

**From:** Adrian King (AU) -s 47F(1)  
**Sent:** Thursday, 18 May 2023 3:17 PM  
**To:** s 47E(c) Cresswell, Jason  
**Cc:** s 47F(1)  
**Subject:** PwC update

Hi Jason, s 47E(c)

I hope you are both well.

I wanted to share some further information in relation to the PwC tax matter and confidentiality that has received significant media recently.

Firstly, I wanted to say sorry if this draws any unwanted attention to the AFP. We are proud of the work we have done with AFP over the years and I find the current situation extremely disappointing personally.

Please find below a summary of the PwC tax matter and some additional information with respect to our management of conflict of interest and your confidential information.

In summary:

- On 16 May, Secretaries of Departments of State (and COOs) will have received a letter from the PwC acting CEO, Kristin Stubbins, outlining key facts relevant to the TPP investigation of PwC and subsequent events covered in the media.
- In 2015 former PwC Australian tax partner Peter Collins shared, without consent, confidential information he obtained when participating in consultations with the Treasury.
- PwC has taken measures to address this issue which include: the CEO has stood down and will retire from the partnership, and two additional members of our Executive Board have also stepped down; Assurance Leader Kristin Stubbins has been appointed as acting CEO, with Tony O'Malley appointed as Chief Risk and Ethics Leader; the commissioning of an external, independent review of the firm's governance, culture and accountability to be led by Dr Ziggy Switkowski AO. If inappropriate behaviour is uncovered by Dr Switkowski's review, we will not hesitate to take action, including exiting people and partners from the firm.
- These measures are in addition to other changes we have made to our business over the past 6 to 8 years, including the commissioning and implementation of an earlier review of PwC's design effectiveness of PwC's tax governance and internal control framework. This review was conducted by former ATO official Bruce Quigley with participation from the ATO.
- With respect to our engagement with the AFP, where required all partners and staff on engagements for the AFP have security clearances, onboarding checks, have signed confidentiality agreements and are required to adhere to these confidentiality requirements.

Below is more context on the matter and PwC's response to date, I have also included a summary of our broader enterprise information security and management protocols.

I'd be happy to provide anything else the AFP would like in relation to this including more detail on our processes and controls over confidential information or additional assurances the AFP would like to receive.

Kind regards,

Adrian

\*\*\*\*\*

**1. Context on PwC tax matter**

- In 2015 former PwC Australian tax partner Peter Collins shared, without consent, confidential information he obtained when participating in consultations with Treasury.
- This matter was investigated by the Tax Practitioners Board (TPB), which found that he did not act with integrity and cancelled his tax agent registration. The TPB also found that the Australian firm failed to have in place adequate arrangements to manage conflicts of interest in relation to confidential Government consultations.
- PwC internal emails (redacted) related to this matter were made public on 2 May 2023. The emails were part of a response from the TPB to questions that were asked by a Senate Committee as part of an Inquiry into management and assurance of integrity by consulting services (Consulting services).

## 2. Measures taken by PwC in relation to the matter

- Tom Seymour, who led the Tax practice when these matters occurred, has stepped down as CEO and will retire from the partnership on 30 September 2023. Pete Calleja and Sean Gregory are no longer in their executive roles as Financial Advisory Leader and Chief Strategy, Risk and Reputation Officer respectively.
- PwC has commissioned an external, independent review of the firm's governance, culture and accountability. Dr Ziggy Switkowski AO will lead this review. The review is focussed on the way in which decisions are made and overseen within PwC, including how financial goals, values and strategic objectives are balanced and prioritised. It is examining the way in which partners and staff are held accountable for their responsibilities, as well as the values and behaviours that exist at all levels within the firm. Dr Switkowski has access to all the people and information he needs to conduct a rigorous and robust review. His work has begun and he has been asked to report his key findings and recommendations in September 2023.
- PwC's Global Legal Business Solutions Leader Tony O'Malley has been appointed Chief Risk and Ethics Leader for PwC Australia. A former Managing Partner of KWM, Tony will have responsibility for all aspects of ethics and compliance at the firm and will help lead implementation of the independent review's findings.
- The measures outlined above are in addition to other changes PwC has made to the business over the past 6 to 8 years since these events occurred. Since then, the firm has:
  - Commissioned a review of the design effectiveness of our tax governance and internal control framework, conducted by former ATO official Bruce Quigley and in which the ATO participated;
  - Implemented recommendations from that review;
  - Introduced controls to prevent market-facing partners from participating in confidential tax consultations;
  - Established a central register of confidentiality agreements;
  - Adopted the Australian Tax Advisory Firm Governance – Best Practice Principles which were developed in conjunction with the ATO; and
  - Established a Tax Policy Panel (TPP) to support the provision of holistic and sustainable tax advice for our clients. The TPP consists of three senior partners, independent of the client team, who review complex tax advice matters involving material issues of tax policy as well as matters of trust and reputation for our clients.

