in delivering a quality audit.</p> <p>Responsibility: Sue Horlin (Assurance Business Leader) Date: 30 June 2025</p>
<p>2. PwC reviews its approach on independence as follows:</p> <ul style="list-style-type: none">a. review its compliance monitoring to ensure it explicitly tests whether any apparent exceptions to the independence requirements for non-audit services relate to inaccurate information in the firm's automated systems, andb. ensure its compliance monitoring considers incidents where there may be an inconsistency in interpretation by audit engagement partners of the independence requirements for the provision of non-audit services to an audit client.	<p>PwC conducts a root cause analysis and uses this to drive remediation activities for all findings identified in compliance monitoring, including our regular monitoring of independence through Real Time Reviews, Engagement Quality Reviews, Regulatory reviews and other monitoring of independence. This root cause analysis considers all potential sources of error including the accuracy of information in systems, and the judgement used in considering a potential non-audit service. We will continue our focus on both of these areas as part of our root cause analysis during 2025.</p> <p>Responsibility: Debbie Smith (Assurance Risk and Quality Leader) Date: 30 June 2025</p>

Recommendation

PwC's response, owner and date

3. PwC reviews the general Conflicts of Interest training to give greater emphasis to the impact of independence requirements for the provision of non-audit services to an audit client.

PwC's mandatory annual training for all staff includes a module on independence in addition to a module on Conflicts of Interest. In 2025 we will consider the appropriate emphasis of the impact of independence requirements for the provision of non-audit services to audit clients across these two modules.

Responsibility: Debbie Smith (Assurance Risk and Quality Leader)

Date: 30 June 2025

4. PwC formally reviews its progress on all the elements it has identified that contribute to quality assurance around sustainability reporting periodically (at least annually), with particular attention given to developing the review process over the next 6 months.

As sustainability reporting and auditing standards are finalised in the coming months, we will continue to drive quality through our processes and procedures for sustainability assurance, with regular review through the Assurance Leadership Team of progress and how it is established within our System of Quality Management.

Responsibility: Debbie Smith (Assurance Risk and Quality Leader)

Date: 31 March 2025





Section two

Delivering on our commitment to quality



DELIVERING ON OUR COMMITMENT TO QUALITY

Our approach to quality

A specific focus on audit quality across the network

The International Standard on Quality Management 1 (ISQM 1)

In December 2020, the International Auditing and Assurance Standards Board (IAASB), approved and released three new and revised standards that strengthen and modernise a firm's approach to quality management, including ISQM 1. This standard (which became effective 15 December 2022) requires all firms to have designed and implemented the requirements and evaluate their system of quality management under the new standard by 15 December 2023.

ISQM 1 is an objectives-based approach that expects firms to have a SoQM that operates in a continuous and iterative manner taking into consideration the conditions, events, circumstances, actions and inactions that impact a firm. It enhances the firm's responsibilities around monitoring and remediation, emphasising the need for more proactive, real time monitoring of the SoQM, a more effective, efficient, and timely root cause analysis process, and timely and effective remediation of deficiencies.

ISQM 1 states that the objective of the firm is to design, implement and operate an SoQM that provides the firm with 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.

The standard goes on to say that the public interest is served by the consistent performance of quality engagements and that this is enabled by an effective SoQM.

The PwC Network's Assurance QMSE framework

Delivering high-quality work is at the heart of what we do at PwC, and it is what our stakeholders expect of us.

To deliver services in an effective and efficient manner that meets the expectations of our clients and other stakeholders, the PwC Network has established the Quality Management for Service Excellence (QMSE) framework which integrates quality management into how each firm runs its business and manages risk.

The QMSE framework is designed to align with the objectives and requirements of ISQM 1 and provides a model for quality management in PwC firms that integrates quality management into business processes and the firm-wide risk management process. While the Australian QMSE process is consistent with ISQM 1 as adopted by the PwC Network, we also consider the requirements of ASQM 1 with differences embedded and addressed by our Australian SoQM.

Under QMSE, our overall quality objective is supported by a series of underlying quality management objectives and each firm's SoQM should be designed and operated so that the overall quality objective, which includes meeting the objectives and requirements of ISQM 1, is achieved with reasonable assurance.

Integrated and aligned in the right way

Our SoQM includes quality objectives as identified from the following components of ISQM 1 as well as any additional objectives PwC Australia has identified in the QMSE framework:

- Governance and leadership
- Relevant ethical requirements
- Acceptance and continuance of client relationships and specific engagements
- Engagement performance
- Resources
- Information and communication

To help us achieve these objectives, the PwC Network invests significant resources in the continuous enhancement of quality across our network. This includes having a strong quality infrastructure supported by the right people, underlying tools and technology at both the network level and within our firm, and a programme of continuous innovation and investment in our technology. The PwC Network's Global Assurance Quality (GAQ) organisation aims to support PwC firms in promoting, enabling, and continuously improving Assurance quality through effective policies, tools, guidance and systems used to further promote and monitor quality and to build an appropriate level of consistency in what we do.

These elements have been integrated and aligned by our network to create a comprehensive, holistic and interconnected quality management framework that each firm tailors to reflect our individual circumstances. Each firm is responsible for utilising the resources provided by the network as part of our efforts to deliver quality to meet the expectations of our stakeholders.



The Quality Management Process

The achievement of these objectives is supported by a quality management process (QMP) established by our firm and Assurance leadership, business process owners, and partners and staff. This QMP includes:

- Identifying risks to achieving the quality objectives.
- Designing and implementing responses to the assessed quality risks.
- Monitoring the design and operating effectiveness of the policies and procedures through the use of process-integrated monitoring activities such as real-time assurance as well as appropriate Assurance quality indicators.
- Continuously improving the SoQM when areas for improvement are identified by performing root cause analyses and implementing remedial actions.
- Establishing a quality-related recognition and accountability framework to both set clear expectations of expected quality behaviours and outcomes and reinforce those expectations through consistent and transparent use in appraisals, remuneration, and career progression decisions.

This involves the integrated use of Assurance Quality Indicators to aim to predict quality issues, Real-Time Assurance to aim to prevent quality issues, Root Cause Analysis to learn from quality issues and a Recognition and Accountability Framework to establish, communicate and reinforce quality behaviours, culture and actions.

Overall quality objective under the QMSE framework

To have the necessary capabilities in our organisation and to deploy our people to consistently use our methodologies, processes and technology to deliver services in an effective and efficient manner to fulfil the expectations of our clients and other stakeholders.

Our SoQM must be designed, implemented and operating on an ongoing basis to achieve the quality objectives. This ongoing process includes monitoring, assessing, evaluating, reporting, and being responsive to changes in quality risks, driven by the firm's internal and external environment. This is our QMP. Our focus on quality management is therefore not to apply prescribed rules but rather to design and implement risk responses which are fit for purpose to manage the risks we identify in our own risk assessment and achieve the quality objectives taking into consideration the conditions, events, circumstances, actions and/or inactions that may impact our SoQM.

Our risk assessment process

The past several years have seen unprecedented challenges and our firm's SoQM has helped us navigate and respond to the impact that identified factors had on our ability to achieve the overall assurance quality objective – to deliver quality audit engagements.

Our SoQM includes the performance of a risk assessment over the quality objectives identified in the QMSE framework. We consider how and the degree to which a condition, event, circumstance, action or inaction may adversely affect the achievement of the quality objectives which may result in:

- New or changing quality risks to achieving one or more of the quality objectives.
- Changes to the assessment of existing quality risks.
- Changes to the design of the firm's SoQM, including the risk responses.

A quality risk is one that has a reasonable possibility of occurring and individually, or in combination with other quality risks, could adversely affect the achievement of one or more quality objectives.

Throughout this Audit Transparency Report, we have provided insight into the policies and procedures we have designed, implemented and are operating to reduce the quality risks we have identified to an acceptable level and help us achieve reasonable assurance over the firm's SoQM.



Aim to predict: Assurance Quality Indicators

We have identified a set of Assurance Quality Indicators (AQIs) that support our Assurance leadership team in the early identification of potential risks to quality, using metrics that aim to predict quality issues. This quality risk analysis is an essential part of our SoQM, and the AQIs, in addition to other performance measures, provide a key tool in the ongoing monitoring and continuous improvement of our SoQM.

Aim to prevent: Real Time Assurance

Our Real Time Assurance (RTA) programme provides preventative monitoring that helps coach and support engagement teams to get the 'right work' completed in real-time, during the audit. Pre-issuance reviews, which are performed by experienced practice or Risk & Quality professionals, assist in the identification of shareable practices and the provision of targeted coaching for engagement teams.

Learn: Root cause analysis

We perform analyses to identify potential factors contributing to our firm's audit quality so that we can take actions to continuously improve. Our primary objectives when conducting such analyses are to understand what our findings tell us about our SoQM and to identify how our firm can provide an effective environment for our engagement teams to deliver a quality audit. We analyse quality findings from all sources including our own ongoing monitoring of our SoQM as well as the network inspection of our SoQM, audits both with and without deficiencies – whether identified through our own internal inspections process or through external inspections and other inputs such as restatements included in clients' financial statements – to help identify possible distinctions and learning opportunities.

For individual audits, an objective team of root cause specialists identifies potential factors contributing to the overall quality of the audit. We consider factors relevant to technical knowledge, supervision and review, professional scepticism, engagement resources, and training, amongst others. Potential causal factors are identified by evaluating engagement information, performing interviews, and reviewing selected audit working papers to understand the factors that may have contributed to audit quality.

In addition, the data compiled for audits both with and without engagement-level findings is compared and contrasted to identify whether certain factors appear to correlate to audit quality.

Our goal is to understand how quality audits may differ from those with engagement-level findings, and to evaluate how these learnings may be used to continuously improve all of our audits. We evaluate the results of these analyses to identify enhancements that may be useful to implement across the practice. We believe these analyses contribute significantly to the continuing effectiveness of our quality management.

Reinforce: Recognition and Accountability Framework

Our Recognition and Accountability Framework (RAF) reinforces quality in everything our people do in delivering on our strategy, with a focus on the provision of services to our clients, how we work with our people and driving a high quality culture. It holds partners accountable for quality behaviours and quality outcomes and directly links audit quality with remuneration. The impact of audit quality matters on the remuneration of audit partners is assessed independently by our Risk & Quality team to ensure separation from other elements of performance evaluation. Each partner's remuneration reflects how well they have performed against an individually-tailored balanced scorecard of objectives, based on their role and responsibilities. Our RAF considers and addresses the following key elements:

- **Quality outcomes:** We provide transparent quality outcomes to measure the achievement of the quality objectives. Our quality outcomes take into account meeting professional standards and the standards and policies of the PwC network and the firm.
- **Behaviours:** We have set expectations of the right behaviours that support the right attitude to quality, the right tone from the top and a strong engagement with the quality objective.
- **Interventions/recognition:** We have put in place interventions and recognition that promote and reinforce positive behaviours and drive a culture of quality.
- **Consequences/reward:** We have implemented financial and non-financial consequences and rewards that are commensurate to outcome and behaviour and sufficient to incentivise the right behaviours to achieve the quality objectives.



DELIVERING ON OUR COMMITMENT TO QUALITY

Enhancing audit quality through client listening

2024 Client Listening

86%*

Audit Quality Score

Based on 460 post external audit surveys

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

93%*

Strongly agree / agree

PwC brings a questioning mindset to our audit

Based on 460 post external audit surveys
(2023: 91% strongly agree / agree from 320 surveys)

*The Audit Quality Score is based on 10 variables related to external audit quality. The score is determined by adding the % Agree and % Strongly Agree responses against each of the variables.

Our commitment to audit quality through thoughtful and consistent client listening

As auditors a critical part of our role is to challenge our audit clients and to apply professional scepticism. We also recognise that conducting an audit requires strong planning, execution and communication with our audit clients and providing objective perspectives on topics such as internal control and reporting practices. At PwC, we collect formal feedback from our clients to assess PwC's reputation for audit quality and the execution of our audits is experienced by our audit clients. Through this feedback, we can evaluate foundational factors that determine a quality audit while keeping clients and culture at the heart of what we do.

We use a defined set of audit quality variables to survey our audit clients. These variables cover the depth of our team's knowledge of the client's business and industry, the differentiation of our technical expertise, the effectiveness of the tools and technology we use and the planning we undertake, as well as our mindset of respectful challenge.

The rating measure has been adjusted this year to align with the PwC network metric – the Client Satisfaction Score (CSAT).

