

CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO  
THE CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO ACT, 2017

**IN THE MATTER OF:** ALLEGATIONS OF PROFESSIONAL  
MISCONDUCT AGAINST PRICEWATERHOUSECOOPERS LLP,  
A FIRM REGISTERED WITH CPA ONTARIO, BEFORE THE  
DISCIPLINE COMMITTEE

**SETTLEMENT AGREEMENT**

**Made pursuant to Section 34 (3)(c) of the Chartered Professional  
Accountants of Ontario Act, 2017, and  
CPA Regulation 15-1, s.26.4**

**Introduction**

1. The Professional Conduct Committee (“**PCC**”) approved draft Allegations against PricewaterhouseCoopers LLP (“**PwC**” or the “**Firm**”) (attached as Schedule “**A**”). Certain documents referred to in this Settlement Agreement are found in the attached Document Brief (“**Doc**”).
2. PwC is a public accounting firm organized as a limited liability partnership under the laws of Ontario, Canada, and headquartered in Toronto. PwC has more than 7,700 partners and staff across Canada.
3. The Firm is part of the PwC network (the “**PwC network**”), which consists of firms that are separate legal entities. PwC, like the other members of the PwC network, is a member firm of PricewaterhouseCoopers International Limited (“**PwCIL**”). PwCIL facilitates coordination between member firms in the PwC network. It does not practise accountancy or provide services to clients.
4. The Network Leadership Team and Board of PwCIL develop and implement policies and initiatives to achieve a common and coordinated approach among individual firms where appropriate, which includes training materials.
5. Within Ontario, PwC has local offices in Toronto, Oakville, Ottawa, Vaughan, Waterloo, Windsor and London.
6. The draft Allegations pertain to PwC’s failure, as a firm registered with CPA Ontario, to establish, maintain and uphold appropriate policies and procedures designed to ensure compliance with professional standards and compliance with the *CPA Ontario Code of*

*Professional Conduct* (“**Code**”) in relation to the independent completion of mandatory internal training assessments by CPA Ontario members and students associated with the Firm and other employees of the Firm (collectively, “**Professional Staff**”).

7. Senior management at PwC became aware of the issues herein in January 2020, and notified CPA Ontario in April 2020. After senior management at PwC became aware of the issues, PwC conducted an internal investigation regarding Answer-Sharing and voluntarily undertook certain remediation measures as described herein. PwC delivered an initial report to CPA Ontario in January 2021 summarizing its findings and the measures taken by the Firm to address Answer-Sharing.
8. The PCC engaged Patricia Harris, CPA, CA, CBV, CFF, DIFA, MFAcc and Jason Kowalczyk, CPA, CA, CFE to investigate the conduct of PwC and 38 members of the Firm’s Professional Staff.
9. The Firm’s Learning and Development (“**L&D**”) group manages the Firm’s internal training curriculum, including mandatory internal training assessments. This curriculum is designed to teach and assess professional competencies and to provide the Firm with reasonable assurance that its personnel attain the competencies addressed in its training programs. The independent completion of mandatory assessments plays an important role in achieving the objectives of the Firm’s learning program.
10. From June 2016 to early 2020 (the “**Relevant Period**”), certain Professional Staff, primarily in the Firm’s assurance practice, improperly created, shared and/or viewed answers with one another when completing mandatory internal training assessments (“**Answer-Sharing**”). By the time PwC senior management became aware of it, Answer-Sharing had been going on for nearly three and a half years.
11. The *Code* requires, and the profession and the public expect, that members of the profession will act with ethics and integrity in the performance of their professional services. This is particularly critical in respect of audit engagements given the reliance placed on this work by members of the public and the capital markets. To achieve these objectives, firms must establish, maintain and uphold appropriate policies and procedures designed to ensure that, in the conduct of the practice, firm members sustain their professional competence, and must encourage a firm culture which reinforces and prioritizes the highest standards of ethics and integrity at all levels.
12. During the Relevant Period, PwC did not have appropriate policies and procedures designed to prevent, detect or monitor for Answer-Sharing or to convey to its Professional Staff the requirement that all mandatory internal training assessments were to be completed independently. In addition, the Firm did not have adequate policies and procedures designed to ensure that the mandatory internal training assessments were effective in demonstrating whether the substantive professional competencies subject to assessment, including certain ethical competencies, had, in fact, been attained.
13. Further, in the manner described herein, PwC failed to establish appropriate policies and procedures in its L&D process designed to ensure ethical completion of internal assessments

and thereby failed to meet public expectations of ethics, and professionalism and to uphold the good reputation of the profession.