## 2. Summary of PwC's broader information security and management protocols

PwC has a number of policies and processes designed to comply with our professional and ethical requirements which support integrity and ethical behaviour and compliance with professional and ethical requirements. These include but are not limited to:

### (a) Identifying and Managing Conflicts of Interest

- PwC has strict policies and procedures in place to identify, assess and manage any potential conflicts of interest, including a centralised conflict checking process prior to entering into engagements with clients. This process involves running internal database searches to gather information about existing relationships with proposed clients and other parties relevant to an engagement.
- Where it is considered that a potential conflict can be managed, appropriate controls and safeguards will be put in place, such as separation protocols. Alternatively, where PwC cannot manage a conflict between an opportunity and an existing engagement or another opportunity, the opportunity or part of it may be declined. Where an individual is considered to be conflicted, alternative PwC staff members will be used.

### (b) PwC Personnel Responsibilities

- PwC acknowledges that their personnel providing services will have access to information that is confidential. As such, PwC personnel treat information obtained during such engagements as confidential. PwC personnel will undertake their role in a manner consistent with professional requirements, probity and process obligations by:



- o Acting ethically and with integrity;
- o Reporting actual or potential conflict of interest issues;
- o Maintaining the security and confidentiality of information relating to each engagement;
- o Acting in a manner consistent with the protocols, procedures and plans developed for each engagement.

(c) *Security and Management of Information*

Digital

- Confidentiality and information security is addressed through PwC policies and associated staff training. It covers PwC's approach to information handling, access controls, physical security, and incident management.
- This covers both digital and physical security. All PwC staff are committed to applying the policies and procedures and undergo annual training. In the absence of specific client requirements on the handling of confidential information, this includes ensuring only team members directly involved in an engagement are able to access any folder relating to their team's work on the engagement.

Hard Copy

- PwC personnel are instructed on the management and disposal of confidential hard copy documents. Additionally, PwC uses a secure print management system for printing, copying and scanning documents. PwC employees authenticate with their employee security card to retrieve printed materials and print jobs are wiped every 24 hours.
- PwC personnel will take specific steps to maintain security of information within their work location by:
  - o Adopting a clean desk policy
  - o Ensuring all confidential information is securely stored when not in the team member's control
  - o Avoiding unnecessary printing of confidential information
  - o Avoiding the movement of hard copy documents related to an engagement from the office unless specifically required (i.e. site visit)
  - o When no longer required, destroy hard copy materials via secure disposal systems located in each office (not in general waste).

Adrian King  
 Partner  
 PwC  
 +61 403 279 892

s 47F(1)

THIS DOCUMENT IS DECLASSIFIED AND RELEASED BY THE AUSTRALIAN FEDERAL POLICE UNDER THE FREEDOM OF INFORMATION ACT 1982 (Cth)

---

This email is sent by PwC. If you have received the email in error, please let us know immediately by contacting the sender. You must not continue to read the email or open or read any attachments once you become aware that the email has been sent to you in error and you must delete the email. Nor must you use, or disclose, or copy the email. We may seek your written undertaking that you have complied with these requirements. Confidentiality or legal privilege in any material in the email and any attachments, is not lost or waived by our mistaken disclosure to you. Our approach to privacy is set out in our Privacy Policy available at [www.pwc.com.au/privacy](http://www.pwc.com.au/privacy). Any opinions or other information in this email that do not relate to the official business of PwC are neither given nor endorsed by it. If this email contains a marketing message that you would prefer not to receive in the future please reply to the sender and copy your reply to [au\\_privacy\\_officer\\_mbx@pwc.com](mailto:au_privacy_officer_mbx@pwc.com) with "unsubscribe" in the subject line". Liability limited by a scheme approved under Professional Standards Legislation.