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*Making a difference  
through assurance*  
Transparency report

PwC LLC  
Oman  
April 2019

**pwc**

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*The 2018 transparency report for PwC Oman was initially issued in October 2018. It has been reissued in April 2019 mainly to include detailed disclosure of the financial information in line with the requirements of EU Audit Regulation - Article 13 Item 2 (k).*

# Message from the Regional Assurance Leader



I am delighted to welcome you to the 2018 Transparency Report for **PricewaterhouseCoopers LLC Oman ('PwC Oman')**. At PwC, our purpose is to **build trust in society and solve important problems. We're a network of firms in 158 countries with more than 236,000 people who are committed to delivering quality in assurance, advisory and tax services.** In creating trust in the region, it is important that we lead by example and this report provides transparency on how we operate in Oman and our commitment to providing the highest quality of service to our clients.

Assurance is at the heart of who we are and underpins our purpose – To build trust in society and solve important problem – and it is founded in our heritage of creating trust.

We work closely with many of our clients to help them build and sustain the trust of their stakeholders. We do this through our traditional audit services **providing financial trust to shareholders to many of the region's most iconic corporations.** We are increasingly providing trust to shareholders, however, on an increasingly wide range of areas including supply chains, sustainability, worker welfare, data protection and privacy, cyber security and local content to name a few.

As we play the vital trust provider role within our region it is also important that our stakeholders have trust in PwC and that we maintain our reputation as the market leading firm. Transparency, openness and honesty are at the heart of our engagement and interactions with all of our stakeholders who want to understand the work that we do, the value we generate and the contribution we make to society.

I invite all stakeholders to be part of the conversation in this changing world. Through this report and continued dialogue we all can have meaningful conversations on how trust can be enhanced and better transparency achieved.

My sincere thanks goes to our clients, to our people, and to all those who have contributed to make PwC Oman what it is today.

A handwritten signature in black ink, appearing to read 'Mohamed ElBorno'.

Mohamed ElBorno  
*Middle East Head of Assurance*

# Foreword from the Oman Senior Partner and Oman Assurance Leader



We are delighted to issue the 2018 transparency report for PwC Oman in which we will strive to engage with our stakeholders and provide insight into how, as independent auditors using a risk based audit approach, we advance and build trust in society and help our clients solve their most important problems.

This Transparency Report is for the year ended 30 June 2018 and is published in accordance with Article 13 of the Regulation (EU) No. 537/2014 issued by the European Parliament and of the Council of the European Union.

This transparency report aims to provide a comprehensive overview of how audit quality is managed in Oman and how that translates into the provision of audit reports that can be relied upon by users of financial statements.

At PwC, quality is (and always will be) our highest priority and is key to everything we do. Our commitment to delivering quality services forms a major part of PwC's strategic priorities. We expect it, promote it and invest heavily in it through our people, our approach and technology because quality is the cornerstone of our business and brand.



The audit landscape is reshaping with changes to applicable laws and regulations and relevant auditing and accounting standards in recent years, **including the extended auditor's report. We have embraced these changes with** an aim to build public confidence and trust in the communities that we operate.

Additionally due to the rapid movement of technology and the changes our clients are making in their own businesses and operations, it becomes increasingly necessary to change the way we, as auditors, deliver our services. Our focus will inevitably be directed to investing in technology (automation, simplification and streamlining), improving processes/ approach and strengthening the experience of our people.

This transparency report represents our commitment to continually improve audit quality and the way we work so that we can address your needs and expectations. We remain committed to our role as assurance providers – helping people make decisions with more confidence in a rapidly changing world.

Omar Al-Sharif  
Oman Senior Partner

Kashif Kalam  
Oman Assurance Leader



## 1. *Legal structure and ownership*

PricewaterhouseCoopers LLC (PwC Oman) is a limited liability company owned by two partners. PwC Oman is registered and operates under the laws of Sultanate of Oman holding Chartered Accountants License No. L1065369, with its principal place of business at Salam Square – South, 4<sup>th</sup> floor, Suites 402-404, Madinat Al Sultan Qaboos, Muscat, Sultanate of Oman.

PwC Oman is a member firm of PricewaterhouseCoopers International Limited and part of the PwC Middle East Network. The PwC Middle East Network has more than 4,500 people in 12 countries across the region – Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, the Palestinian territories, Qatar, Saudi Arabia and the United Arab Emirates.



## 2. The PricewaterhouseCoopers Network

### *PwC Network*

PwC is the brand under which the member firms of PricewaterhouseCoopers International Limited operate and provide professional services. Together, these firms **form the PwC Network**. ‘PwC’ is often used to refer either to individual firms within the PwC Network or to several or all of them collectively.

In many parts of the world, accounting firms are required by law to be locally owned and independent. Although regulatory attitudes on this issue are changing, PwC member firms do not and cannot currently operate as a corporate multinational. The PwC Network is not a global partnership, a single firm, or a multinational corporation.

For these reasons, the PwC Network consists of firms which are separate legal entities.

### *PricewaterhouseCoopers International Limited*

The firms that make up the Network are committed to working together to provide quality service offerings for clients throughout the world. Firms in the PwC Network are members in, or have other connections to, PricewaterhouseCoopers International Limited (PwCIL), an English private company limited by guarantee. PwCIL does not practise accountancy or provide services to clients. Rather its purpose is to act as a coordinating entity for member firms in the PwC Network. Focusing on key areas such as strategy, brand, and risk and quality, 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. Member firms of PwCIL can use the PwC name and draw on the resources and methodologies of the PwC Network. In addition, member firms may draw upon the resources of other member firms and/or secure the provision of professional services by other member firms and/or other entities. In return, member firms are bound to abide by certain common policies and to maintain the standards of the PwC Network as put forward by PwCIL.

The PwC Network is not one international partnership and PwC member firms are not otherwise legal partners with each other. Many of the member firms have legally registered names which contain ‘PricewaterhouseCoopers’, however there is no ownership by PwCIL. A member firm cannot act as agent of PwCIL or any other member firm, cannot obligate PwCIL or any other member firm, and is liable only for its own acts or omissions and not those of PwCIL or any other member firm.

Similarly, PwCIL cannot act as an agent of any member firm, cannot obligate any member firm, and is liable only for its own acts or omissions. PwCIL has no right or ability **to control member firm’s exercise of professional judgement**.

