

Audit & Risk Committee

Effectiveness and quality of external audit process



The Audit & Risk Committee (the Committee) of the GSK plc (GSK) Board is committed to ensuring that GSK receives a high-quality and effective external audit. In evaluating Deloitte's performance during 2023, prior to making a recommendation on its reappointment in early 2024, the Committee reviewed the effectiveness of its performance against the criteria which it agreed with management at the beginning of 2023.

The detailed criteria used by the Committee for judging the effectiveness of Deloitte as external auditor are set out in the table below. Further details of Auditor reappointment process during 2023 are described in the 2023 Annual Report.

Performance expectations for GSK's external auditor 2023

Audit approach and strategy	<ul style="list-style-type: none"> – Leverage a centrally controlled audit approach, ensuring that GSK group, joint venture and local statutory entities are audited once and once only; – Deliver a consistent technology-led audit with enhanced risk assessment and analytical procedures, providing insights that combine data trend analysis, process cycle pathways, and the identification of audit risks, ensuring a well-informed and efficient audit; and – Deliver a focused and consistent audit approach globally that reflects local risks and materiality.
High quality independent audit	<ul style="list-style-type: none"> – Adhere to all independence policies (GSK's, FRC's 2016 Revised Ethical Standard and applicable SEC standards); – Maintain a relentless focus on audit quality and Deloitte's internal quality control procedures; – Provide timely clarity on assessments of accounting treatments and ensure consistency of advice at all levels; – Maintain a forward-thinking approach by raising potential issues or concerns as soon as identified; – Provide timely up-to-date knowledge of technical and governance issues, including evolving market practice on the viability statement requirements, ESMA/SEC guidelines, BEIS White Paper consultation and new IFRS standards; – Serve as an industry resource; communicating best practice trends in reporting and integrated reporting; and – Providing high quality and succession planning of key staff members of Deloitte and ensuring their technical skillsets are continuously enhanced.
Effective partnership	<ul style="list-style-type: none"> – Deliver a smooth running, thorough and efficiently executed audit by: <ul style="list-style-type: none"> – Ensuring the group and local Deloitte roles and responsibilities are in line with and updated for changes in the GSK operating model; – Ensuring SOX scope and additional procedures are discussed and endorsed by Corporate Management and communicated in a timely manner within GSK and Deloitte; – Avoiding surprises through timely reporting of issues at all levels within the company; – Early engagement on and provision of impact assessments of key judgements; – Responding to any issues raised by Corporate Management on a timely basis; – Meeting agreed deadlines; – Providing sufficient time for management to consider draft auditor reports and respond to requests and queries; and – Consistent and timely communication and engagement between local and central audit teams, and across all GSK stakeholder groups. – Liaise with Audit & Assurance to avoid duplication of work and Global Ethics and Compliance to ensure a common understanding of audit outcomes, adopting a collaborative approach to solving issues; and – Ultimately provide a high-quality service to the Board, be scrupulous in their scrutiny of the Group and act with utmost integrity.
Audit transition	<ul style="list-style-type: none"> – Leverage technology to best impact the audit work by: <ul style="list-style-type: none"> – Making the best use of GSK's investment in SAP; – Using the most up to date methodology, tools, and techniques to drive audit quality, to look where to enhance audit efficiency and to deliver audit insights; – Piloting alongside the current technology deployed to evolve into a more digital audit. – Facilitate a sustainable audit approach of future material acquisitions within a framework by: <ul style="list-style-type: none"> – Providing clarity on the required procedures; – Recognising the requirement for enhanced insight of information requested to conduct the audit work; – Ensuring that information can be gathered and retained by management; – Approaching risk assessment to focus audit procedures on most sensitive assumptions and material matters. – Build on the relationship developed over the last five years and continuity of the senior audit leaders to support the lead partner's transition and develop a focused succession plan across the team.
Value for money	<ul style="list-style-type: none"> – In the current environment of significant inflationary pressures globally, continue to work closely with management to: <ul style="list-style-type: none"> – Identify mutual areas for efficiencies with respect to the audit process to offset cost rate increases; – Agree on scope changes, overruns and set clear milestones for continuous monitoring; and – Provide transparency of audit time and cost incurred analysis against budget, identifying areas that will enable reduction in audit hours without compromising audit quality and commensurately reducing audit fees.