14. PwC acknowledges that the Firm's deficiencies, which are described in further detail below, contravened the requirements of *Rules 501 and 502 of CPA Ontario's CPA Code of Professional Conduct* (the "**Code**").
15. The PCC and PwC agree with the facts and conclusions set out in this Settlement Agreement for the purpose of this proceeding only, and further agree that this agreement of facts and conclusions is without prejudice to PwC in any other proceedings of any kind, including, but without limiting the generality of the foregoing, any civil or other proceedings which may be brought by any other person, corporation, regulatory body, or agency.
16. The matters resolved by this Settlement Agreement relate only to those activities of CPA Ontario members and students employed at the Firm during the time of the Answer-Sharing, not to Firm activity outside of Ontario.

#### **Requirements of the Code Specific to Firms**

17. Rule 501 of the *Code* requires firms to establish, maintain, and uphold appropriate policies and procedures designed to ensure that its services are performed in accordance with generally accepted standards of practice of the profession. Having these policies and procedures in place and ensuring that they are upheld is critical to ensuring audit quality and that the services performed by a firm's auditors comply with the requirements of Rule 206.1 of the *Code*.
18. Rule 502 of the *Code* requires firms to establish, maintain, and uphold appropriate policies and procedures designed to ensure that its personnel carry out its professional services in compliance with the requirements of the *Code*. Such policies and procedures are a mechanism by which ethical culture is supported and maintained within a firm. The enumerated requirements identified in Rule 502 of the *Code* are core ethical competencies critical to professional practice, including the appropriate conduct of audit engagements.

#### **Learning & Development and Training Assessments at PwC**

19. PwC's Professional Staff are required by the Firm to participate in ongoing internal training and related assessments. Participation is tracked through training compliance software.
20. The Firm's internal training curriculum serves multiple purposes. It is intended to provide Firm personnel with technical instructions to further their professional development and to satisfy some of the continuing professional education requirements imposed by the regulatory authorities that grant CPA certifications to the Firm's auditors. It is also among the procedures designed to provide the Firm with reasonable assurance that its personnel perform its services in accordance with generally accepted standards of practice of the profession and with integrity, independence and due care.

21. The majority of PwC's training programs are targeted to more junior Professional Staff. Not all programs have assessments, and some learning programs have multiple assessments.
22. The Global Assurance Quality Learning and Education function within the PwC network ("GAQ L&E") is responsible for developing the core assurance curriculum. GAQ L&E standards require PwC to (among other things) create policies and procedures for implementing assurance training programs and monitor completion of mandatory programs.
23. PwC's L&D group develops Canada-specific training to supplement the GAQ L&E assurance curriculum and also develops Cross Line of Service training for all Canadian staff.
24. Professional Staff at the Firm are required to take training developed by the L&D and GAQ L&E groups including various training modules and assessments, based on their seniority in position, learning history, area(s) of practice, and client profile.
25. In its mandatory assurance training curriculum for 2019, the Firm allocated approximately 8% of total training time to assessments. In many cases, final completion of PwC's training programs requires completion of the assessments.
26. Participants have an unlimited number of attempts to complete assessments and may refer to their training material, including their own notes and summaries. PwC does not track the number of attempts taken to pass an assessment but does track when assessments were completed by participants. Generally, to pass a PwC assessment, participants were required to attain a grade of 80%. Participants were required to take the assessment until they passed, with questions on PwC assessments typically being randomized on subsequent attempts.
27. As described further below, Answer-Sharing occurred in respect of assessments covering a wide variety of areas and subject matters, including substantive assurance competencies (including training in applicable accounting and auditing standards, audit strategy, planning, procedures and documentation, professional integrity and independence matters, and specific issues that arise in audits). [see **Doc 1**]