The governance bodies of PwCIL are:

- Global Board, which is responsible for the governance of PwCIL, the oversight of the Network Leadership Team and the approval of Network Standards. The Board does not have an external role. Board members are elected by partners from all PwC firms around the world every four years.
- Network Leadership Team, which is responsible for setting the overall strategy for the PwC network and the standards to which the PwC firms agree to adhere.
- Strategy Council, which is made up of the leaders of the largest PwC firms of the network, agrees the strategic direction of the Network and facilitates alignment for the execution of strategy.
- Global Leadership Team is appointed by and reports to the Network Leadership Team and the Chairman of the PwC network. Its members are responsible for leading teams drawn from Network firms to coordinate activities across all areas of our business.

The Territory Senior Partner of the PwC Middle East Network is a member of the Strategy Council and maintains our relationships with the Network Leadership Team.



### 3. Governance structure

#### *Middle East Leadership Team*

The Middle East Leadership Team (MELT) is responsible for the management and performance of the PwC Middle East Network firms and the determination and execution of their strategy, business plan and formal direction.

The MELT is chaired by the Middle East Territory Senior Partner and comprises leaders which includes amongst others the line of service leaders of Assurance, Advisory and Tax of the Middle East.

The MELT approves standards and policies relating to business values and ethics, quality assurance, compliance and risk management consistent with those set out under the PwCIL Regulations to be promoted within PwC member firms and oversees the implementation of such standards and policies to ensure global risk management and compliance.

#### *Middle East Regional Board*

The Middle East Regional Board represents the interests of all PwC Middle East Network firms and has collective responsibility to oversee their direction and control, strategy and governance, and to engage closely with the MELT in shaping their future to achieve their vision, values and principles. The Middle East Regional Board provides constructive oversight of the activities of the MELT.

#### *Country Governance*

The Oman Senior Partner and the Assurance Leader have ultimate responsibility for the **firm's audit** quality and they in turn are accountable to the Territory Senior Partner and Regional Assurance Leader who have the overall responsibility for audit quality on a region-wide basis. The Oman Assurance Leader is appointed by the Regional Assurance Leader.



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## 4. Internal quality control system

*We are committed to delivering the highest quality professional services, and audit quality remains of paramount importance to the firm and our continued success in the marketplace.*

Quality comes from more than the systems and processes that are embedded in the way we work to achieve compliance with standards and regulation, important though these are. Ultimately, it depends on the culture of the firm, which is based on the **‘tone at the top’, and our ability to recruit, train and motivate intelligent professionals who take personal responsibility to deliver high-quality work.**

### *Introduction*

As part of the PwC Network, all member firms are obliged to abide by certain common risk and quality policies approved by PwCIL and to conduct risk and quality reviews. The PwC Global Network audit and quality control standards are set out in various policies. PwC **Oman’s** policies are based on these common policies, which are supplemented, when necessary, to address local professional standards and regulatory requirements.

### *The way we do business*

PwC member firms conduct their businesses within the framework of applicable professional standards, laws, regulations and internal policies. These are supplemented by a Code of Conduct for their partners and staff. PwC people have an obligation to know, understand and comply with the guidelines contained in the Code of Conduct as well as the values – Act with integrity, Make a difference, Care, Work together and Reimagine the possible – on which the guidelines are based.

### *Sustainable culture*

To promote continuing business success, PwC member firms nurture a culture that supports and encourages all PwC people to do the right thing, especially when they have to make tough decisions. PwC people have ready access to a wide array of support networks within their respective member firms – both formal and informal – and technical panels to help them reach appropriate solutions. There is also a culture of cooperation between member firms, and consultation supports this culture.

### *Quality policies and processes*

Each PwC member firm has policies that are based on PwC global standards. Member firms also have access to a number of common methodologies and supporting materials for many services; these methodologies and materials are designed to assist member firm partners and staff. The Oman Assurance Leader is responsible for selecting partners and staff for a particular engagement with the appropriate professional competence and experience.





## Quality control standards

Compliance with International Standards on Auditing (ISA) requires PwC Oman to have a system of quality control over its auditing practice. These controls are embedded as part of PwC **Oman's** day-to-day activities. The quality control system is in compliance with International Standards on Quality Control 1 (ISQC1), Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, issued by the International Federation of Accountants (IFAC). The IFAC standards and requirements and, therefore, **PwC Oman's** quality control system, encompass the following six elements of quality control:

1. Leadership responsibilities for quality within the firm.
2. Ethical requirements.
3. Acceptance and continuance of client relationships and specific engagements.
4. Human resources.
5. Engagement performance.
6. Monitoring.

In parts 1 to 6 below, we set out how our internal control and internal quality control systems incorporate each of the above elements.

### 1. Leadership responsibilities for quality within the firm

PwC Middle East Network and **Oman's** leadership is committed to audit quality and has established a culture embracing high standards in independence and professional ethics. These responsibilities are embedded throughout the detailed policies endorsed by leadership, including ethical, human resources and engagement performance discussed below. They are also demonstrated by the dedication of resources to quality. There are partners responsible for risk management and quality control across lines of service and at an Assurance level, including the risk management team.

### 2. Ethical requirements

At PwC, we adhere to the fundamental principles of the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants.

- a. **Integrity** – To be straightforward and honest in all professional and business relationships.
- b. **Objectivity** – To not allow bias, conflict of interest or undue influence of others to override professional or business judgements.
- c. **Professional competence and due care** – To maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional service based on current developments in practice, legislation and techniques and act diligently and in accordance with applicable technical and professional standards.

d. **Confidentiality** – To respect the confidentiality of information acquired as a result of professional and business relationships and, therefore, not disclose any such information to third parties without proper and specific authority, unless there is a legal or professional right or duty to disclose, nor use the information for the personal advantage of the professional accountant or third parties.

e. **Professional behaviour** – To comply with relevant laws and regulations and avoid any action that discredits the profession.

In addition, our Network Standards applicable to all members of the PwC Network cover a variety of areas including ethics and business conduct, independence, anti-money laundering, anti-trust/anti-competition, anti-corruption, information protection, firm's and partner's taxes, sanctions laws, internal audit and insider trading. We take compliance with these ethical requirements seriously and strive to embrace the spirit and not just the letter of those requirements. All partners and staff undertake regular mandatory training and assessments, as well as submitting annual compliance confirmations, as part of the system to support appropriate understanding of the ethical requirements under which we operate. Partners and staff uphold and comply with the standards developed by the PwC Network, and leadership in PwC Oman monitors compliance with these obligations.

