



Approach to quality by line of service

2026



Delivering quality work is the foundation of trust in the network and forms the basis of our reputation. This document outlines how we approach quality within each line of service. To learn more about our wider approach to governance, risk and quality across lines of service, see [Transform Today, Build Tomorrow](#) our 2026 Global Annual Review.



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Advisory

PwC Advisory works with clients during critical moments that matter to them, driving sustained value.

Our global, multidisciplinary capabilities span strategy, consulting, managed services, deals, and risk, alongside assurance, and tax and legal services. That breadth lets us bring the right combination of skills to a client's challenge. We manage quality consistently across different solutions delivered by teams with a variety of professional backgrounds.

PwC Advisory's professionals focus on stakeholder expectations by enhancing quality through three lenses:

- **The quality of our people.** We continuously upskill and invest in our people—including developing our people's capabilities and empowering them to responsibly integrate the latest technologies—so we can create sustained value for our clients.
- **The quality of delivery.** We proactively identify, manage, and mitigate risks associated with complex transformations. In addition, we use leading methodologies and AI-powered innovation to enable consistency and quality while delivering measurable impact.
- **The quality of client experience.** We combine capabilities, technologies, industry expertise, and functional know-how, so that our clients receive solutions they value, and we look to long-term collaborations as evidence of our lasting impact.

PwC firms implement programmes to monitor and promote quality across Advisory engagements. These include regular reviews of completed and in-flight engagements performed by teams independent of the engagement. The engagement reviews assess whether the work met our standards and feed findings back into methodology, training and, where necessary, individual accountability.

Assurance

PwC is dedicated to meeting expectations around assurance quality, which is fundamental to building trust and confidence in financial and non-financial reporting. To do that effectively, assurance must be consistent with professional standards and meet the increasingly complex expectations of a growing group of stakeholders. That's why our firms are committed to continuous improvement in the quality of our assurance services, supported by the responsible use of technology and grounded in independence and objectivity, the ethical requirements of our profession, and in accordance with the applicable professional standards. In doing so, we help our clients and their stakeholders navigate complexity, respond to change, and create sustainable value.

Focusing on audit and assurance quality

We welcome increased public focus on audit and assurance quality, and the dialogue about how auditors and assurance practitioners, investors, and other stakeholders can work together to increase the level of confidence in financial and non-financial reporting and support growth. We actively contribute to this dialogue with audit committees, boards, regulators, and standard-setters worldwide, both directly as PwC, and also collaboratively as a profession—through organisations like the Global Public Policy Committee and the Center for Audit Quality in the US.

Delivering quality audits and assurance engagements is central to our purpose. We address instances of sub-standard engagements with utmost seriousness, assessing and mitigating their impact, identifying the root cause(s), and using the experience as an opportunity to learn and enhance quality for future audits and assurance engagements.

Member firms emphasise the importance of quality—both in outcomes and behaviours—in the evaluation, recognition, and accountability of partners and leadership teams. Quality is a key factor in our performance evaluations and career progression decisions for our partners and people.



Framework that enables quality

The quality of our audit and assurance engagements is built on having the appropriate culture and the right people, supported by effective methodologies, governance, processes, and technologies. PwC's Assurance quality management framework—Quality Management for Service Excellence (QMSE)—requires each firm to assess specific risks to quality and respond appropriately in line with its individual circumstances. Our approach integrates quality management into how each firm runs its audit and assurance business and manages risk rather than viewing quality and risk management as standalone activities.

The QMSE framework is designed to enable member firms to meet the objectives and requirements of International Standard on Quality Management (ISQM) 1, an objectives-based standard that expects firms to have a system of quality management (SoQM) that operates in a continuous and iterative manner taking into consideration the conditions, events, circumstances, actions, and inactions that impact a firm's ability to deliver quality engagements. It sets expectations regarding each firm's responsibilities around monitoring and remediation, emphasising the need for proactive, real-time monitoring of the SoQM, an effective and timely root cause analysis process, and timely and effective remediation of deficiencies.

Under ISQM 1, each firm is required to conclude whether its SoQM provides the firm with reasonable assurance that the objectives of the SoQM are being achieved. The QMSE framework and related guidance also support member firms that are registered with the US PCAOB in meeting the objectives and requirements of the PCAOB's standard on a firm's system of quality control.

We amended the framework and its guidance to support registered member firms implementing the PCAOB's new quality control standard, QC 1000, which takes effect on 15 December 2026.

