
2021 Inspection PricewaterhouseCoopers LLP

(Headquartered in New York, New York)

November 4, 2022

THIS IS A PUBLIC VERSION OF A PCAOB INSPECTION REPORT

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(2) AND 105(b)(5)(A) OF THE SARBANES-OXLEY ACT OF 2002

PCAOB RELEASE NO. 104-2022-223



EXECUTIVE SUMMARY

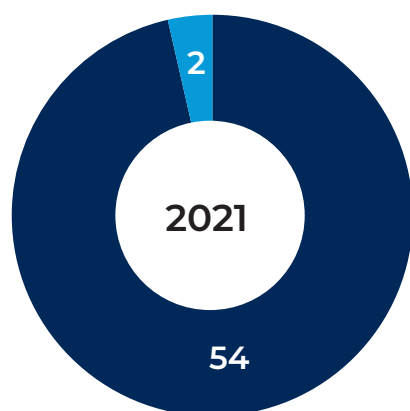
Our 2021 inspection report on PricewaterhouseCoopers LLP provides information on our inspection to assess the firm's compliance with Public Company Accounting Oversight Board (PCAOB) standards and rules and other applicable regulatory and professional requirements. This executive summary offers a high-level overview of:

- Part I.A of the report, which discusses deficiencies (“Part I.A deficiencies”) in certain issuer audits that were of such significance that we believe the firm, at the time it issued its audit report(s), had not obtained sufficient appropriate audit evidence to support its opinion(s) on the issuer’s financial statements and/or internal control over financial reporting (ICFR); and
- Part I.B of the report, which discusses deficiencies that do not relate directly to the sufficiency or appropriateness of evidence the firm obtained to support its opinion(s) but nevertheless relate to instances of non-compliance with PCAOB standards or rules.

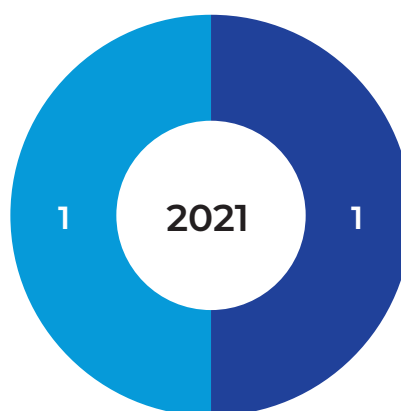
If we include a deficiency in this report — other than those deficiencies for audits with incorrect opinions on the financial statements and/or ICFR — it does not necessarily mean that the issuer’s financial statements are materially misstated or that undisclosed material weaknesses in ICFR exist. If we include a deficiency in Part I.A or Part I.B of this report, it does not necessarily mean that the firm has not addressed the deficiency.

Overview of the 2021 Deficiencies Included in Part I

Two of the 56 audits we reviewed in 2021 are included in Part I.A of this report due to the significance of the deficiencies identified. The identified deficiencies related to the firm’s testing of controls over and/or substantive testing of long-lived assets, equity and equity-related transactions, and business combinations.



- Audits without Part I.A deficiencies
- Audits with Part I.A deficiencies



- Deficiencies in both financial statement and ICFR audits
- Deficiencies in the financial statement audit only
- Deficiencies in the ICFR audit only

The Part I.A deficiencies in 2021 related to testing the design or operating effectiveness of controls selected for testing, evaluating significant assumptions that the issuer used in developing an estimate, and evaluating the appropriateness of the issuer's accounting method or disclosure.

Other deficiencies identified during the 2021 inspection that do not relate directly to the sufficiency or appropriateness of evidence the firm obtained to support its opinion(s), which appear in Part I.B, related to retention of audit documentation, audit committee communications, and Form AP.

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2021 INSPECTION

In the 2021 inspection of PricewaterhouseCoopers LLP, the PCAOB assessed the firm's compliance with laws, rules, and professional standards applicable to the audits of public companies.

We selected for review 56 audits of issuers with fiscal years generally ending in 2020. For each issuer audit selected, we reviewed a portion of the audit. We also evaluated elements of the firm's system of quality control.

We also selected for review two reviews of interim financial information ("interim reviews"). Our reviews were performed to gain a timely understanding of emerging financial reporting and auditing risks associated with issuers that were formed by mergers between non-public operating companies and special purpose acquisition companies (SPACs). We did not identify any instances of non-compliance with PCAOB standards related to the interim reviews that we reviewed.

What's Included in this Inspection Report

This report includes the following sections:

- **Overview of the 2021 Inspection and Historical Data by Inspection Year:** Information on our inspection, historical data, and common deficiencies.
- **Part I – Inspection Observations:**
 - o **Part I.A:** Deficiencies that were of such significance that we believe the firm, at the time it issued its audit report(s), had not obtained sufficient appropriate audit evidence to support its opinion(s) on the issuer's financial statements and/or ICFR.
 - o **Part I.B:** Deficiencies that do not relate directly to the sufficiency or appropriateness of evidence the firm obtained to support its opinion(s) but nevertheless relate to instances of non-compliance with PCAOB standards or rules.
- **Part II – Observations Related to Quality Control:** Criticisms of, or potential defects in, the firm's system of quality control. Section 104(g)(2) of the Sarbanes-Oxley Act ("Act") restricts us from publicly disclosing Part II deficiencies unless the firm does not address the criticisms or potential defects to the Board's satisfaction no later than 12 months after the issuance of this report.
- **Appendix A – Firm's Response to the Draft Inspection Report:** The firm's response to a draft of this report, excluding any portion granted confidential treatment.

2021 Inspection Approach

In selecting issuer audits for review, we use both risk-based and random methods of selection. We make the majority of our selections based on (1) our internal evaluation of audits we believe have a heightened risk of material misstatement, including those with challenging audit areas, and (2) other risk-based characteristics, including issuer and firm considerations. We also select audits randomly to provide an element of unpredictability.

When we review an audit, we do not review every aspect of the audit. Rather, we generally focus our attention on audit areas we believe to be of greater complexity, areas of greater significance or with a heightened risk of material misstatement to the issuer's financial statements, and areas of recurring deficiencies. We may also select some audit areas for review in a manner designed to incorporate unpredictability.

Our selection of audits for review does not constitute a representative sample of the firm's total population of issuer audits. Additionally, our inspection findings are specific to the particular portions of the issuer audits reviewed. They are not an assessment of all of the firm's audit work nor of all of the audit procedures performed for the audits reviewed.