PwC Oman has adopted the PwC Network Standards which include a Code of Conduct, and related policies that clearly describe the behaviours expected of our partners and other professionals – behaviours that will enable us to earn the trust that we seek. Because of the wide variety of situations that our professionals may face, our standards provide guidance under a broad range of circumstances, but all with a common goal – to do the right thing.

Upon hiring or admittance, all staff and partners of PwC Oman are provided with a copy of the PwC Global Code of Conduct. They are expected to live by the values expressed in the code in the course of their professional careers.

### Independence

As auditors of financial statements and providers of other types of professional services, PwC firms and their partners and staff are expected to comply with the fundamental principles of objectivity, integrity and professional behaviour. In relation to assurance clients, independence underpins these requirements. Compliance with these principles is fundamental to serving the capital markets and our clients.

The firm has specific policies, procedures and practices relating to independence, which are explained in more detail in section 5 '**Independence procedures and practices**'.

### 3. Acceptance and continuance process of client relationships and specific engagements

#### *Considerations in accepting and continuing an audit client relationship*

Our principles for determining whether to accept a new client or continue serving an existing client are fundamental to delivering quality which we believe goes hand-in-hand with our purpose to build trust in society. We have established policies and procedures for the acceptance of client relationships and audit engagements that consider whether we are competent to perform the engagement and have the necessary capabilities including time and resources, can comply with relevant ethical requirements, including independence, and have appropriately considered the integrity of the client. We reassess these considerations in determining whether we should continue with the client engagement and have in place policies and procedures related to withdrawing from an engagement or a client relationship when necessary.

#### *Client and engagement acceptance and continuance*

PwC Oman has implemented a process to identify **acceptable clients based on the PwC Network's proprietary decision support systems for audit client acceptance and retention (called Acceptance and Continuance ('A&C'))**. A&C facilitates a determination by the engagement team, business management and risk management specialists of whether the risks related to an existing client or a potential client are manageable, and whether or not PwC should be associated with the particular client and its management. More specifically, this system enables:

#### Engagement teams

- To document their consideration of matters required by professional standards related to acceptance and continuance;
- To identify and document issues or risk factors and their resolution, for example through consultation, by adjusting the resource plan or audit approach or putting in place other safeguards to mitigate identified risks or by declining to perform the engagement; and
- To facilitate the evaluation of the risks associated with accepting or continuing with a client and engagement.

#### Member firms (including member firm leadership and risk management):

- To facilitate the evaluation of the risks associated with accepting or continuing with clients and engagements;
- To provide an overview of the risks associated with accepting or continuing with clients and engagements across the client portfolio; and
- To understand the methodology, basis and minimum considerations all other member firms in the PwC Network have applied in assessing audit acceptance and continuance.

### 4. Human resources

Our global PwC values and behaviours have been communicated across the global PwC Network during the year. They define the shared aspirations and expectations we have for working with our clients and each other. The common values and behaviours guide how we behave, make decisions, treat each other and serve our clients to: act with integrity, make a difference, care, work together and reimagine the possible. PwC Oman partners and staff regularly receive a thorough orientation to the culture, values and core attributes of PwC.

PwC Oman aims to recruit, train, develop and retain the **best and the brightest staff who share in the firm's strong sense of responsibility for delivering high-quality services**. Candidates are considered according to multiple criteria, including their academic achievement.

Our recruitment process follows the PwC Professional framework, enabling us to select the best talent, based not only on technical skills but also on behaviours and ways of working.

#### *Learning and education*

PwC Oman and the other PwC firms in the global Network are committed to delivering quality audits around the world. To maximise consistency in the Network, a formal curriculum developed at the Network level provides access to courses covering the PwC audit approach and tools, updates on auditing standards and their implications, and areas of audit risk and engagement quality. (Refer to section 8 for details).

#### *Supervision and direction*

Partners and staff are assigned to engagement teams, **based on the individuals' experience, competencies and grade**. Our internal resourcing function oversees the placement of staff into client programmes to maximise the best match of skills and experience required for the role.

In addition, for certain types of work, we specify levels of experience and specific additional training to make sure that the individuals are competent to undertake that type of work. For example, only certain individuals can lead or undertake certain types of work such as capital market transactions and due diligence work.

## 5. Engagement performance

### *PwC Audit*

As a member of the PwC Network, PwC Oman has access to and uses PwC Audit, a common audit methodology and process. This methodology is based on the International Standards on Auditing (ISAs), with additional PwC policy and guidance provided where appropriate. PwC Audit policies and procedures are designed to facilitate audits conducted in compliance with all ISA requirements that are relevant to each individual audit engagement. Our common audit methodology provides the framework to enable PwC member firms to consistently comply in all respects with applicable professional standards, regulations and legal requirements.

The PwC Audit Guide (Guide) **explains PwC's methodology**. The Guide along with **PwC's** technology-based audit support tools, templates and content support engagement teams in conducting assurance and related services engagements.

### Aura

As a member of the PwC Network, PwC Oman has access to and uses Aura, which is the application that powers **PwC's** audits and supports its Assurance practices. It provides engagement teams with an application that integrates a broad range of capabilities, including built-in tools to promote audit quality, consistency and ease of documentation.

Aura also integrates with a variety of other tools and applications, creating one work space for client work.

Our audit work is planned, executed and documented using Aura which supports teams in applying our methodology effectively, by creating a transparent linkage between risks identified and the work done to address those risks, as well as providing comprehensive project management capabilities.

### Developed technology

We continue to invest in audit technology that builds quality into the audit and enhances our ability to provide insights to our clients. Our technology is built and implemented globally ensuring consistency across the PwC Network.

These new tools that enhance audit quality and efficiency through automation, connectivity and mobility include:

- *Aura Mobile* is the mobile version of Aura, providing critical functionalities to users on the go, any time, anywhere. Engagement teams can easily monitor status of engagement tasks using the enhanced dashboard, review EGAs, and manage Coaching Notes, including dictating them with voice to text capabilities.
- *The Connect Suite* is our collaborative workflow tool, providing fast, efficient and secure information sharing with our clients and multi-location audit teams at every stage of the audit:
  - *Connect* monitors the status of requests and information between our clients and the engagement

team on a real time basis. Connect provides visibility for both our clients and us to be able check progress through a consolidated dashboard showing all sites, a digitisation of engagement matters, and automated key performance indicators.