#### ***Answer-Sharing During the Relevant Period***

28. During the Relevant Period, Answer-Sharing Documents (documents with answers to internal training assessments) were created, shared, and/or viewed by various Professional Staff members prior to and while completing their assessments.
29. Specifically, Answer-Sharing occurred in the following ways:
  - a. Repositories of Answer-Sharing Documents were created on Google Drives and generally accessible by invitation [see **Doc 2**]. Google Drives are electronic storage tools within the Google Workspace platform used by PwC that contain folders and documents [see **Doc 3**];
  - b. Answer-Sharing Documents were created and shared by email documents [see **Doc 4**]; and

- c. Professional Staff worked together at the end of in-person training sessions and referred collectively to Answer-Sharing Documents.
30. The Firm's investigation identified 445 individual CPA Ontario members and students who were associated with Answer-Sharing activity to some extent.<sup>1</sup> Answer-Sharing occurred in all of PwC's Ontario offices to varying degrees. A majority of the identified CPA Ontario members and students (292 of the 445 individuals) were based in Toronto.
  31. 93% of identified Answer-Sharing activity was engaged in by assurance Professional Staff engaged in assurance training and assessments. 7% of the total participation was by members and/or students working in tax or advisory services.
  32. There was a consistent mindset among the participants that engaged in Answer-Sharing that it was both widely-known and appropriate. Many viewed sharing answers as part of a collaborative culture at PWC and because the assessments were open book, some did not view answer sharing as ethically improper.
  33. Despite its scope, during the Relevant Period, systemic Answer-Sharing went undetected by senior management at the Firm.
  34. The Firm identified that 423 of the 445 individuals associated with Answer-Sharing activity during the Relevant Period were associates or senior associates. As of May 31, 2019, PwC had 811 assurance associates and senior associates in Ontario.
  35. Some Senior Professional Staff also participated in Answer-Sharing. In particular, 16 managers or senior managers, two directors, and four partners were identified by the Firm as having some involvement with some Answer-Sharing activity.
  36. The Firm took disciplinary measures against Professional Staff associated with their Answer-Sharing activity which included termination of employment, financial penalties, having to re-take assessments, and placement of a letter in their personnel file [see **Doc 5**]. Some Professional Staff who engaged in Answer-Sharing were no longer with the Firm by the time the conduct was uncovered and therefore there were no disciplinary measures taken by the Firm against them.
  37. After Answer-Sharing had been discovered and PwC had put into place policies and procedures (including the attestation and other remedial aspects described below), two PwC Professional Staff were identified as having engaged in further Answer-Sharing with one another.

#### **Lack of Policies and Procedures at the Firm**

38. The Firm, in its self-reporting of this matter, asserted that it was its expectation that mandatory internal training assessments would be completed independently and without the sharing of answers. The Firm believed that this expectation was understood by Professional Staff, but

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<sup>1</sup> Included in the group of 445 were those that created, used, shared, accessed, received, and/or received access to Answer-Sharing documents.

it acknowledges that this expectation was not communicated to Professional Staff during the Relevant Period in writing or otherwise.