Values, judgement, objectivity, and professional scepticism

Performing quality audit and assurance engagements requires more than just the right tools and processes. It also depends on a strong culture of quality, integrity, and accountability. In the context of a financial statement audit, the auditor's role is to reach a professional judgement based on reasonable assurance about whether the financial statements prepared by the entity's management are, as a whole, free of material misstatement and present a fair picture of the entity's financial performance and position in accordance with the appropriate financial reporting framework. To carry out this assessment effectively, PwC auditors apply professional scepticism, objectivity, specialist skills, and judgement. PwC's values guide our people in working with clients and performing engagements, behaving ethically, and operating in a trustworthy manner, as outlined above in the Ethics and Independence sections. We aim to recruit, train, develop, and retain people who are values-driven and who share our strong sense of responsibility for delivering quality services. To prepare people and partners for the delivery of quality audit and assurance services, our people have access to a comprehensive curriculum of formal and informal learning and technical courses, with a particular focus on professional scepticism, risk assessment, independence, ethics, data, technology and AI skills. We also develop and support our people through coaching, on-the-job training, and development learned through diverse experiences and by providing access to expertise through our multidisciplinary model, which brings together varied expertise across a portfolio of disciplines and deep industry knowledge.

Internal and external inspection activities

Internal inspection activities

Engagement Compliance Reviews (ECRs) are carried out by PwC firms for a selection of completed engagements. These periodic reviews are designed to determine whether an engagement was performed in compliance with PwC Audit guidance, applicable professional standards, and other applicable engagement-related policies and procedures.

ECRs are led by experienced and objective Assurance partners supported by teams of directors, senior managers, and specialists. Review teams are resourced to reflect the specialist knowledge or experience needed to objectively assess the selected engagements and are independent from those who are either subject to the review or are potentially affected by the results.

Network-wide results of firms' internal inspections for audit engagements

	2026	2025	2024	2023	2022
Total Audit Engagement Reviews	1,699	1,807	1,756	1,756	1,706
Compliant (%)	89.2%	87.7%	85.4%	85.6%	85.3%
Compliant with Improvement Required (%)	7.5%	9.1%	9.9%	10.2%	11.1%
Total Compliant (%)	96.7%	96.8%	95.3%	95.8%	96.4%
Non-Compliant	56	58	82	73	61
Non-Compliant (%)	3.3%	3.2%	4.7%	4.2%	3.6%

For the 2026 inspection cycle, of the 1,699 audit engagement reviews completed by PwC firms through their internal inspection processes, 96.7% were rated as Compliant, and 56 (3.3%) were rated as Non-Compliant. In addition to understanding and responding to the impact of any quality findings on the audit engagement, firms assess whether those findings indicate a deficiency in their SoQM and, if so, determine appropriate remediation actions.

At a network level, we undertake periodic reviews to evaluate certain elements of firms' SoQMs. These reviews are led by experienced and objective Assurance partners supported by teams with specialist knowledge and experience. Findings from these reviews are assessed by the firms and remedial actions, as appropriate, are determined and actioned.

We continue to invest in enhancing audit quality through this process, and we remain fully committed to a culture of continuous improvement.

External inspection activities

At PwC, our commitment to audit quality is reinforced through monitoring and external inspections conducted by audit regulators and professional bodies. The rigorous scrutiny applied by regulatory authorities helps to align our audits with professional standards and regulatory requirements. This external oversight not only holds us accountable but also provides the public and our clients with additional confidence in the reliability and integrity of our audit services. Regulatory authorities publish inspection results of PwC firms and, where relevant, PwC firms publish summary information about those results in their own transparency reports. The network does not aggregate external inspection results because regulatory inspection timing, scopes, criteria, and rating scales vary across jurisdictions.

Tax and Legal Services

Tax and Legal Services provide advice for clients leveraging technical expertise grounded in quality and reflecting our professional standards. In FY26, Tax and Legal Services continued to strengthen quality via a more integrated, evidence-based, and business-facing risk and quality model.

Our quality standards are reinforced by a culture of accountability and anchored in PwC's Global Tax Code of Conduct. They are delivered through a territory governance model that embeds ethics, risk considerations, and professional judgement into the way in which the network serves clients. This extends from the way engagements are accepted and delivered, through how complex matters are reviewed, monitored, and improved over time, with a focus on identifying risk early, applying professional judgement, and helping clients understand the wider context in which they operate.

In addition to our network standards and risk management policies, our Tax Policy Panels support sensitive, complex, and cross-border engagements, bringing together experienced partners and subject matter experts to provide holistic advice that considers the broader business and societal context. Consultation with a Tax Policy Panel is applied to these categories of engagements, and a panel may recommend additional safeguards or may decline to support a proposed position.

In FY26, we continued to focus on extending our standardised, data-driven approach to reviewing engagement quality, supporting consistent escalation, and enabling proportionate action plans.

Together, these steps support earlier involvement, accountability, and continuous improvement across the network, supporting clients as they create and protect value in an increasingly complex environment.



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