



# Transparency Report 2020

KPMG in Ireland

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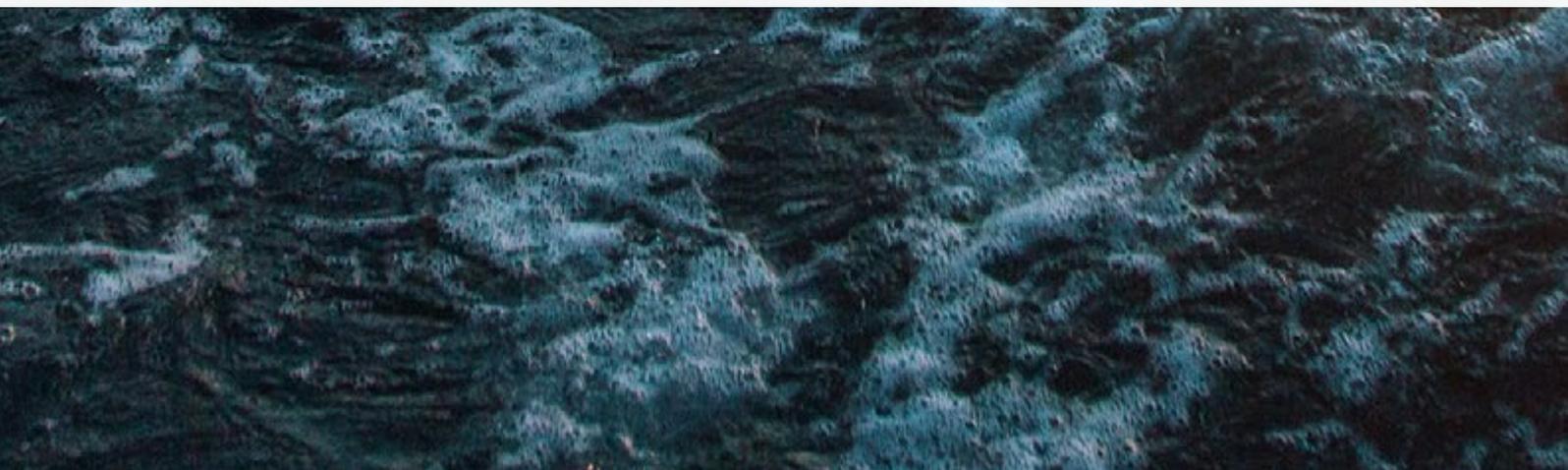
*Your Partner For What's Next*





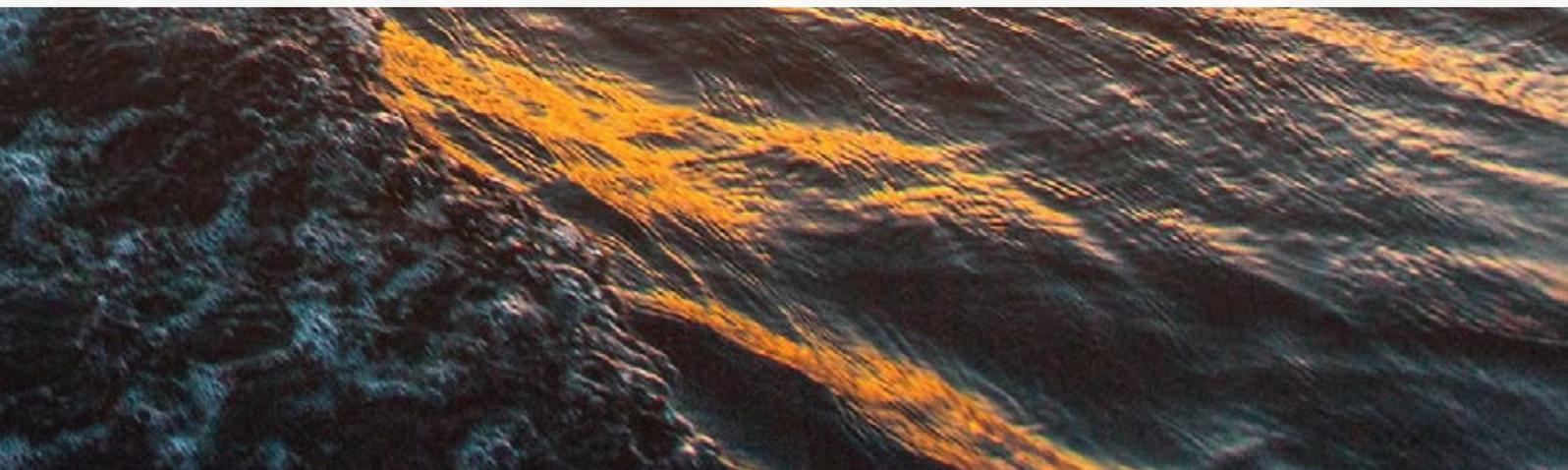
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# Message from our Managing Partner

Welcome to our 2020 KPMG Transparency Report. This report outlines KPMG's continued commitment to our regulators, investors, audit committees and other stakeholders.

When we issued our 2019 Transparency Report we were facing into the initial stages of a health and economic crisis unlike anything experienced in the last century. Over the last 12 months the Covid-19 Pandemic has presented a diverse set of challenges for our clients and for our own organisation, pushing us to think differently about how we engage with our people, companies we audit, stakeholders and society. I am very proud of how our people have adapted with renewed commitment to deliver exceptional service for our clients and to serve the public interest by leading our profession in audit quality.

Looking forward to the world post-crisis, I am confident we have learned many lessons over the last year that will endure to make a positive and lasting contribution to our society and our economy. Despite the challenges we will face I am optimistic about the future as we start to see the early economic impact of widening vaccination coverage and the potential for easing lockdown begins to emerge. I believe that the digital transformation accelerated or started as a result of the crisis will continue to make Irish businesses more competitive and resilient.

At KPMG we expect that the future of work will involve a hybrid model of in-presence and remote working to enable our people to get the best of both working experiences. It was fantastic to see how quickly our team of over 3000 employees, including over 1300 auditors, adapted.

## *Our Impact*

The last 12 months have made business leaders more aware than ever of the vulnerability of our society to external factors and the need for companies to be run in a manner that has purpose and is socially responsible. Our business is today actively focused on measuring and reducing our impact, including making our own commitment to be net zero carbon by 2030. KPMG remains determined to make a positive

impact on the world, driven by our purpose. We encourage our people to take a long-term perspective in all their work. All of our actions are guided by our Values. They drive our daily behaviours, guide our decisions and shape our culture. Integrity remains a core Value — we do what is right, in the right way, at the right time.

## *Investment and innovation*

Investment and innovation are key to the continuing success of our business. We continue to invest heavily in our people both via training and by providing them with the tools and technology to perform their audit responsibilities effectively and efficiently. In 2020 this investment focused significantly on the training and retention of excellent people who share in the firm's uncompromising focus on quality. The environment our clients operate in continues to evolve, becoming more complex, more regulated and increasingly driven by technological developments. We continue to focus on innovation in areas such data analytics, cybersecurity and applied intelligence all of which have enabled us to maintain our commitment to high quality.

## *Audit at the heart*

Our audit business has always been at the heart of our firm and executing our audits to the highest quality is core to our ambition. We recognise the trust that companies, regulators and others put in us to deliver high quality audits that contribute to financial reporting integrity so that investors have the confidence and trust to make key decisions.

Our firm's system of quality control and selected individual audit engagements are subject to regular inspections by our external regulators including the Irish Auditing and Accounting Supervisory Authority (IAASA) and this report provides an overview of those inspections. In addition, we are subject to the internal review programmes of KPMG International and details of these are also set out later in this report. We welcome this oversight by our regulators and KPMG International and see this as a critical input to our relentless focus on enhancing audit quality.



**Seamus Hand**  
*Managing Partner,*  
KPMG in Ireland

In our 2020 Transparency Report we have shared with you details of our approach to audit quality and the initiatives that have been implemented to ensure we continue to maintain a relentless focus on quality to justify the trust placed in us by the various stakeholders we serve. It is critical that we provide exceptional quality on a consistent basis both to ensure we live up to the expectations of these stakeholders and to guarantee the long term success of our business. Our commitment to delivering on this expectation is facilitated by

- **Our Ambition:** to be Ireland’s most successful and ambitious firm with our clients and respected as a trustworthy firm that all our people are proud to be part of. A relentless focus on quality is central to achieving this ambition.
- **Our Culture:** a quality centric culture is essential to continually delivering high quality audits. We strive to lead by example through leadership behaviours on quality and ensuring our “tone at the top” supports this culture.
- **Our Business:** we have continued to invest in audit quality initiatives, growing our Audit Quality and Professional Practice team, investing in our system of quality management with the roll out of International Standard on Quality Management 1 (ISQM1) and embedding audit quality in our main audit business units by dedicating additional partner resources to audit quality matters.
- **Our Global Network:** together with our global colleagues we are united in our commitment to achieving and maintaining the very highest quality standards. Our Global Board has implemented changes to the governance and control systems in our network to support a globally consistent audit quality model.

In the message from our Head of Audit, Sean provides some insights into how the above have been brought to life in our audit practice.

In this report, you will also hear from the new Chair of our Public Interest Committee, Mary Harney, who I was delighted to welcome into this role during the year, along with Padraig McManus who joined as a new member of this committee. I would like to take this opportunity to recognise and thank our outgoing Chair, Pat Cox, for his guidance and support over the last seven years.

In this ever-evolving world we are hugely conscious of the challenges facing businesses today. In that regard it is and remains our privilege to partner with our clients in planning for what’s next in their business.

I trust that the information provided in this Transparency Report is of interest and demonstrates that maintaining our focus on quality is critical to our business and to society particularly in times of uncertainty like this. I am happy to engage with and discuss any aspects of our business with any of our stakeholders.

**Seamus Hand**  
*Managing Partner*  
30 April 2021

Throughout this document, “KPMG”, “we”, “our” and “us” refers to the global organisation or to one or more of the member firms of KPMG International Limited, each of which is a separate legal entity. KPMG International Limited is a private English company limited by guarantee and does not provide services to clients.

No member firm has any authority to obligate or bind KPMG International Limited or any other member firm vis-à-vis third parties, nor does KPMG International Limited have any such authority to obligate or bind any member firm.

Throughout this document, references to “Firm”, “KPMG firm”, “member firm” and “KPMG member firm” refer to firms which are either: members of KPMG International Limited; sublicensee firms of KPMG International Limited; or entities that are wholly or dominantly owned and controlled by an entity that is a member or a sublicensee.

# Message from our Head of Audit

KPMG in Ireland is acutely aware of our public interest responsibility and the trust that is placed in us by stakeholders to fulfil that mission. Our partners and their teams are focused on delivering high quality audits performed in accordance with applicable professional standards within a strong system of quality controls.

At KPMG in Ireland we understand that achieving audit quality is fundamental to retaining public trust in our work, which is in turn, central to achieving our growth ambition for the firm.

## *Audit Overview - 2020*

As I write this we have, in common with the vast majority of our clients and the economy in general, worked remotely for a full year. This was not something we had planned for, and therefore there was a natural trepidation about the impact this would have on our ability to deliver quality audits. I am delighted to report that our technology operated effectively throughout the period. We made much greater use of secure client portals for information exchange and all meetings moved seamlessly onto electronic platforms. Our 1,300 auditors rose to the challenge magnificently and displayed great resilience in executing their respective audit responsibilities.

During 2020 our audit practice continued to grow, and revenue from statutory audits increased by 2% to €131 million. Our Financial Services business accounts for approximately 45% of our audit practice, and Corporate, Government and other Enterprises (CGE) accounts for the remaining 55%.

At 31 December 2020 there were no material changes in the composition of our public company clients listed on the main markets of the Stock Exchange in Ireland and the UK over the prior year. We estimate that we have a 33% market share of this market, which has been derived from publicly available reports from the ISE, LSE, AIM and ESM.

## *Audit Quality*

We are constantly working to improve audit quality. This involves working on the implementation of KPMG's Global Audit Quality Transformation initiative and our own local

initiatives to continue to enhance audit quality. During the year a number of major initiatives undertaken by our firm included:

- Investing significant resources in implementing an enhanced system of quality management to comply with ISQM 1 – “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” which was released by the International Auditing and Assurance Standards Board in December 2020. With the assistance of our global firm, we have been designing and implementing enhanced processes and controls across our key activities that underpin the acceptance, planning and execution of our audits. This programme will continue during the current year. Controls will be tested later in 2021 and in 2022 and required remediation implemented as part of the overall effort to meet the requirements of the Standard which becomes effective from 15 December 2022.
- Investing in additional resources, both permanent and on rotation, in our Department of Audit Quality and Professional Practice.
- Embedding audit quality in our main audit business units by dedicating additional partner resources to audit quality matters.
- Designing Key Performance Indicators for business units and for audit partners and principals to better measure audit quality.

These and other measures we have taken and plan to implement are aimed at ensuring we complete quality audits consistently from period to period.