In addition to the survey, PwC people (independent of the audit engagement) conduct feedback conversations with key audit stakeholders to discuss the quality variables in deeper detail, including what our clients expect of a quality audit and how well PwC delivered to these expectations.

By listening to our clients we obtain insights that we can respond to using targeted actions. These insights and actions increase our ability to deliver a high quality audit and enhance our clients' future experiences. By sharing what we have heard with our clients, we both acknowledge their feedback and reinforce our commitment to act on it, promoting even greater transparency in the relationship.



DELIVERING ON OUR COMMITMENT TO QUALITY

Leadership and tone at the top

At PwC, we define quality service as consistently meeting the expectations of our stakeholders and complying with all applicable standards and policies.

An important part of our ability to deliver against this quality definition is building a culture across our network of more than 370,000 people. This culture of quality emphasises that quality is the responsibility of everyone. Continuing to enhance this culture of quality is a significant area of focus for our global and local leadership teams and one which plays a key part in the measurement of their performance.

For all our businesses, each PwC firm – as part of the agreement by which they are members of the PwC network – is required to have in place a comprehensive SoQM; to annually complete a SoQM performance assessment; and to communicate the results of these assessments to global leadership.

These results are then discussed in detail with the leadership of each local firm and if they are not at the level expected, a remediation plan is agreed with local leadership taking personal responsibility for its successful implementation.

As the services that our network provides change and develop, and the needs and expectations of our stakeholders also change, the PwC network is continually reviewing and updating the scale, scope and operations of our PwC firms' SoQMs and investing in programmes to enhance the quality of the services that the PwC network provides.

Today companies are judged on far more than financial outcomes. A company's performance in areas like ESG, cyber security, and more can affect its reputation, staff retention, access to capital, and ultimately enterprise value.

That's why we're evolving our assurance offering to provide confidence not just in companies financial statements but in their broader impact. We call this 'trust in what matters.'

We apply rigorous standards to analyse companies performance on issues such as climate and diversity. This helps companies demonstrate their progress, enabling these firms to build trust, enhance their corporate reputations, and grow enterprise value.

We encourage our clients to understand what matters to their stakeholders, and we deliver assured information about the company's performance on these measures. We believe that if it needs to be trusted, it needs to be assured. High-quality assurance heightens accountability and trust while giving companies a robust basis for tracking and working to improve their performance.

When working with our clients and our colleagues to build trust in society and solve important problems, we:



Act with integrity

- Speak up for what is right, especially when it feels difficult
- Expect and deliver the highest quality outcomes
- Make decisions and act as if our personal reputations were at stake



Make a difference

- Stay informed and ask questions about the future of the world we live in
- Create impact with our colleagues, our clients and society through our actions
- Respond with agility to the ever changing environment in which we operate



Work together

- Collaborate and share relationships, ideas and knowledge beyond boundaries
- Seek and integrate a diverse range of perspectives, people and ideas
- Give and ask for feedback to improve ourselves and others



Care

- Make the effort to understand every individual and what matters to them
- Recognise the value that each person contributes
- Support others to grow and work in the way that brings out their best



Reimagine the possible

- Dare to challenge the status quo and try new things
- Innovate, test and learn from failure
- Have an open mind to the possibilities in every idea





Our culture and values

An important part of delivering against our Assurance quality objectives is building a culture that emphasises that quality is the responsibility of everyone. Our purpose is to build trust in society and solve important problems, and our values help us deliver on that purpose.

Our purpose reflects ‘why’ we do what we do, and our strategy provides us with the ‘what’ we do. ‘How’ we deliver our purpose and strategy is driven by our culture, values and behaviours. This forms the foundation of our SoQM and permeates how we operate, including guiding our leadership actions, and how we deliver trust in what matters – how we do business, with each other and in our communities.

This culture is supported by tone at the top through regular communication from leadership to all partners and staff about the firm’s commitment to quality. Key messages are communicated to our firm by our Country Senior Partner (CEO) and our leadership team and are reinforced by engagement partners.

These communications focus on what we do well and actions we can take to make enhancements. We track whether our people believe that our leaders’ messaging conveys the importance of quality to the success of our firm. Based on this tracking, we are confident our people understand our quality objectives. Delivering service of the highest quality is core to our purpose and our Assurance plan, the focus of which is to strengthen trust and transparency in our clients, in the capital markets and wider society.

Leadership responsibility for quality

PwC’s leadership is committed to audit quality and fosters a culture that embraces high standards in independence and professional ethics. We embed this culture through detailed policies on matters such as ethical behaviour, human resources and engagement performance. Our leaders frequently and consistently communicate the firm’s purpose and values. Continuing to enhance a culture of quality is a significant area of focus for our global and local leadership teams and one which plays a key part in the measurement of their performance.

PwC’s leadership structure reflects our commitment to quality at multiple levels throughout the firm and we dedicate the necessary resources to ensure quality. A senior partner, who reports directly to the CEO, is responsible for risk management and quality control over the firm’s Assurance client service operations.

We measure quality by adherence to systems and processes and by how our people view our commitment to quality. This year our Assurance business increased its focus on ethics which led to updating our Leadership in Quality survey to the Leadership in Ethics & Quality survey. Our people engage with this anonymous survey providing feedback to our senior staff and partners on their quality behaviours as exhibited with clients, the engagement team and in the engagement files. In the 2024 survey, there were 13,479 responses received which is an 86% increase from the previous year. 98% of partners received feedback.

Leadership in Ethics and Quality Survey

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

9.6 out of 10

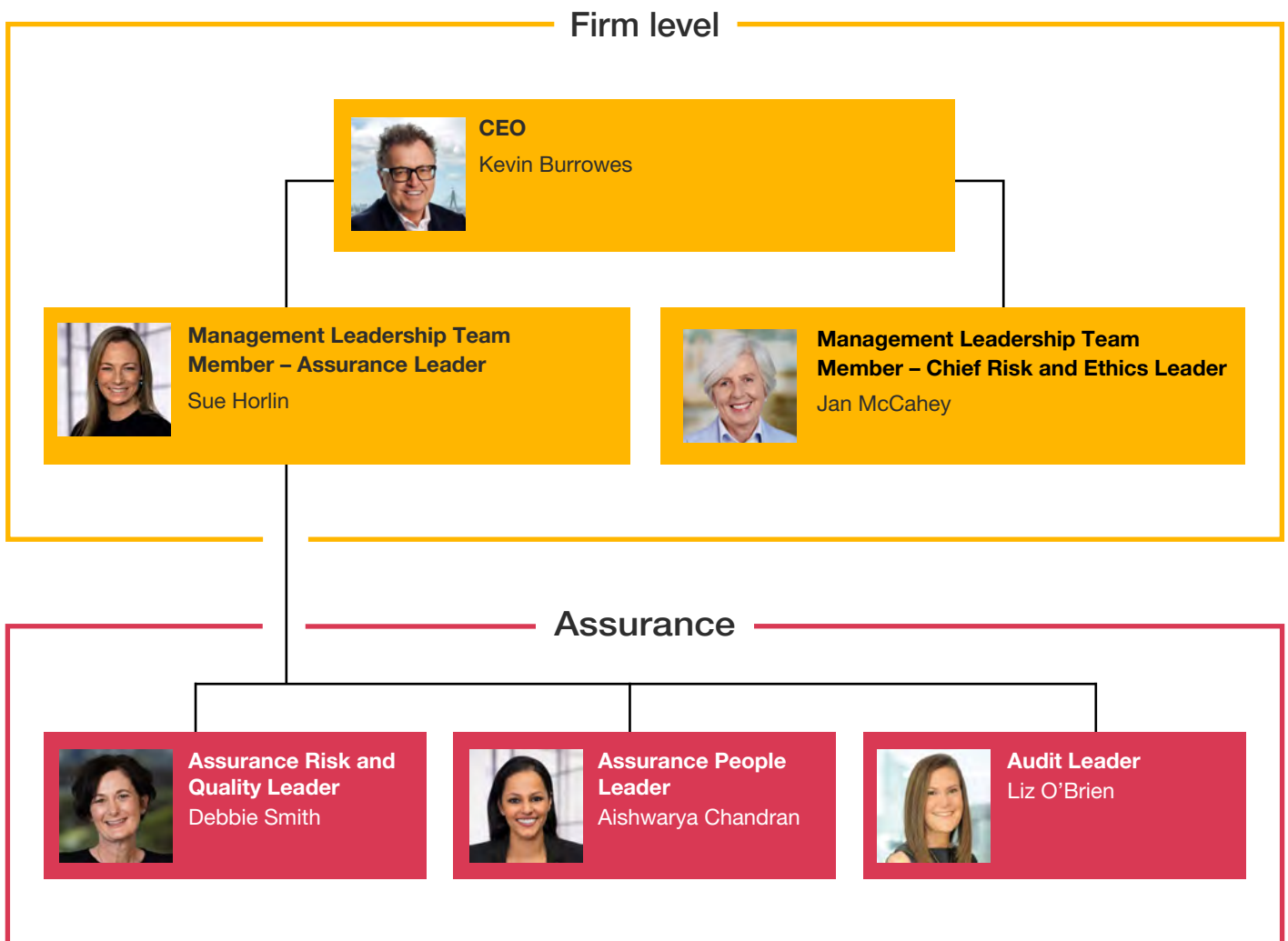
(2023: 9.5 out of 10)

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

9.5 out of 10

(2023: 9.4 out of 10)

Leadership responsibilities for quality within PwC Australia



Central Assurance Quality Partners

Responsible for accounting, methodology, inspections, risk and learning

Assurance Practitioners Networks

Assurance Risk Management Partners Network

Experienced partners who identify and manage the risk within our business units

Chief Auditor Network

The first-line support from experienced practitioners when teams are making judgements real-time during the audit. Also responsible for targeting emerging audit quality challenges and root causes proactively at each operating unit level, as well as providing leadership to set the tone for a quality culture

Ethics

We are governed by our Network Standards and our Network Risk Management Policies, as well as local engagement and workplace policies. Our Code of Conduct sets out what's expected of us and holds us accountable to always give our best. In August 2023 a dedicated Ethics function was established, led by an experienced partner. To further embed a culture that empowers our people to ask questions and challenge decisions, we implemented a program of work to support a constructive challenge culture in line with the recommendations of the Independent Review.

PwC Australia's vision is to be the leading professional services firm, built on the highest ethical and professional standards with integrity at our core. A firm that delivers purposeful and sustained outcomes in everything we do. To achieve this, we need to ensure our actions — who we are, what we do and why we do it— are guided by ethical conduct.

Over the past 12 months, we have strengthened our ethics culture by:

- Asking our leaders to commit to an ethics pledge and complete an additional Compliance confirmation.
- Launching an Ethics and Business Conduct site to bring together our ethics and business conduct tools, policies and resources to help guide our people on the expectations we have at PwC and how they can meet them.
- Providing additional guidance on how to raise a concern and to reinforce our Speak Up culture, as well as strengthening our ethics-related policies. This step-by-step guide helps our people follow the best course of action if they have an ethical or business conduct concern. We understand that speaking up can be difficult at times, but it is essential to creating a safe and respectful workplace.
- Reviewing our firm wide policies to provide additional focus on ethical requirements.
- Revising the Consequence Management framework for partners and staff.
- Introducing a Risk & Ethics compliance Gateway for all partners and staff.
- Enhancing our core ethics training with in-person and virtual sessions for both client-facing and non-client-facing Assurance teams. These sessions cover our responsibilities to each other, our firm, clients,

and communities, the updated Code of Conduct, the importance of Speaking Up, where to find Ethics & Business Conduct resources and where to access the PwC Ethics Helpline, and sharing relevant stories and learnings.

- Continuing to make the PwC Ethics Helpline available to all our people and external stakeholders, including clients and third parties, to ask for advice or report concerns on unethical conduct.

Professional standards

The firm adheres to the fundamental principles of ethics set out in the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants. We also adhere to the APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board (APESB) in Australia, which includes the following:

- **Integrity:** be straightforward and honest in all professional and business relationships.
- **Objectivity:** don't allow bias, conflict of interest or undue influence of others to override professional or business judgements.
- **Professional competence and due care:** maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional service based on current developments in practice, legislation and techniques, and act diligently and in accordance with applicable technical and professional standards.
- **Confidentiality:** respect the confidentiality of information acquired as a result of professional and business relationships and, therefore, don't disclose any such information to third parties without proper and specific authority, unless there is a legal or professional right or duty to disclose, nor use the information for the personal advantage of the professional accountant or third parties.
- **Professional behaviour:** comply with relevant laws and regulations and avoid any action that discredits the profession.