39. There was a misalignment between the Firm's expectation that assessments would be completed independently and the understanding of the participants in the Answer-Sharing as set out above.
40. During the Relevant Period, the Firm's expectation that the assessments were to be completed independently was neither monitored nor proceduralized.
41. The written standards and policies in place at the PwC network and Firm level did not state that mandatory internal training assessments were to be completed independently. In addition, during the Relevant Period there were no instructions given to Professional Staff to complete training assessments independently; an attestation as to independent completion was not required for assessments; and, in some instances, Professional Staff were encouraged to work collaboratively with others to complete assessments, including in the training room at the end of class.
42. On November 21, 2019, assurance staff were instructed via webinar to complete assessments independently. The communication was motivated by the publication of press releases and news stories regarding a different firm's manipulation of its training assessment system in another jurisdiction and was not related to any awareness by the Firm that its own Professional Staff had been actively engaging in Answer-Sharing to that point in the Relevant Period. Despite this instruction, Answer-Sharing amongst some Professional Staff continued following the webinar for over one month.
43. During the Relevant Period, the Firm, although aware of the risk of Answer-Sharing, did not have any processes, policies or procedures in place to detect or monitor for Answer-Sharing. It was only following the commencement of the Firm's investigation, when Answer-Sharing had been taking place for more than three years, that the Firm implemented a system of periodic searches across the Firm's Google Drive network for Answer-Sharing Documents.

#### **Implications of Answer-Sharing**

44. An intended purpose of PwC's training programs and assessments was to provide Firm personnel with technical instruction to ensure that services were performed by Professional Staff in accordance with PwC standards for its assurance practice and with generally accepted standards of practice of the profession as well as the ethical responsibilities of the Code, including independence, confidentiality, conflicts of interest, objectivity, integrity, due care, and the obligations not to associate with false or misleading information and to uphold the good reputation of the profession. Mandatory internal training assessments are a part of the Firm's quality control system.
45. The independent completion of assessments is an important component of the Firm's existing procedures and procedures, and was during the Relevant Period, which were designed to provide reasonable assurance that the substantive professional competencies

being evaluated by the assessments have been attained by its Professional Staff, for the purpose of delivering professional services to the public relying upon their work.

46. However, in the manner described herein, during the Relevant Period, the Firm failed to establish, maintain and uphold appropriate policies and procedures designed to ensure that that mandatory internal training assessments, which are part of the Firm's system of quality control, were being completed independently and without Answer-Sharing.
47. As such, the Firm failed to establish, maintain and uphold certain policies and procedures designed to ensure that members associated with the Firm and any other employees of the Firm attained the substantive professional competencies under evaluation by way of mandatory internal training assessments.
48. In addition, the Firm failed to create and foster a culture in which the high standards of ethics and integrity required of Professional Staff were conveyed and applied to internal training assessments. This failure undermines the public's confidence in the ethics and integrity of the participating staff and the profession as a whole.

### **Breaches of the Code**

49. For the reasons set out above, in or about the period June 2016 to January 2020, PwC acknowledges and admits that it,
  - a. failed to adequately communicate to members associated with the Firm and any other employees of the Firm its expectation that mandatory internal training assessments be completed independently and without the sharing of answers, contrary to Rule 501 of the *Code*;
  - b. failed to establish, maintain and uphold appropriate policies and procedures and a system of quality control designed to ensure that mandatory internal training assessments were being completed independently and without Answer-Sharing, contrary to Rule 501 of the *Code*;
  - c. failed to establish, maintain and uphold appropriate policies and procedures designed to ensure that Professional Staff attained the substantive professional competencies, including ethical competencies, being evaluated by mandatory internal training assessments by way of those assessments, contrary to Rules 501 and 502 of the *Code*.
  - d. failed to establish, maintain and uphold appropriate policies and procedures designed to ensure that members associated with the firm and any other employees of the firm conducted themselves in a manner which would maintain the good reputation of the profession and serve the public interest, contrary to Rule 502 of the *Code*; and
  - e. permitted a culture of Answer-Sharing to develop among certain Professional Staff and thereby failed to ensure that its Professional Staff understood and met the generally expected standards of ethics, integrity, and professionalism in the conduct of the practice, contrary to Rule 502 of the *Code*.

50. PwC admits that, in the manner set out herein and given the above-noted breaches, it failed to establish, maintain and uphold appropriate policies and procedures designed to ensure that the Firm's services are performed in accordance with generally accepted standards of practice of the profession, contrary to Rule 501 of the *Code*.
51. PwC also admits that, in the manner set out herein and given the above-noted breaches, it failed to establish, maintain and uphold appropriate policies and procedures designed to ensure that in the conduct of the practice the members associated with the Firm and any other employees of the Firm comply with the CPA Code, contrary to Rule 502 of the *Code*.