During the year our firm and individual audits were subject to inspection by our regulator, the Irish Auditing and Accounting Supervisory Authority (IAASA). This involved a “Whole of Firm” inspection of four key areas and a review of five Public Interest Entity engagements. All of our firm's interactions with our regulator are professional and thorough. We take on board the points arising from the reviews and from internal reviews by KPMG International in designing remediation



**Sean O'Keefe**  
*Head of Audit*  
KPMG in Ireland

plans which address the issues raised. This process forms a core part of our ongoing journey to enhance audit quality.

### **People**

While we use complex technology extensively, auditing is essentially a people business. It is our people who take on the responsibility for delivering high quality audits.

At 31 December 2020 we had 1,308 people in our audit practice. Our focus was on recruiting the best available talent, providing them with a world class training experience and with stimulating and rewarding work opportunities. As a training firm, we are conscious that the on-the-job training experience has been diluted in the current year as a result of remote working. We are looking forward to our offices reopening so that we can provide some more traditional on-the-job experience for our teams. We expect that the future of work will involve a hybrid model of in-presence and remote working to enable our people to get the best of both working experiences.

During the year we continued to create opportunities for our people. This included:

- Promotion of 55 people into our management group, including one new partner and three new principals.
- Hiring of 215 graduates into our audit practice, providing opportunities for young highly qualified graduates to gain professional qualifications in an organisation with a strong culture and values.

### **Efficiency and Technology**

We are focused on providing our teams with the best of technology and tools to perform their audit responsibilities effectively and efficiently. We are in the process of the rollout of KPMG Clara Workflow (KCW), KPMG's new global audit methodology and smart audit platform. We completed an extended pilot in 2020 and expect to use KCW in up to 40% of our engagement hours in 2021. The technology will enable us to obtain even greater access to our clients' underlying records and an ability to provide deeper insight and analysis of that information.

In addition to the implementation of KCW, we are involved in a whole series of smart working initiatives designed to provide our teams with an ability to work more effectively and efficiently.

### **Conclusion and Outlook**

2020 was a very demanding year for everyone, and this was no different for our clients and our audit practice. Our audit teams displayed real commitment and dedication to delivering quality audits during this period by working to the same high professional standards despite remote working. The significant investment our firm has made over many years and is continuing to make in technology enabled us to continue to deliver our services seamlessly during this time. Our focus on audit quality is our highest priority, and we have multiple initiatives ongoing to ensure we continue to serve the public interest.

The Outlook for our practice is positive. Economic forecasts are for strong global growth as Coronavirus vaccines are rolled out and economies across the world emerge from lockdown. Ireland, as a small, open economy should be a beneficiary of these positive trends. Our clients are also using the opportunities provided by the current availability of capital to grow their businesses organically and by acquisition. We expect that all of this activity will require significant involvement from the auditing profession and we stand ready to play our part in the delivery of high quality audits.

**Sean O'Keefe**  
*Head of Audit*

30 April 2021

# Message from the Chair of the Public Interest Committee

I am delighted to present my first Chairperson's message on behalf of the Public Interest Committee ("PIC"). The PIC was established in the autumn of 2013, in line with the Irish Audit Firm Governance Code ("the Code") prepared by the Chartered Accountants Regulatory Board ("CARB"). It was chaired since its establishment by Pat Cox who retired, as planned, during the year. I would like to pay specific tribute to Pat's leadership during this period and thank him for his advice and time during the handover process.

2020, was of course the year of a global pandemic and all meetings I have attended were held remotely, I look forward to a return to in-person meetings when it is safe to do so.

The Code sets out general principles rather than prescribing specific rules and has resulted in a learning-by-doing approach by the Committee and its members to establish a common view of the public interest as it relates to the Firm's activities and performance. As a new chairperson, I hope to continue to develop this approach.

The Committee continued its scheduled personnel transition in 2020. Having joined the Committee in February 2020, I was delighted to be asked to replace Pat Cox. The Committee also welcomed Pdraig MacManus who was appointed in November, and brings his considerable industry experience to the Committee, as a member. We meet privately and bring any significant issues to the Managing Partner.

The PIC has a governance role and has a right of access to relevant information and people. The Committee comprises three non-executive members, Pdraig McManus, Stephen Haughey and I as Chair, the Firm's Managing, Seamus Hand and the Firm's Head of Risk Management, David Wilkinson (who replaced Paul Dobey during the year). Niall Savage, an audit partner of the firm, acts as our appointed secretary.

The PIC exercises its duty of care to the Firm through the oversight of matters of public interest with an emphasis on risk and quality. The mandate specifically relates to Public Interest Entities but in practice has extended to include high profile assignments of public interest, general reputational issues and consideration of the evolving regulatory debate as regards auditing and the audit profession. Our work is animated and informed by a series of in-depth presentations and discussions across a wide range of topics.

During the past year the Committee has been updated regularly by the Managing Partner and the Head of Risk Management on a rolling agenda focused on the matters of interest to the PIC, in relation to areas of wider public interest pertaining to the work of the firm, as well as providing insights related to the KPMG network in other jurisdictions.

The Firm's response to the challenges posed by COVID-19 featured prominently throughout the year, we were regularly updated by the Managing Partner and Declan Keane the Firm's Head of Investment, Innovation & Technology. Topics covered included data security, technology deployment for remote working and the Firm's strategy on the Future of Work once restrictions relating to COVID-19 are eased.

Assisted by the Head of Audit, Sean O'Keefe, the PIC has continued to focus attention on regulatory reviews in the UK on auditing and the audit profession as a whole. We have reviewed all in-house, KPMG International and external audit quality reviews conducted by the Firm's regulators (IAASA, CARB and PCAOB). Our deliberations in this regard having been greatly assisted by Head of Audit Quality and Professional Practice, Eamonn Russell.

The Head of People and Operations, Colm Gorman, has kept the PIC updated on HR policies and procedures and on insights arising from KPMG's Global People Survey. In 2021, we broadened this remit to include the Firm's Corporate Social Responsibility Strategy, meeting with Karina Howley, the firm's Head of Corporate Citizenship & Diversity.

The Head of Risk Management, David Wilkinson, gave a thorough explanation of the Firm's policy on the identification and management of potential conflicts of interest at the request of the PIC.

All our meetings are conducted with due respect for confidentiality.

Based on our experience to date we consider the quality and risk management arrangements to be appropriate, robust and, when warranted, open to change. There is a focus on continuous improvement in light of the changing business and regulatory environment in which KPMG and similar firms operate and on the increasing expectations of regulators and other stakeholders of these firms.

We look forward in the coming period to making our contribution to the continued capacity of KPMG to successfully serve the public interest.

**Mary Harney**

*Chair of the Public Interest Committee*

30 April 2021

# Profiles of Independent Non-Executive members of the Public Interest Committee

## *Mary Harney (Chair)*

Mary Harney held a number of different Ministerial positions in the Irish Government for 18 years, including Environmental Protection, Enterprise, Trade & Employment and Health. She was Deputy Prime Minister for 10 years. She retired from politics in 2011 and now acts as a business consultant.

She is also an independent director of a number of companies, including Biocon Ltd. (India), Diona Technology, Brindley Healthcare and HealthBeacon and is non-executive chair of the Pharmed Group. She was appointed Chancellor of the University of Limerick in January 2018 and is a member of the International Women's Forum.

## *Padraig McManus*

Padraig McManus was Chief Executive of the Electricity Supply Board (ESB), Ireland's state-owned electricity utility from 2002 to 2011, and in 2010 he led the £1bn-plus acquisition of NIE Networks. Most recently, between 2012 and 2017, Padraig was Chair of Eir, the telecommunications group.

Mr McManus is currently a board member of Greenlink Interconnector Ltd. and Echelon DC Holdings Ltd. He has also served on a number of other boards including the Economic and Social Research Institute of Ireland (ESRI), Business in the Community and The Conference Board of the US.

## *Stephen Haughey*

Stephen Haughey is a qualified solicitor and was a partner in A&L Goodbody for twenty-four years prior to retiring in 2010. Stephen was a partner in the Corporate Finance Department at A&L Goodbody, specialising in Banking and Finance and was head of the Banking Department for a period. He was appointed Chairman of A&L Goodbody in May 2005 and served in that role until he retired as a Partner in April 2010. Stephen currently acts as a Consultant to A&L Goodbody and has a number of non-executive directorships including Airbus Finance Company and Enable Ireland Limited.

# KPMG Values

Ethical values are the foundation of business ethics. Our values lie at the heart of the way we do things.

They drive our daily behaviours, guide our decisions, and shape our character. They form the foundation of a resilient culture ready to meet challenges with integrity, so we never lose sight of our principal responsibility to protect the public interest. And they propel us forward – through our work and the example we set – as we inspire confidence and empower change throughout the world.

Our Values represent what we believe in, and what's important to us as an organisation. They guide our behaviours day-to-day, informing how we act, the decisions we make, and how we work with each other, our clients, companies that we audit, and all our stakeholders.

## **Integrity**

We do what is right.

## **Excellence**

We never stop learning and improving.

## **Courage**

We think and act boldly.

## **Together**

We respect each other and draw strength from our differences.

## **For Better**

We do what matters.

Our Values express our firm's long-standing core beliefs, and in 2020 the language was updated to make them bolder, simpler, and more memorable to help each of us bring them to life every day.

# 1

# Who we are

## 1.1 Our business

KPMG in Ireland is a provider of professional services, offering a range of Audit, Tax, Deal Advisory and Consulting services to a broad range of domestic and international clients across all sectors of business and the economy.

We operate on an all-Ireland basis and had an average of 102 partners (2019: 101 partners) and 3,283 people (2019: 3,210 people) during our financial year to 31 December 2020. We have five offices located across Ireland in Dublin, Belfast, Cork and Galway. Full details of all the services we offer can be found on our website [www.kpmg.ie](http://www.kpmg.ie).

## 1.2 Our strategy

Our strategy is determined by the partners; we have set out our ambition to be the Clear Choice professional services firm in Ireland. We recognise in doing this that our commitment to quality in everything we do is the most important element of our strategy: our reputation depends on it, as does our ability to achieve all other elements of our strategy. The ability to articulate clearly and consistently what quality means to us, as well as being able to demonstrate how we safeguard the quality of the service we provide, underpins all elements of our strategy.

### The key elements of our strategy are to:

- drive a relentless focus on quality, service excellence and service innovation;
- continuously improve quality, consistency and efficiency;
- take a long-term sustainable view;
- act as a multidisciplinary firm, collaborating seamlessly;
- invest together in our chosen global growth priorities; maintain a passionate focus on our clients;
- deploy globally our highly talented people;
- bring insights and innovative ideas; and
- build public trust.



# 2

# Our structure and governance

## 2.1 Legal structure

KPMG is the registered trademark of KPMG International and is the name by which the member firms are commonly known. The rights of member firms to use the KPMG name and marks are contained within agreements with KPMG International.

Member firms are generally locally owned and managed. Each member firm is responsible for its own obligations and liabilities. KPMG International and other member firms are not responsible for a member firm's obligations or liabilities. Member firms may consist of more than one separate legal entity. If this is the case, each separate legal entity will be responsible only for its own obligations and liabilities, unless it has expressly agreed otherwise.

Prior to 1 October 2020, KPMG in Ireland was affiliated with KPMG International Cooperative ("KPMG International"). KPMG International was a Swiss cooperative which was a legal entity formed under Swiss law. It was the coordinating entity for the network and the entity with which all the member firms of the KPMG organisation were required to be affiliated. Further details about KPMG International and its business activities, including our relationship with it for the financial year ending 30 September 2020, are available in the 'Governance and leadership' section of the [2019 KPMG Transparency Report](https://home.kpmg/xx/en/home/campaigns/2019/12/kpmg-international-transparency-report.html)<sup>1</sup>.

On 1 October 2020, KPMG in Ireland and all other KPMG firms entered into new membership and associated documents, the key impact of which is that all KPMG member firms in the KPMG global organisation became members in, or have other legal connections to, KPMG International Limited, an English private company limited by guarantee. KPMG International Limited acts as the coordinating entity for the overall benefit of the KPMG member firms. It does not provide professional services to clients. Professional services to clients are exclusively provided by member firms. Further detail on the revised legal and governance arrangements for the KPMG global organisation from 1 October 2020 can be found in section 'Governance and leadership' of the [2020 KPMG International Transparency Report](https://home.kpmg/xx/en/home/about/kpmg-international-transparency-report.html)<sup>2</sup>.

KPMG International Limited and the KPMG member firms are not a global partnership, single firm, multinational corporation, joint venture, or in a principal or agent relationship or partnership with each other. No member firm has any authority to obligate or bind KPMG International Limited, any of its related entities or any other member firm vis-à-vis third parties, nor does KPMG International or any of its related entities have any such authority to obligate or bind any member firm. KPMG in Ireland is part of the KPMG global organisation of professional services firms providing Audit, Tax, Deal Advisory and Consulting services to a wide variety of public and private sector organisations. The KPMG organisation structure is designed to support consistency of service quality and adherence to agreed Values wherever its member firms operate.