- *Connect Audit Manager* streamlines, standardises and automates group and component teams coordination for multi-location and statutory/regulatory audits. Connect Audit Manager provides a single digital platform to see all outbound and inbound work and digitises the entire coordination process, providing greater transparency, compliance and quality for complex multi-location audits.
- *Halo* is our new data auditing suite of tools allowing us to identify and assess risks and determine where to focus audit efforts. The analytical and visualisation capabilities allow us to analyse patterns and trends, identifying unusual and high-risk transactions, and providing invaluable insight to both ourselves and our clients. Halo comprises of three key components – acquisition of client data, transformation of data and applications for automated testing and analysis of data. For example, Halo for Journals allows engagement teams to gather all journal entries and utilise built-in functionality to apply engagement-specific criteria designed to focus testing on higher risk entries.
- *Count* is an electronic portal that facilitates the end-to-end process for inventory counts, allowing our engagement teams to create and manage count procedures, counters to record results directly onto their mobile device or tablet and engagement teams to export final results into Aura. Engagement teams with multiple locations benefit from the ability to standardise instructions and manage results through a single portal.
- *PwC's Confirmation System* is a web-based application whereby third-party confirmations can be securely created, sent, responded to and managed end-to-end. It includes flexible technology that works for virtually all confirmation types and provides detailed real-time status of confirmation activity.

### *Consultation and support*

Consultation is a key element of quality control. PwC Oman **follows the PwC Middle East's formal** consultation protocols setting out the circumstances under which consultation on accounting, auditing and risk management matters is mandatory.

Our consultative culture also means that our engagement teams regularly consult with each other on an informal basis, as well as with experts and others beyond those that are formally required.

Within Assurance, we use a consultation database that has been specifically designed to aid the enquiry and consultation process. It also makes sure documentation of consultations is in accordance with professional standards.



## 6. Monitoring

### *Monitoring of assurance quality*

We recognise that quality in the Assurance services we deliver to clients is key to maintaining the confidence of investors and other stakeholders in the integrity of our work. It is a key element to our Assurance strategy.

Responsibility for appropriate quality management lies with the Leadership of PwC Oman. This includes effective monitoring processes aimed at evaluating whether the policies and procedures which constitute our Quality Management System are designed appropriately and operating effectively to provide reasonable assurance that our audit engagements are performed in compliance with laws, regulations and professional standards.

The monitoring **program is based on the PwC Network's** Global Assurance Quality Review (GAQR) Program. This program which is based on professional standards relating to quality control including ISQC1, contains policies, procedures, tools and guidance which are used by PwC Network firms. The GAQR program is coordinated by a central team which consists of a GAQR Leader with a group of International Team Leaders (ITL) who are senior partners seconded to the GAQR central team by PwC member firms. Provision of oversight by the ITLs and their continuous involvement and support enable a consistent and effective performance of reviews across the PwC Network.

The monitoring procedures include an ongoing assessment of the design and effectiveness of our quality management system, as well as a review of completed engagements (Engagement Compliance Reviews – ECR). The results of these procedures form the basis for the continuous improvement of our quality management system.

ECRs are risk-focused reviews of completed engagements covering, on a periodic basis, individuals who are authorised to sign audit or non-audit assurance reports. The review assesses whether an engagement was performed in compliance with PwC Audit guidance, applicable professional standards and other engagement related policies and procedures. Each engagement leader is **reviewed based on the profile of that engagement leader's** client engagements, the profile of the client and other factors such as new partners for instance.

Reviews are led by experienced Assurance partners, supported by independent teams of partners, directors, and senior managers and other specialists. Review teams receive training to support them in fulfilling their responsibilities, and utilise a range of GAQR-approved checklists and tools when conducting their review procedures.

The last ECR in Oman was held in June 2018. PwC Oman leadership are responsible for analysing the findings and implementing remedial actions as necessary. In situations where adverse quality issues on engagements are identified, based on the nature and circumstances of the issues, the responsible partner or the assurance leadership personnel may be subject to additional mentoring, training or sanctions in accordance with PwC Middle East **Network's** Recognition and Accountability framework.

Partners and employees are informed about the review results and the actions taken to enable them to draw the necessary conclusions for the performance of engagements. In addition, the GAQR Leader informs engagement partners who are responsible for group audits involving cross-border work about relevant quality review findings in other PwC member firms which enables our partners to consider these findings in planning and performing their audit work.



