

PwC Canada

# Transparency report 2019



**pwc**

# Foreword



## Nicolas Marcoux

CEO and Senior Partner  
PricewaterhouseCoopers LLP

At PwC, our purpose statement is **to build trust in society and solve important problems**. This serves as our guiding principle to align the focus of our people and direct the decisions we make and actions we take. It is reflected in our governance structure and embraced throughout our Firm (and the PwC Global Network). It drives the clients and work our Firm accepts and the quality we deliver across our advisory, assurance, and tax lines of service.

We are committed to providing **transparent and relevant** information about our audits to our stakeholders, and our 2019 Transparency Report sets out the practices and processes we employ, in accordance with the requirements of the European Union Audit Regulations. Consistently performing high-quality audits underpins our purpose of **building trust**. Our Transparency Report provides insight into how we deliver on our audit quality objectives and the many actions we have taken to develop our people, invest in the future, leverage new tools and technologies, and engage with our stakeholders in monitoring and reporting on audit quality. These practices work simultaneously to help us in meeting our regulatory needs and in contributing to our success with our clients and our people. Thank you for engaging with us on these topics, and for your interest in our progress.

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# PricewaterhouseCoopers LLP, Canada Transparency Report 2019

This Transparency Report is published in accordance with European Union Audit Regulation and Article 13 of the Regulation on Statutory Audit 537/2014/EC.

The Transparency Report is in respect of the fiscal year ended June 30, 2019, and is issued on October 24, 2019.

At PwC Canada, our purpose is to build trust in society and solve important problems. We're a network of firms in 157 countries with more than 276,000 people who are committed to delivering quality in assurance, advisory and tax services.

Throughout this report, the term "PwC" refers to the global network of separate firms and the terms "PwC Canada", "Firm", "we" and "our" refer to PricewaterhouseCoopers LLP, the Canadian member firm of PricewaterhouseCoopers International Limited (PwCIL).

## Legal structure and ownership of the Firm

The Canadian Firm of PricewaterhouseCoopers LLP (PwC Canada) is a limited liability partnership formed under the laws of the Province of Ontario, Canada. It is wholly owned by the partners of the Firm. PwC Canada operates out of 25 offices throughout Canada - a full list can be found at [www.pwc.com/ca](http://www.pwc.com/ca)

## Network arrangements

### PwC Network

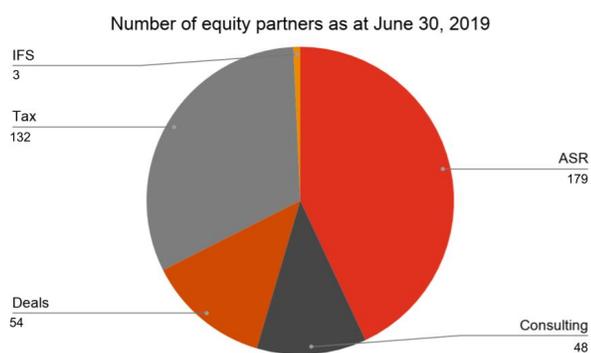
PwC is the brand under which the member firms of PricewaterhouseCoopers International Limited (PwCIL) operate and provide professional services. Together, these firms form the PwC network. 'PwC' is often used to refer either to individual firms within the PwC network or to several or all of them collectively.

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, a single firm, or a multinational corporation.

For these reasons, the PwC network consists of firms which are separate legal entities.

### PricewaterhouseCoopers International Limited

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, PricewaterhouseCoopers International Limited (PwCIL), an English private company limited by guarantee. PwCIL does not practice accountancy or provide services to clients. Rather its purpose is to act as a coordinating entity for member firms in the PwC network. Focusing on key areas such as strategy, brand, and risk and quality, the Network Leadership Team and Board of PwCIL develop and implement policies and initiatives to achieve a common and coordinated approach, amongst individual member firms where appropriate.