Our target team performs inspection procedures in areas of current audit risk and emerging topics and focuses its reviews primarily on evaluating the firm's procedures related to that risk or topic. In 2021, our target team focused primarily on audit areas affected by COVID-19, such as fraud and going concern, and on interim reviews of issuers that were formed by mergers between non-public operating companies and SPACs.¹

For the interim reviews, similar to our approach for reviewing audits, our target team did not review every aspect of the interim review. Rather, its review procedures focused on a portion of the firm's procedures.

View the details on the [scope of our inspections and our inspections procedures](#).

¹ Refer to [Observations From the Target Team's 2021 Inspections](#) for observations from the target team reviews.

OVERVIEW OF THE 2021 INSPECTION AND HISTORICAL DATA BY INSPECTION YEAR

The following information provides an overview of our 2021 inspection as well as data from the previous two inspections. We use a combination of risk-based and random methods to select audits for review and to identify areas on which we focus our review. Because our inspection process evolves over time, it can, and often does, focus on a different mix of audits and audit areas from year to year and firm to firm. As a result of this variation, we caution that our inspection results are not necessarily comparable over time or among firms.

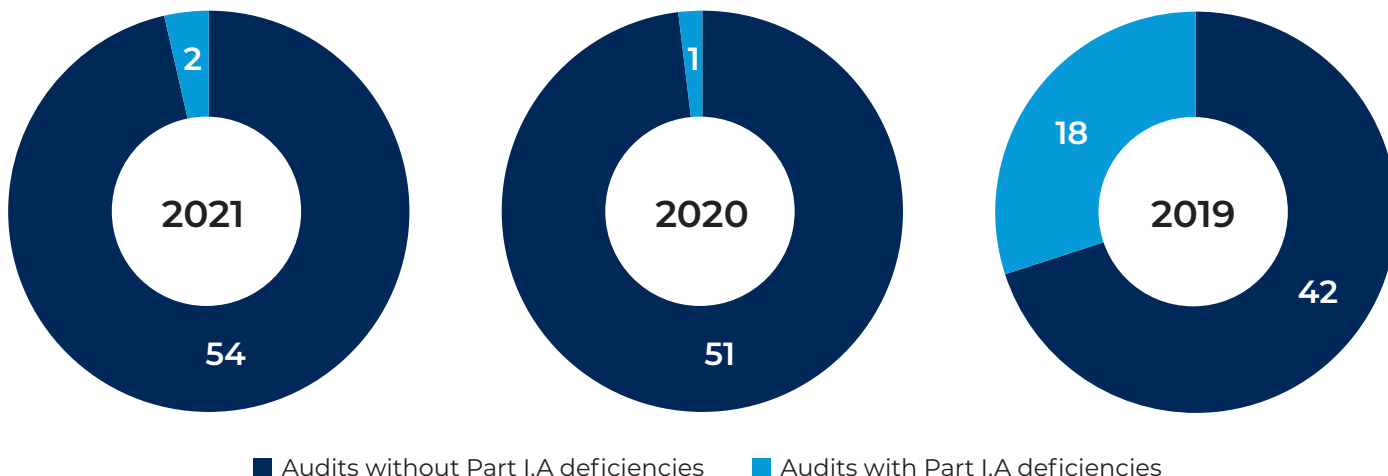
Audits Selected for Review

| | 2021 | 2020 | 2019 |
|--|------|------|------|
| Total audits reviewed | | | |
| Total audits reviewed | 56 | 52 | 60 |
| Selection method | | | |
| Risk-based selections | 25 | 37 | 41 |
| Random selections | 25 | 13 | 14 |
| Target team selections ² | 6 | 2 | 5 |
| Total audits reviewed | 56 | 52 | 60 |
| Principal auditor | | | |
| Audits in which the firm was the principal auditor | 56 | 51 | 58 |
| Audits in which the firm was not the principal auditor | 0 | 1 | 2 |
| Total audits reviewed | 56 | 52 | 60 |
| Audit type | | | |
| Integrated audits of financial statements and ICFR | 47 | 50 | 52 |
| Financial statement audits only | 9 | 2 | 8 |
| Total audits reviewed | 56 | 52 | 60 |

² For further information on the target team's activities in 2020 and 2019, refer to those inspection reports.

Part I.A Deficiencies in Audits Reviewed

In 2021, both of the audits appearing in Part I.A were selected for review using risk-based criteria. In 2020, the audit appearing in Part I.A was selected for review using risk-based criteria. In 2019, 13 of the 18 audits appearing in Part I.A were selected for review using risk-based criteria.

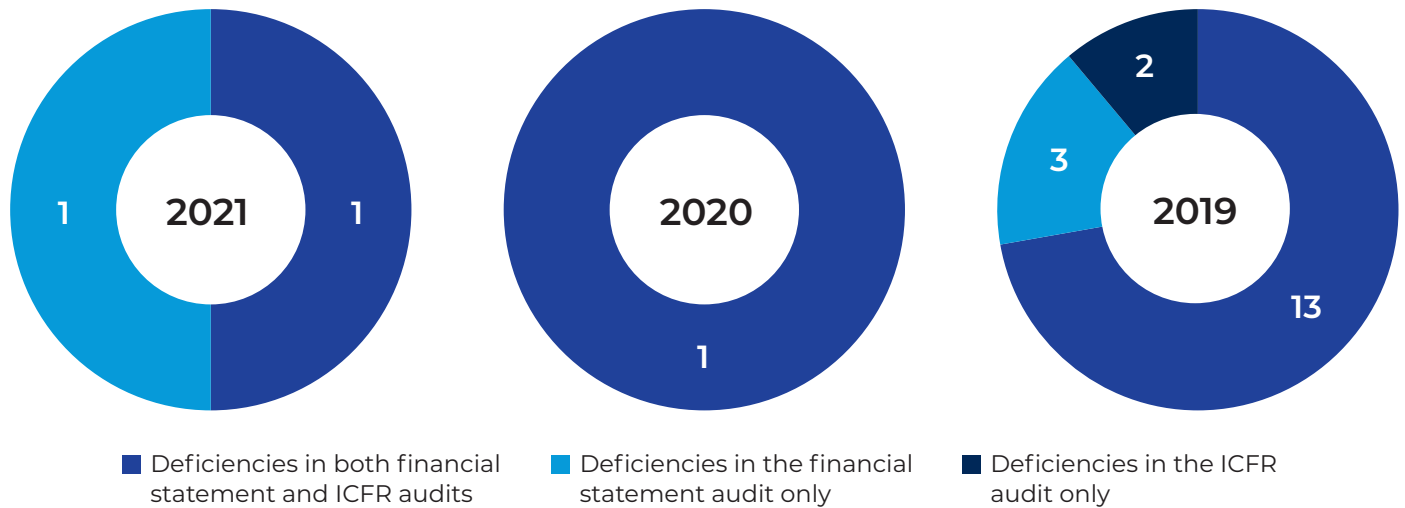


If we include a deficiency in Part I.A of our report, it does not necessarily mean that the firm has not addressed the deficiency. In many cases, the firm has performed remedial actions after the deficiency was identified. Depending on the circumstances, remedial actions may include performing additional audit procedures, informing management of the issuer of the need for changes to the financial statements or reporting on ICFR, or taking steps to prevent reliance on prior audit reports.