KPMG in Ireland ("the Firm") operates through a number of partnerships, formed under the Partnership Act 1890 and governed by a formal Partnership Deed, where each partner has one vote.

During the year to 31 December 2020, there was an average of 102 partners in KPMG in Ireland (2019: 101 partners).

## 2.2 The Irish Audit Firm Governance Code

The Irish Audit Firm Governance Code ("the Code") was issued by the Chartered Accountants Regulatory Board ("CARB") in June 2012 and applies to firms that audit public interest entities.

The Audit Executive Team, as defined in the Executive Team section on page 11, has reviewed the provisions of the Code together with details of how the Firm - as defined above - is complying with those provisions and has concluded that, as at 31 December 2020, KPMG in Ireland is in compliance with the provisions of the Code.

1. <https://home.kpmg/xx/en/home/campaigns/2019/12/kpmg-international-transparency-report.html>

2. <https://home.kpmg/xx/en/home/about/kpmg-international-transparency-report.html>

## 2.3 Responsibilities and obligations of member firms

Pursuant to their membership agreements with KPMG International, member firms are required to comply with KPMG International's policies, procedures and regulations including quality standards governing how they operate and how they provide services to clients to compete effectively. This includes having a firm structure that ensures continuity and stability and being able to adopt global strategies, share resources (incoming and outgoing), service multi-national clients, manage risk, and deploy global methodologies and tools.

Each member firm takes responsibility for its management and the quality of its work.

Member firms commit to a common set of KPMG values which are set out on page 8.

KPMG International's activities are funded by a levy paid to it by member firms. The basis for calculating such amounts is approved by the Global Board and consistently applied to the member firms. A firm's status as a KPMG member firm and its participation in the KPMG organisation may be terminated if, among other things, it has not complied with the policies, procedures and regulations set by KPMG International or any of its other obligations owed to KPMG International.

## 2.4 Governance structure

KPMG in Ireland applies high standards of corporate governance and we are committed to ensuring that we stay at the forefront of good governance.

### *Managing Partner*

The Managing Partner acts as the chief executive of the Firm and manages the firm in accordance with its policies. Executive authority over all partners is vested in the Managing Partner and extends to all areas of the firm, in accordance with the terms of the Partnership Deed. The Managing Partner may consult other partners and, in particular, the Policy Committee and the Executive Team as considered advisable in relation to matters which are within the power of the Managing Partner, but he is not obliged to do so.

The Managing Partner is elected by the partnership and serves a three-year term. A Managing Partner can stand for election for a second three-year term. He or she may only stand for a further term if that is approved by the partners. Any partner can put him/herself forward for Managing Partner at each three-year interval as long as he/she is nominated by at least eight other partners. The current Managing Partner was appointed in May 2019.

Along with the Managing Partner there are a number of other principal bodies that deal with key aspects of governance within the firm. These are:

- the Policy Committee;
- the Executive Team;
- the Public Interest Committee; and
- the Remuneration Committee.

Details about the roles and responsibilities and composition of each of these key bodies are set out below.

### *The Policy Committee*

The KPMG in Ireland Policy Committee is responsible for ensuring that the firm is run in the interests of its partners and employees as a whole and in a manner, which is in keeping with the standing and reputation of the firm.

It has the power to make all policy decisions with the exception of certain matters which are reserved to the partners as a whole. The Committee's policy decisions are binding on the partnership. In addition, the Policy Committee is responsible for approving the strategy of the firm, overseeing its implementation by the Executive Team, considering quality and risk matters, recommending partner candidates to the partnership and considering the firm's overall financial performance.

As a matter of practice, the Policy Committee concerns itself with significant matters of policy and does not concern itself with operational matters.

The Policy Committee is composed of ten people, including the Managing Partner and secretary. The Managing Partner is ex-officio Chair of the Policy Committee. Other members are elected by the partnership at an annual election. Members who are elected serve a two-year term and can be then reappointed for a further two years. Members having served four years are not eligible for election again for two years.

The Committee meets regularly throughout the year. In the year to 31 December 2020 it met 31 times. The Committee reports to partners at least twice yearly updating them on its activities and the issues it is addressing. Minutes from each meeting are circulated to all partners.

Details of the members of the Policy Committee for KPMG in Ireland for 2020 are set out in Appendix 1.

### *The Executive Team*

The KPMG in Ireland Executive Team acts as the key management decision making group of the firm. The composition of the Executive Team is determined by the Managing Partner for a period that is normally concurrent

with and may not exceed the period of appointment of the Managing Partner. In 2020 the Executive Team comprised the Managing Partner, the Head of Audit, the Head of Tax and Legal Services, the Head of Deal Advisory, the Head of Consulting, the Heads of Markets (Financial Services, CGE Markets, and Investment and Innovation), the Head of Risk Management, the Head of People and Operations, the Head of Finance and Administration and the Secretary to the Executive Team.

The Executive Team is responsible for developing the business plan within the overall strategy approved by the Policy Committee, together with its subsequent implementation. It oversees the implementation of the business plan, monitors performance against our business plan and protection and enhancement of the KPMG brand. It deals with operational matters affecting the firm including operating and financial performance, quality and risk, budgets, new business proposals, innovation, marketing, technology development, recruitment, retention and remuneration. The Executive Team meets regularly. It met 45 times during the year to 31 December 2020.

A Functional Executive Team acts as the key management decision making group of their respective function in consultation with the Executive Team. The composition of each Functional Executive Team is determined by the Managing Partner and the Head of Function for a period that is concurrent with the period of appointment of the Managing Partner. In 2020 the Audit Executive Team comprised the Head of Audit, the Head of the Department of Audit Quality and Professional Practice ("AQ&PP") and the leaders of the key audit business units. The Tax and Legal Services Executive Team comprised the Head of Tax and Legal Services and the leaders of the key tax business units. The Deal Advisory Executive is comprised of the Head of Deal Advisory and leaders of the Corporate Finance, Restructuring & Forensics, Transaction Services, KPMG Managed Solutions business units and Head of Advisory Markets. The Consulting Partner meetings are comprised of the Head of Consulting and all partners from the Management Consulting, Risk and Regulatory Consulting and Actuarial Consulting business units. Details of the members of the Executive Team for KPMG in Ireland for 2020 are set out in Appendix 1.

### *The Public Interest Committee*

The Public Interest Committee ("PIC") was established in autumn 2013 to respond to the Irish Audit Firm Governance Code.

The PIC comprises three externally appointed members along with the Managing Partner and the Head of Risk Management. It is supported by a partner who acts as Secretary to the Committee.

The PIC is responsible for overseeing the public interest aspects of decision making of KPMG in Ireland. The Committee's focus is on the firm's governance, risk, quality and oversight structures. Through its work the Committee assists in building public confidence in the quality control structures that the firm has in place to ensure we properly consider our broader public accountability in delivering our services. Acting in the public interest involves having regard to the legitimate interests of clients, government, financial institutions, employers, employees, investors, regulators, the business and financial community and others who rely upon the objectivity and integrity of the auditing profession. The PIC may also participate, together with Audit Leadership, in dialogue with external stakeholders.

The three independent non-executive members of the PIC are Mary Harney (Chair), Stephen Haughey and Pdraig McManus.

The Public Interest Committee generally meets quarterly. It met 5 times during the year to 31 December 2020.

The firm has considered the Irish Audit Firm Governance Code and the Ethical Standards issued by IAASA in drawing up criteria for appointment of the members of the PIC. These criteria recognise the need for the external non-executive members of our PIC to maintain appropriate independence from the firm and its partners and have due regard to the impact of any external financial and business relationships held by the non-executive members on the firm's independence from its audit clients.

Our external non-executive members are not considered to be part of the chain of command for the purposes of auditor independence requirements. In addition, none of them hold



senior management positions at audit clients of the firm which are public interest entities. They are, as a condition of their appointment, under a continuing obligation to disclose any matters which may constitute a potential conflict of interest as soon as they become aware of them. A report from the chair of the Public Interest Committee on the activities of the Committee in the year is provided on page 5.

### *The Remuneration Committee*

The Remuneration Committee is responsible for determining the remuneration of each partner on an annual basis following a detailed review of each partner's performance over the year.

Each partner submits a formal appraisal to the Remuneration Committee detailing his/her own view of performance against objectives over the previous year. The Committee hears a report from each partner's Counselling Partner on his/her individual performance for the year.

Finally, as part of its deliberations the Remuneration Committee also receives and considers presentations from the Heads of Audit, Tax and Legal Services, Deal Advisory, Consulting, Markets, Risk Management and People and Operations setting out an assessment of the quality of work performed by partners and their overall performance during the year under review.

The Remuneration Committee details its findings and its recommendation in relation to profit allocations in a report at the end of the review process which is then circulated to all partners for their approval.

The Remuneration Committee is chaired by the Managing Partner. Other members of the Committee are elected by the partner group annually. The Committee met 27 times in the year ended 31 December 2020.

Further information regarding partner remuneration is set out in Section 6.

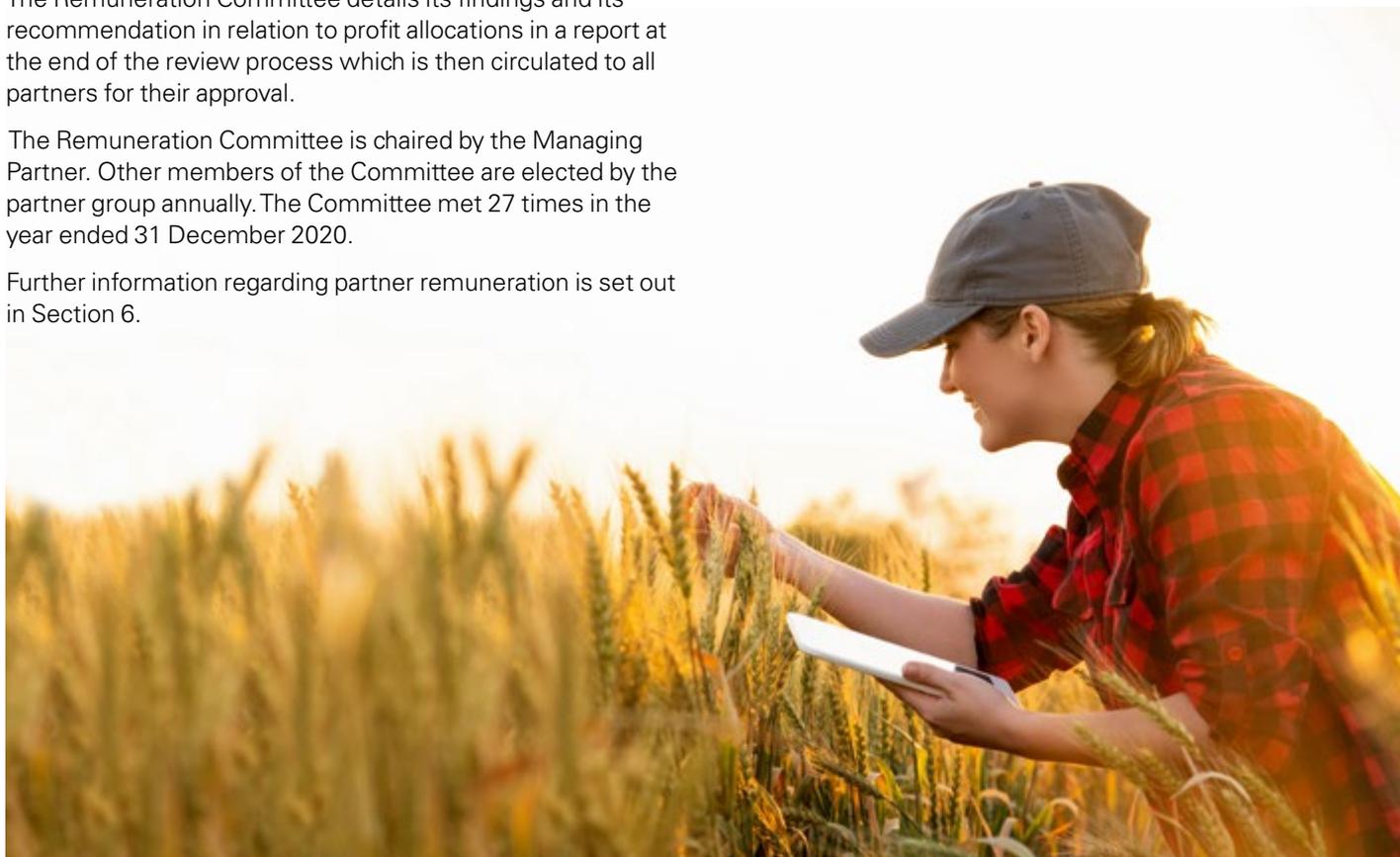
## **2.5 Reporting**

The governance bodies receive timely and appropriate quality information to enable them to discharge their duties. Section 5 of this Transparency Report provides the following disclosures:

- the financial information required by Article 5 of the EU audit regulation (EU regulation No. 537/2014 of the European Parliament);
- a statement of who is responsible for preparation of the financial information and their respective reporting responsibilities;
- a statement in respect of going concern; and
- our internal control review process.