Member firms of PwCIL can use the PwC name and draw on the resources and methodologies of the PwC network. In addition, member firms may draw upon the resources of other member firms and/or secure the provision of professional services by other member firms and/or other entities. In return, member firms are bound to abide by certain common policies and to maintain the standards of the PwC network as put forward by PwCIL.

A list of PwC network audit firms and sole practitioner statutory auditors in European Union/European Economic Area Member States can be found in **Appendix 1**.

The PwC network is not one international partnership and PwC member firms are not otherwise legal partners with each other. Many of the member firms have legally registered names which contain “PricewaterhouseCoopers”, however there is no ownership by PwCIL. A member firm cannot act as agent of PwCIL or any other member firm, cannot obligate PwCIL or any other member firm, and is liable only for its own acts or omissions and not those of PwCIL or any other member firm. Similarly, PwCIL cannot act as an agent of any member firm, cannot obligate any member firm, and is liable only for its own acts or omissions. PwCIL has no right or ability to control member firm’s exercise of professional judgment.

The governance bodies of PwCIL are:

- **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. Board members are elected by partners from all PwC firms around the world every four years.
- **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 network firms to coordinate activities across all areas of our business.

PwC Canada’s Chief Executive Officer (CEO) and Senior Partner, Nicolas Marcoux, is a member of the Strategy Council and maintains our relationships with the Network Leadership Team.

## Governance structure of the Firm

PwC Canada’s CEO and Senior Partner is responsible for managing and supervising the management of the business and affairs of the Firm. Among other responsibilities, the CEO has the authority to establish policies, strategic plans and budgets, and to appoint, remove and replace members of the Firm’s executive team. The CEO is a partner elected by the partnership.

To assist him in discharging his responsibilities, the CEO and Senior Partner has appointed a Leadership Team, which works with him in managing the Firm. The responsibilities of the Senior Partner and Leadership Team include establishing and determining the effectiveness of the Firm’s system of internal control, including those relating to the quality of the Firm’s audit and assurance services.

PwC Canada’s Partnership Board (the Board), currently comprised of 12 elected partners, is charged with overseeing the CEO and Firm management. Among other things, the Board is responsible for monitoring the financial performance and internal controls of the Firm, reviewing plans and budgets, approving the admission and removal of partners, and reviewing and evaluating the performance of members of the Leadership Team. Board members are elected for four year terms, and one half of the Board is elected by the partnership every two years. The Board meets several times throughout the year, and has standing committees which focus on governance, risk management, partner affairs, senior management performance and finance. The CEO is also a member of the Board. Special Board committees are formed to focus on particular issues as required.

## Quality management for service excellence

Delivering service of the highest quality is core to our purpose and our assurance strategy, the focus of which is to strengthen trust and transparency in our clients, in the capital markets and wider society.

To help PwC Canada put this strategy into effect, the PwC network has established a framework for quality management which integrates quality management into business processes and the Firm-wide risk management process. The framework introduces an overall quality objective for the Assurance practice focused on having the people and processes to deliver services in an effective and efficient manner that meets the valid expectations of our clients and other stakeholders.

This overall quality objective is supported by a series of underlying quality management objectives and our quality management system (QMS) must be designed and operated so that these objectives are achieved with reasonable assurance. The achievement of these objectives is supported by a quality management process established by our Assurance leadership, business process owners, and partners and staff. This quality management process 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 quality management system when areas for improvement are identified by performing root cause analyses and implementing remedial actions; and
- establishing a quality-related recognition and accountability framework to be used in appraisals, remuneration, and career progression decisions.

## Real time assurance

We have developed a Real Time Quality Assurance ("RTA") program to provide our Firm with a process and tool for monitoring and supporting audit quality leveraging current technology opportunities.

The RTA program is designed to be a preventative monitoring program that further supports engagement teams get the 'right work' completed during the audit. It enables us to cover both a wide range of engagements and Assurance quality indicators through our internal monitoring processes with standardisation and automation saving time and resources.