Our inspection normally includes a review, on a sample basis, of the adequacy of a firm's remedial actions, either with respect to previously identified deficiencies or deficiencies identified during the current inspection. If a firm does not take appropriate actions to address deficiencies, we may criticize its system of quality control or pursue a disciplinary action.

If we include a deficiency in our report — other than those deficiencies for audits with incorrect opinions on the financial statements and/or ICFR — it does not necessarily mean that the issuer's financial statements are materially misstated or that undisclosed material weaknesses in ICFR exist. It is often not possible for us to reach a conclusion on those points based on our inspection procedures and related findings because, for example, we have only the information that the auditor retained and the issuer's public disclosures. We do not have direct access to the issuer's management, underlying books and records, and other information.

Audits Affected by the Deficiencies Identified in Part I.A



Our 2021 inspection procedures involved one audit of an issuer that was formed by a merger between a non-public operating company and a SPAC for which the issuer in two instances, unrelated to our review, restated its financial statements to correct a misstatement and the firm in both instances revised and reissued its report on the financial statements. The issuer in both instances also revised its report on ICFR, and the firm initially revised its opinion on the effectiveness of the issuer's ICFR to express an adverse opinion and reissued its report and then subsequently revised and reissued its report to include additional material weaknesses. In connection with our 2019 inspection procedures for three audits, the issuers revised their reports on ICFR, and the firm revised its opinions on the effectiveness of the issuers' ICFR to express adverse opinions and reissued its reports. In addition, in connection with our 2019 inspection procedures for one audit, the issuer restated its financial statements, and the firm revised and reissued its report.

The following tables and graphs summarize inspection-related information, by inspection year, for 2021 and the previous two inspections. We caution against making any comparison of the data provided without reading the descriptions of the underlying deficiencies in each respective inspection report.

Most Frequently Identified Part I.A Deficiencies

| Deficiencies in audits of financial statements | Audits with Part I.A deficiencies | | |
|--|-----------------------------------|------|------|
| | 2021 | 2020 | 2019 |
| Did not sufficiently evaluate significant assumptions that the issuer used in developing an estimate | 1 | 0 | 5 |
| Did not sufficiently evaluate the appropriateness of the issuer's accounting method or disclosure for one or more transactions or accounts | 1 | 0 | 3 |

| Deficiencies in ICFR audits | Audits with Part I.A deficiencies | | |
|--|-----------------------------------|------|------|
| | 2021 | 2020 | 2019 |
| Did not perform sufficient testing of the design and/or operating effectiveness of controls selected for testing | 1 | 1 | 10 |

Audit Areas Most Frequently Reviewed

This table reflects the five audit areas we have selected most frequently for review in each inspection year (and the related Part I.A deficiencies). For the issuer audits selected for review, we selected these areas because they were generally significant to the issuer's financial statements, may have included complex issues for auditors, and/or involved complex judgments in (1) estimating and auditing the reported value of related accounts and disclosures and (2) implementing and auditing the related controls.

| 2021 | | | 2020 | | | 2019 | | |
|--------------------------------|-----------------|-----------------------------------|--------------------------------|-----------------|-----------------------------------|--------------------------------|-----------------|-----------------------------------|
| Audit area | Audits reviewed | Audits with Part I.A deficiencies | Audit area | Audits reviewed | Audits with Part I.A deficiencies | Audit area | Audits reviewed | Audits with Part I.A deficiencies |
| Revenue and related accounts | 36 | 0 | Revenue and related accounts | 43 | 1 | Revenue and related accounts | 47 | 9 |
| Goodwill and intangible assets | 14 | 0 | Inventory | 16 | 1 | Inventory | 17 | 3 |
| Long-lived assets | 13 | 1 | Goodwill and intangible assets | 16 | 0 | Business combinations | 14 | 0 |
| Investment securities | 13 | 0 | Business combinations | 10 | 0 | Goodwill and intangible assets | 11 | 0 |
| Cash and cash equivalents | 13 | 0 | Going concern | 10 | 0 | Investment securities | 11 | 3 |

Audit Areas with Frequent Part I.A Deficiencies

This table reflects the audit areas with the most frequently identified Part I.A deficiencies in each inspection year with the corresponding results for the other two years presented.

| Audit area | 2021 | | 2020 | | 2019 | |
|--|-----------------------------------|-----------------|-----------------------------------|-----------------|-----------------------------------|-----------------|
| | Audits with Part I.A deficiencies | Audits reviewed | Audits with Part I.A deficiencies | Audits reviewed | Audits with Part I.A deficiencies | Audits reviewed |
| Long-lived assets | 1 | 13 | 0 | 3 | 1 | 7 |
| Equity and equity-related transactions | 1 | 8 | 0 | 1 | 1 | 4 |
| Business combinations | 1 | 5 | 0 | 10 | 0 | 14 |
| Revenue and related accounts | 0 | 36 | 1 | 43 | 9 | 47 |
| Inventory | 0 | 12 | 1 | 16 | 3 | 17 |

Long-lived assets: The deficiencies in 2021 related to substantive testing of, and testing controls over, the valuation of oil and gas properties. The deficiencies in 2019 primarily related to substantive testing of the valuation of oil and gas properties.

Equity and equity-related transactions: The deficiency in 2021 related to evaluating the appropriateness of the issuer's accounting method for certain warrants. The deficiency in 2019 related to evaluating the appropriateness of the issuer's accounting method for stock compensation.

Business combinations: The deficiency in 2021 related to evaluating the appropriateness of the issuer's accounting method for certain equity awards in connection with a business combination.