## **2.6 Dialogue with stakeholders**

We encourage any of our clients, audit committee chairs, investors or indeed any other stakeholder group who wish to discuss any matter set out in this report to contact us.



# 3

## System of quality control

### 3.1 Our system of quality control

Tone at the top, leadership, and a clear set of values and conduct are essential to set the framework for quality. However, these are required to be backed up by a system of quality control that ensures our performance meets the highest professional standards.

To help all audit professionals concentrate on the fundamental skills and behaviours required to deliver a quality audit, KPMG has developed the Audit Quality Framework, based on International Standards on Quality Control (ISQC 1), issued by the International Auditing and Assurance Standards Board (IAASB) and on the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which apply to professional services firms that perform audits of financial statements.

KPMG International has quality control policies that apply to all member firms. These are included in KPMG's Global Quality & Risk Management Manual (Global Q&RM Manual), which applies to all KPMG in Ireland personnel. KPMG in Ireland is required to establish and maintain a system of quality control and design, implement and test the operating effectiveness of quality controls.

KPMG in Ireland is required to implement KPMG International policies and procedures and also adopts additional policies and procedures that are designed to address standards issued by the Irish Auditing and Accounting Supervisory Authority (IAASA) and Chartered Accountants Ireland (CAI) and other relevant regulators as well as applicable legal and regulatory requirements.

Quality control and risk management are the responsibility of all KPMG in Ireland partners and employees. This responsibility includes the need to understand and adhere to firm policies and associated procedures in carrying out their day-to-day activities. The system of quality control applies to all KPMG partners and employees wherever they are based.

We are implementing our programme to adopt the new international standard on quality management (ISQM 1), which was approved by the IAASB in September 2020 and is expected to be effective from December 2022. ISQM 1 requires each KPMG firm to design, implement and operate a

system of quality management to consistently deliver quality audits, and to evaluate the effectiveness of the system on an annual basis.

While this Transparency Report summarises KPMG's approach to audit quality, it may also be useful for stakeholders interested in member firms' Tax and Advisory services, as many KPMG quality control procedures and processes are cross-functional and apply equally to all services offered.

#### *Audit quality framework*

At KPMG in Ireland audit quality is not just about reaching the right opinion, but how that opinion is reached. It is about the processes, thought and integrity behind the auditors' report. The outcome of a quality audit is the delivery of an appropriate and independent opinion in compliance with relevant professional standards and applicable legal and regulatory requirements. To help all audit professionals concentrate on the fundamental skills and behaviours required to deliver a quality audit, KPMG International has developed the Audit Quality Framework.

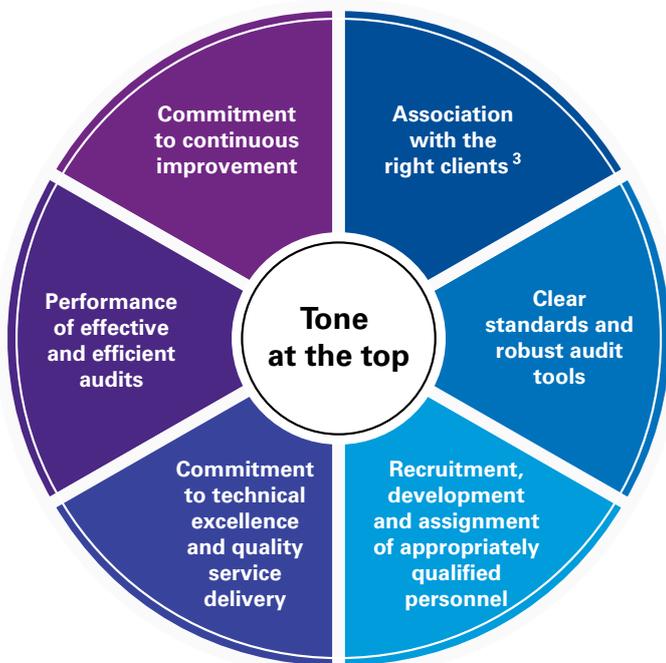
Audit quality is fundamental to maintaining public trust and is the key measure on which our professional reputation stands.

We define "audit quality" as the outcome when:

- Audits are executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality controls; and
- All of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.

KPMG's audit quality framework introduces a common language that is used by all KPMG firms to describe what drives audit quality and to help highlight to their audit professionals how they contribute to its delivery.

Tone at the top sits at the core of the Audit Quality Framework's seven drivers of audit quality and helps ensure that the right behaviours permeate all KPMG firms. All of the other drivers create a virtuous circle because each driver is intended to reinforce the others. Each of the seven drivers is described in more detail in the following sections of this report.



### 3.2 Tone at the top

KPMG global leadership, working with regional and member firm leadership, plays a critical role in establishing our commitment to quality and the highest standards of professional excellence. A culture based on quality, integrity and ethics is essential in an organisation that carries out audits and other services on which stakeholders rely.

At KPMG in Ireland we promote a culture in which consultation is encouraged and recognised as a strength.

Tone at the top means that KPMG in Ireland leadership demonstrates commitment to quality, ethics and integrity and communicates its commitment to clients, stakeholders, and society at large to earn public trust.

Outlined in KPMG’s Global Code of Conduct are the responsibilities all KPMG personnel have to each other, our clients, and the public. It shows how our Values inspire our greatest aspirations and guide all of our behaviours and actions. It defines what it means to work at and be part of KPMG, as well as our individual and collective responsibilities. The KPMG values are set out on page 8.

Our Values lie at the heart of the way we do things. To do the right thing, the right way. Always. They drive our daily behaviours, guide our decisions and shape our character. They form the foundation of a resilient culture ready to meet challenge with integrity, so we never lose sight of our principal responsibility to protect the public interest. And they propel us forward — through our work and the example we set — as we inspire confidence and empower change throughout the world.

In addition, the KPMG in Ireland Code of Conduct lays out the expectations of ethical behaviour for all partners and employees at KPMG in Ireland and is built on the foundation of the KPMG values. The KPMG in Ireland Code of Conduct emphasises that each partner and employee is personally

responsible for following the legal, professional, and ethical standards that apply to his or her job function and level of responsibility.

Everyone at KPMG is required to comply with the Global Code of Conduct and the KPMG in Ireland Code of Conduct and to confirm their compliance with the Code. Everyone at KPMG is also required to take regular training covering the Code. We are committed to holding ourselves accountable for behaving in a way that is consistent with the Code. Individuals are encouraged to speak up if they see something that makes them uncomfortable or that is inconsistent with our Values.

Moreover, everyone at KPMG is responsible for reporting — and is required to report — any activity that could potentially be illegal or in violation of our Values, KPMG policies, applicable laws, regulations or professional standards.

To safeguard this, each KPMG firm is required to have procedures and established channels of communication so that anyone working there can report ethical and quality issues or concerns.

In addition, the [KPMG International hotline<sup>4</sup>](#) is a mechanism for KPMG personnel, clients and other third parties to confidentially report concerns they have relating to certain areas of activity by any KPMG International entity, activities of KPMG firms or KPMG personnel.

All KPMG firms and personnel are prohibited from retaliating against individuals who have the courage to speak up in good faith. Retaliation is a serious violation of the Code and any person who takes retaliatory action will be subject to their firm’s disciplinary policy.

At KPMG in Ireland, we regularly monitor the extent to which our people feel that the firm lives the KPMG Values through the Global People Survey (refer to section 3.6.7).

#### 3.2.1 Leadership responsibilities for quality and risk management

KPMG in Ireland demonstrates commitment to quality, ethics and integrity, and communicates our focus on quality to clients, stakeholders and society. Our leadership plays a critical role in setting the right tone and leading by example – demonstrating an unwavering commitment to the highest standards of professional excellence and championing and supporting major initiatives.

Our leadership team is committed to building a culture based on quality, integrity and ethics, demonstrated through their actions – written and video communications, presentations to teams and one-to-one discussions.

The following individuals have leadership responsibilities for quality and risk management at KPMG in Ireland.

3. KPMG International has established policies and procedures which utilise global baseline acceptance criteria - see 3.5

4. KPMG International hotline - [KPMG Global \(home.kpmg\)](https://home.kpmg)

### *Managing Partner*

In accordance with the principles in ISQC1, our Managing Partner, Seamus Hand, has assumed ultimate responsibility for KPMG in Ireland's system of quality control.

The Heads of Function – Audit, Tax and Legal Services, Deal Advisory and Consulting – are primarily accountable for the quality of service delivered in their respective functions. Each is supported by an executive team of partners who, together with the Head of Function, are responsible for the operation of the risk management, quality assurance and monitoring procedures for their specific functions set by the firm's policies and the Head of Risk Management. These procedures reinforce the fundamental principle that, on each individual engagement, quality is ultimately the responsibility of each and every professional.

### *Head of Risk Management*

The Head of Risk Management, David Wilkinson, is responsible for setting overall professional risk management and quality control policies and monitoring compliance for KPMG in Ireland. The Head of Risk Management is a member of the Executive Team and has a direct reporting line to the Managing Partner. This underlines the importance that our firm places on risk and quality. He is responsible for setting overall professional risk management and quality control policies and the direction and execution of ethics and independence policies. He monitors compliance for KPMG in Ireland with these policies. The Head of Risk Management consults with the appointed Area Quality and Risk Management Leader. The Head of Risk Management is supported by a team of professionals in the Risk Management function and is the firm's Ethics and Independence Partner.

The AQ&PP and Risk Management functions are involved in the internal monitoring procedures described in Section 3.8.1.

### *The Audit, Tax and Legal Services, Deal Advisory and Consulting functions - Heads of Function*

The heads of the client service functions (Audit, Tax and Legal Services, Deal Advisory and Consulting) are accountable to the Managing Partner for the quality of service delivered in their respective functions. They are responsible for the execution of the risk management, quality assurance and monitoring procedures for their specific functions within the framework set by the Head of Risk Management. These procedures make it clear that, at the engagement level, risk management and quality control is the responsibility of all professionals in the firm.

Our heads of the functions are responsible for leading a sustainable high-quality practice. This includes:

- setting the right 'tone at the top' by demonstrating an unwavering commitment to the highest standards of professional excellence, including scepticism, objectivity and independence;
- developing and implementing strategies to monitor and maintain knowledge and skills required of partners and employees to fulfil their professional responsibilities; and

- working with the Head of Risk Management to monitor and address quality and risk matters including an annual evaluation of activities considered to be key to quality.

### *Audit Executive Team*

The Audit Executive Team of KPMG Ireland, which is chaired by the Head of Audit, is the leadership team for the Audit function. Its meetings include regular discussions about current and emerging audit quality issues arising from external and internal quality review processes, queries being raised by engagement teams, root cause analysis procedures and other quality matters identified from a variety of sources. These are debated, other observations collected from client-facing teams are considered, and actions agreed. Typically, most of these actions are short term, in which case they are developed and communicated through the regular technical briefings issued to the whole Audit function of KPMG Ireland and also, if considered of sufficient magnitude, included in the next mandatory training.

### *Head of Audit Quality & Professional Practice ("AQ&PP")*

The AQ&PP function, which includes our Department of Professional Practice ("DPP"), is responsible for providing support to the firm's professionals in meeting their professional responsibilities in the areas of auditing, accounting, reporting and assurance standards. It also provides support to our practice in areas such as audit quality monitoring and remediation, regulatory inspections and innovation and oversight of the on-boarding of audit technology, methodology process and systems. It is led by our Head of Audit Quality & Professional Practice, Eamonn Russell, and is comprised of a team of senior and experienced professionals with the technical expertise necessary to support audit teams on the interpretation and application of auditing, accounting and regulatory requirements. The Head of Audit Quality & Professional Practice is a member of the Audit Executive Team and reports to the Head of Audit.



### *Audit Quality Committee*

KPMG in Ireland has established an Audit Quality Committee which is chaired by the Head of Audit Quality & Professional Practice (AQ&PP). The overarching role of the committee is to promote consistent audit quality across the Irish audit practice and to oversee those activities of the audit practice which relate to improving and maintaining the consistency and quality of audits undertaken. The Committee oversees quality related activities including significant audit initiatives, internal quality monitoring programmes, results of and responses to inspections by external regulators and the principal projects and initiatives relevant to audit quality undertaken by KPMG in Ireland.

### *Investing in continuous improvement*

KPMG continues to invest significantly in audit quality across the global organisation. We are building on our sound audit quality foundations, both in terms of how we manage our firms and how we execute audit engagements.

This means ongoing investment in our system of quality management, global monitoring of audit quality, enhanced support, and providing best in class technology and tools for engagement teams.

Our global audit quality program supports consistent deployment of investments to enhance and drive a common approach.

### **3.3 Clear standards and robust audit tools**

All KPMG in Ireland professionals are expected to adhere to KPMG International and KPMG in Ireland policies and procedures, including independence policies, and are provided with a range of tools and guidance to support them in meeting these expectations. The KPMG in Ireland policies and procedures set for audit engagements incorporate the relevant requirements of accounting, auditing, ethical and quality control standards, and other relevant laws and regulations as outlined by IAASA, PCAOB, FRC and the CAI where applicable.