## 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. This quality risk analysis is an essential part of our QMSE, and the AQIs, in addition to other performance measures, provide a tool which assists us in monitoring the effectiveness of our QMS.

## 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. One of our primary objectives when conducting such analyses is to identify how our Firm can provide the best possible environment for our engagement teams to deliver a quality audit. We look at audits both with and without deficiencies—whether identified through our own internal inspections process or through external inspections—to help identify possible distinctions and learning opportunities.

For individual audits, an independent team of reviewers 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 deficiencies is compared and contrasted to identify whether certain factors appear to correlate to audit quality. Examples of this data include the hours incurred on the audit, whether key engagement team members are in the same geography as the client, the number of years that key engagement team members have been on the engagement, the number of other audits that engagement partners are involved in, whether the engagement was subject to a pre-issuance review, and the timing of when the audit work was performed.

Our goal is to understand how quality audits may differ from those with deficiencies, and to use these learnings 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 controls.

### 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, including non-Partner Engagement Leaders accountable for quality outcomes. 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 PwC Network and our Firm’s standards and policies;
- **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 promotes and reinforces positive behaviours and drives a culture of quality; and

- **Consequences/reward** – We have implemented financial and non-financial consequences and rewards that are commensurate to outcome and behavior and sufficient to incentivize the right behaviours to achieve the quality objectives.

### Ethical requirements

At PwC, we adhere to the fundamental principles of the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants, which are:

- Integrity** – to be straightforward and honest in all professional and business relationships.
- Objectivity** – to not allow bias, conflict of interest or undue influence of others to override professional or business judgements.
- Professional competence and due care** – to 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** – to respect the confidentiality of information acquired as a result of professional and business relationships and, therefore, not 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** – to comply with relevant laws and regulations and avoid any action that discredits the profession.

In addition, our network standards applicable to all network firms cover a variety of areas including ethics and business conduct, independence, anti-money laundering, anti-trust/fair-competition, anti-corruption, information protection, Firm’s and partner’s taxes, sanctions laws, internal audit and insider trading.

We take compliance with these ethical 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 ethical requirements under which we operate. Partners and staff uphold and comply with the standards developed by the PwC network and leadership in PwC Canada 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, PwC Canada has adopted the PwC network standards which include a Code of Conduct, and related policies that clearly describe the behaviours expected of our partners and other professionals- behaviours that will enable us to build public trust . Because of the wide variety of situations that our professionals may face, our standards 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 Canada are provided with the PwC Global Code of Conduct. They are expected to live by the values expressed in the Code in the course of their professional careers, 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 behaviours inconsistent with the Code. Each firm in the PwC Network provides a mechanism to report issues. There is also a confidential global reporting option on [pwc.com/codeofconduct](http://pwc.com/codeofconduct). PwC Canada has adopted an accountability framework to facilitate remediation of behaviours that are inconsistent with the Code of Conduct . The PwC Code of Conduct is available on-line for all internal and external stakeholders at [pwc.com/ethics](http://pwc.com/ethics).

## Independence

As auditors of financial statements and providers of other types of professional services, PwC member 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, which is based on the IESBA International Code of Ethics for Professional Accountants, contains minimum standards with which PwC member firms have agreed to comply, including processes that are to be followed to maintain independence from clients, when necessary.

PwC Canada has a designated partner (known as the 'Partner Responsible for Independence' or 'PRI') with appropriate seniority and standing, who is responsible for implementation of the PwC Global Independence Policy including managing the related independence processes and providing support to the business. The partner is supported by a team of independence specialists. The PRI reports directly to the Chief Assurance Risk, Quality & Regulatory Officer.

### Independence policies and practices

The PwC Global Independence Policy covers, among others, the following 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 by partners, staff, the Firm and its pension schemes;
- 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 assurance clients; and
- 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.

In addition, there is a Network Risk Management Policy governing the independence requirements related to the rotation of key audit partners. PwC Canada's policy for rotation of key audit partners is based on entity type. For Canadian reporting issuers, the audit engagement leader and quality review partner's rotation period is seven years on the audit engagement followed by a minimum of five years off the audit engagement.