Revenue and related accounts: The deficiencies in 2020 primarily related to testing controls over revenue. The deficiencies in 2019 primarily related to substantive testing of, and testing controls over, revenue.

Inventory: The deficiencies in 2020 related to testing controls over inventory. The deficiencies in 2019 primarily related to substantive testing of, and testing controls over, the existence and valuation of inventory, including evaluating the reasonableness of the excess and obsolete inventory reserve.

Auditing Standards Associated with Identified Part I.A Deficiencies

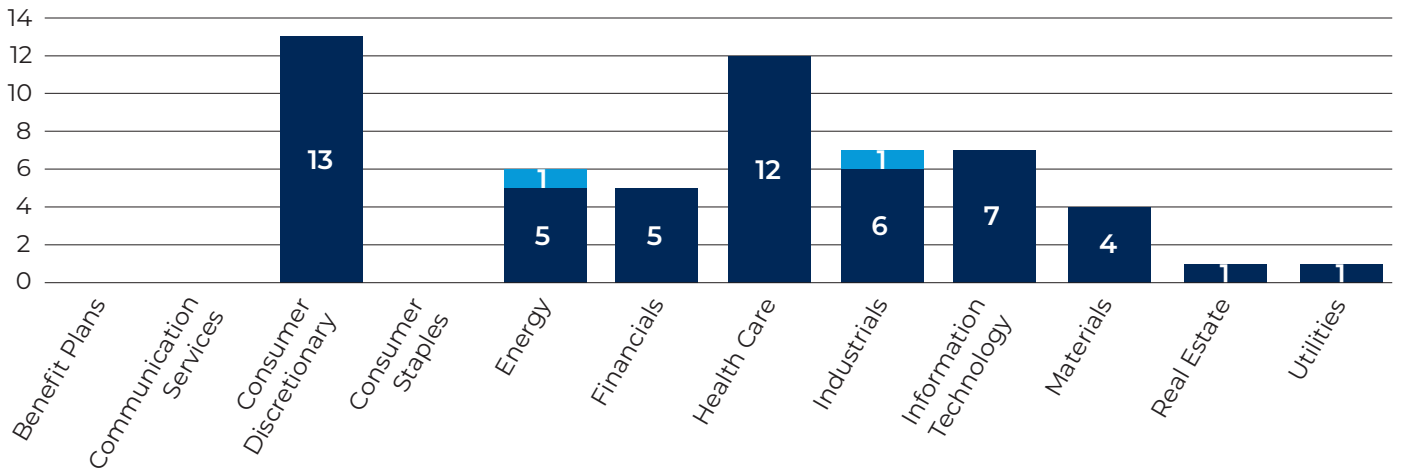
The following lists the auditing standards referenced in Part I.A of the 2021 and the previous two inspection reports, and the number of times that the standard is cited in Part I.A.

| PCAOB Auditing Standards | 2021 | 2020 | 2019 |
|--|------|------|------|
| <i>AS 1105, Audit Evidence</i> | 0 | 0 | 2 |
| <i>AS 1210, Using the Work of a Specialist</i> | 0 | 0 | 1 |
| <i>AS 2201, An Audit of Internal Control Over Financial Reporting That Is Integrated with An Audit of Financial Statements</i> | 1 | 4 | 51 |
| <i>AS 2301, The Auditor's Responses to the Risks of Material Misstatement</i> | 0 | 1 | 23 |
| <i>AS 2305, Substantive Analytical Procedures</i> | 0 | 0 | 5 |
| <i>AS 2310, The Confirmation Process</i> | 0 | 0 | 1 |
| <i>AS 2315, Audit Sampling</i> | 0 | 1 | 9 |
| <i>AS 2501, Auditing Accounting Estimates (effective for fiscal years ending before December 15, 2020)</i> | 1 | 0 | 7 |
| <i>AS 2502, Auditing Fair Value Measurements and Disclosures (effective for fiscal years ending before December 15, 2020)</i> | 0 | 0 | 1 |
| <i>AS 2605, Consideration of the Internal Audit Function</i> | 0 | 0 | 1 |
| <i>AS 2810, Evaluating Audit Results</i> | 3 | 0 | 6 |

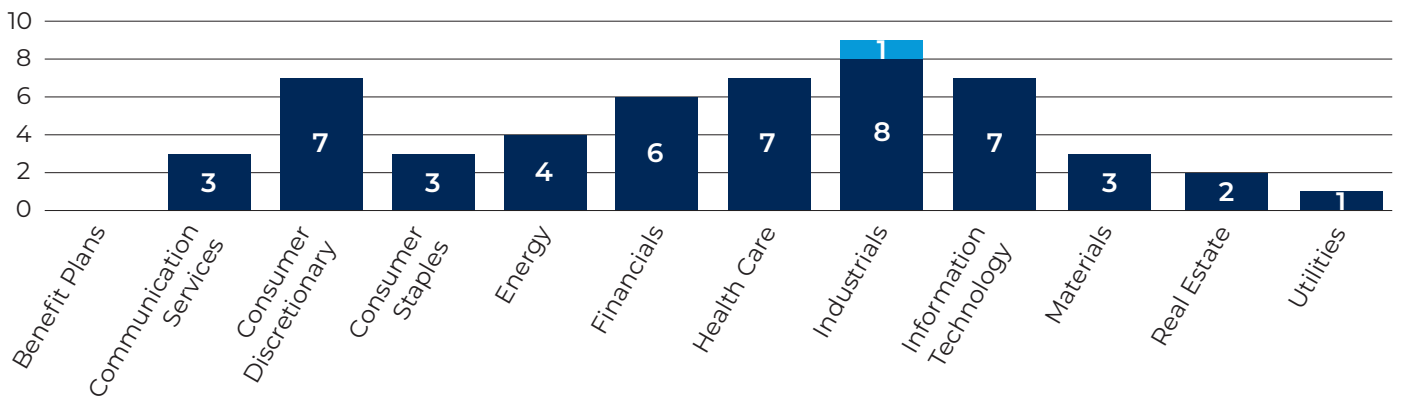
Inspection Results by Issuer Industry Sector

The majority of industry sector data is based on Global Industry Classification Standard (GICS) data obtained from Standard & Poor's (S&P). In instances where GICS data for an issuer is not available from S&P, classifications are assigned based upon North American Industry Classification System data.