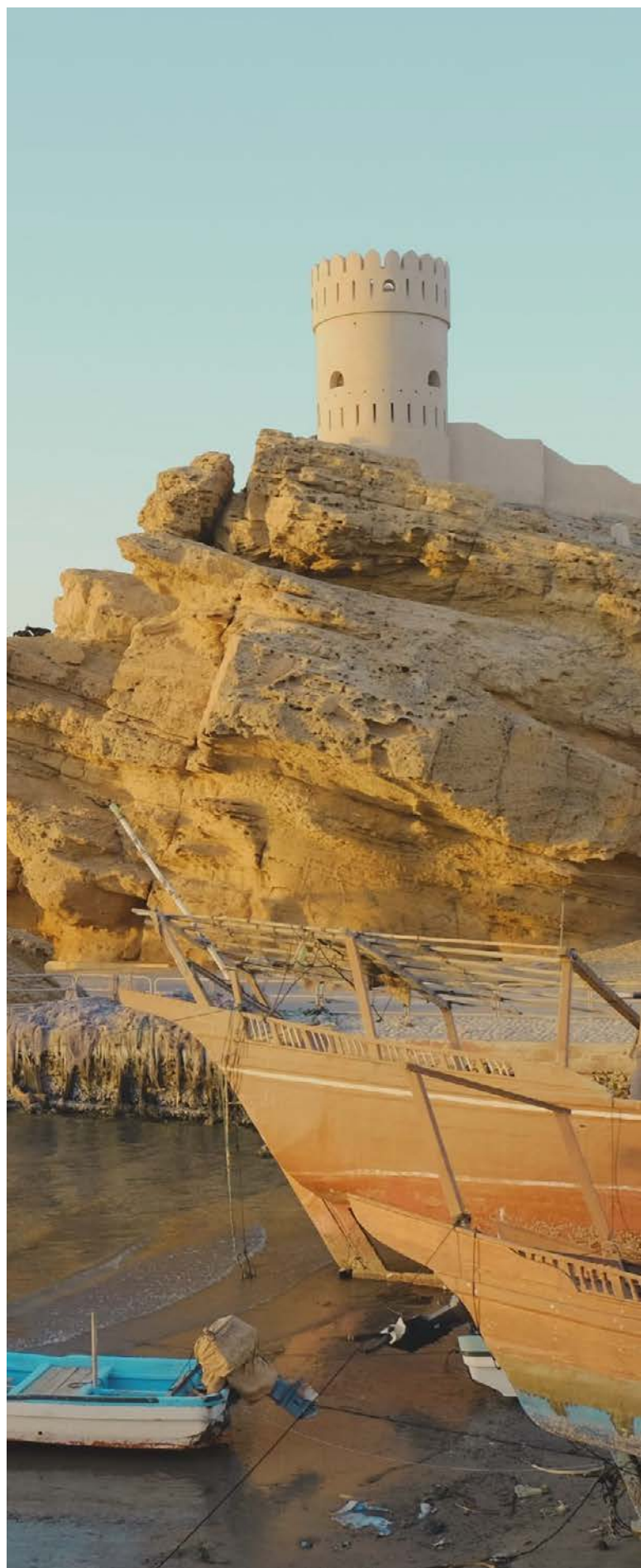
## *Root cause analysis*

We perform analyses to identify potential factors **contributing to our firm's audit quality so that we can take** actions to continuously improve. One of our primary objectives when conducting such analyses is to identify how we can provide the best possible environment for our engagement teams to deliver a quality audit. We look at audits both with and without deficiencies – whether identified through our own internal inspections process or through external inspections – to help identify possible distinctions and learning opportunities.

For individual audits, an independent team of reviewers that is independent from the engagement team identifies potential factors contributing to the overall quality of the audit. We consider factors relevant to technical knowledge, supervision and review, professional scepticism, engagement resources, and training, amongst others. Potential causal factors are identified by evaluating engagement information, performing interviews, and reviewing audit working papers, as appropriate to understand the factors that may have contributed to audit quality.

In addition, the data compiled for audits both with and without deficiencies is compared and contrasted to identify whether certain factors appear to correlate to audit quality. Examples of this data include the hours incurred on the audit, whether key engagement team members are in the same geography as the client, the number of years that key engagement team members have been on the engagement, the number of other audits that engagement partners are involved in, whether the engagement was subject to a pre-issuance review, and the timing of when the audit work was performed.

Our goal is to understand how quality audits may differ from those with deficiencies, and to use these learnings to continuously improve all of our audits. We evaluate the results of these analyses to identify enhancements that may be useful to implement across the practice. We believe these analyses contribute significantly to the continuing effectiveness of our quality controls.



## 5. Independence policies and practices

*The PwC Network has a number of global systems that assist PwC Oman and its partners and staff to comply with its independence policies and procedures.*

The PwC Middle East Network, of which PwC Oman is a part, has a **designated partner (known as the ‘Partner Responsible for Independence’ or ‘PRI’) with appropriate seniority and standing, who is also the Chief Risk Officer and is responsible for implementation of the PwC Global Independence Policy and other local independence requirements applicable in Oman including managing the related independence processes and providing support to the business. The partner is supported by a team of independence specialists. The PRI reports directly to the Managing Partner of the Middle East Network.**

### *Independence policies and practices*

The PwC Global Independence Policy, which is based on the IESBA Code of Ethics for Professional Accountants, contains minimum standards with which PwC member firms have agreed to comply, including processes that are to be followed to maintain independence from clients, when necessary.

The PwC Global Independence Policy covers, among others, the following areas:

- Personal and firm independence, including policies and guidance on the holding of financial interests and other financial arrangements, e.g. bank accounts and loans by partners, staff, the firm and its pension schemes;
- Non-audit services and fee arrangements. The policy is supported by Statements of Permitted Services (**‘SOPS’**), which provide practical guidance on the application of the policy in respect of non-audit services to assurance clients; and
- Business relationships, including policies and guidance on joint business relationships (such as joint ventures and joint marketing) and on purchasing of goods and services acquired in the normal course of business.

The Global Independence Policy embeds the independence requirements of the United States Securities and Exchange Commission, those of the Public Accounting Oversight Board of the United States and of the EU Audit Regulation where they are more restrictive than the **PwC Network’s policy**.

In addition, there is a Network Risk Management Policy governing the independence requirements related to the rotation of key audit partners.

These policies and processes are designed to help PwC comply with relevant professional and regulatory standards of independence that apply to the provision of assurance services. Policies and supporting guidance are reviewed and revised when changes arise such as updates to laws and regulations or in response to operational matters.

### *Independence-related tools*

As a member of the PwC Network, the firm has access to a number of tools which support PwC firms and their personnel in executing and complying with our independence policies and procedures. These include:

- **The Central Entity Service (‘CES’), which contains information about corporate entities including public interest audit clients and SEC restricted clients and their related securities. CES assists in determining the independence status of clients of the member firm before entering into a new non-audit engagement or business relationship. This system drives the ‘Independence List’ and also feeds Independence Checkpoint;**
- **‘Independence Checkpoint’ which facilitates the pre-clearance of publicly traded securities by all partners, directors and practise managers before acquisition and records their subsequent purchases and disposals. Where a PwC member firm wins a new audit client, this system automatically informs those holding securities in that client of the requirement to sell the security where required;**
- **Authorisation for Services (‘AFS’) which is a global system that facilitates communication between a non-audit services engagement leader and the audit engagement leader, documenting the potential independence threats of the service and proposed safeguards, and acts as a record of the audit partner’s conclusion on the acceptability of the service; and**
- Global Breaches Reporting System which is designed to be used to report any breaches of external auditor independence regulations (e.g. those set by regulation or professional requirements) where the breach has cross-border implications (e.g. where a breach occurs in one territory which affects an audit relationship in another territory). It can also be used for intra-territory reporting (e.g. in a single territory situation) in the absence of a local equivalent alternative system or procedure.



PwC Oman also tracks rotation requirements as applicable under the Network independence policy and with reference to local rules, as applicable, for the engagement leaders and other key audit partners involved in audits.

All approved business relationships entered into by PwC Oman are also maintained. These relationships are reviewed on a six monthly basis to ensure their ongoing permissibility.

### *Independence training and confirmations*

All partners and practice staff are provided with annual or on-going training in independence matters. Training typically focuses on milestone training relevant to a change in position or role, changes in policy or external regulation and, as relevant, provision of services. Partners and staff receive computer-based training on the independence policy relevant to them and related topics. Additionally, face-to-face training is delivered to members of the practise on an as-needed basis by Independence specialists and Risk and Quality teams.

All partners and staff are required to complete an annual compliance confirmation, whereby they confirm their compliance with all aspects of the **member firm's** independence policy, including their own personal independence. In addition, all partners confirm that all non-audit services and business relationships for which they are responsible comply with policy and that the required processes have been followed in accepting these engagements and relationships. These annual confirmations are supplemented by periodic and ad-hoc engagement level confirmations for larger audit clients.