For SEC restricted clients, the audit engagement leader and quality review partner's rotation period is five years on the audit engagement followed by a minimum of five years off the audit engagement. Other key audit partners providing support on the audit engagement, who are not technical experts or specialists, are subject to a rotation period of seven years on the audit engagement followed by two years off the audit engagement. We also have rotation policies for partners on non-public company audit engagements.

These policies and processes are designed to help PwC 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.

PwC Canada supplements the PwC Network Independence Policy to comply with Canadian requirements or requirements of other regulators such as the United States Securities and Exchange Commission, the PCAOB or EU Audit Regulation where they are more restrictive than the network's policy.

### **Independence-related tools**

As a member of the PwC network, PwC Canada has access to a number of systems and tools which support PwC member firms and their personnel in executing and complying with our independence policies and procedures. These include:

- The Central Entity Service (CES), which contains information about corporate entities including public interest audit clients and SEC restricted clients and their related securities. CES assists in determining the independence status of clients of the member firm before entering into a new non-audit engagement or business relationship. This system drives the 'Independence List' and also feeds Independence Checkpoint;
- 'Independence Checkpoint' which facilitates the pre-clearance of publicly traded securities by all partners and practice managers before acquisition and records their subsequent purchases and disposals. Where a PwC member firm wins a new audit client, this system

automatically informs those holding securities in that client of the requirement to sell the security where required;

- Authorisation for Services (AFS) which is a global system that facilitates communication between a non-audit services engagement leader and the audit engagement leader, documenting the potential independence threats created by the service and proposed safeguards, and acts as a record of the audit partner's conclusion on the permissibility of the service; and
- 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).

PwC Canada also has a number of Canadian-specific systems which include:

- A rotation tracking system which monitors compliance with PwC Canada's audit rotation policies for engagement leaders and other key partners involved in an audit; and
- A database that records approved business relationships entered into by PwC Canada. These relationships are reviewed to ensure their ongoing permissibility.

### **Independence training and confirmations**

PwC Canada provides all partners and staff with annual or on-going training in independence matters. Training typically focuses on milestone training relevant to a change in position or role, changes in policy or external regulation and, as relevant, provision of services. Partners and staff receive computer-based training on PwC Canada's independence policy and related topics. Additionally, face-to-face training is delivered to members of the practice on an as-needed basis by PwC Canada's independence specialists and risk and quality teams.

All partners and practice staff are required to complete an annual compliance confirmation, whereby they confirm their compliance with relevant aspects of the 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.

#### **Independence monitoring and disciplinary policy**

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

- compliance testing of independence controls and processes;
- personal independence compliance testing of a random selection of partners and managers as a means of monitoring compliance with independence policies; and
- an annual assessment of the Firm's adherence with the PwC network's independence risk management standard.

The results of PwC Canada's monitoring and testing are reported to the Firm's management on a regular basis.

PwC Canada has 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 of the breach on the independence of the member firm and the need for safeguards to maintain objectivity. Although most breaches are minor and attributable to an oversight, all breaches are taken seriously and investigated as appropriate. The investigations of any identified breaches of independence policies also serve to identify the need for improvements in PwC Canada's systems and processes and for additional guidance and training.

## **Acceptance and continuance**

### **Considerations in accepting and continuing an audit client relationship**

Our principles for determining whether to accept a new client or continue serving an existing client are fundamental to delivering quality, which we believe does 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.

### **Client and engagement acceptance and continuance**

PwC Canada has implemented a process to identify acceptable clients based on the PwC network's proprietary decision support systems for audit client acceptance and retention (called Acceptance and Continuance ('A&C')). A&C facilitates a determination by the engagement team, business management and risk management specialists of whether the risks related to an existing client or a potential client are manageable, and whether or not PwC should be associated with the particular client and its management.