PwC network standards and Global Code of Conduct

Our network standards are applicable to all PwC network firms. They relate to matters of common interest and matters concerning the maintenance, integrity and development of the PwC Network. They have a broad focus and include ethics and business conduct, independence, anti-money laundering, anti-trust/fair-competition, anti-corruption, information protection, firm and partner taxes, sanctions laws, internal audit and insider trading. We take compliance with these requirements seriously and strive to embrace the spirit and not just the letter of those requirements. All partners and staff undertake annual mandatory training, as well as submitting annual compliance confirmations, as part of the system to support appropriate understanding of the rules under which we operate. Partners and staff uphold and comply with the standards developed by the PwC network and leadership in PwC Australia monitors compliance with these obligations.

In addition to the PwC Values (Act with Integrity, Make a difference, Care, Work together, Reimagine the possible) and PwC Purpose, the PwC Global Code of Conduct, the PwC Global Tax Code of Conduct and related global and local policies clearly describe the behaviours expected of our partners and other professionals. Because of the wide variety of situations that our professionals may face, these combine to provide guidance under a broad range of circumstances, but all with a common goal to do the right thing.

Upon hiring or admittance, all staff and partners of PwC Australia complete induction training which includes a detailed introduction to the PwC Global Code of Conduct. They are expected to live by the values expressed in the Code of Conduct in the course of their professional careers at our firm and have a responsibility to report and express concerns, and to do so fairly, honestly, and professionally when dealing with a difficult situation or when observing conduct inconsistent with the Code of Conduct.

PwC has a network-wide confidential ethics helpline for the reporting of questions or concerns related to behaviours that are inconsistent with the Code of Conduct and related policies.

The ethics helpline is also available for third parties, including clients. The ethics helpline allows our partners, staff and third parties to feel safe raising a question or concern without fear of retaliation. Additional guidance on how to raise a concern and to reinforce our [Speak Up](#) culture was shared firmwide in 2024.

The PwC Code of Conduct and the ethics helpline are available on-line through the [PwC Ethics and Business Conduct SharePoint site](#) for all internal and external stakeholders where concerns can be raised openly or anonymously and are managed with absolute confidentiality.

PwC Australia has adopted a Consequence Management framework to facilitate remediation of behaviours that are inconsistent with the Code of Conduct.

Finally, the Organisation for Economic Co-operation and Development (OECD) provides guidance, including the OECD Guidelines for Multinational Enterprises (the OECD Guidelines), by way of non-binding principles and standards for responsible business conduct when operating globally. The OECD Guidelines provide a valuable framework for setting applicable compliance requirements and standards. Although the PwC network consists of firms that are separate legal entities which do not form a multinational corporation or enterprise, PwC's network standards and policies are informed by and meet the goals and objectives of the OECD Guidelines.

Training compliance

An important part of enforcing our Code of Conduct is setting and monitoring our expectations of compliance with our training policy. We set clear integrity expectations for online training including a declaration signed as part of every online training module. We monitor, test and follow up with consequences for non-compliance with training policies.

Audit training matters

99%

of partners and staff completed mandatory training in 2024 (2023: 99%)

0

dismissals during 2024 for breaches of the training policy (2023: 0)



DELIVERING ON OUR COMMITMENT TO QUALITY

Objectivity and independence

As auditors of financial statements and providers of other types of professional services, PwC firms and their partners and staff are expected to comply with the fundamental principles of objectivity, integrity and professional behaviour. In relation to assurance clients, independence underpins these requirements. Compliance with these principles is fundamental to serving the capital markets and our clients.

The PwC Global Independence Policy ('Independence Policy'), which is based on the International Ethics Standards Board for Accountants (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards), contains minimum standards with which PwC firms have agreed to comply, including processes that are to be followed to maintain independence from clients, when necessary.

The independence requirements of the United States Securities and Exchange Commission (SEC) are, in certain instances, more restrictive than the Independence Policy. Given the reach of these requirements and their impact on PwC firms in the network, the Policy identifies key areas where an SEC requirement is more restrictive. Provisions that are specifically identified as applicable to SEC restricted entities must be followed in addition to, or instead of, the Policy in the associated paragraph.

Leadership

PwC Australia has a designated Partner Responsible for Independence (PRI), with appropriate experience and standing, who is responsible for implementation of the Independence Policy including managing the related independence processes and providing support to the business. The PRI reports directly to PwC Australia's Business Risk Leader, who in turn reports to the Chief Risk and Ethics Leader. With the support of a specialist team, the PRI oversees the firm's independence policy, systems, processes, advice and guidance.

Policies

We have policies in place to ensure we comply with professional and regulatory standards of independence for firms that provide assurance services. These policies are reviewed and revised regularly and in response to new rules, regulations or operational matters.

The Independence Policy references the independence requirements of the SEC and the Public Company Accounting Oversight Board (PCAOB) of the United States. It also refers to the requirements of the EU Audit Regulation which, in certain instances, are more restrictive than the Independence Policy.

The Independence Policy covers (among other areas):

- Personal and firm independence, including policies and guidance on the holding of financial interests and other financial arrangements, e.g. bank accounts and loans held by partners, staff and the firm.
- Non-audit services and fee arrangements. The policy is supported by Statements of Permitted Services (SOPS), which provide practical guidance on the application of the policy in respect of non-audit services to audit clients and related entities.
- Business relationships, including policies and guidance on joint business relationships (such as joint ventures and joint marketing) and on purchasing of goods and services acquired in the normal course of business.
- Acceptance of new audit and assurance clients, and the subsequent acceptance of non-assurance services for those clients.

In addition, there is a Network Risk Management Policy governing the independence requirements related to the rotation of key audit partners.

These policies and processes are designed to help PwC firms comply with relevant professional and regulatory standards of independence that apply to the provision of assurance services. Policies and supporting guidance are reviewed and revised when changes arise such as updates to laws and regulations or in response to operational matters.

When necessary, we supplement the Independence Policy and partner rotation guidance with more restrictive local professional and regulatory rules of the Corporations Act 2001, APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (APES 110), Australian Prudential Regulation Authority (APRA) Prudential Standards and National Greenhouse Energy Reporting (NGER) Regulations, as well as additional local policy rules.

Independence-related systems and tools

As a member of the PwC network, PwC Australia has access to global systems to help partners and staff comply with independence policies and procedures.

These systems include:

- **Central Entity Service (CES)** which contains information about corporate entities including all PwC audit clients and their related entities (including all public interest audit clients and SEC restricted entities), as well as their related securities. CES assists in determining the restriction status of clients of the member firm and those of other PwC member firms before entering into a new non-audit service or business relationship. This system also feeds Independence Checkpoint and Authorisation for Services.
- **Independence Checkpoint** which facilitates the pre-clearance of publicly traded securities before acquisition by all partners and practice managers, and is used to record their subsequent purchases and disposals. Where a PwC member firm wins a new client, this system automatically informs those holding securities in that client of the requirement to sell the security where required.
- **Authorisation for Services** which facilitates communication between a non-audit services engagement leader and the audit engagement leader, regarding a proposed non-audit service, documenting the analysis of any potential independence threats created by the service and proposed safeguards, where deemed necessary, and acts as a record of the audit partner's conclusion on the permissibility of the service.
- **Joint Business Relationships (JBR)** which is a global system used to clear joint (close) business relationships from an independence perspective. JBR is used to facilitate PwC firms' compliance with JBR requirements for new and existing joint business relationships. It assists independence specialists in gathering information to assess, from an independence perspective, the permissibility of proposed joint business relationships and in monitoring the continued permissibility of previously approved existing joint business relationships.
- **My Compliance Dashboard** which is a global compliance system that facilitates annual compliance confirmations, engagement independence confirmations and reporting.

- **Global Breaches Reporting System** which is designed to be used to report any breaches of external auditor independence regulations (e.g. those set by regulation or professional requirements) where the breach has cross-border implications (e.g. where a breach occurs in one territory which affects an audit relationship in another territory). All breaches reported are evaluated and addressed in line with the IESBA International Code of Ethics for Professional Accountants, and/or the SEC regulation, as applicable.
- **Engagement Independence Confirmation** which facilitates the completion of engagement level personal independence confirmations by audit team members to enable the audit engagement partner to demonstrate the independence of the team.

PwC Australia also has territory-specific independence systems, including:

- **Partner Portfolio Risk and Rotation** which helps monitor compliance with applicable partner rotation requirements for PwC Australia’s audit and assurance clients.
- **External Appointments** which facilitates the assessment and tracking of partner and staff external directorships and similar appointments.

Training

PwC Australia trains partners and practice staff in independence matters every year. Training typically focuses on subject matter and responsibilities that come with a change in position or role, changes in policy or external regulation, and other relevant topics. Training about the firm’s independence policy and related matters is delivered via e-learns, presentations, virtual and in-person classroom sessions, online guidance, and communications. It is prepared and/or delivered by independence specialists and /or risk and quality teams.

Independence monitoring and disciplinary policy

All partners and practice staff are required to complete an annual compliance confirmation (ACC), whereby they confirm their compliance with relevant aspects of the PwC firm’s independence policy, including their own personal independence. In addition, all partners confirm that all non-audit services and business relationships for which they are responsible comply with policy and that the required processes have been followed in accepting these engagements and relationships.

The annual confirmations are supplemented by periodic and ad-hoc engagement level confirmations for all audit clients. In December 2023 all our partners completed an additional compliance confirmation which covered many of the same aspects as the ACC but asked them to respond in the context of a broader timeframe that is covered by the ACC.

PwC Australia is responsible for monitoring the effectiveness of its quality control system in managing compliance with independence requirements. In addition to these confirmations, as part of this monitoring we perform:

- Compliance testing of independence controls and processes, both at the firm level and the individual engagement level.
- Compliance testing of personal independence across a random selection of partners and managers, including those being considered for partnership.
- An annual assessment of the firm’s adherence to the PwC network’s standard relating to Independence.

The results of PwC Australia’s independence monitoring and testing are reported to our leadership team. PwC Australia has a Consequence Management Framework and supporting disciplinary policies and mechanisms in place that promote compliance with independence policies and processes, and that require any breaches of independence requirements to be reported and addressed.

This would include discussion with the client’s audit committee regarding the nature of the breach, an evaluation of the impact on our independence, and the need for actions or safeguards to maintain objectivity. We also follow breach reporting requirements under the Corporations Act 2001 (Cth), the SEC Rules, and APES 110. Although breaches are typically minor and attributable to an oversight, all breaches are taken seriously and investigated as appropriate. These investigations also serve to identify any need for improvements in the firm’s systems and processes, guidance and training.

Acceptance and continuance of client relationships and specific engagements

Our principles for determining whether to accept a new client or continue serving an existing client are fundamental to delivering quality, which we believe goes hand-in-hand with our purpose to build trust in society. We have established policies and procedures for the acceptance of client relationships and audit engagements that consider whether we are competent to perform the engagement and have the necessary capabilities including time and resources, can comply with relevant ethical requirements, including independence, and have appropriately considered the integrity of the client. We reassess these considerations in determining whether we should continue with the client engagement and have in place policies and procedures related to withdrawing from an engagement or a client relationship when necessary. The policies and processes we have in place emphasise risk and quality considerations such that financial and operational priorities do not lead to inappropriate judgements about whether to accept or continue a client relationship. Deciding to accept a new client or to continue serving an existing client is an essential part of maintaining independence and quality. Before we make such a decision, we consider whether we:

- Are competent to perform the engagement and have the necessary capabilities including time and resources.
- Can comply with relevant ethical requirements, including independence.
- Have appropriately considered the integrity of the client.

To help us identify acceptable audit clients, PwC Australia uses the PwC network's proprietary decision support system called Acceptance. Acceptance helps the engagement team and business and risk management specialists decide whether the risks related to an existing client or a potential client are manageable, and whether or not PwC Australia should be engaged.

For engagement teams, Acceptance enables them to:

- Document their consideration of matters required by relevant professional standards.
- Identify and document issues or risk factors and their resolution (through consultation, for example) by adjusting the resource plan or audit approach, putting in place other safeguards to mitigate identifiable risks, or by declining to perform the engagement.
- Evaluate the risks associated with accepting or continuing with a client and engagement.

For PwC's leadership and risk management specialists, Acceptance enables them to:

- Evaluate the risks associated with accepting or continuing with clients and engagements.
- Have an overview of the risks associated with accepting or continuing with clients and engagements across the client portfolio.
- Understand the methodology, basis and minimum considerations all other member firms in the PwC network have applied in assessing audit acceptance and continuance.