### *Independence monitoring and disciplinary policy*

The leadership of PwC Middle East Network and PwC Oman are also responsible for monitoring the effectiveness of its quality control system in managing compliance with independence requirements. In addition to the confirmations described above, as part of this monitoring, the PwC Middle East Network independence team perform:

- Compliance testing of independence controls and processes;
- Personal independence compliance testing of a random selection of partners and all partner candidates as a means of monitoring compliance with independence policies; and
- An annual assessment of **the member firm's adherence with the PwC Network's independence risk management standard.**

The results of the monitoring and testing are reported to the regional management on a regular basis with a summary reported to them on an annual basis.

There are disciplinary policies and mechanisms in place that promote compliance with independence policies and processes, and that require any breaches of independence requirements to be reported and addressed.

**This would include discussion with the client's audit committee** regarding the nature of the breach, an evaluation of the impact of the breach on the independence of the firm and the need for safeguards to maintain objectivity. Any breaches are taken seriously and investigated as appropriate. The investigations of any identified breaches of independence policies also serve to identify the need for improvements in systems and processes and for additional guidance and training.



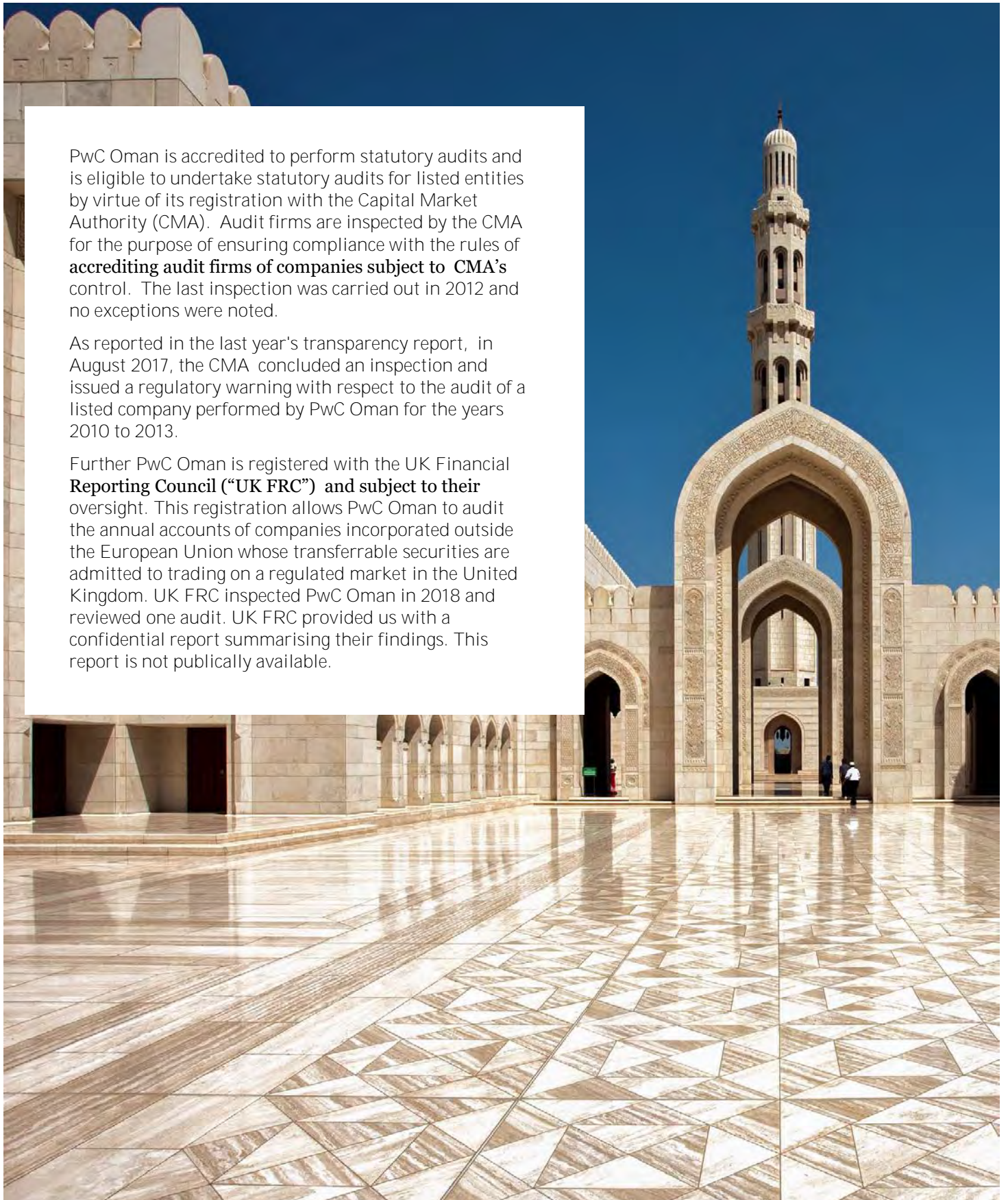


## 6. External inspections

PwC Oman is accredited to perform statutory audits and is eligible to undertake statutory audits for listed entities by virtue of its registration with the Capital Market Authority (CMA). Audit firms are inspected by the CMA for the purpose of ensuring compliance with the rules of **accrediting audit firms of companies subject to CMA's** control. The last inspection was carried out in 2012 and no exceptions were noted.

As reported in the last year's transparency report, in August 2017, the CMA concluded an inspection and issued a regulatory warning with respect to the audit of a listed company performed by PwC Oman for the years 2010 to 2013.