More specifically, this system enables:

- engagement teams:
  - to document their consideration of matters required by professional standards related to acceptance and continuance;
  - to identify and document issues or risk factors and their resolution, for example through consultation, by adjusting the resource plan or audit approach or putting in place other safeguards to mitigate identified risks or by declining to perform the engagement; and

- to facilitate the evaluation of the risks associated with accepting or continuing with a client and engagement;
- member firms (including member firm leadership and risk management):
  - to facilitate the evaluation of the risks associated with accepting or continuing with clients and engagements;
  - to provide an overview of the risks associated with accepting or continuing with clients and engagements across the client portfolio; and
  - to understand the methodology, basis and minimum considerations all other member firms in the network have applied in assessing audit acceptance and continuance.

## Human resources

PwC Canada partners and staff are regularly educated on the PwC strategy, values and foundational behaviours needed to drive a high performance mindset. PwC Canada aims to recruit high quality staff that can operate as accounting and other experts in support of audits and who share in PwC Canada's strong sense of responsibility for auditing. Candidates are considered according to multiple criteria, including their technical capabilities.

## Continuing education

We, and other PwC member firms, are committed to delivering quality assurance services around the world. To maximise consistency in the network the formal curriculum, developed at the network level, provides access to training materials covering: the 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 and classroom learning, and on-the-job support. The curriculum supports our primary training objective of audit quality, while providing practitioners with the opportunity to strengthen their technical and professional skills, including professional judgement while applying a sceptical mindset.

The design of the curriculum allows us to select, based on local needs, when we will deliver the training.

We consider what additional training is appropriate – formal and/or informal – to address specific training needs in the way of videos, workshops and forums for staff to share their experiences. This training is then supplemented with learning from others, whether by receiving and discussing feedback, or by shadowing, observing and/or working with others in order to support them on the job.

Attendance at required training courses is monitored and is an important component of an individual's performance assessment. In addition, many courses are followed by learning assessments. These assessments help extend the learning experience by testing knowledge gained during the course, and providing participants with a better understanding of where they could improve.

The modular content along with innovative learning approaches have led to formal recognition from the broader learning community. In both 2017 and 2018, PwC's Learning and Education won a Brandon Hall Group silver award for excellence in the "Best Strategy for a Corporate Learning University" © 2017, 2018 Brandon Hall Group, Inc.

## Supervision and direction

Each engagement partner is responsible, in consultation with others as appropriate, for staffing engagements with partners and staff who have the professional competence and experience required in the circumstances. Further, each engagement partner is ultimately responsible for determining the extent of direction, supervision and review of the work of more junior staff to whom work is delegated.

## PwC Audit

As a member of the PwC Network, PwC Canada 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 member firms to consistently comply in all respects with applicable professional standards, regulations and legal requirements.

The PwC Audit Guide explains PwC's methodology. The Guide along with PwC's technology-based audit support tools, templates and content support engagement teams in conducting assurance and related services engagements.

We supplement the methodology through the development and enhancement of audit tools and related guidance that are specific to the needs and requirements of the Canadian Firm.

### Developed technology

We continue to invest in audit technology that builds quality into the audit and enhances our ability to provide insights to our clients. Our technology is built and implemented globally ensuring consistency across the PwC network.

These new tools that enhance audit quality and efficiency through automation, connectivity and mobility include:

- **Aura Platinum** is the latest, cloud-based release of Aura. It's at the heart of how we build and execute the audit plan. Aura is used globally across all PwC audits, delivering audits tailored to the client's business. Targeted audit plans specify risk levels, controls reliance and substantive testing. Smart dashboards show teams audit progress and the impact of scoping decisions more quickly. New functionality includes:
  - enhanced dashboards - makes teams more efficient by helping them focus on what's important
  - improved workflow view - facilitates better project management
  - seamless integration with assurance tools - changes flow straight into Connect
- **the Connect suite** is our collaborative platform where we share data, document requests and audit status. It provides fast, efficient and secure information sharing with our clients and multi-location audit teams at every stage of the audit:

- **Connect** monitors the status of requests and information between our clients and the engagement team in real time. Audit and client teams know where things stand at all times through a consolidated dashboard showing all sites, digitisation of engagement matters, and automated key performance indicators.
- **Connect Audit Manager** streamlines, standardizes and automates group and component teams' coordination for multi-location and statutory/regulatory audits. It provides a single digital platform to see all outbound and inbound work and digitizes the entire coordination process so there's greater transparency, compliance and quality for complex multi-location audits.