PwC has policies and procedures for withdrawing from an engagement or a client relationship, if and when necessary.

Financial information

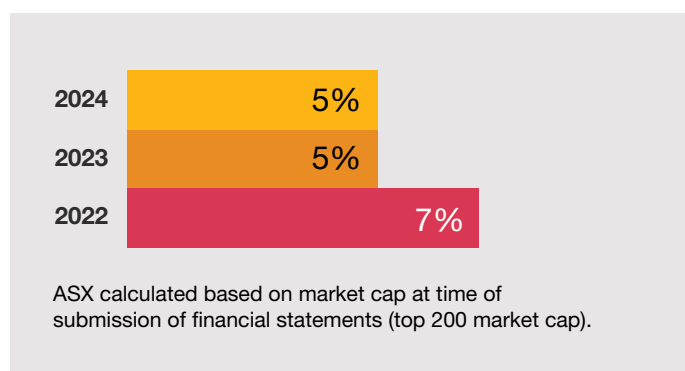
For the 12 months ended

	June 2024	June 2023	June 2022
Total revenue	\$2,475m	\$3,350m	\$3,010m
Revenue for audits of financial statements	\$575m	\$540m	\$482m
Revenue for audit-related and other assurance services provided to audit clients	\$63m	\$79m	\$64m
Revenue for all assurance services provided to audit clients	\$638m	\$619m	\$546m
Revenue for non-audit services provided to audit clients	\$106m	\$124m	\$109m
Revenue for other services provided to non-audit clients	\$1,731m	\$2,607m	\$2,355m

Consistent with prior years, PwC continues to provide disclosure additional to the requirements of the Corporations Act by splitting revenues from other services between audit clients and non-audit clients.

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

Independence is a fundamental part of audit quality because it supports objectivity. The Corporations Act 2001 (Cth) prohibits an external auditor from performing certain services for their client. These include engagements where the audit firm might act in a management capacity or find itself auditing its own work. PwC has comprehensive internal policies to ensure our independence is not impaired. The amount of non-audit services provided to PwC Australia's ASX 200 audit clients in 2024 averaged approximately 5% of audit fees, which equates to less than 1% of PwC Australia's total revenue in 2023.



Partner remuneration

Once the performance of individual partners has been assessed, the CEO and Management Leadership Team make recommendations on the firm allocation and distribution of profits in accordance with our Partner Evaluation and Income System.

The 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 in the firm. The Governance Board oversees the proper application of the firm's partner income scheme.

Partners have transparency over the total income allocated to each individual as well as quality-related matters that have a direct financial impact on remuneration. Audit partners are not permitted to be incentivised, evaluated or remunerated for the selling of non-audit services to their audit clients.



DELIVERING ON OUR COMMITMENT TO QUALITY

Our people

Our people strategy is focused on being the world's leading developer of talent and enabling our people with greater agility and confidence in a complex world. Specific focus areas include creating a resilient foundation through supporting the wellbeing of our people and enabling effective delivery, developing inclusive leaders and enabling our workforce for today's realities and tomorrow's possibilities.

We hire candidates who have diverse backgrounds and appropriate skills, have a questioning mindset and intellectual curiosity and demonstrate courage and integrity. Our hiring standards include a structured interview process with behavioural based questions built from the PwC Professional framework, tactical technical questions designed to review individuals' competence relating to audit quality, a verification of academic records and background checks.

Our strategy relies upon investing to create the PwC Australia of the future – responding to the expectations of the market to deliver a sophisticated digital-first experience to our clients.

Three key elements of this strategy are:

- 1. Digital upskilling:** We provide our people with individualised learning tools to expand the use of digital and AI solutions on their audits and empower them with a mindset of continual improvement and innovation. Our Digital Academies develop our people in core skills and market leading technologies, such as data transformation and automation, Gen AI prompting and data visualisation. These tools enhance the firm's collective digital fluency while providing each individual with a personalised curriculum to build their digital IQ. Our Digital and AI Accelerators are embedded within our engagement teams and are dedicated to applying digital capabilities to each audit, as well as developing new digital solutions and AI use cases for our audits.
- 2. Social impact:** Our strategy is to deliver social impact on key issues (for example investing in our people and their mental health) to pursue growth in an inclusive way (for example in ESG) and to amplify the impact of others by supporting organisations in regard to complex social problems.
- 3. Be well, work well:** The firm has increased the dialogue on our people's mental health and wellbeing. We actively encourage a culture of openness around mental health and wellbeing as demonstrated by our Green Light to Talk movement, where we have now over 200 of our people trained as Green Light to Talk advocates and 11 Mental Health Partner advocates in Assurance. This supplements a comprehensive suite of online tools and information around health and wellbeing as well as a dedicated wellbeing team.

2024



144

Number of
audit partners



1,461

Number of
audit staff

Diversity and inclusion

At PwC, we're an organisation that fosters a culture of belonging and equity where our diverse workforce can thrive and feel like they belong. We do this by delivering on our Inclusion First strategy, which is centred on action, accountability and advocacy, in each of our member firms, across the PwC network.

We embrace and encourage differences and help our people actively develop the skills to work and lead inclusively with our focus on gender equity, disability inclusion, LGBTIQ+ inclusion and social inclusion. Underpinning this is ensuring our systems and behaviours are inclusive.

We know that when people from different backgrounds and with different points of view work together, we create the most value – for our clients, our people, and society. Our core values of Care and Work Together guide us to recognise the contributions of each individual and develop a workplace with a range of people, perspectives and ideas. We measure our progress through targets and transparency.

Our pursuit of diversity

Of the 11 new Assurance partners admitted in 2024 (2023: 25)



64%
were women
(2023: 32%)



27%
were from a diverse cultural background
(2023: 28%)

Recruitment

PwC recruits high-quality people who can operate to a high technical, professional and ethical standard, and who share in the firm's purpose and sense of responsibility for quality auditing. We assess candidates according to multiple criteria, which include PwC's professional attributes, as well as academic achievements. When recruiting experienced hires into the firm, we give considerable attention to candidates' competency in and understanding of audit quality and professional scepticism. We also aim to hire a diverse and inclusive workforce.

Team selection, experience and supervision

Our audit engagements are staffed based on expertise, capabilities and years of experience. Engagement leaders determine the extent of direction, supervision and review of junior staff.

Feedback and continuous development

Our team members obtain feedback on their overall performance, including factors related to audit quality such as technical knowledge, auditing skills and professional scepticism. Audit quality is an important factor in performance evaluation and career progression decisions for both our partners and staff. Feedback on performance and progression is collected via Workday as our primary tool, enabling a simple, mobile-enabled and central repository for all feedback. Ongoing feedback conversations help our people grow and learn faster, adapt to new and complex environments and bring the best to our clients and firm.

Career progression

PwC Australia uses The PwC Professional, our global career progression framework, which sets out clear expectations at all staff levels across five key dimensions. The framework underpins all elements of career development and helps our people develop into well-rounded professionals and leaders with the capabilities and confidence to produce high-quality work, deliver an efficient and effective experience for our clients, execute our strategy and support our brand. Our annual performance cycle is supported by continuous feedback conversations and regular check-ins with the individual's Team Leader and/or Partner to discuss their development, progression and performance.

Retention

Our audit staff retention rates continue to support the high team continuity that drives audit quality. New assurance opportunities, new skills, and new ways of learning are engaging and energising our people with significant personal and professional development and training. We have also capitalised on being part of a global network and focused on smarter resourcing, including use of our offshore acceleration teams, virtual resources from within PwC network firms, and creating a market leading experience for our graduate cohorts.

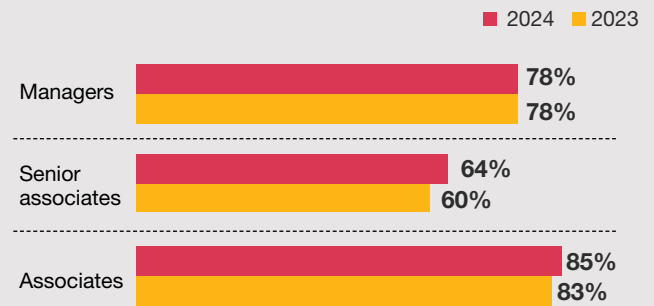
We also measure our “continuity rate” for senior consultant grade through to partner for our ASX100 30 June year ends and continue to deliver positive results. Continuity from year to year drives a strong understanding of our client’s business, good sharing of information from year to year, and informed coaching of our junior staff – all key contributors to a quality audit.

People and culture survey

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

Each PwC member firm participates in this annual global people survey and PwC Australia is responsible for analysing and communicating results locally, along with clearly defined actions to address feedback.

Audit retention rates



20 years

Assurance partner average years of experience at PwC (2023: 21 years)

Continuity

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%)

People survey results

92%

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

86%

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

84%

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

92%

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

Professional development

We are committed to putting the right people in the right place at the right time. Throughout our people's careers, they are presented with career development opportunities, classroom and on-demand learning, and on-the-job real time coaching/development. Our flexible training portfolio facilitates personalised learning with access to a variety of educational materials.

Achieving a professional credential supports our firm's commitment to quality through consistent examination and certification standards. Our goal is to provide our staff with a more individualised path to promotion and support them in prioritising and managing their time more effectively when preparing for professional exams. Providing our people with the ability to meet their professional and personal commitments is a critical component of our people experience and retention strategy.

Assurance quality cycles of experience

The Assurance quality cycles of experience provides opportunities for audit staff to develop deeper audit quality technical skills and knowledge working with subject matter experts, alongside their current client engagements. Engaging in quality hours and experience is a consideration for assessing readiness for promotion to senior manager, director and for admission to partnership.



DELIVERING ON OUR COMMITMENT TO QUALITY

Continuing professional education

PwC is committed to and invests heavily in continuing professional education, which is essential to ensure ongoing improvements in audit quality. Our audit professionals who are members of CAANZ are required to obtain at least 20 hours of continuing professional development per year and 120 hours over three years.

The firm follows a formal curriculum developed at the network level. It covers PwC audit approach and tools – this includes updates on auditing standards and their implications, as well as areas of audit risk and areas of focus for quality improvement. This formal learning is delivered using a blend of delivery approaches, which include remote access, classroom learning, virtual classroom, and reinforced with on-the-job support. The curriculum supports our primary training objective of audit quality, while providing our practitioners with the opportunity to strengthen their technical and professional judgement while applying a sceptical mindset.

In Australia, we supplement the global learning curriculum with local learning needs specific to the Australian context and regulatory environment. A dedicated learning team delivers a combination of self-paced, practitioner-led and formal classroom learning.

To ensure our people have the technical capability for their roles both now and into the future, the firm also invests in developing future workforce skills. For example, in 2024 we continued to deliver Digital Academies for all our Assurance graduates and lateral hires to upskill our digital literacy capability. We also incorporated digital sessions into our Experienced Audit

Curriculum Series, and our upcoming audit training includes Generative AI skills such as prompting and audit use cases. We have also increased structured on-the-job learning through programs such as the Connected Coaching program, in addition to formal training hours. This program not only improves the coaching experience for our newest team members, it also develops important coaching skills in our senior associates.

All staff and partners must complete mandatory ethics and business conduct training, which covers the Code of Conduct as well as ethical, accounting, auditing and other regulatory matters. In addition, in 2024 we also incorporated additional Conflicts and Data Management training.

PwC Australia monitors compliance with continuing professional development requirements, including the completion of mandatory training programmes. Our monitoring programme ensures that the firm’s services are delivered by individuals who have the right experience and, where required, are qualified under relevant legislative and other applicable requirements such as International Education Standard (IES) 7 for professional accountants.

In addition to technical and other mandatory learning, we recognise the importance of soft skills in the success of our audit professionals. In 2024, we launched our new Business Skills Masterclass program which aimed to support the continuous holistic development of our people to become better communicators, advisors, problem solvers, team players and leaders.

Our training investment in people

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



DELIVERING ON OUR COMMITMENT TO QUALITY

Our audit approach

The PwC Audit

The quality and effectiveness of audits is critical to all of our stakeholders. We therefore invest heavily in the effectiveness of our audits, in the skills of our people, in our underlying methodology, the technology we use and in making the right amount of time and resources available. We pay close attention to the internal indicators and processes that routinely monitor the effectiveness of our risk and quality processes and provide timely information about the quality of our audit work and any areas for improvement. Additionally, we consider what our various stakeholders require from us, what they tell us we need to improve and the findings of regulatory inspections on the quality of our work. Details of these indicators and processes, as well as the most recent regulatory findings can be found in the “Monitoring” section of this report.