### **Other Regulatory Proceedings**

52. The Firm entered into settlement agreements with the Canadian Public Accountability Board ("**CPAB**") and the Public Company Accountability Oversight Board ("**PCAOB**") [see **Doc 6** and **7**] in respect of the Answer-Sharing activity which were approved in February of 2022. PwC neither admitted nor denied the respective findings of CPAB and PCAOB.
53. CPAB found that the Firm violated CPAB *Rules* and quality control standards related to integrity and personnel management by failing to establish appropriate policies and procedures for administering and overseeing internal training tests, including tests designed to help the Firm's audit professionals satisfy the requirements for maintaining their accounting certifications.
54. CPAB further found that the Firm failed to establish policies and procedures, including monitoring procedures, to provide the Firm with reasonable assurance that: (1) the Firm and its personnel comply with relevant ethical requirements; (2) personnel to whom work was assigned had the degree of technical training and proficiency required in the circumstances; and (3) personnel participated in general and industry specific continuing professional education that enabled them to fulfill responsibilities assigned and satisfy applicable continuing professional education requirements of regulatory agencies. Accordingly, the Firm was found to have violated CSQC 1 standards and professional standards in Canada pertaining to ethics and personnel management.
55. CPAB found that it was appropriate, in order to protect the interests of investors and further the public interest in the preparation of informative, accurate and independent audit reports, to issue an order imposing the following requirements and sanctions on the Firm:
  - a. The Firm was publicly censured, pursuant to section 601(h) of the CPAB *Rules*;
  - b. The Firm was required to pay up to a maximum of \$200,000 to CPAB for the costs of CPAB's investigation and any costs associated with monitoring the Firm's compliance;
  - c. The Firm was required to establish, revise, or supplement policies and procedures to provide the Firm with reasonable assurance that:
    - i. Personnel perform all internal training and tests with integrity;



- ii. Personnel have the degree of technical training and competence required for their assigned work;
  - iii. Personnel participate in continuing professional education and development activities that enable them to fulfill responsibilities; and
  - iv. The above-described policies and procedures are suitably designed and effectively applied; and
- d. Within 150 days of the effective date of the settlement agreement, the Firm was required to certify in writing its compliance with ii. and iii. above. The Firm was also required to submit additional evidence and information concerning compliance as CPAB may have required.
56. Similarly, PCAOB found that the Firm violated PCAOB *Rules* and quality control standards related to integrity and personnel management by failing to establish appropriate policies and procedures for administering and overseeing internal training tests, including tests designed to help the Firm's audit professionals satisfy the requirements for maintaining their accounting certifications.
57. PCAOB further found that the Firm failed to establish policies and procedures, including monitoring procedures, to provide the Firm with reasonable assurance that: (1) Firm personnel performed all professional responsibilities with integrity; (2) personnel to whom work was assigned had the degree of technical training and proficiency required in the circumstances; and (3) personnel participated in general and industry specific continuing professional education that enabled them to fulfill responsibilities assigned and satisfy applicable continuing professional education requirements of regulatory agencies. Accordingly, the Firm was found to have violated PCAOB quality control policies related to integrity and personnel management.
58. PCAOB found that it was necessary and appropriate, for the protection of investors and to further the public interest, to issue an order imposing the following sanctions on the Firm:
- a. The Firm was censured pursuant to Section 105(c)(4)(E) of the *Sarbanes-Oxley Act*, 2002, and PCAOB Rule 5300(a)(5);
  - b. The Firm was required to pay a civil money penalty in the amount of US\$750,000;
  - c. Within 90 days of the entry of the order the Firm was required to establish, revise, or supplement policies and procedures to provide the Firm with reasonable assurance that:
    - i. Personnel perform all internal training and tests with integrity;
    - ii. Personnel have the degree of technical training and competence required for their assigned work;

- iii. Personnel participate in continuing professional education to fulfill responsibilities assigned and satisfy applicable continuing professional education requirements of regulatory agencies; and
  - iv. The above-described policies and procedures are suitably designed and applied effectively; and
- d. Within 120 days of the entry of the order the Firm was required to provide a certification from its CEO stating that the Firm had complied with (b) above. As part of the certification, the actions undertaken to satisfy the conditions above were required to be identified (including any remedial actions taken prior to the date of the order) and written evidence of compliance together with supporting exhibits was to be provided.