- **Halo** is our new market-leading audit technology that allows us to identify and assess risks and determine where to focus audit efforts. Halo interrogates, tests and analyses huge volumes of business-critical data, analysing whole populations, spotting and visualizing anomalies and trends in financial information. It enables us to analyze patterns and trends, identify unusual and high-risk transactions, and provide valuable insight to our teams and our clients. Halo works with data from any system and there are a number of applications for different industries and risks.
- **Count** facilitates the end-to-end process for inventory counts, allowing our engagement teams to create and manage count procedures, counters to record results directly onto their mobile device or tablet and engagement teams to export final results into Aura. Engagement teams with multiple locations benefit from the ability to standardize instructions and manage results through a single portal.

**PwC's Confirmation System** makes it easy for clients to return requested information securely. Automated, flexible technology means it works for virtually all confirmation types - from accounts receivable to derivatives to loans to inventory. We continue to invest in audit technology that builds quality into the audit and enhances our ability to provide insights to our clients. Our technology is built and implemented globally ensuring consistency across the PwC Network.

### **Monitoring of assurance quality**

We recognize that quality in the Assurance services we deliver to clients is key 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 Canada. This includes effective monitoring processes aimed at evaluating whether the policies and procedures which constitute our Quality Management System 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.

PwC Canada's monitoring program is based on the PwC Network's Global Assurance Quality - Inspections (GAQ-I) Program. This program, which is based on professional standards relating to quality control including ISQC 1, contains policies, procedures, tools and guidance which are used by PwC Network firms. The GAQ-I program is coordinated by a central team which consists of a GAQ-I Leader with a group of International Team Leaders (ITL) who are senior partners seconded to the GAQ-I central team by PwC member firms. Provision of oversight by the ITLs and their continuous involvement and support enable a consistent and effective performance of reviews across the PwC Network.

PwC Canada's monitoring procedures include an ongoing assessment of the design and effectiveness of our quality management system, as well as a review of completed engagements (Engagement Compliance Reviews - ECR). The results of these procedures form the basis for the continuous improvement of our quality management system.

ECRs are risk-focused reviews of completed engagements covering, on a periodic basis, individuals in our Firm who are authorized to sign audit or non-audit assurance 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. Each signer is reviewed at least once every

five years, unless a more frequent review is required based on the profile of that signer's client engagements.

Reviews are led by experienced Assurance partners, supported by independent teams of partners, directors, and senior managers and other specialists. Review teams receive training to support them in fulfilling their responsibilities, and utilize a range of GAQ-I-approved checklists and tools when conducting their review procedures.

The results of the quality reviews are reported to our Firm's leadership who are responsible for analysing the findings and implementing remedial actions as necessary. In situations where adverse quality issues on engagements are identified, based on the nature and circumstances of the issues, the responsible partner or our Firm's assurance leadership personnel may be subject to additional mentoring, training or further sanctions in accordance with our Firm's Recognition and Accountability Framework.

Partners and employees of our Firm are informed about the review results and the actions taken to enable them to draw the necessary conclusions for the performance of their engagements. In addition, the GAQ-I Leader informs engagement partners of our Firm who are responsible for group audits involving cross-border work, about relevant quality review findings in other PwC member firms which enables our partners to consider these findings in planning and performing their audit work.

### **Statement of effectiveness of audit quality controls**

Management of PwC Canada believes that the quality control environment described above complies with all applicable regulations and provides a reasonable basis for believing that financial statement audits and other assurance engagements carried out by PwC Canada consistently meet the required quality standards.