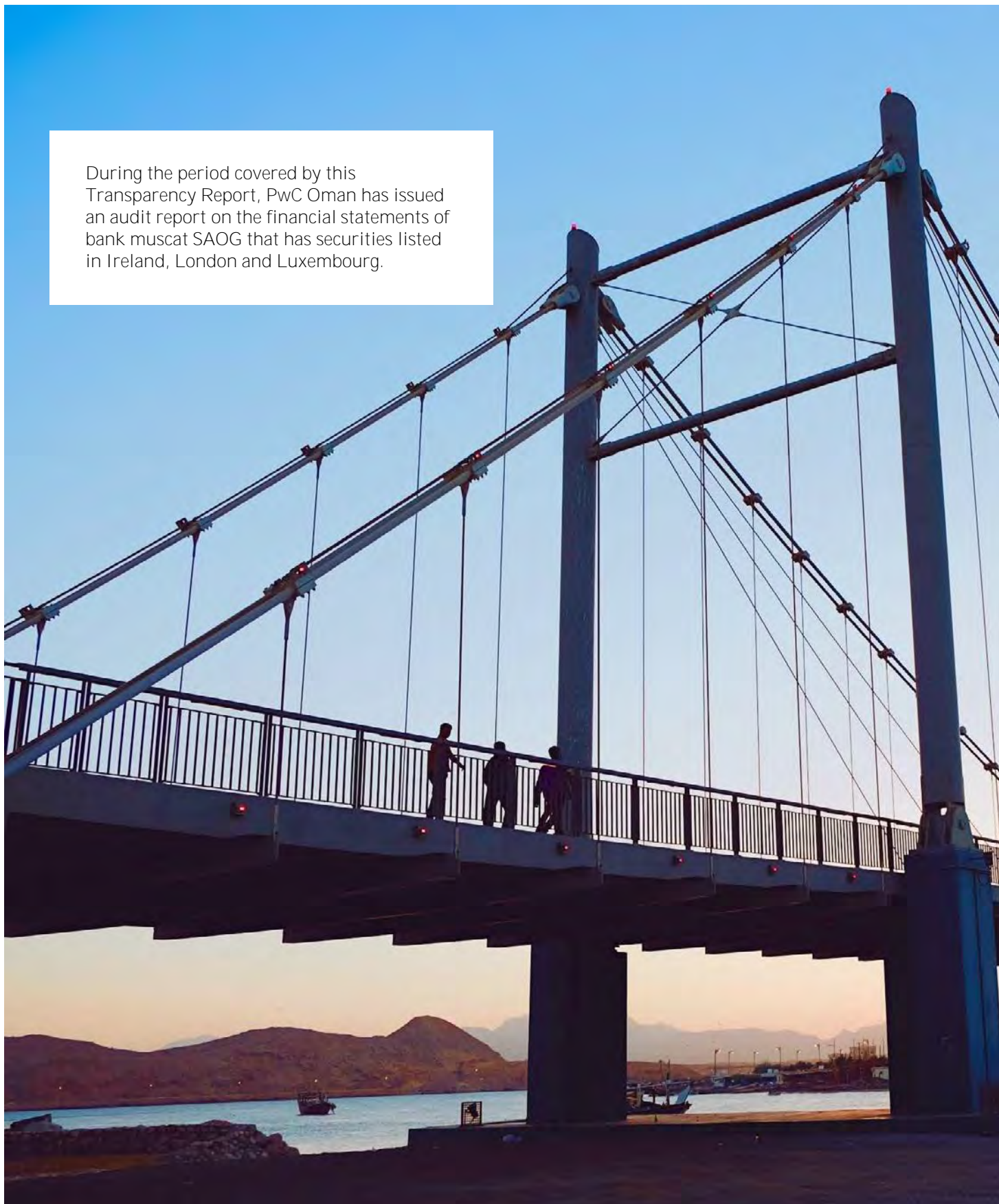
Further PwC Oman is registered with the UK Financial **Reporting Council ("UK FRC") and subject to their** oversight. This registration allows PwC Oman to audit the annual accounts of companies incorporated outside the European Union whose transferrable securities are admitted to trading on a regulated market in the United Kingdom. UK FRC inspected PwC Oman in 2018 and reviewed one audit. UK FRC provided us with a confidential report summarising their findings. This report is not publically available.





## 7. *Public interest audit clients*

During the period covered by this Transparency Report, PwC Oman has issued an audit report on the financial statements of bank muscat SAOG that has securities listed in Ireland, London and Luxembourg.





## 8. Continuing professional education of statutory auditors

PwC Oman and the other PwC member firms in the Network are committed to delivering quality assurance services around the world. To maximise consistency in the Network, the formal curriculum developed at the Network level provides access to training materials covering the PwC audit approach and tools, updates on auditing standards and their implications, and areas of audit risk and areas of focus for improved quality.

This formal learning is delivered using a blend of delivery approaches, which include remote access and classroom learning and on-the-job support. The curriculum supports our primary training objective of focus on audit quality while providing practitioners with the opportunity to sharpen their professional judgement, scepticism, technical and professional skills.

The curriculum allows us to select when we will deliver different portions of the training based on local needs. The modular content along with other innovative learning approaches have led to formal recognition from the broader learning community. In 2016, PwC's Learning and Education was recognised by the Corporate Learning Network (CLN) with the 2016 International 'Corporate University Best-in-Class' (CUBIC) Award, and in both 2017 and 2018, PwC's Learning and Education won a Brandon Hall Group silver award for excellence in the "Best Strategy for a Corporate Learning University" © 2017, 2018 Brandon Hall Group, Inc.

PwC Middle East Network Learning and Education leader then considers what additional training is appropriate – formal and/or informal – to address specific local needs in the way of videos, workshops and forums for staff to share their experiences. This training is then supplemented with learning from others, whether by receiving and discussing feedback, or by shadowing, observing and/or working with others in order to support them on the job.

Learning and development is a continuous process which starts with induction activities when a person joins the firm and continues throughout their career and is tailored to the grade, role and experience of each individual. Partners and staff participate in a variety of local, regional and international formal training courses and they will also be training through on the job coaching and supervision.

We have a training curriculum that includes talent programmes as well as our technical and business skills training programmes for the member firms in the region.

We support many individuals to complete professional qualifications that are required or relevant to their role. Our industry groups operate specialist training programmes relevant to their sectors.

Core curriculum training programmes are supplemented by additional training sessions within PwC Oman, as and when required.

Our practices to maintain capabilities and technical competence include:

- All partners and staff must complete annual risk and quality update training spanning matters relating to compliance, independence and ethics;
- The mandatory technical training programme comprises both foundation and update training as well as specific training for auditors on specific engagements such as US PCAOB clients. Foundation programmes **build auditors' technical capabilities. Annual update** training addresses new external requirements, internal policy or methodology changes and the remediation of observations raised through internal quality reviews and external inspections;
- We consider training needs on an on-going basis and release guidance and/or training materials as appropriate throughout the year to respond to emerging performance gaps promptly when they are identified;
- We monitor the completion of mandatory training and failure to complete mandatory training by set deadlines results in disciplinary steps being taken;
- We review the training programme for compliance with PwC Network standards;
- We have processes in place to equip our tutors with effective instructor skills and to measure the effectiveness of our training; and
- We assess programmes through a number of evaluation techniques.