Evolving our audit approach

We are evolving our approach to audit delivery to maximise the experience for our people and ensure high quality work for our clients in an efficient and sustainable way. Our Smart Delivery approach is changing the way we plan, resource and deliver our engagements. Aligned with our firm’s global strategy, The New Equation, we are combining world-class teams with market-leading technology, enabled by smart, yet simple, business processes. Together, these measures represent a significant transformation of our audit business and support our focus on continuing to enhance audit quality.

We have expanded our concept of ‘team’ beyond our conventional view of working in onshore teams. We bring together team members across a broad range of specialities, skill sets and geographic locations.

We use both on and offshore resources to streamline, standardise, automate and centralise portions of the audit. For example, our Centre of Excellence is devoted to the audit of share-based payments and the remuneration report and its team members can apply deep expertise to drive quality and efficiency as they are knowledgeable in a single area of the audit. We’ve also extended the resources available to us by accessing virtual senior resources from within our network firms, as we need them. We have also invested time in refining and improving the business processes that support the way we work and collaborate with our offshore Acceleration Centres.

PwC continues to invest in a world-class suite of digital and AI tools and technologies to enhance the quality of the audit, in alignment with our new global strategy. We encourage our teams to challenge traditional ways of working and to embrace the benefits that digitisation and AI brings to us and our clients. Technology enables our teams to be connected and to collaborate, whatever their location and enhances our engagement and relationship building with our clients. Digitisation and automation of audit procedures plays an important role in enhancing audit quality and providing assurance to our clients. Encouraging innovation and collaboration on new tools not only empowers our people and enhances their digital skills development, but drives consistency and quality in the delivery of our work to clients.

AI in the core of our audit

Australia is proud to have a PwC Global AI Centre of Excellence which continues our firm's contribution to building some of the smartest tools in the PwC Global network. Audit tools built in Australia and used globally through our integrated technology suite perform 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. There have also been significant investments across the PwC network into Generative AI and we are reimagining how we further enable our people by promoting a culture of responsible usage of AI. ChatPwC, built on Microsoft's Open AI LLM, can now be used by every PwC auditor in Australia to make our audit smarter, more efficient, and more insightful. All of this technology contributes to improving the quality of the PwC audit and readying our people and our clients for what's next.

Other examples of smart integrated tools developed in Australia and used around the PwC world include:

Smart Audit Platform is a secure web-based portal with a growing suite of integrated intelligent automation tools and solutions based on cutting-edge AI machine learning and automation technology developed by PwC Australia. These advanced solutions reduce the risk of manual error, and enhance the delivery of a consistent and high quality audit. Tools include:

- **Document.AI:** Our local AI Centre of Excellence has developed one of the PwC network's most advanced AI-based audit platforms, Document.AI. Document.AI extends 100% testing to significant volumes of unstructured data such as mortgages or lease documents. It intelligently reads the documents and compares them against a definable set of testing criteria, identifying exceptions or unusual items for further consideration. Its human-in-the-loop auditor interface enables strong quality review and approval at appropriate testing points by our auditors. This platform has significant application right across our audit processes, providing quality, confidence and insight.

- **Financial Statement Quality:** We perform automated testing on the quality of financial statements using advanced Optical Character Recognition (OCR), machine learning and AI to test pdf uploaded financial statements. Mathematical accuracy, prior year comparative testing, internal consistency, and even disclosure checklists are automatically performed, with much higher accuracy and insight than human-only testing.
- **Automated sample testing:** OCR and machine learning is also deployed to improve the quality, efficiency and accuracy of a variety of sample tests in our audits. Documents are read, relevant information is extracted and compared to testing criteria in a wide variety of areas such as invoice, revenue and expense testing. Variances are identified for the auditor to investigate and respond to.

Digital Lab is a virtual space for our people to collaborate, create and share digital solutions. These include workflows, macros, visualisations and bots and enable our teams to enhance the quality and efficiency of our engagements by innovating our ways of working.

Specific tools and technologies to support our audit

As a member of the PwC network, PwC Australia has access to and uses PwC Audit, a common audit methodology and process. This methodology is based on the International Standards on Auditing (ISAs), with additional PwC policy and guidance provided where appropriate. PwC Audit policies and procedures are designed to facilitate audits conducted in compliance with all ISA requirements that are relevant to each individual audit engagement. Our common audit methodology provides the framework to enable PwC firms to consistently comply in all respects with applicable professional standards, regulations and legal requirements.

- **Aura**, our global audit documentation platform, is used by every auditor across the PwC network. Aura helps drive how we build and execute our audit plans by supporting teams in applying our methodology effectively, by creating transparent linkage between risks, required procedures, controls and the work performed to address those risks, as well as providing comprehensive guidance and project management capabilities. Targeted audit plans specify risk levels, controls reliance and substantive testing. Real time dashboards show teams audit progress and the impact of scoping decisions more quickly.
- **Connect** is our market-leading collaborative platform that allows clients to quickly and securely share audit documents and deliverables. Connect also eases the burden of tracking the status of deliverables and resolving issues by automatically flagging and tracking outstanding items and issues identified through the audit for more immediate attention and resolution. Clients are also able to see audit adjustments, control deficiencies and statutory audit progress for all locations in real time.
- **Connect Audit Manager** streamlines, standardises and automates group and component teams coordination for group audits. It provides a single digital platform to see all outbound and inbound work and digitises the entire coordination process which facilitates greater transparency, compliance and quality for complex multi-location audits.
- **Halo** analyses large volumes of data including whole populations to improve risk assessment, analysis and testing. For example, Halo for Journals enables the identification of high risk journals based on defined criteria making it easier for engagement teams to explore and visualise the data to identify client journal entries to analyse and undertake the testing process.
- **Halo Platform** enables our engagement teams to manage all data extractions, executions and storage for all applications through one central location, allowing our engagement teams to monitor the status of data uploads and use the acquired client data for multiple applications during the audit.
- **Count**, which facilitates the end-to-end process for observing inventory counts, allows our engagement teams to create and manage count procedures, to record count results directly onto a mobile device or tablet and to export final results into Aura.
- **PwC Confirmations**, our global, secure, web-based confirmation platform providing a guided experience to preparing, sending, monitoring and receiving electronic and paper responses for our auditors and third-party confirmers as well as a dashboard view to assist in status updates. The confirmer portal allows confirmers to easily navigate and provide responses.

Our next generation audit (NGA)

As part of our commitment to building trust and delivering sustained outcomes, the PwC network is investing in a multi-year effort to deliver a new global audit platform to power our next generation audit, ultimately replacing our legacy technologies. By exploring and investing in new technologies and redefining underlying audit processes, PwC will further standardise, simplify, centralise, and automate our audit work. Built in partnership with Microsoft and using sophisticated AI, PwC's investment will accelerate ongoing innovation and provide a transformed audit experience focusing on continuous quality enhancement. PwC's vision for NGA is to provide efficient, robust and independent assurance and audit insights across financial and non-financial information, helping to build trust in what matters to our stakeholders. As PwC gains momentum around the next generation audit programme, we will continue to release new capabilities on an ongoing basis to enhance quality and the overall audit experience.

Reliability and auditability of audit technologies

Our firm has designed and implemented processes and controls to underpin the reliability of these audit technologies. This includes clarification of the roles and responsibilities of audit technology owners and users. In addition, we have guidance focused on the sufficiency of audit documentation included in the workpapers related to the use of these audit technologies, including consideration of the reliability of the solution and the documentation needed to assist the reviewer in meeting their direction, supervision and review responsibilities as part of the normal course of the audit.

Information security

Information Security is a high priority for the PwC Network. Our firm is accountable to our people, clients, suppliers, and other stakeholders to protect information that is entrusted to them. Failure to protect information could potentially harm the individuals whose information our firm holds, lead our firm to suffer regulatory sanctions or other financial losses and impact the PwC reputation and brand. As such our firm complies with the Information Security Policy which outlines the minimum security requirements for all PwC firms.

PwC Australia has implemented a SOC2 program, which is designed to meet the needs of clients who require assurance on the controls at a service organisation. PwC's SOC 2 report is prepared using the AICPA Trust Services Principles and Criteria (TSC's) for Security and Availability, covering security operations to protect PwC AU IT infrastructure, supporting a number of applications holding client and confidential information.

PwC Australia operates an Information Security Management System (ISMS) which has been certified as compliant with the requirements of ISO/IEC 27001:2013, covering PwC's IT and Cyber operations services and management of core production of Australia's hosted infrastructure supporting critical applications and systems. Our certified ISMS includes an information security policy and procedures that describes our security objectives and controls. These directly correlate to the objectives and controls in ISO/IEC 27002:2013, with adjustments tailored to our business and security environment.



DELIVERING ON OUR COMMITMENT TO QUALITY

Supporting engagement performance

Quality Review Partners

Specific audit engagements are assigned a Quality Review Partner as part of the firm's SoQM and as required by professional standards. These partners, who have the necessary experience and technical knowledge, are involved in the most critical aspects of the audit. For example, they may review judgements on significant risks and a team's responses to those risks and specific accounting, auditing and financial reporting and disclosure issues.

Central Assurance Quality group

Our central Assurance Quality group comprises technical accounting, auditing, risk management and financial reporting groups. These specialists play a vital role in keeping our policies and guidance in these areas current by tracking new developments in accounting and auditing respectively and providing updates to professional staff.

Chief Auditor Network

The Chief Auditor Network provides first-line support from experienced practitioners when teams are making judgements real-time during the audit. This Network is also responsible for targeting emerging audit quality challenges and root causes proactively at each operating unit level, as well as providing leadership to set the tone for a quality culture.

Risk Management Partner network

PwC Australia has a network of experienced audit partners based in regional or local roles who support engagement teams in assessing risks (such as whether to undertake or continue an audit engagement) and applying the firm's risk management policies. Audit teams are encouraged to consult with these partners whenever they believe they could benefit from additional insights.

Consultation panels

PwC has in place a consultation mechanism that enables teams on engagements with higher risk attributes to access specialist advice. These may be audits that involve sensitive market or event-driven issues, acceptance of new clients, significant judgements or differences of opinion.

As an issue is identified, we draw together specialists particular to the issue at hand and independent of the engagement team, and are able to escalate that support to bring in additional expertise if and when required. This consultation mechanism calls upon engagement leaders, Quality Review Partners, Risk Management Partners, The Assurance Quality group and other specialists, as appropriate for the audit engagement.

Direction, coaching and supervision

Engagement leaders and senior engagement team members are responsible and accountable for providing coaching throughout the audit, supervising the work completed by junior members of the team and maintaining audit quality. Teams use Aura which has capabilities to effectively monitor the progress of the engagement to make sure that all work has been completed and reviewed by appropriate individuals, including the engagement leader.

Consultation culture

Consultation is key to maintaining high audit quality. We have formal protocols about mandatory consultation, in the pursuit of quality. For example, our engagement teams consult with appropriate groups in areas such as taxation, valuation, actuarial, real estate and other specialities as well as individuals within our Central Assurance Quality group.

Technical support

1 to 10

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

Restatements

0

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





DELIVERING ON OUR COMMITMENT TO QUALITY

Monitoring

We recognise that quality in the Assurance services we deliver to clients is critical to maintaining the confidence of investors and other stakeholders in the integrity of our work. It is a key element to our Assurance strategy.

Responsibility for appropriate quality management lies with the leadership of PwC Australia. This includes the design and operation of an effective SoQM that is responsive to our specific risks to delivering quality audit engagements, using the PwC network's QMSE framework.

The overall quality objective under the QMSE framework is to have the necessary capabilities in our firm and to deploy our people to consistently use our methodologies, processes and technology in the delivery of Assurance services in an effective and efficient manner to fulfil the valid expectations of our clients and other stakeholders.

Our firm's monitoring procedures include an ongoing assessment aimed at evaluating whether the policies and procedures which constitute our SoQM are designed appropriately and operating effectively to provide reasonable assurance that our audit and non-audit assurance engagements are performed in compliance with laws, regulations and professional standards. This includes the use of Real Time Assurance which is discussed in more detail within the "Our approach to audit quality" section.

In addition to the ongoing monitoring noted above, our monitoring also encompasses periodic assessment of our SoQM which includes the review of completed engagements (Engagement Compliance Reviews 'ECR'), as well as periodic monitoring of our SoQM by an objective team within our firm. The results of these procedures, together with our ongoing monitoring, form the basis for the continuous improvement of our SoQM. ECRs are performed under a network-wide inspection programme based on professional standards and PwC audit methodology.