## External inspections

PwC Canada is eligible to undertake statutory audit work of publicly listed entities by virtue of its registration with the Canadian Public Accountability Board (CPAB). CPAB undertakes an annual inspection of the quality of PwC Canada's work as auditors of Canadian Reporting Issuers. In March 2019 CPAB issued a report on the 2018 inspection confirming that PwC Canada would continue to be registered with CPAB. As at June 30, 2019, the 2019 CPAB inspection was underway and is likely to be concluded towards the end of 2019.

In addition, the Firm is registered with the PCAOB and subject to PCAOB inspection with respect to work as auditors of SEC registrants and their affiliates. As at June 30, 2019, the most recent PCAOB inspection report related to their 2018 inspection was received by the Firm in June 2019. A full copy of the report is available on the PCAOB website at [www.pcaobus.org](http://www.pcaobus.org).

The Firm continues to be registered with CPAB and PCAOB.

Chartered Professional Accountants (CPA) Canada is our national professional accounting body, with each province being represented by a CPA body. The firm is subject to provincial practice inspections that are focused on private company clients, which assess our adherence to professional standards as set out in the CPA Canada Handbook and relevant provincial rules.

## Relevant audit clients

During the period covered by this Transparency Report, PwC Canada has signed audit reports for the following clients that have transferable securities listed on regulated markets in the countries noted.

### Germany

DREAM Global Real Estate Investment Trust

### Ireland

Royal Bank of Canada

### Luxembourg

Royal Bank of Canada

### Norway

Questerre Energy Corporation

### Sweden

Africa Oil Corp.  
Africa Energy Corp.  
BlackPearl Resources Inc.  
Filo Mining Corp.  
Josemaria Resources Inc.  
Lucara Diamond Corp.  
Lundin Mining Corporation  
Lundin Gold Inc.  
Royal Bank of Canada  
Semafo Inc.

### United Kingdom

Canadian General Investments, Ltd.  
Pure Gold Mining Inc.  
Royal Bank of Canada  
Toyota Credit Canada Inc.

## Financial information

The Firm's audit revenues from the relevant audit clients listed above and all other Firm revenue (CA\$ millions) for the fiscal year ended June 30, 2019 are:

- Audit revenues from relevant EU/EEA clients \$25.1
- Non-audit revenues from relevant EU/EEA clients \$0.8
- Audit revenues from all other clients \$631.8
- Non-audit revenues from all other clients \$1,051.5

Total revenue achieved by statutory auditors and audit firms (i.e. from EU or EEA Member States and listed in Appendix 1) that are members of the PwC network resulting, to the best extent calculable, from the statutory audit of annual and consolidated financial statements is approximately Euros 3.1 billion. This represents the revenue from each entity's most recent financial year converted to Euros at the exchange rate prevailing at that financial year end date.

## Partner remuneration

PwC Canada partners are remunerated solely out of the profits of PwC Canada. Audit partners are not permitted to be incentivised, evaluated or remunerated for the selling of non-audit services to their audit clients.

The final allocation and distribution of profit to individual equity partners is made by Firm management once their performance has been assessed and the annual financial results have been determined. The Firm's partnership board approves the process and oversees its application, including setting the compensation of the CEO and Leadership Team.

Each equity partner's remuneration is dependent upon the level of equity shares in the Firm, which is a function of sustained performance as well as roles and responsibilities, and performance of the individual and his or her business unit in the current period.

Each equity partner's performance is evaluated by assessing achievements against an individually-tailored dashboard, based on the partner's role and responsibilities. Quality is carefully considered in determining partner income.

There is full transparency among the equity partners over the total income allocated to each partner.