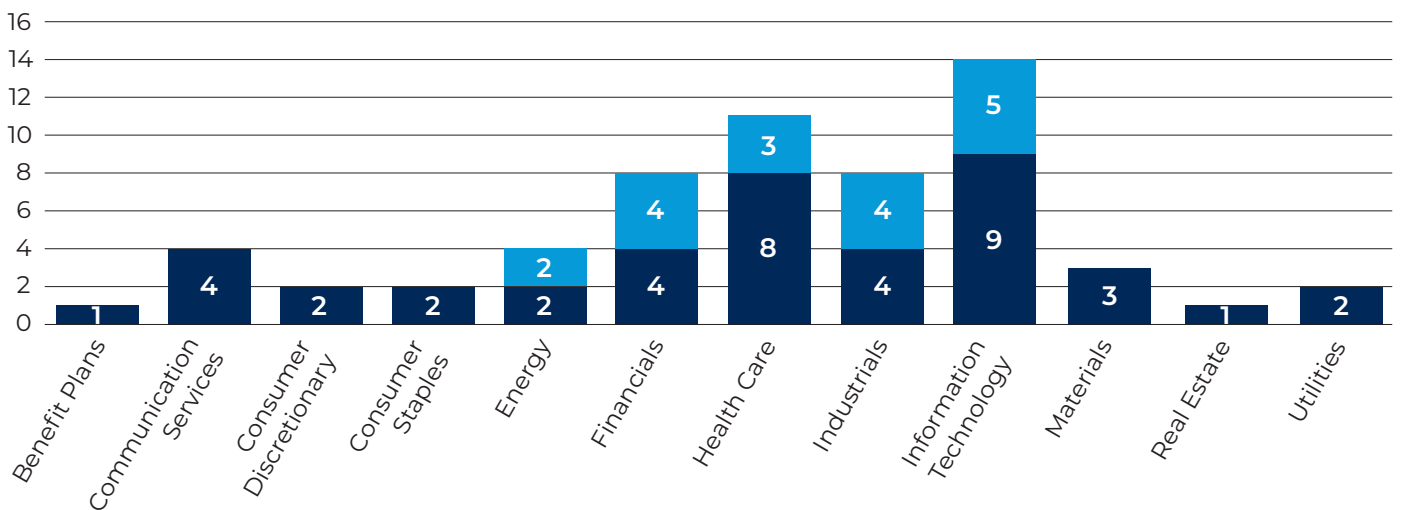
2021



2020



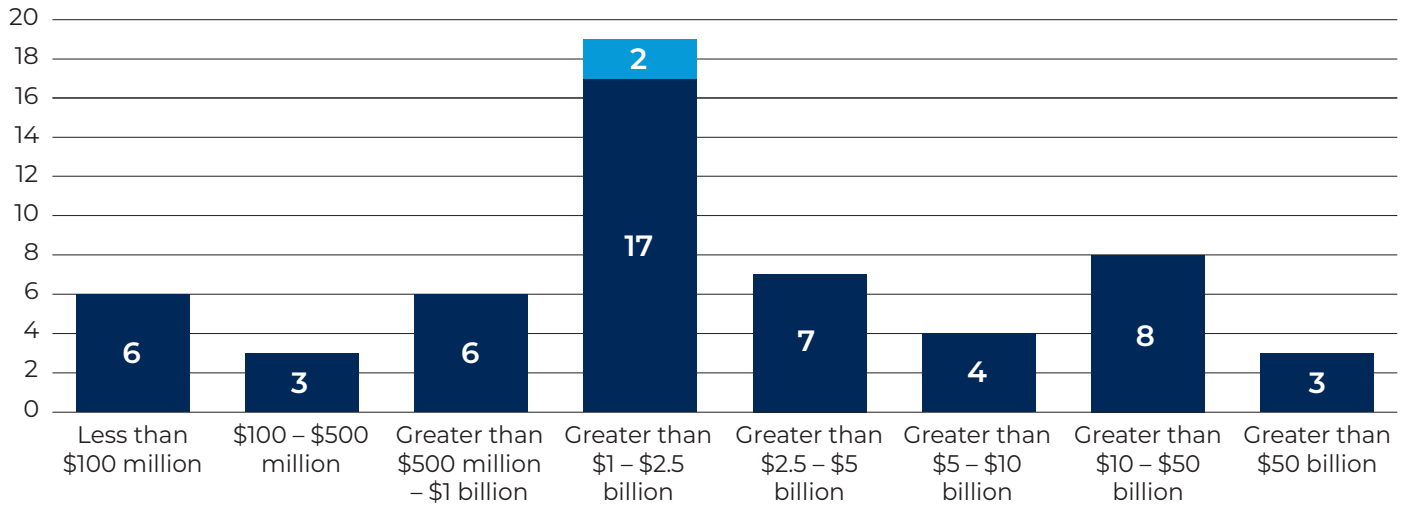
2019



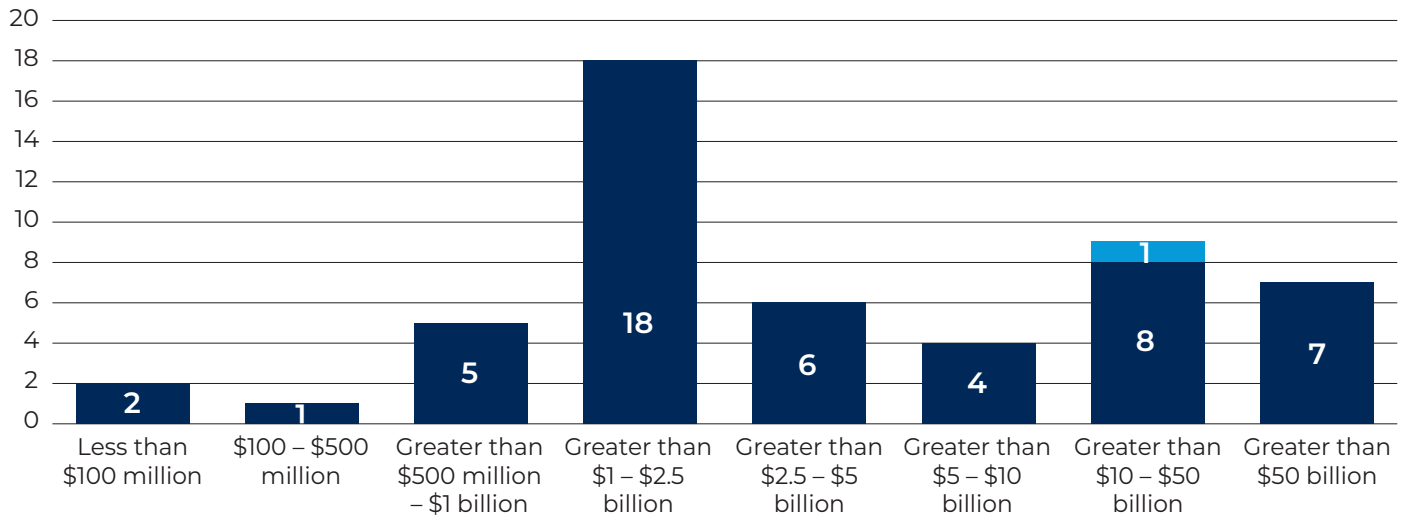
■ Audits without Part I.A deficiencies ■ Audits with Part I.A deficiencies

