



## **Inquiry into the regulation of auditing in Australia – Questions on Notice from Senator Whish-Wilson: PricewaterhouseCoopers**

### Audit Failure

1. Over the last ten years, how many civil cases have been found against PwC in which audit quality was a significant component in the statement of claims? Please provide details of such instances.
2. Over the last ten years, how many civil cases have PwC settled in which audit quality was a significant component in the statement of claims? Please provide details of such instances.
3. Over the last ten years, how many companies have gone into receivership where: PwC audited the final annual financial report; and where there was material misstatement in the final annual financial report?

In respect of each of the instances that meet the conditions in Question 2:

4. Were the auditors involved dismissed?
5. Were the partners managing the file penalised financially, including through the withholding of performance payments?
6. Were there any other actions that PwC took in response?

#### *PwC Response:*

There have been no judgments in a civil case relating to audits undertaken by PwC with findings against PwC in the last ten years.

There have been six proceedings filed and served against the firm containing allegations relating to audit services in the last 10 years. Of those matters, four have settled, one was struck out by the Court on the firm's application and the other is ongoing.

Details (relevant audit clients): Settled: Centro Properties Limited & Ors, Provident Capital Limited, Great Southern Finance Limited & Ors, Ausbil Investment Management Limited.

Dismissed: CBD Energy Limited. Ongoing: Vocation Limited.

Our records show there is one listed company (audited by PwC) that included a material misstatement (for the prior period) in their final annual financial report before entering into external administration in the last 10 years. Details: Axsesstoday Limited.

Individual partner accountability is assessed on a case by case basis. The firm has a process to identify if there are matters that are relevant to an individual partner's performance. PwC is committed to continuous improvement whether identified as part of a claim or otherwise.

We describe further relevant processes in the separate section on ASIC Audit Inspections.