## Appendix 1: PwC network audit firms and sole practitioner statutory auditors in EU/EEA member states as at June 30, 2019

Member state	Name of firm
<b>Austria</b>	PwC Wirtschaftsprüfung GmbH, Wien
	PwC Oberösterreich Wirtschaftsprüfung und Steuerberatung GmbH, Linz
	PwC Kärnten Wirtschaftsprüfung und Steuerberatung GmbH, Klagenfurt
	PwC Steiermark Wirtschaftsprüfung und Steuerberatung GmbH, Graz
	PwC Salzburg Wirtschaftsprüfung und Steuerberatung GmbH, Salzburg
	PwC Österreich GmbH, Wien
<b>Belgium</b>	PwC Bedrijfsrevisoren bcvba/Reviseurs d'entreprises scrl
	PwC Audit Services SPRL
<b>Bulgaria</b>	PricewaterhouseCoopers Audit OOD
<b>Croatia</b>	PricewaterhouseCoopers d.o.o
<b>Cyprus</b>	PricewaterhouseCoopers Limited
<b>Czech Republic</b>	PricewaterhouseCoopers Audit s.r.o
<b>Denmark</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
<b>Estonia</b>	AS PricewaterhouseCoopers
<b>Finland</b>	PricewaterhouseCoopers Oy
<b>France</b>	PricewaterhouseCoopers Audit
	PricewaterhouseCoopers Entreprises
	PricewaterhouseCoopers France
	PricewaterhouseCoopers Services France
	PwC Entrepreneurs Audit
	PwC Entrepreneurs Audit France
	PwC Entrepreneurs CAC
	PwC Entrepreneurs CAC France
PwC Entrepreneurs Commissariat aux Comptes	

<b>Member state</b>	<b>Name of firm</b>
	PwC Entrepreneurs Commissariat aux Comptes France
	PwC Entrepreneurs France
	PwC Entrepreneurs Services
	Expertise et Audit Lafarge
	M. Philippe Aerts
	M. Pierre Blanquart
	M. Jean-François Bourrin
	M. Jean-Laurent Bracieux
	M. Didier Brun
	Mme Elisabeth L'Hermitte
	M. François Miane
	M. Yves Moutou
	M. Claude Palméro
	M. Pierre Pégaz-Fiornet
	M. Antoine Priollaud
<b>Germany</b>	PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft
	Wibera WPG AG
<b>Greece</b>	PricewaterhouseCoopers Auditing Company SA
<b>Hungary</b>	PricewaterhouseCoopers Könyvvizsgáló Kft.
<b>Iceland</b>	PricewaterhouseCoopers ehf
<b>Ireland</b>	PricewaterhouseCoopers
<b>Italy</b>	PricewaterhouseCoopers Spa
<b>Latvia</b>	PricewaterhouseCoopers SIA
<b>Liechtenstein</b>	PricewaterhouseCoopers GmbH, Vaduz
<b>Lithuania</b>	PricewaterhouseCoopers UAB
<b>Luxembourg</b>	PricewaterhouseCoopers, Société coopérative
<b>Malta</b>	PricewaterhouseCoopers
<b>Netherlands</b>	PricewaterhouseCoopers Accountants N.V.
	Coöperatie PricewaterhouseCoopers Nederland U.A
<b>Norway</b>	PricewaterhouseCoopers AS

<b>Member state</b>	<b>Name of firm</b>
<b>Poland</b>	PricewaterhouseCoopers Polska sp. z o.o.
	PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k.
	PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością sp. k.
<b>Portugal</b>	PricewaterhouseCoopers & Associados-Sociedade de Revisores Oficiais do Contas Lda
<b>Romania</b>	PricewaterhouseCoopers Audit S.R.L.
<b>Slovakia (Slovak Republic)</b>	PricewaterhouseCoopers Slovensko, s.r.o.
<b>Slovenia</b>	PricewaterhouseCoopers d.o.o.
<b>Spain</b>	PricewaterhouseCoopers Auditores, S.L.
<b>Sweden</b>	PricewaterhouseCoopers AB
	Öhrlings PricewaterhouseCoopers AB
<b>UK</b>	PricewaterhouseCoopers LLP
	James Chalmers
	Katharine Finn

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PwC refers to the Canadian firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.

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