#### **3.3.1 Our Approach to Audit**

The KPMG organisation has been investing significantly in evolving its audit capabilities and will continue to do so in the coming years including a new global electronic audit workflow delivered through KPMG Clara platform – KPMG’s smart, modular audit platform – capable of continually integrating new and emerging technologies, with advanced capabilities embedded that leverage data science, audit automation, data visualisation and more. Data & Analytics (D&A) is integral to the way how KPMG member firms obtain audit evidence and interact with clients in the digital era.

#### *KPMG’s commitment to audit quality during the COVID-19 pandemic*

The COVID-19 pandemic has forced us all to think differently and we continue to respond to and embrace this challenge. Most organisations are likely to be impacted by the COVID-19 pandemic, either directly or indirectly, and the increased economic uncertainty and risk may have significant financial reporting implications. Issues including going concern, asset

impairments and valuations will require careful judgement as organisations deal with a high degree of uncertainty and market volatility. KPMG firms’ role as auditors is to evaluate these judgements.

Since the start of the pandemic we have maintained an online COVID-19 financial reporting resource centre to assist companies and other stakeholders understand potential accounting and disclosure implications.

KPMG International has issued extensive guidance to assist teams in addressing the various accounting, financial reporting and audit related matters arising from the impacts of the COVID-19 pandemic including going concern, asset impairments, valuations and related disclosures, materiality, risk assessment, group audits, inventory, subsequent events, audit evidence communications with Those Charged With Governance, and considerations for remote working environments.

KPMG’s guidance has been continually updated throughout the pandemic as other significant auditing, accounting and reporting issues have been identified.

KPMG is a technology-enabled organisation, with all audit technical accounting and auditing resources, guidance and audit platforms and tools available electronically, enabling the conversion to a remote working environment.

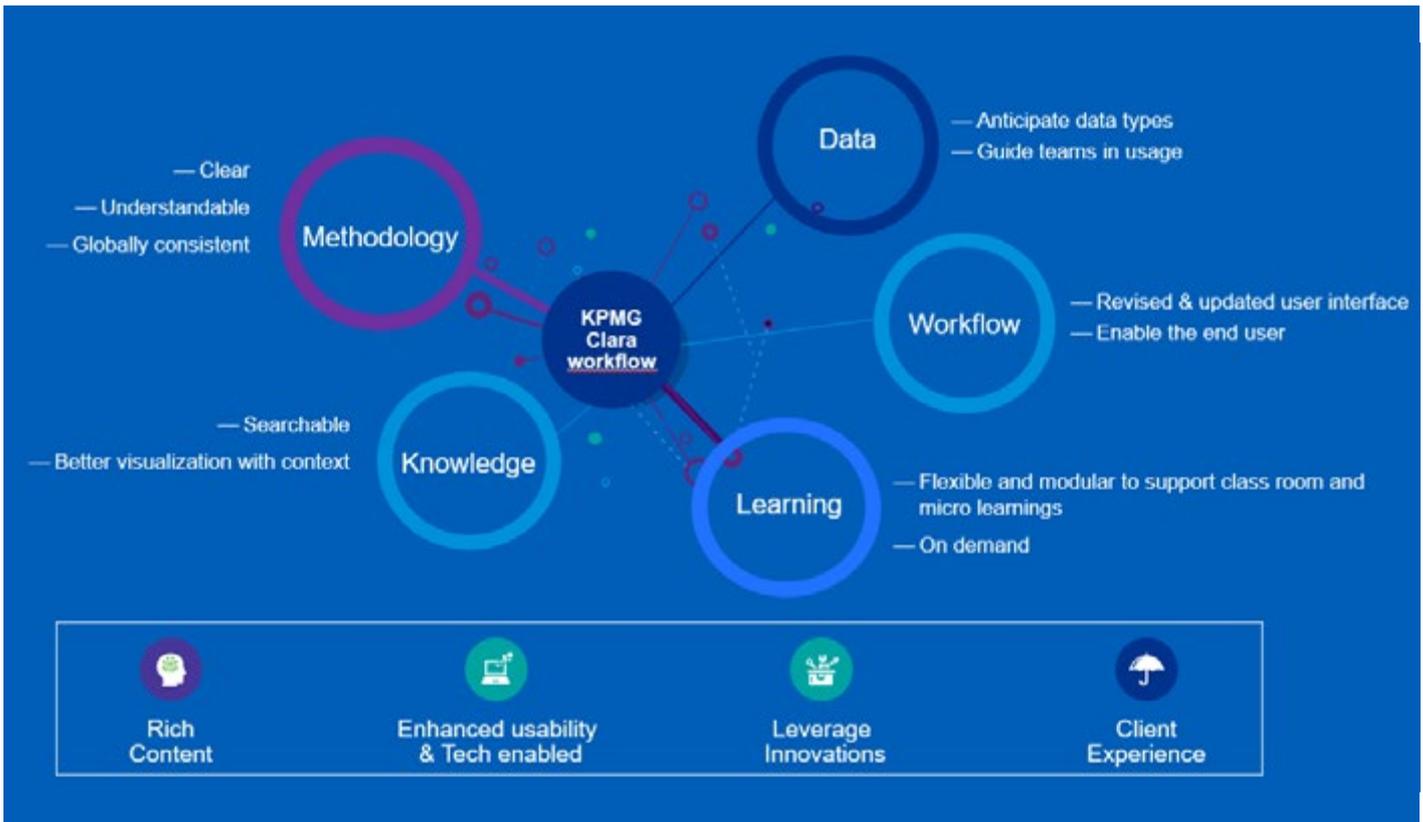
Communication has been increasingly important to everyone during the COVID-19 pandemic. We have leveraged our investments in technology to provide KPMG firms with more regular updates, including virtual meetings to share best practices and guidance.

#### **3.3.2 Consistent audit methodology and tools**

##### *Bringing consistency through our methodology*

Our audit methodology, tools and guidance are:

- globally consistent and fully compliant with the applicable standards, including International Standards on Auditing (ISA), Public Company Accounting Oversight Board (PCAOB) and the American Institute of CPAs (AICPA) and are supplemented to comply with local auditing standards and regulatory or statutory requirements by member firms;
- inclusive of KPMG methodology interpretations that drive consistency in areas where the applicable standards are not prescriptive in the approach to be followed;
- centered on identifying risk, focusing on risks of material misstatements and the necessary audit response;
- made available to all KPMG audit professionals and required to be used, where necessary; and
- applied even where local auditing standards may be less demanding than the ISAs.



The KPMG audit methodology is set out in KPMG’s Audit Manual (currently used with eAudit) and the KPMG Audit Execution Guide (for use with the KPMG Clara workflow) and includes additional requirements that go beyond the ISAs, which we believe enhance audit quality. The methodology emphasises applying appropriate professional scepticism in the execution of audit procedures and requires compliance with relevant ethical requirements, including independence.

Enhancements to the audit methodology, guidance and tools are made regularly to maintain compliance with standards and address emerging auditing areas of focus and audit quality results (internal and external). For example, as a result of the COVID-19 pandemic, many entities are experiencing significant financial uncertainty. We have issued guidance to our auditors on conducting audit procedures in a remote-working environment, raising awareness of key audit risks such as going concern and impairments and provided reminders of the importance of exercising professional scepticism taking appropriate actions if information is identified that is unexpected or unusual and may be indicative of potential management bias, a fraud risk or fraud.

KPMG firms may add local requirements and/or guidance in the Audit manual to comply with additional professional, legal, or regulatory requirements.

*Delivering through our current audit workflow*

The current KPMG audit is enabled through eAudit, an activity-based workflow and electronic audit file used by KPMG member firms. eAudit is KPMG’s audit documentation workflow that allows professionals to complete quality and consistent audits. eAudit integrates KPMG’s audit

methodology, guidance and industry-specific, and the tools needed to execute and document the audit work performed.

For significant industries global audit sector leads are appointed to support the development of relevant industry information, which is made available to audit professionals through the KPMG audit workflow. A key element of this industry knowledge is the provision of industry knowledge within eAudit. This knowledge comprises examples of industry audit procedures and other information (such as typical risks and accounting processes). In addition, industry overviews are available that provide general and business information in respect of particular industries as well as a summary of the industry knowledge provided in the KPMG audit workflow.

eAudit can be “scaled” to present the relevant requirements and guidance, depending on the nature of the entity to be audited and in accordance with professional standards and applicable legal and regulatory requirements. It provides direct access to KPMG’s audit guidance, professional standards and documentation templates.

*Investing for the future*

While our current audit workflow and methodology are robust and consistent with all auditing standards’ requirements, the changes we are making will enable us to execute on our objective of a relentless focus on audit quality and provide us with the platform to build in continuous enhancements as the power of new technologies develops.

We have laid the groundwork for this already with the launch of our smart audit platform, KPMG Clara, in 2017.

### *Audit solutions for today's world*

We recognise that in order to deliver quality audits, we need to continually evolve and develop our technology solutions to keep pace with today's digital world.

That is why we embarked on a process of reimagining our audit platform, workflow and methodology to provide enhanced consistency and support to our audit engagement teams, deliver more detailed insights to our clients, and future-proof our systems for the expected continued development of new technologies such as robotic process automation, machine learning and cognitive technologies.

The continuation of this process will see a new workflow and revised audit methodology embedded into the KPMG Clara platform. Limited deployment of the new "KPMG Clara workflow" took place during 2019, and full deployment globally started in 2020, and is expected to be completed by the end of 2023.

The release of the KPMG Clara workflow and revised audit methodology is an important milestone in KPMG's journey to innovate, digitalise and transform the audit experience for our people.

It is a significant investment that underlines our commitment to audit quality, consistency and innovation.

### *Bringing it all together in KPMG Clara*

The KPMG Clara smart audit platform brings together KPMG's digital audit capabilities, innovative new technologies, collaboration capabilities and our new KPMG Clara workflow.

### *Creating the new KPMG Clara workflow*

The new KPMG Clara workflow will be used by our audit teams to execute and document KPMG audits. It will guide audit teams through a series of steps in a logical sequence aligned to the applicable auditing standards with a clear display of information, visuals, and guidance available at the moment of need, and with embedded advanced digital audit capabilities. The workflow and revised audit methodology will also be scalable – adjusting the requirements to the size and complexity of the audit engagement. This globally driven project will significantly overhaul and redesign the execution of an audit by KPMG professionals and clearly drive audit quality and global consistency.

Through the use of data mining and tracking of relevant engagement level data indicators, the KPMG Clara workflow will also facilitate member firms' monitoring of audit execution at the engagement level.

Once the KPMG Clara workflow has been fully deployed our predecessor audit workflow tool, eAudit, will be retired.

### *Strategically embedding the use of data through digital audit capabilities*

KPMG Clara also allows us to more seamlessly build digital audit capabilities into our audits. Digital audit routines are capable of interrogating and analysing vast quantities of data. This takes the power and reach of an audit far beyond the traditional capabilities of the past.



KPMG's audit is designed to:

- **enhance audit quality**; by providing a deeper understanding of data populations, giving focus to higher risk transactions;
- **be secure**; by restricting access to data both in transit and within KPMG's IT environments; and
- **be transparent**; by facilitating detailed analysis to uncover the reasons behind, and root causes of, outliers and anomalies and provide increased visibility into higher risk transactions and process areas.

Digital audit capabilities and routines are built on principles and professional standards underlying an audit and do not relieve auditors of their responsibilities.

Current capabilities in this area facilitate the performance of planning and risk assessment activities and substantive procedures, and include capabilities that:

- enable the analysis of account balances and journal entry data;
- automate 'period on period' balances comparison and 'time series' evolution information; and
- enable the analysis of sub-ledger, transactional data over certain business processes and accounts.

Together with our KPMG Clara platform, we are significantly investing in digital audit capabilities and paving the way for the increasing use of emerging technologies such as robotic process automation and machine learning — which will take the power of technology applied in the audit to an even greater level.

### 3.4 Performance of effective and efficient audits

How an audit is conducted is as important as the final result. KPMG in Ireland partners and employees are expected to demonstrate certain key behaviours and follow certain policies and procedures in the performance of effective and efficient audits.

#### 3.4.1 Embedding ongoing mentoring, supervision and review

To invest in the building of skills and capabilities of KPMG professionals, KPMG in Ireland promotes a continuous learning environment and supports a coaching culture.

Ongoing mentoring, coaching and supervision during an audit involves:

- engagement partner participation in planning discussions;
- tracking the progress of the audit engagement;
- considering the competence and capabilities of the individual members of the engagement team, including whether they have sufficient time to carry out their work, whether they understand their instructions, and whether the work is being carried out in accordance with the planned approach to the engagement;

- helping engagement team members address any significant matters that arise during the audit and modifying the planned approach appropriately;
- identifying matters for consultation with more experienced team members during the engagement.

A key part of effective mentoring and supervision is timely review of the work performed so that significant matters are promptly identified, discussed and addressed.