Inspection Results by Issuer Revenue Range

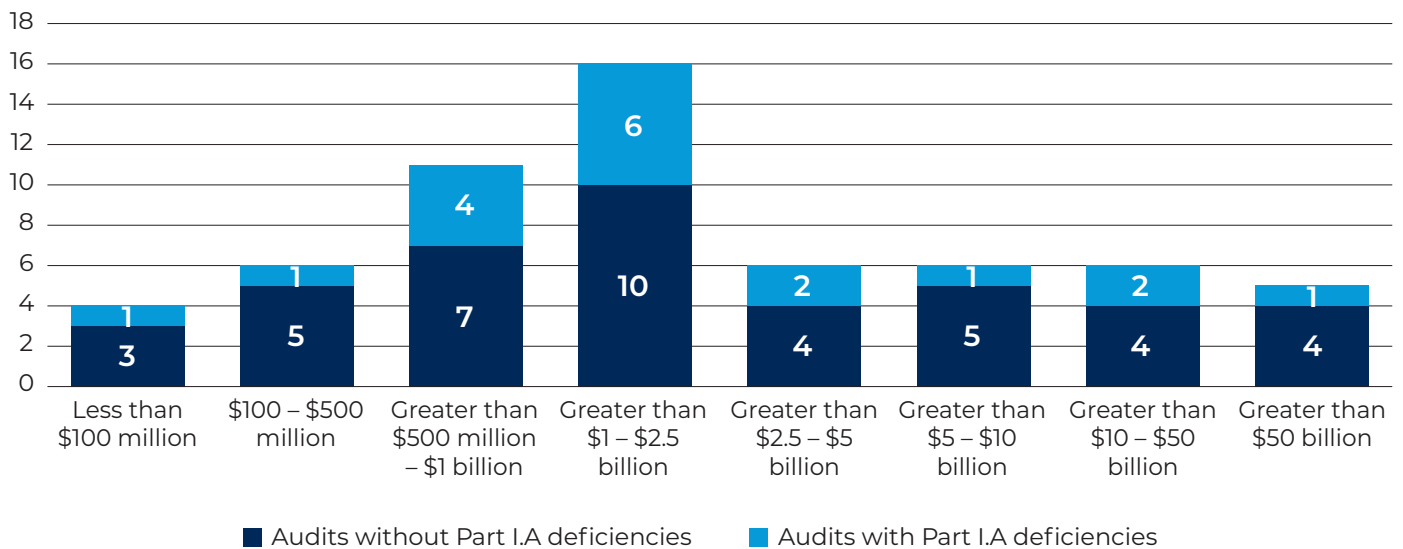
2021



2020



2019



■ Audits without Part I.A deficiencies ■ Audits with Part I.A deficiencies

Classification of Audits with Part I.A Deficiencies

Within Part I.A of this report, we classify each issuer audit in one of the categories discussed below based on the Part I.A deficiency or deficiencies identified in our review.

The purpose of this classification system is to group and present issuer audits by the number of Part I.A deficiencies we identified within the audit as well as to highlight audits with an incorrect opinion on the financial statements and/or ICFR.

Audits with an Incorrect Opinion on the Financial Statements and/or ICFR

This classification includes instances where a deficiency was identified in connection with our inspection and, as a result, an issuer's financial statements were determined to be materially misstated, and the issuer restated its financial statements. It also includes instances where a deficiency was identified in connection with our inspection and, as a result, an issuer's ICFR was determined to be ineffective, or there were additional material weaknesses that the firm did not identify, and the firm withdrew its opinion, or revised its report, on ICFR. This classification does not include instances where, unrelated to our review, an issuer restated its financial statements and/or an issuer's ICFR was determined to be ineffective. We include any deficiencies identified in connection with our reviews of these audits in the audits with multiple deficiencies or audits with a single deficiency classification below.