### **Mitigating Factors**

59. PwC self-reported the Answer-Sharing issue to CPA Ontario as required by the *Code*.
60. PwC has implemented certain remediation measures in respect of the independent completion of mandatory internal training assessments including that:
- a. An attestation must now be completed by each writer prior to the commencement of every assessment confirming that the writer will complete the assessment independently;
  - b. A component has been added to the Annual Compliance Confirmation requiring professionals to attest that they have completed all internal training assessments independently;
  - c. Periodic searches across the Google Drive network for documents which contain answers to internal training assessments are conducted;
  - d. The “Speak Up” campaign designed to encourage all professionals to report unethical conduct has been launched; and
  - e. Materials have been included in instructor manuals to prompt instructors to remind training participants to complete mandatory training assessments independently.
61. Following the commencement of CPA Ontario’s investigation, PwC created a policy regarding assessments that is included in the Firm-wide L&D policies, which states:

*Assessments are often part of the learning process. They are tools to focus the learner’s attention on key concepts and confirm their understanding of the material covered. As such, the completion of assessments that are undertaken in connection with the firm’s internal training modules should reflect only the learner’s own learning and understanding of topics. It is not acceptable to use shared answers to complete internal training assessment questions (or to share answers with others for that purpose), through screenshots, shared drives, emails,*

*chatting, or other means, whether before, during or after completion of the assessment. This kind of answer-sharing undermines the learning process and is not aligned with our Code of Conduct. It is expected that all assessments for all internal training should be completed by learners without the benefit of shared answers or other improper assistance. Any breach of the PwC's Code of Conduct will result in non-compliance consequences (up to and including potential termination from the firm).*

62. The new assessment policy is also included on the assurance L&D instructor site, the assurance L&D participants site, and PwC's Vantage home page.

### **Terms of Settlement**

63. The PCC and PwC agree on the following Terms of Settlement:
- a. A payment by way of fine in the amount of \$1,000,000;
  - b. A payment of costs in the amount of \$455,000; and
  - c. Notice of the Terms of this Settlement Agreement is to be published by CPA Ontario, including notice to be given to all members of CPA Ontario, the Public Accounting Standards Committee, all provincial CPA bodies, and in the *Globe and Mail* and *National Post* newspapers.
64. PwC shall, by no later than three days in advance of the date set for the approval of the Settlement Agreement by the Discipline Committee, pay the fine and costs amounts set out in paragraph 63 to its counsel, Lenczner Slaght LLP, to hold in trust pending approval of the Settlement Agreement, and provide confirmation of same to the PCC. If this Settlement Agreement is approved by the Discipline Committee, PwC hereby irrevocably directs Lenczner Slaght LLP to pay the fine and costs amounts to CPA Ontario as the PCC directs on the first business day following the approval of the Settlement Agreement.
65. PwC shall pay the costs of the publication set out in paragraph 63 and any publication in accordance with paragraph 63 to CPA Ontario, as the PCC directs, within 30 days of when PwC is provided with written notice of the amounts incurred by CPA Ontario.
66. For greater certainty, the PCC and PwC expressly authorize and consent to CPA Ontario:
- a. Providing notice of the terms of this Settlement Agreement to all CPA Ontario members, to the Public Accounting Standards Committee, and to all provincial CPA bodies; and
  - b. Publishing notice of the Settlement Agreement and the Terms of Settlement as set out herein.
67. Should the Discipline Committee approve this Settlement Agreement, PwC agrees to waive its right to a full hearing, judicial review, or appeal of the matter subject to the Settlement Agreement. Upon PwC fulfilling the requirements of this Settlement Agreement, the draft

Allegations attached as Schedule "A", approved by the PCC and dated October 2022, shall be forever stayed.