#### 3.4.2 Engagement quality control (EQC) reviews

The EQC review is an important part of KPMG's framework for quality. An EQC reviewer is required to be appointed for audits, including any related review(s) of interim financial information, of all listed entities, non-listed entities with a high public profile, engagements that require an EQC review under applicable laws or regulations, and other engagements as designated by the Head of Risk Management or Head of Audit.

EQC reviewers are independent of the engagement team and have the appropriate experience and knowledge to perform an objective review of the more critical decisions and judgements made by the engagement team and the appropriateness of the financial statements. An EQC review provides reasonable assurance that the team has appropriately identified significant risks, including fraud risks, and has designed and executed audit procedures to address them.

EQC reviewers are required to meet training and experience criteria to perform a quality control review for a particular engagement. Reviewers are independent of the engagement team and audit client and have the appropriate experience and knowledge to perform an objective review of the more critical decisions and judgements made by the engagement team and the appropriateness of the financial statements.

The audit is completed only when the EQC reviewer is satisfied that all significant questions raised have been resolved, though the engagement partner is ultimately responsible for the resolution of accounting and auditing matters.

KPMG is continually seeking to strengthen and improve the role that the EQC review plays in member firm audits and have taken a number of actions to reinforce this, including issuing leading practice guidance, incorporating specific review requirements into our audit workflow, and developing policies relating to recognition, nomination and development of EQC reviewers.

#### 3.4.3 Reporting

Auditing standards and Company Law largely dictate the format and content of the audit report that includes an opinion on the fair presentation in all material respects of the client's financial statements. Experienced engagement partners and responsible individuals form all audit opinions based on the audit performed.

In preparing auditors' reports, engagement partners and responsible individuals have access to extensive reporting guidance and technical support through consultations with our DPP, especially where there are significant matters to be reported to users of the auditors' report (e.g. a modification to the opinion or through the inclusion of an 'emphasis of matter' or 'other matter' paragraph, as well as key audit matters to be communicated).

### 3.4.4 Engagement Documentation

Our audit documentation is completed and assembled according to the timeline established by firm policy, auditing standards, and we have implemented administrative, technical and physical safeguards to protect the confidentiality and integrity of client and firm information.

Audit documentation records the audit procedures performed, evidence obtained, and conclusions reached on each audit engagement. Our policies require review of documentation by more experienced engagement team members.

Engagement teams are required to assemble a complete and final set of audit documentation for retention within an appropriate time period, which is ordinarily not longer than 60 days (45 days for SEC registrants) from the date of the audit report. A key principle that engagement team members are required to consider when preparing audit documentation is whether an experienced auditor, having no previous connection with the engagement, reviewing the audit documentation sometime in the future will understand:

- the nature, timing, and extent of audit procedures performed to comply with ISAs, our audit methodology and other requirements including applicable legal and regulatory requirements;
- the results of the procedures performed, and the audit evidence obtained;
- significant findings and issues arising during the audit, and actions taken to address them (including additional audit evidence obtained); and
- the basis for the conclusions reached, and significant professional judgements made in reaching these conclusions.

### 3.4.5 Insightful, open, and honest two-way communication

Two-way communication with those charged with governance, often identified as the audit committee, is key to audit quality and is a key aspect of reporting and service delivery.

At KPMG in Ireland we stress the importance of keeping those charged with governance informed of issues arising throughout the audit. We achieve this through a combination of reports and presentations, attendance at audit committee or board meetings, and when appropriate, ongoing informal discussions with management and members of the audit committee.

Communications with audit committees include:

- an overview of the planned scope and timing of the audit, which includes communicating significant risks identified;
- significant findings from the audit which may include control deficiencies and audit misstatements; and
- an annual written communication that states the engagement team and KPMG in Ireland has complied with relevant independence requirements; describes all relationships and other matters between KPMG in Ireland and the audit client that, in our professional judgement, may reasonably be thought to bear on independence; and states related safeguards we have applied to eliminate (or reduce to an acceptable level) identified threats to independence.

We ensure such communications meet the requirements of professional standards.

#### Audit Committee Institute

In recognition of the demanding and important role that Audit Committees play for the capital markets and also of the challenges that they face in meeting their responsibilities, the Audit Committee Institute (ACI)<sup>5</sup> aims to help audit committee members enhance their commitment and ability to implement effective audit committee processes. The ACI operates in more than 40 countries across the globe including KPMG Ireland and provides audit committee members with authoritative guidance (such as the ACI Audit Committee Handbook<sup>5</sup>) on matters of interest to Audit Committees; updates on issues like EU audit reform, changes to accounting standards and other matters of interest to Audit Committees (such as cyber security and corporate culture); and the opportunity to network with their peers during an extensive programme of technical updates and awareness seminars.

The ACI's offerings cover the array of challenges facing Audit Committees and businesses today – from risk management and emerging technologies to strategy and global compliance.

Further details and insights on Audit Committee Institute are available on our website.

#### IFRS Institute

KPMG's Global IFRS Institute provides information and resources to help Audit Committee members, executives, management, stakeholders and government representatives gain insight and access thought leadership about the evolving global financial reporting framework.

## 3.5 Association with the right clients

### 3.5.1 Acceptance and continuance of clients and engagements

Rigorous global client and engagement acceptance and continuance policies are vital to being able to provide high-quality professional services.

KPMG's client and engagement acceptance and continuance policies and processes are designed to identify and evaluate any potential risks prior to accepting or continuing a client relationship or performing a specific engagement.

KPMG firms are required to evaluate whether to accept or continue a client relationship or perform a specific engagement. Where client/engagement acceptance or continuance decisions pose significant risks, additional approvals are required.

### **3.5.2 Client and engagement acceptance process**

#### *Client evaluation*

KPMG in Ireland undertakes an evaluation of every prospective client.

This involves obtaining sufficient information about the prospective client, its key management and significant beneficial owners and then properly analysing the information to be able to make an informed acceptance decision. This evaluation includes completion of a questionnaire to assess the client's risk profile and obtaining background information on the client, its key management, directors and owners. In addition, we obtain additional information required to satisfy our local legal and regulatory requirements.

A second partner, as well as the evaluating partner, approves each prospective client evaluation. Where the client is considered to be 'high risk' the Head of Risk Management or a sufficiently skilled and experienced delegate is involved in approving the evaluation.

#### *Engagement evaluation*

Each prospective engagement is also evaluated to identify potential risks in relation to the engagement. A range of factors are considered as part of this evaluation, including potential independence and conflict of interest issues (using Sentinel™, KPMG's conflicts and independence checking system), intended purpose and use of engagement deliverables, public perception, as well as factors specific to the type of engagement. For audit services these include the competence of the client's financial management team and the skills and experience of partners and employees assigned to staff the engagement. The evaluation is made in consultation with other senior KPMG personnel and includes review by quality and risk management leadership as required.

Where audit services are to be provided for the first time, the prospective engagement team is required to perform additional independence evaluation procedures, including a review of any non-audit services provided to the client and of other relevant business, financial and personal relationships.

Similar independence evaluations are performed when an existing audit client becomes a public interest entity or where additional independence restrictions apply following a change in the circumstances of the client.

Depending on the overall risk assessment of the prospective client and engagement, additional safeguards may be introduced to help mitigate the identified risks. Any potential independence or conflict of interest issues are required to be documented and resolved prior to acceptance. See section 3.5.7.

A prospective client or engagement will be declined if a potential independence or conflict issue cannot be resolved satisfactorily in accordance with professional standards and our policies, or if there are other quality and risk issues that cannot be appropriately mitigated.

### **3.5.3 Continuance process**

KPMG in Ireland undertakes an annual re-evaluation of all its audit clients. The re-evaluation identifies any issues in relation to continuing association and any mitigating procedures that need to be put in place (this may include the assignment of additional professionals such as an Engagement Quality Control ("EQC") reviewer or the need to involve additional specialists on the audit).

Recurring or long running non-audit engagements are also subject to re-evaluation.

In addition, clients and engagements are required to be re-evaluated if there is an indication that there may be a change in their risk profile. As part of the continuous independence evaluation process, engagement teams are required to identify if there have been any changes to previously identified threats or if there are new threats to independence. The threats are then evaluated and, if not at an acceptable level, are eliminated or appropriate safeguards are applied to reduce the threats to an acceptable level.

### **3.5.4 Withdrawal**

Where KPMG in Ireland comes to a preliminary conclusion that we should withdraw from an engagement or client relationship, we consult internally and identify any required legal, professional and regulatory responsibilities. We also communicate as necessary with those charged with governance and any other appropriate authority.

### **3.5.5 Client portfolio management**

KPMG in Ireland's leadership appoints engagement partners who have the appropriate competence, capabilities, time and authority to perform the role for each engagement.

We review each audit partner's client portfolio in individual discussions with the audit partner. The reviews consider the industry, nature and risk of the client portfolio as a whole along with the competence, capabilities and capacity of the partner to deliver a quality audit for every client.

### 3.5.6 Client confidentiality, information security and data privacy

The importance of maintaining client confidentiality is emphasised through a variety of mechanisms including the Global and KPMG in Ireland Code of Conduct, training, and the annual affidavit/confirmation process, that all KPMG professionals are required to complete.

We have a formal document retention policy concerning the retention period for audit documentation and other records relevant to an engagement in accordance with the relevant IESBA requirements as well as other applicable regulatory bodies' standards and regulations.

We have clear policies on information security that cover a wide range of areas. Data Privacy policies are in place governing the handling of personal information and associated training is required for all KPMG in Ireland personnel.

### 3.5.7 Independence, integrity, ethics and objectivity

#### Overview

Auditor independence is a cornerstone of international professional standards and regulatory requirements.

KPMG International has detailed independence policies and procedures, incorporating the requirements of the IESBA Code of Ethics and incorporate, as appropriate, the rules of the US Securities and Exchange Commission ("SEC") and of the US PCAOB. These are set out in KPMG's Global Quality and Risk Management Manual ("GQRMM"), which applies to all KPMG firms. Automated tools, which are required to be used for every prospective engagement to identify potential independence and conflict of interest issues, facilitate compliance with these requirements.

These policies are supplemented by other processes to ensure compliance with the standards issued by Irish Auditing & Accounting Supervisory Authority (IAASA) and/or the Financial Reporting Council. These policies and processes cover areas such as firm independence (covering, for example, treasury and procurement functions), personal independence, firm financial relationships, post-employment relationships, partner rotation and approval of audit and non-audit services.

The Partner-in-Charge of the Global Independence Group is supported by a core team of specialists to help ensure that robust and consistent independence policies and procedures are in place at KPMG firms, and that tools are available to help the firms and their personnel to comply with these requirements.

The designated Ethics and Independence Partner ("EIP") is also the Head of Risk Management and is supported by a core team of specialists to help ensure that we apply robust and consistent independence policies, processes and tools.

The EIP is responsible for communicating and implementing KPMG global policies and procedures and ensuring that

local policies and procedures are established and effectively implemented when they are more stringent than the global requirements. The Head of Risk Management fulfils this responsibility through:

- implementing/monitoring the ethics and independence quality control process and structure within the firm;
- approving/appointing partners responsible for ethics and independence within the firm;
- overseeing the processes related to the evaluation of specific independence threats in connection with clients and prospective clients;
- participating in the development and delivery of training materials;
- monitoring compliance with policies;
- implementing procedures to address non-compliance; and
- overseeing the disciplinary process for ethics and independence matters.

Ethics and independence policies are set out in our GQRMM and are supplemented by KPMG in Ireland Ethics and Independence Policies and are reinforced through the issue of alerts when changes arise and an annual training programme.

Amendments to KPMG International's ethics and independence policies during the course of the year are included in regular quality and risk communications to all KPMG firms. KPMG firms are required to implement changes as specified in the communications, and this is checked through the internal monitoring programs described in Section 3.8.1.

KPMG in Ireland partners and employees are required to consult with the Head of Risk Management on certain matters as defined in the GQRMM. The Head of Risk Management may also be required to consult with the Global Independence Group, depending upon the facts and circumstances.

#### Personal financial independence

KPMG International policies require that KPMG firms and KPMG professionals are free from prohibited financial interests in, and prohibited financial relationships with, KPMG firm assurance and audit clients (by definition, 'audit client' includes its related entities or affiliates), their management, directors, and, where required, significant owners. All KPMG partners — irrespective of their firm or function — are generally prohibited from owning securities of any audit client of any KPMG firm.

KPMG firms use a web-based independence compliance system (KICS) to assist KPMG professionals in complying with personal independence investment policies. This system contains an inventory of publicly available investments and provides a tracking mechanism for required users to report acquisitions and disposals of their financial interests. The system facilitates monitoring by identifying and reporting

impermissible investments and other non-compliant activity (i.e late reporting of an investment acquisition).