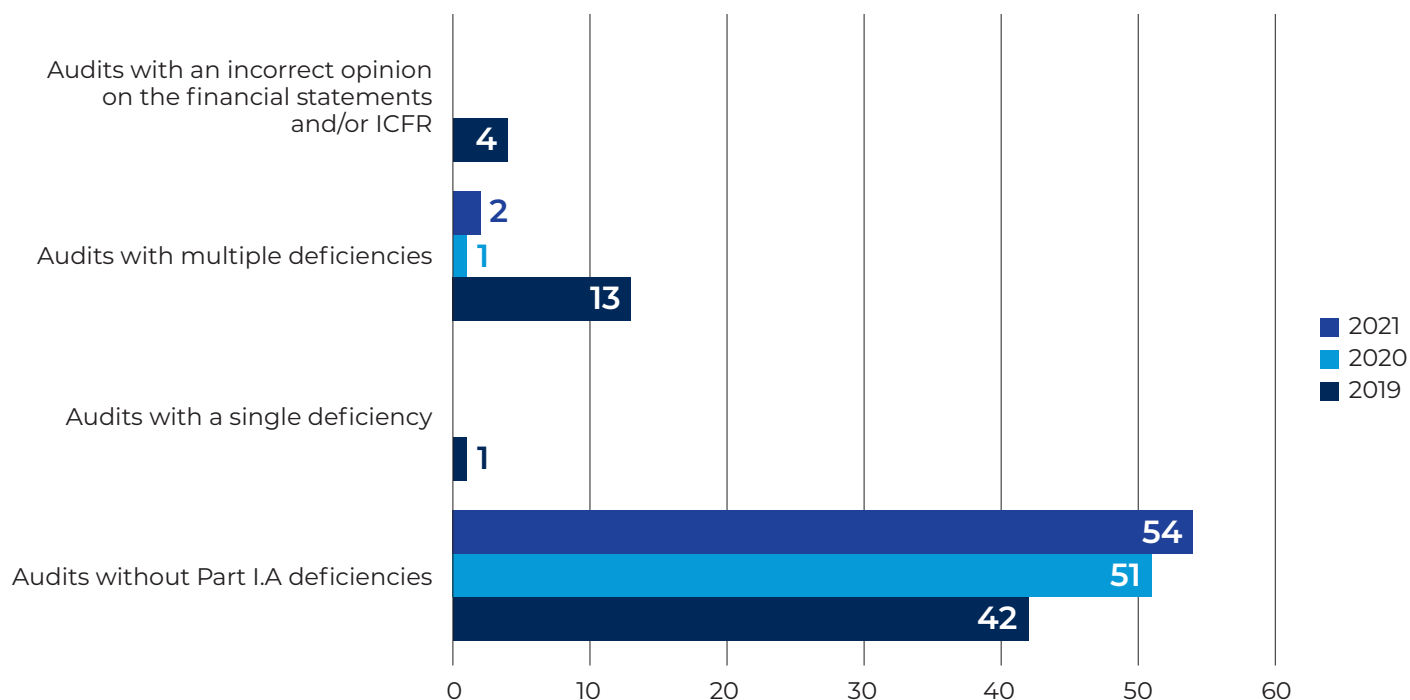
Audits with Multiple Deficiencies

This classification includes instances where multiple deficiencies were identified that related to a combination of one or more financial statement accounts, disclosures, and/or important controls in an ICFR audit.

Audits with a Single Deficiency

This classification includes instances where a single deficiency was identified that related to a financial statement account or disclosure or to an important control in an ICFR audit.

Number of Audits in Each Category



PART I: INSPECTION OBSERVATIONS

Part I.A of our report discusses deficiencies that were of such significance that we believe the firm, at the time it issued its audit report(s), had not obtained sufficient appropriate audit evidence to support its opinion(s) on the issuer's financial statements and/or ICFR.

Part I.B discusses deficiencies that do not relate directly to the sufficiency or appropriateness of evidence the firm obtained to support its opinion(s) but nevertheless relate to instances of non-compliance with PCAOB standards or rules.

Consistent with the Act, it is the Board's assessment that nothing in Part I of this report deals with a criticism of, or potential defect in, the firm's quality control system. We discuss any such criticisms or potential defects in Part II. Further, you should not infer from any Part I deficiency, or combination of deficiencies, that we identified a quality control finding in Part II.

PART I.A: AUDITS WITH UNSUPPORTED OPINIONS

This section of our report discusses the deficiencies identified, by specific issuer audit reviewed, in the audit work supporting the firm's opinion(s) on the issuer's financial statements and/or ICFR.

We identify each issuer by a letter (e.g., Issuer A) and industry sector. Each deficiency could relate to several auditing standards, but we reference the PCAOB standard(s) that most directly relates to the requirement with which the firm did not comply.

We present issuer audits below within their respective deficiency classifications (as discussed previously). Within the classifications, we generally present the audits based on our assessment as to the relative significance of the identified deficiencies, taking into account the significance of the financial statement accounts and/or disclosures affected, and/or the nature or extent of the deficiencies.

Audits with an Incorrect Opinion on the Financial Statements and/or ICFR

None

Audits with Multiple Deficiencies

Issuer A – Energy

Type of audit and related area affected

In our review, we identified deficiencies in the financial statement and ICFR audits related to **Oil and Gas Properties**.

Description of the deficiencies identified

The issuer used an external specialist to evaluate the issuer's oil and gas reserves that were used in the valuation of properties for which oil and gas reserves had been assigned ("proved properties"). The firm selected for testing a control that consisted of the issuer's review of the data and assumptions used in its estimate of its oil and gas reserves for proved properties. The firm did not evaluate the specific review procedures that the control owner performed to assess the reasonableness of certain assumptions. (AS 2201.42 and .44)

The issuer concluded that certain of its properties that had no assigned oil and gas reserves (“unproved properties”) were not impaired primarily based on management’s intent to drill on these properties. The firm concluded that the issuer’s assessment was reasonable but did not evaluate certain information, including the issuer’s disclosure related to substantial doubt about its ability to continue as a going concern and changes in management’s plans with respect to certain other unproved or proved undeveloped properties, that indicated the issuer may not have the ability or intent to carry out its plans. (AS 2501.09, .10 and .11; AS 2810.03)³

Issuer B – Industrials

Type of audit and related areas affected

In our review, we identified deficiencies in the financial statement audit related to **Warrants** and a **Business Combination**.

Description of the deficiencies identified

With respect to **Warrants**:

During the audit, the firm did not identify, and appropriately address, that the issuer’s accounting for certain warrants as equity was not in conformity with FASB ASC Topic 815, *Derivatives and Hedging*. (AS 2810.30)

Unrelated to our review, the issuer reevaluated its accounting for these warrants and concluded that a material misstatement existed that had not been previously identified. The issuer subsequently corrected this misstatement in a restatement of its financial statements, and the firm revised and reissued its report on the financial statements. The issuer also reevaluated its controls over the accounting for these warrants and concluded that a material weakness existed that had not been previously identified. The issuer subsequently reflected this material weakness in a revision to its report on ICFR, and the firm revised its opinion on the effectiveness of the issuer’s ICFR to express an adverse opinion and reissued its report.

With respect to a **Business Combination**:

During the year, the issuer acquired a business. The firm did not identify, and appropriately address, that the issuer’s inclusion of certain equity awards as part of the accounting for this business combination was not in conformity with FASB ASC Topic 718, *Stock Compensation*, and FASB ASC Topic 805, *Business Combinations*. (AS 2810.30)

Unrelated to our review, the issuer reevaluated its accounting for this business combination and concluded that a material misstatement existed that had not been previously identified. The issuer subsequently corrected this misstatement in a restatement of its financial statements, and the firm revised and reissued its report on the financial statements. The issuer also reevaluated its controls over the accounting for this business combination and concluded that a material weakness existed that had not been previously identified. The issuer subsequently reflected this material weakness in a revision to its report on ICFR, and the firm revised and reissued its report to include an additional material weakness.