68. Should the Discipline Committee approve this Settlement Agreement, no party will make any public statement that is inconsistent with the content of this Settlement Agreement. Following approval, CPA Ontario and PwC may, each in their sole discretion, issue a release in respect of this outcome.
69. If for any reason this Settlement Agreement is not approved by the Discipline Committee, then:
  - a. The terms of this Agreement, including all Settlement negotiations between the PCC and PwC leading up to its presentation to the Discipline Committee, shall be without prejudice to the PCC and PwC; and
  - b. The PCC and PwC shall be entitled to all available proceedings, remedies, and challenges, including proceeding to a hearing on the merits of the allegations, or negotiating a new Settlement Agreement, unaffected by this Settlement Agreement or the Settlement negotiations.

**Disclosure of Settlement Agreement and Independent Legal Advice**

70. This Settlement Agreement and its terms will be treated as confidential by the PCC and PwC until approved by the Discipline Committee, and forever if for any reason whatsoever this Settlement Agreement is not approved by the Discipline Committee, except with the written consent of the PCC and PwC, or, as may be required by law.
71. Any obligations of confidentiality shall terminate upon approval of the Settlement Agreement by the Discipline Committee.
72. PwC confirms that it has utilized independent legal counsel in negotiating and entering this Agreement.

All of which is agreed to for the purpose of this proceeding alone this 22 day of November, 2023.



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Alexandra E. Hersak, LL.B  
Vice President, Investigations & Prosecutions  
on behalf of  
The Professional Conduct Committee



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PricewaterhouseCoopers LLP  
Per: Michael Paterson  
Title: Chief Risk & Resilience Officer



CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO

*THE CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO ACT, 2017*

**TO:** PRICEWATERHOUSECOOPERS LLP

**AND TO:** The Discipline Committee of CPA Ontario

The Professional Conduct Committee of CPA Ontario hereby makes the following Allegations of professional misconduct against PricewaterhouseCoopers LLP ("**PwC**"), a firm registered with CPA Ontario (the "**Firm**"):

1. THAT the said Firm, in or about the period June 2016 to January 2020, failed to establish, maintain, and uphold appropriate policies and procedures designed to ensure that its services are performed in accordance with generally accepted standards of practice of the profession, contrary to Rule 501 of the CPA Ontario Code of Professional Conduct in that the Firm:
  - a. failed to adequately communicate to members associated with the Firm and any other employees of the Firm its expectation that mandatory internal training assessments be completed independently and without the sharing of answers;
  - b. failed to establish, maintain, and uphold policies and procedures and a system of quality control to provide it with reasonable assurance that members associated with the firm and any other employees of the firm completed mandatory internal training assessments independently and without the sharing of answers; and
  - c. failed to ensure that members associated with the firm and any other employees of the firm attained the substantive professional competencies being evaluated by mandatory internal training assessments.
2. THAT the said Firm, in or about the period June 2016 to January 2020, failed to establish, maintain and uphold appropriate policies and procedures designed to ensure that, in the conduct of the practice, members who are associated with the firm and any other employees of the firm complied with the CPA Ontario Code of Professional Conduct, contrary to Rule 502 of the CPA Ontario Code of Professional Conduct, in that the Firm:
  - a. failed to establish, maintain and uphold policies and procedures to ensure that members associated with the firm and any other employees of the firm conducted themselves in a manner which will maintain the good reputation of the profession and serve the public interest; and



- b. failed to ensure that members associated with the firm and any other employees of the firm attained the substantive ethical competencies being evaluated by mandatory internal training assessments.

Dated at Collingwood, Ontario, this \_\_\_\_ day of October, 2022

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J. Currie, FCPA, FCA, FCMA, CFP, CHAIR  
PROFESSIONAL CONDUCT COMMITTEE

DRAFT