All partners and all manager grade and above client-facing employees are required to use the KICS system prior to entering into an investment to identify whether they are permitted to do so. They are also required to maintain a record of all of their investments in publicly traded entities in KICS, which automatically notifies them if any investment subsequently becomes restricted. Newly restricted investments are required to be disposed of within five business days of the notification. KPMG monitors partner and manager compliance with this requirement as part of our programme of independence compliance audits. The Global Independence Group provides guidance and required procedures relating to the audit and inspection by KPMG firms of personal compliance with KPMG's independence policies. This includes sample criteria including the minimum number of professionals to be audited annually.

#### *Employment relationships*

Any KPMG in Ireland professional providing services to an audit client irrespective of function is required to notify the Head of Risk Management if they intend to enter into employment negotiations with that audit client. For partners, this requirement extends to any audit client of any KPMG firm that is a public interest entity.

Former members of the audit team or former partners of KPMG in Ireland are prohibited from joining an audit client in certain roles unless they have disengaged from all significant connections to KPMG in Ireland, including payments which are not fixed and predetermined and/or would be material to KPMG in Ireland and ceased participating in KPMG in Ireland business and professional activities.

Key audit partners and members of the chain of command for an audit client that is a public interest entity are subject to time restrictions (referred to as 'cooling-off' periods) that preclude them from joining that client in certain roles until a defined period of time has passed.

We communicate and monitor requirements in relation to employment and partnership of KPMG in Ireland professionals by audit clients.

#### *Firm financial independence*

KPMG firms are required to also be free from prohibited interests in, and prohibited relationships with, audit clients, their management, directors and, where required, significant owners.

In common with other KPMG member firms, KPMG in Ireland uses KICS to record its own direct and material indirect investments in listed entities and funds (or similar investment vehicles) as well as in non-listed entities or funds. This includes investments held in pension and employee benefit plans.

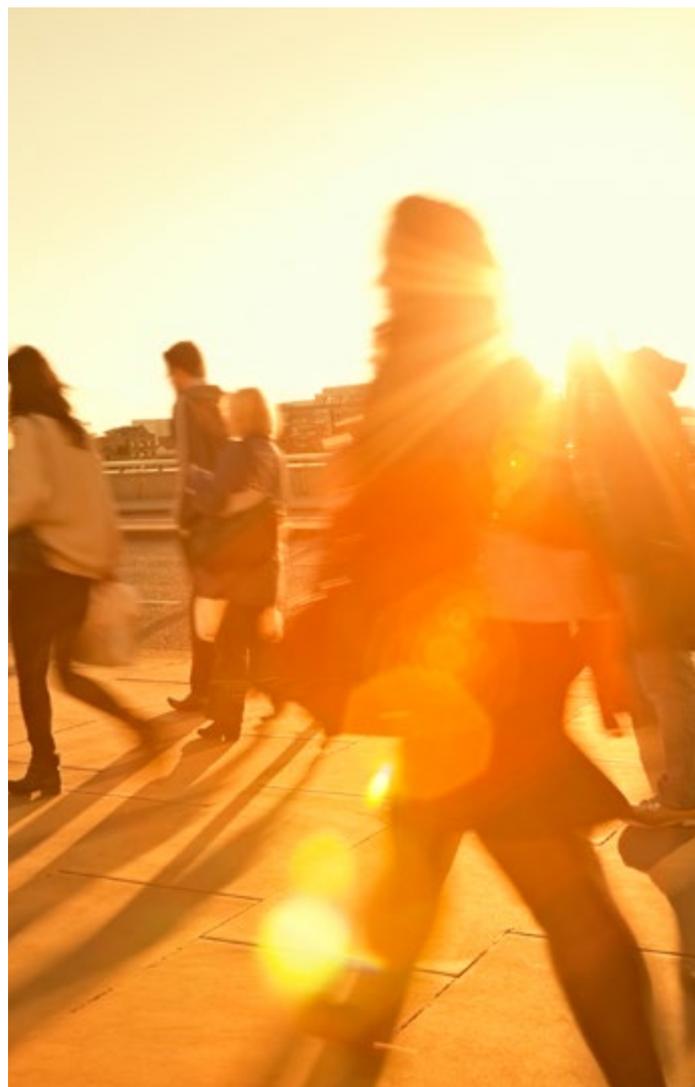
Additionally, KPMG in Ireland is required to record in KICS all borrowing and capital financing relationships, as well as custodial, trust and brokerage accounts that hold member firm assets.

On an annual basis, KPMG in Ireland confirms compliance with independence requirements as part of the Risk Compliance Programme.

#### *Business relationships/suppliers*

KPMG in Ireland has policies and procedures in place that are designed to ensure its business relationships with audit clients are maintained in accordance with the IESBA Code of Ethics and other relevant Ethical Standards.

All significant prospective business relationships are evaluated to assess association risks and to identify potential auditor independence and conflicts of interest issues. A relationship involving a third-party service provider that a member firm will use to assist with client engagements or other purposes is also required to be evaluated to determine whether the third party has the competence to provide the relevant services. Where the third party is providing personnel on a client engagement the individuals providing the services are required to confirm they understand and will comply with applicable ethics and independence requirements, and they are also required to complete ethics training. Third parties providing services to audit or assurance clients are required to complete independence training.





### *Business acquisitions, admissions and investments*

If KPMG in Ireland is in the process of considering the acquisition of, or investment in a business, it is required to perform sufficient due diligence procedures on the prospective target to identify and address any potential independence and risk management issues prior to closing the transaction. Specific consultation requirements with Global Independence Group and Global Quality & Risk Management are applied to enable independence and other issues to be addressed when integrating the business into KPMG in Ireland and the wider KPMG network.

### *Independence clearance process*

KPMG in Ireland follows specific procedures to identify and evaluate threats to independence related to prospective audit clients that are public interest entities and existing audit clients that become a public interest entity. These procedures, also referred to as 'the independence clearance process,' are required to be completed prior to accepting an audit engagement for these entities. The 'KPMG Independence Checkpoint' tool is used to automate and standardise all the workflows that comprise the independence clearance process.

### *Independence training and confirmations*

All KPMG in Ireland partners and client service professionals are required to complete independence training that is appropriate to their grade and function upon joining KPMG in Ireland and on an annual basis thereafter.

New personnel who are required to complete this training should do so by the earlier of (a) thirty days after joining KPMG in Ireland or (b) before providing any services to, or becoming a member of the chain of command for, any audit client including any of its related entities or affiliates.

We also provide all partners and employees with annual training on:

- the Code of Conduct and ethical behaviour, including KPMG's anti-bribery policies, compliance with laws, regulations, and professional standards; and

- reporting suspected or actual non-compliance with laws, regulations, professional standards, and KPMG's policies.

New partners and employees are required to complete this training within three months of joining KPMG in Ireland.

All KPMG partners and employees are required to sign, upon joining KPMG in Ireland and thereafter, an annual confirmation stating that they have remained in compliance with applicable ethics and independence policies throughout the period covered by the confirmation.

### *Non-audit services*

All KPMG firms are required, at a minimum, to comply with the IESBA Code of Ethics and applicable laws and regulations related to the scope of services that can be provided to audit clients.

KPMG in Ireland is required to establish and maintain a process to review and approve all new and modified services that are developed by the firm. KPMG in Ireland's Head of Risk Management is involved in the review of potential independence issues related to these new or modified services.

In addition to identifying potential conflicts of interest, Sentinel™ facilitates compliance with independence requirements. Certain information on all prospective engagements, including detailed service descriptions and estimated fees are required to be entered into Sentinel™ as part of the engagement acceptance process. When the engagement is for an audit client, an evaluation of potential independence threats and safeguards is also required to be included in the Sentinel™ submission.

Lead audit engagement partners (LAEPs) are required to maintain group structures for their publicly traded and certain other audit clients including their related entities or affiliates in Sentinel™. They are also responsible for identifying and evaluating any independence threats that may arise from the provision of a proposed non-audit service and the safeguards available to address those threats. For entities for which group structures are maintained, Sentinel™ enables LAEPs to review and request revision, approve, or deny, any proposed

service for those entities worldwide. For approved proposed services, Sentinel™ designates a timeframe during which the approval remains valid. Upon expiration of the established timeframe, the services are required to be complete or be re-evaluated for permissibility; otherwise, the services are required to be exited.

KPMG global independence policies prohibit member firm audit partners from being evaluated on, or compensated based on, their success in selling non-assurance services to their audit clients.

#### *Fee dependency*

KPMG International's policies recognise that self-interest or intimidation threats may arise when the total fees from an audit client represent a large proportion of the total fees of the KPMG firm expressing the audit opinion. These policies require firms to consult with their Area Quality & Risk Management Leader where it is expected that total fees from an audit client will exceed 10 percent of the annual fee income of the member firm for two consecutive years. In the event that the total fees from a public interest entity audit client and its related entities were to represent more than 10 percent of the total fees received by a particular member firm for two consecutive years, these policies further require that:

- This be disclosed to those charged with governance at the audit client; and
- A partner from another KPMG member firm be appointed as the engagement quality control (EQC) reviewer.

No audit client accounted for more than 10 percent of the total fees received by KPMG in Ireland over the last two years.

Additionally, the Ethical Standards require that where it is expected that the total fees for services receivable from a public interest entity audit client or other listed audit client and its subsidiaries will regularly exceed 5% of the annual fee income of the firm or the part of the firm by reference to which the engagement partner's profit share is calculated, but will not regularly exceed 10%. The engagement partner shall disclose that expectation to the Head of Risk Management and to those charged with governance of the entity, including the audit committee where there is one, and discusses with both the threat to integrity, objectivity and independence of the firm and covered persons and whether safeguards need to be applied to eliminate or reduce the threat to a level where independence would not be compromised.

No public interest entity audit client or other listed audit client accounted for more than 5 percent of the total fees received by KPMG in Ireland over the last two years.

#### *Resolving Conflicts of interest*

Conflicts of interest can arise in situations where KPMG partners or employees have a personal connection with the client which may interfere, or be perceived to interfere, with their ability to remain objective, or where they are personally in possession of confidential information relating to another party to a transaction. Consultation with the Head of Risk Management is required in these situations.

KPMG International policies are also in place to prohibit KPMG partners and staff from offering or accepting inducements, including gifts and hospitality to or from audit clients, unless the value is trivial and inconsequential, is not prohibited by relevant law or regulation and is not deemed to have been offered with the intent to improperly influence the behaviour of the recipient or which would cast doubt on the individual's or the member firm's integrity, independence, objectivity or judgement.

All KPMG firms and personnel are responsible for identifying and managing conflicts of interest, which are circumstances or situations that have, or may be perceived to have an impact on a firm's and/ or its partners' or employees' ability to be objective or otherwise act without bias.

All KPMG firms are required to use Sentinel™ for potential conflict identification so that these can be addressed in accordance with legal and professional requirements.

KPMG in Ireland has risk management resources ("Resolvers") who are responsible for reviewing any identified potential conflict and working with the affected member firms to resolve the conflict, the outcome of which are required to be documented. It may be necessary to apply specific procedures to manage the potential for a conflict of interest to arise, or be perceived to arise, so that the confidentiality of all clients' affairs is maintained. Such procedures may, for example, include establishing formal dividers between engagement teams serving different clients and making arrangements to monitor the operation of such dividers.

Escalation and dispute resolution procedures are in place for situations in which agreement cannot be reached on how to manage a conflict. If a potential conflict issue cannot be appropriately mitigated, the engagement is declined or terminated.

#### *Independence breaches*

All KPMG in Ireland personnel are required to report an independence breach as soon as they become aware of it to the Head of Risk Management. In the event of failure to comply with the firm's independence policies, whether identified in a compliance review, self-declared or otherwise, professionals are subject to an independence disciplinary policy.

KPMG in Ireland has a documented and communicated disciplinary policy in relation to breaches of independence policies incorporating incremental sanctions reflecting the seriousness of any violations.

Matters arising are factored into promotion and compensation decisions and, in the case of engagement partners and responsible individuals, are reflected in their individual quality and risk metrics.

All breaches of independence rules are required to be reported to those charged with governance as soon as possible except where alternative timing for less significant breaches has been agreed to with those charged with governance.

### *Compliance with laws, regulations and anti-bribery and corruption*

Compliance with laws, regulation and relevant standards is a key requirement for all KPMG in Ireland personnel. In particular, we have zero tolerance of bribery and corruption.

We prohibit involvement in any type of bribery – even if such conduct is legal or permitted under applicable law or local practice. We also do not tolerate bribery by third parties, including by our clients, suppliers or public officials.

Further information on KPMG International anti-bribery and corruption policies can be found on the [anti-bribery and corruption site](#)<sup>6</sup>.

### *Partner and firm rotation*

#### **Partner rotation**

KPMG International partner rotation policies are consistent with the requirements of the IESBA Code of Ethics and require all member firms to comply with any stricter local applicable rotation requirements. KPMG in Ireland partner rotation policies are consistent with the Ethical Standards and where applicable any stricter rotation requirements.