Audits with a Single Deficiency

None

³ This citation refers to AS 2501, *Auditing Accounting Estimates*, which was in effect for this audit. This standard was replaced by AS 2501, *Auditing Accounting Estimates, Including Fair Value Measurements*, which became effective for audits of financial statements for fiscal years ending on or after December 15, 2020.

PART I.B: OTHER INSTANCES OF NON-COMPLIANCE WITH PCAOB STANDARDS OR RULES

This section of our report discusses any deficiencies we identified that do not relate directly to the sufficiency or appropriateness of evidence the firm obtained to support its opinion(s) but nevertheless relate to instances of non-compliance with PCAOB standards or rules.

When we review an audit, we do not review every aspect of the audit. As a result, the areas below were not necessarily reviewed on every audit. In some cases, we assess the firm's compliance with specific PCAOB standards or rules on other audits that were not reviewed and include any instances of non-compliance below.

The deficiencies below are presented in numerical order based on the PCAOB standard or rule with which the firm did not comply. We identified the following deficiencies:

- In three of 56 audits reviewed, the firm did not include all relevant work papers in the final set of audit documentation it was required to assemble. In these instances, the firm was non-compliant with AS 1215, *Audit Documentation*.
- In nine of 50 audits reviewed, the firm did not make certain required communications to the issuer's audit committee related to the names, locations, and planned responsibilities of other accounting firms or other persons not employed by the firm that performed audit procedures in the audit. In these instances, the firm was non-compliant with AS 1301, *Communications with Audit Committees*.
- In one of 13 audits reviewed, the firm's report on Form AP omitted information related to the participation in the audit by certain other accounting firms. In this instance, the firm was non-compliant with PCAOB Rule 3211, *Auditor Reporting of Certain Audit Participants*.

PART II: OBSERVATIONS RELATED TO QUALITY CONTROL

Part II of our report discusses criticisms of, and potential defects in, the firm's system of quality control.

We include deficiencies in Part II if an analysis of the inspection results, including the results of the reviews of individual audits, indicates that the firm's system of quality control does not provide reasonable assurance that firm personnel will comply with applicable professional standards and requirements. Generally, the report's description of quality control criticisms is based on observations from our inspection procedures.

This report does not reflect changes or improvements to the firm's system of quality control that the firm may have made subsequent to the period covered by our inspection. The Board does consider such changes or improvements in assessing whether the firm has satisfactorily addressed the quality control criticisms or defects no later than 12 months after the issuance of this report.

When we issue our reports, we do not make public criticisms of, and potential defects in, the firm's system of quality control, to the extent any are identified. If a firm does not address to the Board's satisfaction any criticism of, or potential defect in, the firm's system of quality control within 12 months after the issuance of our report, we will make public any such deficiency.

APPENDIX A: FIRM'S RESPONSE TO THE DRAFT INSPECTION REPORT

Pursuant to Section 104(f) of the Act, 15 U.S.C. § 7214(f), and PCAOB Rule 4007(a), the firm provided a written response to a draft of this report. Pursuant to Section 104(f) of the Act and PCAOB Rule 4007(b), the firm's response, excluding any portion granted confidential treatment, is attached hereto and made part of this final inspection report.

The Board does not make public any of a firm's comments that address a nonpublic portion of the report unless a firm specifically requests otherwise. In some cases, the result may be that none of a firm's response is made publicly available.

In addition, pursuant to Section 104(f) of the Act, 15 U.S.C. § 7214(f), and PCAOB Rule 4007(b), if a firm requests, and the Board grants, confidential treatment for any of the firm's comments on a draft report, the Board does not include those comments in the final report. The Board routinely grants confidential treatment, if requested, for any portion of a firm's response that addresses any point in the draft that the Board omits from, or any inaccurate statement in the draft that the Board corrects in, the final report.



October 14, 2022

Mr. George Botic, Director
Division of Registration and Inspections
Public Company Accounting Oversight Board
1666 K Street N.W.
Washington, D.C. 20006

Re: Response to Draft Report on the 2021 Inspection of PricewaterhouseCoopers LLP

Dear Mr. Botic:

On behalf of PricewaterhouseCoopers LLP (the "Firm"), we are pleased to provide our response to the Public Company Accounting Oversight Board's ("PCAOB" or the "Board") Draft Report on the 2021 Inspection of our Firm's 2020 audits (the "Report"). We recognize the inspection process provides a valuable opportunity to further enhance the quality of our audits. We continue to support the PCAOB in its mission and are committed to furthering the public interest through the preparation of informative, accurate and independent audit reports.

Bringing value to the capital markets by consistently performing quality audits remains our top priority, including addressing the matters raised in the Report in a thorough and thoughtful way. We have evaluated the observations set forth in *Part I: Inspection Observations* and have taken appropriate responsive actions. Our response included those steps we considered necessary to comply with AS 2901, *Consideration of Omitted Procedures After the Report Date*, and where applicable, AS 2905, *Subsequent Discovery of Facts Existing at the Date of the Auditor's Report* and AS No. 2201, *An Audit of Internal Control Over Financial Reporting That Is Integrated with An Audit of Financial Statements*.

We appreciate that many of our stakeholders will review the PCAOB's report and this response. We wanted to therefore take the opportunity to provide a link to our 2022 Audit Quality Report to encourage our stakeholders to learn more about our system of quality management and how we delivered on our audit quality objectives over the past year (<http://www.pwc.com/us/auditquality>). Our 2022 Audit Quality Report describes the training, tools and guidance we provide to our people to support them in maintaining independence, upholding our values, and executing a quality audit. In it, we provide an update on how we have delivered on our audit quality objectives over the past year, including the significant investments of both time and resources we have made to maintain and continually enhance quality. It also describes how we continue to identify new ways for our people to work with one another and with clients to maintain quality and transform the audit experience.

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We look forward to continuing our dialogue with the PCAOB and would be pleased to discuss any aspects of this response or any other questions you may have.

Sincerely,

A handwritten signature in black ink that reads "Tim Ryan".

Tim Ryan
US Chair and Senior Partner
PricewaterhouseCoopers LLP

A handwritten signature in black ink that reads "Wes Bricker".

Wes Bricker
US Vice Chair - Trust Solutions Co-Leader
PricewaterhouseCoopers LLP

A handwritten signature in black ink that reads "Kathryn Kaminsky".

Kathryn Kaminsky
US Vice Chair - Trust Solutions Co-Leader
PricewaterhouseCoopers LLP