Engagement Compliance Reviews

ECRs are risk-focused reviews of completed engagements covering, on a periodic basis, individuals in our firm who are authorised to sign audit, non-audit assurance or related services reports. The review assesses whether an engagement was performed in compliance with PwC Audit guidance, applicable professional standards and other applicable engagement-related policies and procedures. All Assurance partners must have at least one of their engagements reviewed every five years. More frequent reviews may be required depending on the profile of that Assurance partner's client engagements or local regulatory requirements. Higher profile engagements are reviewed at least twice every six years.

Reviews are led by experienced Assurance partners, supported by objective teams of partners, directors, senior managers and other specialists. ECR reviewers may be sourced from other PwC firms if needed to provide appropriate expertise or objectivity. Review teams receive training to support them in fulfilling their responsibilities, and utilise a range of checklists and tools developed at the network level when conducting their inspection procedures. The network inspection team supports review teams by monitoring the consistent application of guidance on classification of engagement findings and engagement assessments across the network.

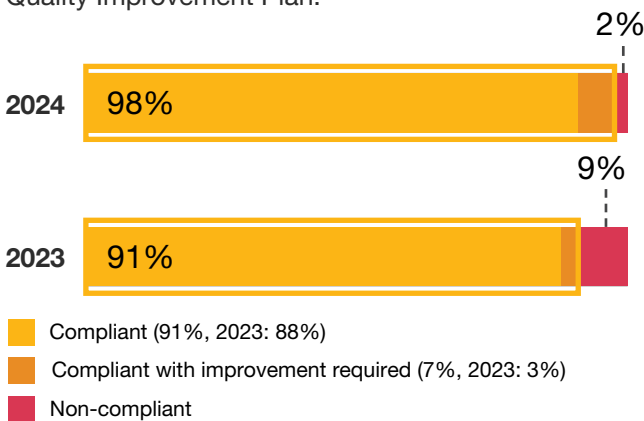
In addition to the PwC network inspections, PwC Australia conducts its own real time reviews.

Quality management reviews

Additionally, the PwC network undertakes periodic reviews to evaluate certain elements of PwC firms' systems of quality management. The network also looks at the PwC firm leadership's own assessment of the effectiveness of their SoQM and their determination of whether the overall quality objective has been achieved.

PwC internal inspection results

PwC Australia is subject to globally coordinated quality inspections as part of the PwC network. In PwC's inspection program in 2024, 42 files out of 46 reviewed were found to be compliant, 3 were rated compliant with improvement required, while 1 was rated non-compliant with relevant PwC network or professional standards and policies. None of the findings required re-issue of the audit report or a misstatement, and the learnings and root cause analysis form a key part of our annual Audit Quality Improvement Plan.



External inspections

In addition to PwC network and internal quality reviews, PwC Australia is also subject to regular inspections by regulatory and professional bodies. Given that many of our clients are global, these inspections include those performed by overseas regulators. We take the findings from all external reviews seriously, and we incorporate root causes and remedial actions into our annual Audit Quality Improvement Plan.

ASIC audit surveillance

As part of its monitoring responsibilities, ASIC periodically reviews the quality of PwC Australia's work as statutory auditors. ASIC annually prepares a report describing their surveillance process and a high-level summary of their observations and findings. During 2022-2023 ASIC reorganised their financial reporting and audit surveillance (previously audit inspection) programs to bring them together to a single program in 2023-2024. ASIC released their 2023-2024 report in October 2024. ASIC performed a surveillance of 2 PwC Australia engagements, one with a 30 June 2022 year end and one with a 30 June 2023 year end. There were no findings on the 2023 engagement. The 2022 engagement had one review finding related to valuation of assets. This finding did not result in a restatement.

CAANZ reviews

As a member firm of the PwC network we uphold the professional standards issued by the IESBA and AuASB and in Australia the local equivalents of those bodies and we are subject to periodic review by Chartered Accountants Australia and New Zealand (CAANZ). In November 2019, CAANZ conducted a review of the firm's quality control procedures including monitoring activities and oversight by regulators

PCAOB reviews

In addition to the above Australian external reviews, the US Public Company Accounting Oversight Board (PCAOB) inspects PwC Australia every three years. The most recent inspection was in March 2022 and the PCAOB issued to the firm its final inspection report in October 2023. The report did not identify any deficiencies with respect to the three inspected audit engagements or the firm's system of quality control. PCAOB reports are publicly available on their website.

Reporting

The results of all inspections are reported to our firm's leadership, who analyse the findings and implement remedial actions as necessary. In situations where adverse quality matters are identified on engagements, based on the nature and circumstances of the matters, the responsible partner or other leadership personnel may be subject to additional mentoring, training or sanctions under our firm's Recognition and Accountability Framework.

Assurance partners of our firm receive information on the results of the network inspection program, designed for their use in assessing the scope of audit work they determine needs to be performed and their reliance on work performed by PwC firms in connection with their audit of a client's consolidated financial statements.

Number of engagements reviewed as part of RTA and ECR*



Number of audit engagements reviewed (2023: 108)



Coverage of the firm's responsible individuals (2023: 65%)

*Real Time Assurance and Engagement Compliance Review



DELIVERING ON OUR COMMITMENT TO QUALITY

Legal and governance structure

PricewaterhouseCoopers is a partnership that is governed by the laws of the Australian Capital Territory and operates throughout Australia (PwC Australia). PwC Australia is owned by its partners who are admitted to the partnership in accordance with the firm's partnership agreement. PwC Australia has offices in Adelaide, Brisbane, Canberra, Melbourne, Perth, Sydney, Greater Western Sydney and Newcastle. PwC Australia is also a member of the PwC network.

CEO and Management Leadership Team

PwC Australia's Country Senior Partner (also known as the CEO) provides leadership for the partners and employees, and is responsible for the effective management and performance of the firm. Kristin Stubbins was Acting CEO from 8 May 2023 until Kevin Burrowes became CEO on 17 July 2023.

The Management Leadership Team are leaders of the firm appointed by our CEO. Under the leadership of the CEO, they are responsible for the management and administration of the firm. The current members of the Management Leadership Team can be found on PwC Australia's website.

Governance Board

The Governance Board is the key governance body in PwC Australia. Following a significant rebalancing of the powers and responsibilities under the partnership agreement, the Board oversees the areas of strategy, risk, finance and culture, appoints the CEO, approves partner admissions, retirements and major transactions and conducts partner votes where necessary.

The Governance Board consists of the CEO plus a minimum of six and maximum of 10 additional members. Members can be a combination of equity partners who are elected by partner vote, and independent non-executive members.

In March 2024, the partners endorsed industry leading reforms which strengthened the independence, oversight powers and duties of the Governance Board.

The landmark changes set a new standard of governance for professional services firms in Australia, including the ability to appoint an independent non-executive Chair. The appointment of an independent non-executive Chair and two other independent non-executive Board members was announced in August 2024.

The current members of the Board of Partners can be found on our [website](#).

Partners

Certain matters are reserved for partner vote. These matters include approval of the Board endorsed CEO candidate, the election of equity partner members of the Governance Board, amendments to the firm's partnership agreement, termination of the partnership, and approval of major transactions referred to partner vote by the Board of Partners.

PwC Australia is governed and led by our:



Governance Board



Country Senior Partner
(also known as the CEO)



CEO's leadership team
(also known as the Management Leadership Team)



Firm's Partners



DELIVERING ON OUR COMMITMENT TO QUALITY

PwC Network

PricewaterhouseCoopers International Limited

PwC is the brand under which the member firms of PricewaterhouseCoopers International Limited (PwCIL) operate and provide professional services. Together, these firms form the PwC network. 'PwC' is often used to refer either to individual firms within the PwC network or to several or all of them collectively.

In many parts of the world, accounting firms are required by law to be locally owned and independent. Although regulatory attitudes on this issue are changing, PwC member firms do not and cannot currently operate as a corporate multinational. The PwC network is not a global partnership, single firm or a multinational corporation.

For these reasons the PwC network consists of firms which are separate legal entities. The firms that make up the network are committed to working together to provide quality service offerings for clients throughout the world.

Firms in the PwC network are members in, or have other connections to PwCIL, an English private company limited by guarantee. PwCIL does not practise accountancy or provide services to clients. Rather its purpose is to act as a coordinating entity for PwC firms in the PwC network. Focusing on key areas such as strategy, brand, and risk and quality, PwCIL coordinates the development and implementation of policies and initiatives to achieve a common and coordinated approach amongst individual PwC firms where appropriate. PwC firms of PwCIL can use the PwC name and draw on the resources and methodologies of the PwC network. In addition, PwC firms may draw upon the resources of other PwC firms and/or secure the provision of professional services by other PwC firms and/or other entities. In return, PwC firms are bound to abide by certain common policies and to maintain the standards of the PwC network as put forward by PwCIL.

The PwC network is not one international partnership. A PwC firm cannot act as agent of PwCIL or any other PwC firm, cannot obligate PwCIL or any other PwC firm, and is liable only for its own acts or omissions and not those of PwCIL or any other PwC firm. Similarly, PwCIL cannot act as an agent of any PwC firm, cannot obligate any PwC firm, and is liable only for its own acts or omissions.

The governance bodies of PwCIL

- **Global Board:** which is responsible for the governance of PwCIL, the oversight of the Network Leadership Team and the approval of network standards. The Board does not have an external role. The Board comprises elected partners from PwC firms around the world and one or more external independent directors. Please refer to the [PwC Global Website](#) for a list of the current members of the Global Board.
- **Network Leadership Team:** which is responsible for setting the overall strategy for the PwC network and the standards to which the PwC firms agree to adhere.
- **Strategy Council:** which is made up of the leaders of the largest PwC firms and regions of the network, agrees on the strategic direction of the network and facilitates alignment for the execution of strategy.
- **Global Leadership Team:** which is appointed by and reports to the Network Leadership Team and the Chairman of the PwC network. Its members are responsible for leading teams drawn from PwC firms to coordinate activities across all areas of our business.

PwC Australia's Country Senior Partner is a member of the Strategy Council and maintains our relationships with the Network Leadership Team.

A woman with dark hair, wearing a grey knit sweater, is looking down at a tablet device. The background is dark with out-of-focus lights in various colors (yellow, white, purple, green), creating a bokeh effect. The scene is lit with a soft, warm light, possibly from the tablet or a nearby lamp.

Section three

Appendices

Appendix A

Audit Clients

Listed companies and listed registered schemes that meet the definition of listed per Section 9 of the Corporations Act 2001

1. Accent Group Limited
2. Adacel Technologies Limited
3. Aeris Resources Limited
4. AIC Mines Limited
5. Alkane Resources Limited
6. Alliance Aviation Services Limited
7. Alterity Therapeutics Limited
8. Alumina Limited
9. AMCIL Limited
10. Antipodes Global Shares
11. APM Human Services International Limited
12. Arena REIT
13. Argo Investments Limited
14. Aristocrat Leisure Limited
15. ARN Media Limited
16. ASX Limited
17. Atlas Arteria Limited
18. Australian Foundation Investment Company Limited
19. Australian Strategic Materials Limited
20. Australian Unity Limited
21. Australian Unity Office Fund
22. Bank of Queensland Limited
23. Bapcor Limited
24. Beacon Lighting Group Limited
25. Bega Cheese Limited
26. Brambles Limited
27. Breville Group Limited
28. Carbon Minerals Limited
29. Car Group Limited (formerly Carsales.com Limited)
30. Cedar Woods Properties Limited
31. Central Petroleum Limited
32. Charter Hall Group
33. Charter Hall Long WALE REIT
34. Charter Hall Retail REIT
35. Charter Hall Social Infrastructure REIT
36. Collins Foods Limited
37. Commonwealth Bank of Australia
38. Computershare Limited
39. Corporate Travel Management Limited
40. Credit Clear Limited
41. CurveBeam AI Limited
42. Deterra Royalties Limited
43. DEXUS
44. Dexus Convenience Retail REIT
45. Dexus Industria REIT
46. Djerriwarrh Investments Limited
47. Elanor Commercial Property Fund
48. Elanor Investors Group
49. Element 25 Limited
50. Elders Limited
51. Equity Trustees Limited
52. Evolution Mining Limited
53. Fortescue Metals Group Ltd
54. Globe International Limited
55. GPT Group
56. GrainCorp Limited
57. Grange Resources Limited
58. Gryphon Capital Income Trust
59. Hastings Technology Metals Ltd
60. Highfield Resources Limited
61. Hillgrove Resources Limited
62. Hipages Group Holdings Ltd
63. Horizon Oil Limited
64. Hutchison Telecommunications (Australia) Limited