## 9. Remuneration of the partners

**Each partner's remuneration in the PwC Middle East Network** comprises three interrelated profit-dependent components:

- Role level – Reflecting **the Partner's sustained** contribution and responsibilities;
- Performance rating – Reflecting how a Partner and their team(s) has performed; and
- Firm profitability – Reflecting overall profitability of the firm.

**Each Partner's performance income is determined by** assessing achievements against an individually-tailored **balanced scorecard of objectives, based on the Partner's** role and responsibilities.

Audit partners are not permitted to be, nor are they incentivised to be, evaluated or remunerated for the selling of non-audit services to their audit clients.

Quality failings identified either through regulatory reviews or internal quality reviews impact the performance assessment and therefore remuneration of audit engagement leaders through an accountability framework.





## 10. Financial information

The total revenue including audit services of PwC Oman for the year ended 30 June 2018 is US\$ 12.83 million.

Our gross revenues for audit services represent **approximately 54% of our firm's total gross revenues**. Tax, advisory and other assurance non-audit services represent **approximately 14%, 18% and 14% of our firm's gross revenues**, respectively.

A list of the EU/EEA Public Interest Entities (defined as those incorporated outside of the EU/EEA that have transferable securities listed on a EU/EEA regulated market) for which we carried out a statutory audit during the year ended 30 June 2018 can be found in section 7 of the transparency report. Revenue disclosures required by Article 13 Item 2 (k) are as follows:

- Audit revenues earned by EU/ EEA Public Interest Entities audit clients amounted to US\$ 0.25 million for the year ended 30 June 2018.
- Audit revenues earned by all other audit clients of the firm amounted to US\$ 6.65 million for the year ended 30 June 2018.
- Non-audit services revenues earned by EU/EEA Public Interest Entities audit clients amounted to US\$ 0 for the year ended 30 June 2018.
- Non-audit services revenues earned by all other clients amounted to US\$ 5.93 million for the year ended 30 June 2018.

Total turnover achieved by statutory auditors and audit firms (i.e. from EU or EEA Member States and listed in the Appendix) that are members of the PwC Network resulting, to the best extent calculable, from the statutory audit of annual and consolidated financial statements is approximately Euro 3.0 billion. This represents the turnover from each entity's most recent financial year converted to Euros at the exchange rate prevailing at that financial year end date.





# Appendix

List of EU/EEA network firms and statutory auditors as at 30 June 2018.

Member State	Name of firm
Austria	PwC Wirtschaftsprüfung GmbH, Wien
Austria	PwC Oberösterreich Wirtschaftsprüfung und Steuerberatung GmbH, Linz
Austria	PwC Kärnten Wirtschaftsprüfung und Steuerberatung GmbH, Klagenfurt
Austria	PricewaterhouseCoopers Vorarlberg Wirtschaftsprüfungs GmbH, Dornbirn
Austria	PwC Steiermark Wirtschaftsprüfung und Steuerberatung GmbH, Graz
Austria	PwC Salzburg Wirtschaftsprüfung und Steuerberatung GmbH, Salzburg
Austria	PwC Österreich GmbH, Wien
Belgium	PwC Bedrijfsrevisoren bcvba/Reviseurs d'entreprises scrl
Belgium	PwC Audit Services SPRL
Bulgaria	PricewaterhouseCoopers Audit OOD
Croatia	PricewaterhouseCoopers d.o.o
Cyprus	PricewaterhouseCoopers Limited
Czech Republic	PricewaterhouseCoopers Audit s.r.o
Denmark	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
Estonia	AS PricewaterhouseCoopers
Finland	PricewaterhouseCoopers Oy
Finland	PwC Julkistarkastus Oy
France	PricewaterhouseCoopers Audit
France	PricewaterhouseCoopers Entreprises
France	PricewaterhouseCoopers France
France	PricewaterhouseCoopers Services France
France	PwC Entrepreneurs Audit
France	PwC Entrepreneurs Audit France
France	PwC Entrepreneurs CAC
France	PwC Entrepreneurs CAC France
France	PwC Entrepreneurs Commissariat aux Comptes
France	PwC Entrepreneurs Commissariat aux Comptes France
France	PwC Entrepreneurs France
France	PwC Entrepreneurs Services
France	M. Philippe Aerts
France	M. Jean-François Bourrin
France	M. Jean-Laurent Bracieux
France	M. Didier Brun
France	M. Hubert de Rocquigny
France	M. Didier Falconnet
France	M. Bernard Kervarec
France	M. François Miane
France	M. Yves Moutou
France	M. Claude Palméro
France	M. Pierre Pégaz-Fiornet
France	M. Antoine Priollaud

Member State	Name of firm
Germany	PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft
Germany	Wibera WPG AG
Greece	PricewaterhouseCoopers Auditing Company SA
Hungary	PricewaterhouseCoopers Könyvvizsgáló Kft.
Iceland	PricewaterhouseCoopers ehf
Ireland	PricewaterhouseCoopers
Italy	PricewaterhouseCoopers Spa
Latvia	PricewaterhouseCoopers SIA
Liechtenstein	PricewaterhouseCoopers GmbH, Vaduz
Lithuania	PricewaterhouseCoopers UAB
Luxembourg	PricewaterhouseCoopers, Société coopérative
Malta	PricewaterhouseCoopers
Netherlands	PricewaterhouseCoopers Accountants N.V.
Netherlands	Coöperatie PricewaterhouseCoopers Nederland U.A
Norway	PricewaterhouseCoopers AS
Poland	PricewaterhouseCoopers Polska sp. z.o.o.
Poland	PricewaterhouseCoopers sp. z.o.o.
Portugal	PricewaterhouseCoopers & Associados-Sociedade de Revisores Oficiais do Contas Lda
Romania	PricewaterhouseCoopers Audit S.R.L.
Slovakia (Slovak Republic)	PricewaterhouseCoopers Slovensko, s.r.o.
Slovenia	PricewaterhouseCoopers d.o.o.
Spain	PricewaterhouseCoopers Auditores, S.L.
Sweden	PricewaterhouseCoopers AB
Sweden	Öhrlings PricewaterhouseCoopers AB
UK	PricewaterhouseCoopers LLP
UK	James Chalmers
UK	Richard Sexton*
	*Registration ceased subsequent to 30 June 2018

This document has been prepared only for PwC Oman and solely for the purpose and on the terms agreed with PwC Oman. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else.

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