65. Iluka Resources Limited
66. Immutep Limited
67. Integral Diagnostics Limited
68. IperionX Limited
69. Iron Road Limited
70. Judo Capital Holdings Limited
71. Karoon Energy Ltd
72. Kingsgate Consolidated Limited
73. Leo Lithium Limited
74. Lifestyle Communities Limited
75. Lion Selection Group Limited
76. Macquarie Bank Limited
77. Macquarie Group Limited
78. Macquarie Technology Group Limited
79. Maggie Beer Holdings Limited
80. McPherson's Limited
81. Medibank Private Limited
82. Mesoblast Limited
83. Mirrabooka Investments Limited
84. Mirvac Limited
85. Munro Global Growth Fund
86. Myer Holdings Limited
87. NextDC Limited
88. NIB Holdings Limited
89. Nova Eye Medical Limited
90. Novonix Limited
91. Orbital Corporation Limited
92. Paladin Energy Ltd
93. Perenti Limited
94. Perseus Mining Limited
95. Pinnacle Investment Management Group Limited
96. Platinum Asia Investments Limit
97. Platinum Capital Limited
98. PYC Therapeutics Limited
99. QBE Insurance Group Limited
100. Qube Holdings Limited
101. RedFlow Limited
102. Ricegrowers Limited
103. Rural Funds Group
104. Seek Limited
105. Select Harvests Limited
106. Service Stream Limited
107. Shaver Shop Group Limited
108. Shine Justice Ltd
109. Sierra Rutile Holdings Limited
110. Silex Systems Limited
111. Smartgroup Corporation Ltd
112. Sonic Healthcare Limited
113. Southern Cross Media Group Limited
114. St Barbara Limited
115. Starpharma Holdings Limited
116. Stockland Corporation Limited
117. Super Retail Group Limited
118. Syntara Limited (formerly Pharmaxis Ltd)
119. Syrah Resources Limited
120. TasFoods Limited
121. Telix Pharmaceuticals Limited
122. The Hydration Pharmaceuticals Company Limited
123. The Reject Shop Limited
124. TPG Telecom Limited
125. Transurban Group
126. Universal Biosensors, Inc.
127. Universal Store Holdings Limited
128. Viva Energy Group Limited
129. Waypoint REIT
130. Westpac Banking Corporation
131. Whispir Limited
132. Woodside Energy Group Ltd
133. Worley Limited

Authorised Deposit Taking Institutions (ADI) within the meaning of the Banking Act 1959

1. Alex Bank Pty Ltd
2. Australian Unity Bank Limited
3. Bank of America, National Association
4. Bank of China (Australia) Limited
5. Bank of China Limited
6. Bank of Queensland Limited
7. Commonwealth Bank of Australia
8. Cooperatieve Rabobank U.A. (trading as Rabobank)
9. Credit Suisse AG
10. DBS Bank Ltd
11. HSBC Bank Australia Limited
12. JPMorgan Chase Bank, National Association
13. Judo Bank Pty Ltd
14. Macquarie Bank Limited
15. Oversea-Chinese Banking Corporation Limited
16. PayPal Australia Pty Limited
17. Queensland Country Bank Limited
18. Rabobank Australia Limited
19. Royal Bank of Canada
20. The HongKong and Shanghai Banking Corporation Limited
21. Westpac Banking Corporation
22. Wise Australia Pty Ltd

Life and General Insurers Regulated by APRA as defined in paragraph (c) or (e) of the definition in subsection 3(2) of the Australian Prudential Regulation Authority Act 1998

1. AIA Australia Limited
2. AIG Australia Limited
3. Allianz Australia Insurance Limited
4. Allianz Australia Life Insurance Limited
5. Allied World Assurance Company Limited
6. Ansvar Insurance Limited
7. Arch Lenders Mortgage Indemnity Limited (formerly Arch LMI Pty Ltd)
8. Atradius Credito Y Caucion S.A. De Seguros Y Reaseguros
9. Chubb Insurance Australia Ltd
10. CIC Allianz Insurance Limited
11. Combined Life Insurance Company of Australia Ltd
12. Hannover Life Re of Australasia Ltd
13. Hannover Rück SE
14. HDI Global Specialty SE
15. LawCover Insurance Pty Limited
16. Lloyd's security trust fund instrument No.1 and No.2 of 2017
17. QBE Insurance (Australia) Limited
18. QBE Insurance (International) Pty Limited
19. QBE Lenders' Mortgage Insurance Limited
20. RenaissanceRe Europe AG
21. Tokio Marine & Nichido Fire Insurance Co., Ltd
22. TT Club Mutual Insurance Limited
23. Youi Pty Ltd

Registrable superannuation entities as defined in Section 10 of the Superannuation Industry (Supervision) Act 1993

1. ASGARD Independence Plan Division Two
2. AustralianSuper
3. Brighter Super Fund
4. Care Super
5. Commonwealth Bank Group Super
6. Goldman Sachs & JBWere Superannuation Fund
7. HESTA
8. HOSTPLUS Pooled Superannuation Trust
9. HOSTPLUS Superannuation Fund
10. Meat Industry Employees Superannuation Fund
11. Mercer Portfolio Service Superannuation Plan
12. Mercer Super Trust
13. Mine Superannuation Fund
14. NGS Super
15. Qantas Superannuation Plan
16. Russell Investments Master Trust
17. Russell Investments Pooled Superannuation Trust
18. Unisuper
19. Vanguard Super

Appendix B

Executive Overview of 2023-24 AQAB report

The AQAB is comprised of three external appointments who currently are:

- **Ian McPhee** AO PSM, BBus, BArts, the former Auditor-General for Australia (2005 to 2015) is the Chair of the Board. Ian is currently the Public Sector Standards Commissioner for the ACT (in a part time capacity), a distinguished honorary professor at the Research School of Accounting at the Australian National University, and a member of the Council of Central Queensland University. Until December 2021, Ian was a member of the International Ethics Standards Board for Accountants.
- **Cathie Armour**, is a former Commissioner at the Australian Securities and Investments Commission (ASIC). Prior to joining ASIC, Ms Armour held a number of senior executive roles in Australia, including General Counsel at Macquarie Group and various roles at JP Morgan. Ms Armour brings extensive experience in the regulation of capital markets, as well as emerging regulatory risks such those posed by climate change and cyber security. Ms Armour joined the AQAB in February 2023 replacing Professor Margaret Abernethy who retired from the AQAB February 2023.
- **Rosemary Sinclair** AM, BA LLB BBus MCom FAICD FCPA FGIA, has 25 years experience as a non-executive and managing director serving on private company, federal government and international level association boards. Rosemary has senior governance experience in highly regulated sectors – telecommunications, media, higher education with experience on Audit and Remuneration committees. Ms Sinclair joined the AQAB in April 2024, replacing Damien Johnston who retired from the AQAB in August 2023.

Fees paid to the AQAB members over 2024 were \$170,630 (\$77,000 for the Chair, with the remainder in fees paid to other AQAB members).

1. Introduction

Audit quality has received considerable attention in recent years from key stakeholders including accounting bodies internationally and nationally, standard setters, corporate regulators and accounting firms. This is understandable due to the critical contribution of auditing in enhancing the confidence of intended users of financial reports, including the global capital markets. The role of auditing in enhancing user confidence in the public reporting of non-financial performance information is also gaining momentum as users have an increasing focus on topics such as environmental, social and governance issues – described by the chair of ASIC as driving the biggest changes to financial reporting and disclosure standards in a generation.¹

The importance of audit quality was emphasised in the 2023 report of the Financial Reporting Council (FRC) on the Oversight of Audit Quality in Australia which observed that:

‘Confidence in the quality of auditing is paramount to the effectiveness of the financial reporting framework in Australia and fostering confidence in the integrity of open markets.’²

In summary, the FRC considered that auditors are subject to a robust set of professional standards designed to support the performance of high-quality audits. However, the FRC considered that the system could benefit from more independent oversight to ensure all auditors are complying with the required standards and made a number of wide-ranging recommendations and observations considered necessary to achieve this objective.

1. [Joe Longo, ASIC chair: ESG: Major change is underway, and we need to be ready, 13 June 2023.](#)

2. [Financial Reporting Council, Oversight of Audit Quality in Australia – A Review, 6 November 2023.](#)

While there will be a range of views on the matters requiring attention and their priority to enhance audit quality in the public interest, the roles of the accounting firms, and in particular engagement partners, are central to the delivery of quality audits for every audit engagement undertaken. In this context, PricewaterhouseCoopers (PwC) has long recognised the importance of its role and responsibilities for the delivery of quality audits. The importance of audit quality has been clearly and consistently emphasised by PwC management in communications with partners and staff within the Assurance business, with appropriate investment in new approaches to enhance audit quality as well as in the professional development of partners and staff.

A component of the structured approach to audit quality adopted by PwC was the establishment of the Audit Quality Advisory Board in December 2019. The role of the Board has been to consider and challenge the firm's approach to audit quality, and to provide a report annually to PwC with any recommendations for enhancements. The four reports delivered prior to this report have considered topics related to audit quality including PwC's quality agenda, the resourcing of audit teams, maintaining independence from audit clients, culture within the Assurance business, performance measures for measuring the success of the Assurance business, and the application of PwC's accreditation process for audit partners.

2. AQAB Report 4, 2022-23 and status of recommendations

In its previous report, AQAB Report 4, the Board focussed on measures taken by, and proposed by PwC, in relation to audit quality and, in this context, the steps taken by PwC to advance the significant resource initiatives undertaken by PwC in recent times, and the application of PwC's accreditation process for audit partners.

The AQAB made six recommendations that are complementary to initiatives being pursued by the firm to enhance audit quality. The recommendations covered the following:

- PwC reviews its communications and training for partners and staff to provide:
 - greater visibility to approaches that contribute to audit quality for the audit of smaller audit clients, and
 - reinforcing with staff, in light of the Taxation Practitioners Board (TPB) and related matters, the firm's policies for sharing information internally within the Assurance business, and more broadly within the firm.
- PwC considers accelerating initiatives that:
 - grow relationships between engagement teams and the Acceleration Centre teams in Kolkata and Manila; and
 - focus on practices to improve the efficiency and effectiveness of how the teams operating onshore and offshore are working together.
- PwC increases its communication and engagement with staff on resourcing initiatives.
- PwC maintain a proactive approach to recruitment and retention. The firm should enhance its reporting of lead indicators of staff engagement and implement additional measures to attract and retain employees should negative implications of the TPB and related matters become evident.
- PwC review:
 - the Accreditation eligibility criteria so they align with the Assurance scorecard and current Assurance performance measures; and
 - the Accreditation eligibility criteria and annual review process to consider incorporating specific measures that signal the importance of leadership on culture.
- PwC formalises a monitoring program to be confident that the criteria and review of accreditation are effective in contributing to audit quality and regularly revisit the policy and processes in light of the outcomes of the monitoring.

PwC responded positively to each of the prior year AQAB recommendations, advising of steps being taken to implement each recommendation.

3. The focus of AQAB Report 5 and recommendations

This is the fifth annual report of the AQAB, which has as its key focus:

- Updates to PwC's audit quality agenda, including a focus on steps taken following Dr Ziggy Switkowski's Independent Review, other measures flowing from changes to the firm's leadership and governance arrangements, and any further insights from contemporary approaches to quality management;
- PwC's approach to managing independence and conflicts created by the provision of non-audit services to an audit client or prospective audit clients; and
- PwC's assurance services for sustainability reporting.

As well as reviewing the above-mentioned areas of focus, the Board also considered the report of the Australian Securities and Investment Commission (ASIC) on annual financial reporting and audit surveillance 2022-23. This is ASIC's first report that summarises findings from their reviews of both financial reports and audit files, and references areas where the quality of financial reporting and audits can be improved. In terms of audit quality, ASIC highlighted that audit firms should:

- promote a strong culture focussed on audit quality, with accountability at all levels of partners and staff;
- focus on effective communications with, and where relevant education of, directors (including audit committees) and management of audited entities;
- ensure that the audit is adequately resourced with the right skills and expertise and there are robust supervision and review processes in place;
- conduct effective quality reviews of audits and remediate findings; focus on identifying and addressing the root causes of audit findings; and
- develop and implement action plans to address the identified root causes and continually monitor and revise those plans to ensure they are effective and sustainable.

Individual 'largest six firms' reports on inspection findings are no longer produced by ASIC. PwC advised that one file was selected by ASIC in 2022-23³ with no findings identified. For the 2023-24 inspection program, one 30 June 2023 engagement was selected, for which three audit areas were reviewed and no findings were identified. ASIC also selected one earlier engagement which had a 30 June 2022 year end. Two areas are being reviewed. The review of this engagement was in progress as at the end of August 2024.

In addition, for this report the AQAB also considered the recent actions taken, or underway, by PwC to enhance the firm's governance, accountability and culture, with a focus on any likely impact on audit quality.

Further, consistent with its earlier reports, the Board has continued to consider the insights of Katzenbach, Steffen and Kronley⁴ that coherence among an organisation's culture, strategic intent and performance priorities can make the whole organisation more attractive to both employees and clients. This is consistent with the Board's view that the alignment of partners and staff with PwC's goals and strategies for the achievement of audit quality has been important to the firm's success in lifting audit quality and will remain important going forward.

The AQAB's conclusions and recommendations relating to each of the focus areas reviewed for this report are set out below.

3. [ASIC Annual Financial Reporting and Audit Surveillance Report 2022-23, 18 October 2023](#)

4. [Katzenbach, Steffen and Kronley 'Cultural Change that Sticks'](#)

3.1 PwC Audit Quality Agenda

PwC has been committed to investing in audit quality in recognition of its importance in the public interest, and in the firm's interest, for an extended period of time. Since its establishment in 2019, the AQAB has observed PwC's on-going focus on audit quality, with refinements made each year in response to updated professional requirements, regulatory reports and, importantly, the firm's own experience.

Importantly, a structured approach is being adopted which considers the breadth of operations of the Assurance business to assess further opportunities to enhance the firm's approach to audit quality. PwC has updated the AQAB on its broadly-based strategy to continue the focus on audit quality through the following high-level components:

- Investing in people
- Investing in a strong system of quality management, and
- Investing in a quality culture.

PwC Australia also provided the AQAB with an overview of its Audit Quality Indicators for FY 2023-24. These included indicators relating to:

- Independence
- Learning and Development
- Quality Culture
- Risk Management
- Quality Support, and
- Inspection and Review.

The AQAB is strongly supportive of the approach being taken by the Assurance business while also recognising the importance of reinforcing existing approaches in place which are designed to address audit quality considerations.

In relation to the work being undertaken by PwC on firm culture behaviours, the Assurance business has recently decided to adopt the now firmwide behaviours of Curiosity, Collaboration and Challenge (the 3 C's), replacing the former Assurance cultural behaviours of Humility, Courage and Realism, noting that the behaviours can be linked but linkage requires explanation in places.

While understanding the benefits of the alignment of behaviours within the firm, the AQAB considers it will be important for the Assurance business to clearly spell out how the behaviour of Collaboration should be interpreted in the context of its assurance functions – where independence is central to relationships. This emphasis will be particularly important in both the communication of firm behaviours to partners and staff, and for training purposes.

Further, this recent update to the Assurance business behaviours should be monitored over time to assess the need for any refinement or adjustment, in line with the AQAB's earlier recommendation (AQAB Report 3, 2022-23), namely:

- The Assurance business assess the link between changes in the cultural aspirations and critical behaviours as well the outcomes of resource initiatives, in order to understand whether these changes are being delivered by the Assurance business and whether they influence audit quality.

Table 1:

Recommendation	PwC's response, owner and date
1. The Assurance business clearly spell out to partners and staff in communications and training how the behaviour of Collaboration should be interpreted in the context of its assurance functions – where independence is central to relationships.	<p>In executing our audits, the behaviour of Collaboration is critical in many ways, for example:</p> <ul style="list-style-type: none">– bringing the right specialists and experts to complex areas to support audit quality– working in diverse teams, including teams in different geographical locations– working with accounting and audit technical teams to provide support in areas of complexity or judgement <p>As we drive the firm's behaviours through Assurance for example in induction sessions, training, goal setting, assessment, and communications, we will use case studies and story-telling to reinforce the importance of independence while Collaborating in delivering a quality audit.</p> <p>Responsibility: Sue Horlin (Assurance Business Leader)</p> <p>Date: 30 June 2025</p>

3.2 Independence and conflicts created by the provision of non-audit services to an audit client or prospective audit client

Audit independence is essential to conducting an audit in the public interest. It is critically important that this be understood, reinforced, and delivered on by firms undertaking audits and their partners and staff.

PwC has in place policies and procedures which are designed to address its Independence obligations. It has reflected the importance of these requirements by investment in systems which automate the consideration of Independence and especially in the provision of non-audit services to audit clients. PwC has also invested in the expertise required to understand and monitor Independence globally and locally. The firm recognises the complexity of Independence issues depending on each client's businesses and is prepared to devote significant resources to ensure it is positioned to effectively address Independence for the most complex of its clients.

Given the potential seriousness of any errors in the automated systems which are critical to the firm's assessment of Independence, the Board considers it would be useful to regularly examine the outcome of its compliance monitoring with a view to explicitly testing whether any apparent exceptions to the Independence

requirements for non-audit services relate to inaccurate information in the automated systems and if so, develop controls in the PwC Australia assurance business which could improve information integrity and/or systems efficiency. In addition, the Board considers PwC should ensure its compliance monitoring considers incidents where there may be an inconsistency in interpretation by audit engagement partners of the Independence requirements for the provision of non-audit services to an audit client.

The Conflicts of Interest process is an integral part of the new engagement process for non-audit services. These processes require the approval of the audit engagement partner before non-audit services can be provided to an audit client. Given the potential impact of the Independence rules on the provision of non-audit services, the Board considers the general Conflicts of Interest training should be reviewed to give greater emphasis to the impact of Independence requirements on the provision of non-audit services to an audit client.

Table 2:

Recommendation	PwC's response, owner and date
<p>2. PwC reviews its approach on Independence as follows:</p> <ul style="list-style-type: none"> a. review its compliance monitoring to ensure it explicitly tests whether any apparent exceptions to the Independence requirements for non-audit services relate to inaccurate information in the firm's automated systems, and b. ensure its compliance monitoring considers incidents where there may be an inconsistency in interpretation by audit engagement partners of the Independence requirements for the provision of non-audit services to an audit client. 	<p>PwC conducts a root cause analysis and uses this to drive remediation activities for all findings identified in compliance monitoring, including our regular monitoring of independence through Real Time Reviews, Engagement Quality Reviews, Regulatory reviews and other monitoring of independence. This root cause analysis considers all potential sources of error including the accuracy of information in systems, and the judgement used in considering a potential non-audit service. We will continue our focus on both of these areas as part of our root cause analysis during 2025.</p> <p>Responsibility: Debbie Smith (Assurance Risk and Quality Leader) Date: 30 June 2025</p>
<p>3. PwC reviews the general Conflicts of Interest training to give greater emphasis to the impact of Independence requirements for the provision of non-audit services to an audit client.</p>	<p>PwC's mandatory annual training for all staff includes a module on Independence in addition to a module on Conflicts of Interest. In 2025 we will consider the appropriate emphasis of the impact of Independence requirements for the provision of non-audit services to audit clients across these two modules.</p> <p>Responsibility: Debbie Smith (Assurance Risk and Quality Leader) Date: 30 June 2025</p>



3.3 PwC's assurance services for sustainability reporting

Momentum has been growing rapidly for measures to provide transparency and more comparable information for investors regarding an entity's exposure to sustainability related risks and opportunities.

For reporting entities, this rapidly evolving landscape underlines the importance of their internal preparation for reporting – building skills for sustainability reporting across areas such as sustainability, strategy, finance, risk, building governance systems and oversight, understanding compliance requirements, performing gap analyses and developing plans and procedures to support compliant sustainability reporting.

In Australia, the formal landscape of sustainability reporting will include legislation to introduce mandatory climate-related reporting, and accounting standards and assurance standards which align with international standards. This framework is expected to be in place in the second half of calendar 2024 with entities required to prepare climate statements for the year consistent with the relevant sustainability standards (to be) issued by the Australian Accounting Standards Board (AASB).

We note that the above-mentioned developments in sustainability reporting present a number of challenges to PwC Assurance, including:

- Matching the resources required given the gradual scaling needed in line with the proposed regulations – i.e. an appropriate number and mix of personnel with the requisite skills and experience to meet the increasing demand for sustainability reporting assurance, focusing initially on the mandated climate related disclosures
- Building upon the assurance processes and internal quality review systems – leveraging from the PwC global network – for the forward focused elements of the AUASB Assurance Roadmap such as strategy, scenarios and resilience disclosures which have not previously been subject to assurance
- Continued application and refinement of risk and quality processes around sustainability reporting engagements
- Ongoing knowledge sharing with relevant stakeholders with regard to new reporting and assurance requirements
- The rapid timeframe proposed for adoption.

Table 3:

Recommendation	PwC's response, owner and date
<p>4. PwC reviews the general Conflicts of Interest training to give greater emphasis to the impact of Independence requirements for the provision of non-audit services to an audit client.</p>	<p>As sustainability reporting and auditing standards are finalised in the coming months, we will continue to drive quality through our processes and procedures for sustainability assurance, with regular review through the Assurance Leadership Team of progress and how it is established within our System of Quality Management.</p> <p>Responsibility: Debbie Smith (Assurance Risk and Quality Leader)</p> <p>Date: 31 March 2025</p>

4. PwC's recent actions on governance, accountability and culture

In September 2023, PwC Australia released the report from Dr Switkowski, who conducted an Independent Review of the firm's governance, accountability, and culture. Alongside this report, PwC Australia also published its formal response to the findings and recent events at the firm. The firm's response focuses on five key commitments:

- Put our purpose and values at the core of everything we do.
- Increase the independence and effectiveness of our Governance Board.
- Improve the discipline and rigour of decision-making.
- Strengthen risk and conflict management and accountabilities.
- Embed a culture and practice of constructive challenge.

While the report offered critical observations of the firm, it also made positive remarks about the audit quality framework. For example, that the Assurance Line of Service demonstrates a stronger understanding of, and practices related to, risk management compared to other business lines. Specifically, it has a well-developed controls framework for audit quality management.

During 2024, the Assurance business undertook a comprehensive exercise to assess each of Dr Switkowski's recommendations against the Assurance System of Quality Management. This assessment examined any Assurance or Audit references in the report to determine whether a Quality Improvement Plan (QIP) was required to address any noted weaknesses. The Board was informed that no significant issues were identified as a result of this assessment; and actions agreed upon largely related to broader firm-wide actions, such as clarifying roles and responsibilities for risk management. The Assurance business advised it continues to monitor and align to firm wide actions committed to in response to Dr Switkowski's recommendations.

The AQAB was also provided with an update of the work underway through a transformation program aimed at enhancing the firm's governance, accountability, and culture. The AQAB noted progress on several initiatives, including the recent approval of changes to the partnership deed, which has provided for the appointment of independent directors to the firm's Board of Partners (also referred to as the Governance Board). In addition to the firm's ongoing investment in audit quality and independence, the Board was advised of steps being taken by PwC to strengthen audit quality and independence through measures including:

- introducing an income deferral mechanism for members of the Management Leadership Team whereby a percentage of pay will be permanently withheld in the event of serious misconduct or significant regulatory or quality failure; and
- from FY25 ceasing the provision of certain types of permitted 'pure' consulting services to listed audit clients.

5. Concluding comments

In a challenging year for PwC as a whole, the Assurance business has continued to invest in audit quality with the clear purpose of delivering quality audit services in accordance with external requirements and firm policies. Significantly also, the AQAB recognised the emphasis given to audit quality by the leadership of the PwC Assurance business, and the clear communications to partners and staff of the importance PwC places on delivering quality audits.

The AQAB's consideration of the three focus areas referenced above in this report, indicate that the firm's investment in enhancing audit quality is achieving a positive return. These learnings are also being adopted and implemented in the development of PwC's sustainability assurance.

The recommendations made by the AQAB in this report complement PwC's initiatives and have been agreed to by the leadership of the Assurance business.

Going forward, the Board anticipates the agenda for its next report will consider:

- PwC's audit quality agenda;
- PwC's approach to the provision of assurance services for sustainability reporting; and
- PwC's approach to the audit of client information prepared with the assistance of artificial intelligence, and the approach adopted by PwC in deploying artificial intelligence in their audits.

The Board will also consider the views of stakeholders, partners, and staff in setting its forward agenda.



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