KPMG in Ireland Partners are subject to periodic rotation of their responsibilities for audit clients under applicable laws, regulations, independence rules and KPMG International policy. These requirements place limits on the number of consecutive years that partners in certain roles may provide audit services to a client, followed by a 'time-out' period during which time these partners may not:

- participate in the audit;
- provide quality control for the audit;
- consult with the engagement team or the client regarding technical or industry-specific issues;
- in any way influence the outcome of the audit;
- lead or coordinate professional services at the client;
- oversee the relationship of the firm with the audit client; or
- have any other significant or frequent interaction with senior management or those charged with governance at the client.

KPMG in Ireland monitors the rotation of audit engagement leaders (and any other key roles, such as the Key Audit Partner and EQCR, where there is a rotation requirement) and develops transition plans to enable allocation of partners with the necessary competence and capability to deliver a consistent quality of service to clients.

#### **Firm rotation**

KPMG in Ireland is permitted to act, as an auditor, for public interest entity audit clients, to which the EU Audit Regulation applies, for a maximum period of 10 years and not to act as auditor for such clients for a period of four years thereafter – referred to as the 'cooling off period'. KPMG in Ireland has processes in place to track and manage audit firm rotation.

## **3.6 Recruitment, development and assignment of appropriately qualified personnel**

One of the key drivers of quality is ensuring that KPMG professionals have the appropriate skills and experience, passion and purpose, to deliver high quality audits. This requires the right recruitment, development, reward, promotion, retention and assignment of professionals.

### **3.6.1 Our people**

We depend on our ability as a firm to recruit, train and motivate intelligent professionals who take personal responsibility to deliver high-quality work. We make a big effort to develop our people and help them advance their careers.

Over the past three years 668 of our people qualified as Chartered Accountants and 123 of these people also qualified as Chartered Tax Advisers. Our people sit the FAE Elective examination which corresponds to their line of business ensuring better delivery of services to our clients.

Exam success is a key priority for our people and for the firm. Our overall exam success rate is significantly higher than the national average and our people regularly achieve the top exam placings in both the Chartered Accountants Ireland and the Irish Taxation Institute exams.

In 2020 KPMG in Ireland won the Graduate Employer of Year, Best Graduate Training & Development Programme and Best Graduate Employee of Year which reflects the tremendous investment we make in our student programmes and graduate training programme. In previous years we have won the Best Internship Programme Award. These awards are an acknowledgment of our ongoing focus on innovative and quality graduate recruitment.

We are committed to supporting our people sitting professional exams; 328 of our people passed Chartered Accountants Ireland's final admitting exams (FAE) and 19 people passed the Irish Tax Institute's final examinations ("Part 3") in 2020.

Internally, the firm participates in the "KPMG Global People Survey" on an annual basis which, inter alia, measures people engagement and performance excellence with a view to maximising the success of the firm. We engage in a comprehensive programme of communication and feedback with our people in all business units each year following the Global People Survey results. We continue to invest in equipping our people with the technical, coaching and management skills needed to deliver quality work and we also encourage regular, honest feedback to help in their development.

KPMG in Ireland delivers over 1,500 courses every year to ensure our people have the best leadership, business and technical skills to support them to succeed as individuals and for the firm to continue to succeed. Being part of the KPMG Business School ensures we have access to state-of-the-art virtual classroom and on-line resources from across the

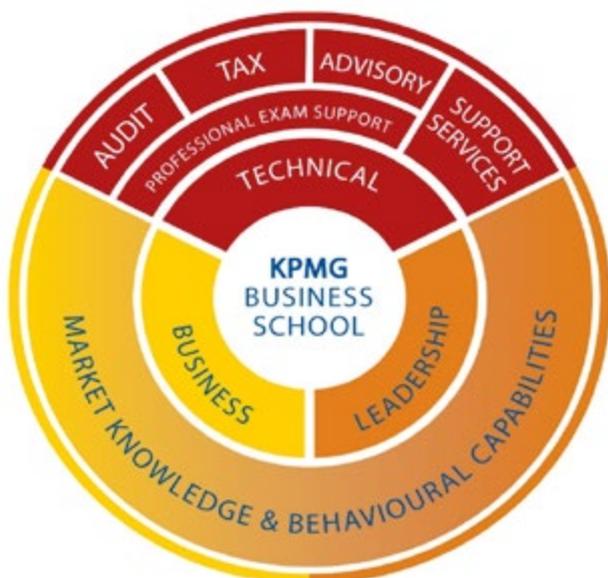
KPMG network and we engage with cutting edge universities and executive education schools to ensure our Leadership and Business training remains first class. Our technical training is delivered by a combination of our partners, directors and managers, who are subject matter experts, along with external specialists.

Our learning culture focuses on the application of training in a supportive, coaching orientated and learning environment. We strongly believe that people learn in the classroom, through on-line forums, by networking with others and by applying their knowledge in a range of work environments.

On joining the firm and in each year of their training contract our graduates attend a structured programme that combines technical and leadership skills in line with the increasing challenges of their role. As they progress through their professional exams (through Chartered Accountants Ireland and the Irish Tax Institute) they benefit from our additional supports and development, helping our exam results remain well ahead of the national average.

As people are promoted to the grade of manager and above, they continue to enhance their technical skills and they benefit from our leadership skills development, helping them to excel with their clients and support them as they contribute and lead more complex and challenging projects.

In 2020 the people in our audit function completed 84,918 hours of technical (audit and accounting) training programmes, and additional leadership courses were also available and accessed. All training programmes continued over the last year and courses were redesigned to be effective in an online environment. Training is only one aspect of our people's development. We offer a mix of on-the-job experience, coaching and training programmes. This is supported by additional development opportunities such as secondments and international assignments.



### 3.6.2 Recruitment

KPMG in Ireland is committed to building an extraordinary people experience for all current and prospective KPMG partners and employees.

Our recruitment strategy is focused on drawing entry-level talent from a broad talent base, including working with established universities, colleges and business schools, but also working with secondary schools, helping build relationships with a younger, diverse talent pool at an early age. KPMG in Ireland recruited 367 new graduates in 2020 (2019: 408) and we expect a further 420 to join us in 2021.

KPMG in Ireland also recruits significant numbers at an experienced hire and partner level.

All candidates submit an application and are employed following a variety of selection processes, which may include application screening, competency-based interviews and qualification/ reference checks. These leverage fair and job-related criteria to ensure that candidates possess the appropriate skills and experience to perform competently, are suitable and best placed for their roles.

Where individuals are recruited for senior grades, a formal independence discussion is conducted with them by the Head of Risk Management or a delegate. KPMG in Ireland does not accept any confidential information belonging to the candidate's former firm/employer.

The Partner hire process is rigorous and thorough, involving appropriate members of leadership. Our criteria for Partner hires are consistent with our commitment to professionalism and integrity, quality, and being an employer of choice.

### 3.6.3 Personal development

KPMG in Ireland's approach to performance development, 'Open Performance Development', is built around the *Everyone a Leader* performance principle, and includes:

- Global role profiles (including role profiles specific to audit quality accountabilities and responsibilities);
- a goal library (including audit quality content); and
- Standardised review forms (with provision for audit quality ratings).

Open Performance Development is linked to the KPMG Values and designed to articulate what is required for success — both individually and collectively. We know that by being clear and consistent about the behaviour we're looking for and rewarding those who demonstrate it, we will continue to drive a relentless focus on audit quality.

At the same time, we are driving a shift in our performance-driven culture, supported by and enacted through leading technology that allows us to embed audit quality into the assessment of performance and the decisions around reward as well as drive consistency across the global organisation.

Partners and certain professionals are also required to be evaluated on key quality and compliance metrics. KPMG in Ireland monitors quality and compliance incidents and

maintains quality and compliance metrics in assessing the overall evaluation, promotion and remuneration of partners. These evaluations are conducted by performance managers and partners who are in a position to assess performance.

In relation to audit, opportunities are provided for professionals to develop the skills, behaviors and personal qualities that form the foundations of a successful career in auditing. Courses are available to enhance personal effectiveness and develop technical, leadership and business skills.

KPMG in Ireland professionals are also developed for high performance through access to coaching and mentoring on the job and global mobility opportunities.

### **3.6.4 Inclusion and Diversity programs**

KPMG in Ireland is committed to fostering an inclusive culture for all. Being inclusive enables us to bring together successful teams with the broadest range of skills, experiences and perspectives.

Inclusion and diversity is part of who we are at KPMG. We embrace diversity of background, diversity of experience, diversity of perspective – as we recognise the value that diverse thinking brings to our firm and our reputation in the marketplace. We're committed to inclusion at every level in our firm and acknowledge the role of leaders in driving this from the top through their inclusive actions and behaviours.

We want to bring about a positive integration between work and life that not only promotes career achievement but also provides an environment that enables everyone, regardless

of gender, ethnicity, age, disability, religion, socio-economic background or sexual orientation, to reach their full potential by being valued for being themselves. We strive to be an employer of choice by ensuring that all our people feel proud and motivated to do their best. Being inclusive enables us to bring together successful teams with the broadest range of skills, experiences and ways of working, to deliver solutions for our clients, but it is our culture and environment that enables us to harness this most effectively.

We are proud to lead and support a wide range of programmes to help foster diversity in business. These include celebrating Pride Week, encouraging young women's interest in STEM, investing in children's literature initiatives such as 'Bold Girls', supporting the 20x20 campaign to shift Ireland's cultural perception of women's sport by the end of 2020, supporting early stage women-led businesses through 'Going for Growth' and adding our voice to the campaign for greater diversity at board level in Ireland through the 30% Club. For International Women's Day 2020, we support the theme 'An equal world is an enabled world' and we reaffirmed our pledge to advocate for gender parity and to support the next generation of women leaders.

We believe that the established Inclusion and Diversity strategy of KPMG International provides a good framework to drive the actions that are necessary to promote inclusive leadership at KPMG in Ireland and across the KPMG network. While we have made good progress on our agenda, we still have a long way to go. For more on [Inclusion and Diversity](https://home.kpmg/ie/en/home/about/diversity.html) please see our website<sup>7</sup>.



### 3.6.5 Reward & Promotion

#### Reward

KPMG in Ireland has compensation and promotion policies that are informed by market data, clear, simple, and linked to the performance review process. This helps our partners and employees understand what is expected of them, and what they can expect to receive in return. The connection between performance and reward is achieved by assessing relative performance across a peer group to inform reward decisions.

Reward decisions are based on consideration of both individual and firm performance. KPMG in Ireland's policy prohibits audit partners from being evaluated on or compensated based on their success in selling non-assurance services to audit clients.

The extent to which our people feel their performance has been reflected in their reward is measured through the Global People Survey, with action plans developed accordingly.

#### Promotion

The results of performance evaluations directly affect the promotion and remuneration of partners and employees and, in some cases, their continued association with KPMG.

#### Partner admissions

The KPMG in Ireland process for admission to partnership is rigorous and thorough, involving appropriate members of leadership. The procedure includes a business case and a personal case for the individual candidate along with assessment of performance. Our criteria for admission to the KPMG in Ireland partnership are consistent with our commitment to professionalism and integrity, quality, and being an employer of choice. The criteria are strongly aligned to KPMG's behavioural capabilities and are based on consistent principles to help achieve quality in our partner admissions. All recommendations for admission to the partnership of KPMG in Ireland need to be approved by the partners.

### 3.6.6 Assignment of professionals

KPMG in Ireland has procedures in place to assign both the engagement partners and other professionals to a specific engagement on the basis of their skill sets, relevant professional and industry experience, and the nature of the assignment or engagement.

Heads of Function are responsible for the partner assignment process. Key considerations include partner experience and capacity - based on a regular partner portfolio review - to perform the engagement taking into account the size, complexity and risk profile of the engagement and the type of support to be provided (i.e. the engagement team composition and specialist involvement).

Audit engagement partners are required to be satisfied that their engagement teams have appropriate competencies, training and capabilities, including time, to perform audit engagements in accordance with our audit methodology, professional standards, and applicable legal and regulatory

requirements. This may include involving specialists from our own firm or other KPMG member firms or external experts.

When considering the appropriate competence and capabilities expected of the engagement team as a whole, the engagement partner's considerations may include the following:

- an understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
- an understanding of professional standards and legal and regulatory requirements;
- appropriate technical skills, including those related to relevant information technology and specialised areas of auditing or accounting;
- knowledge of relevant industries in which the client operates;
- ability to apply professional judgement;
- an understanding of KPMG in Ireland's quality control policies and procedures; and
- Quality Performance Review (QPR) results and results of regulatory inspections.

### 3.6.7 Insights from our people – Global People Survey (GPS)

Annually KPMG in Ireland invites all its people to participate in an independent Global People Survey (GPS) to share their perception about their experience of working for KPMG. The Survey provides an overall measure of our people's engagement through an Engagement Index as well as insights into areas driving engagement which may be strengths or opportunities. Results can be analysed by functional or geographic area, grade, role or gender to provide additional focus for action. Additional insight is provided on how we are faring on categories known to impact employee engagement. We also cover areas of focus which are directly relevant to audit quality; the survey includes specific audit quality related questions that all individuals who participated in audit respond to, giving us a particular data set for audit quality related matters.

The survey also specifically provides KPMG in Ireland leadership and KPMG global leadership with results related to quality and risk behaviours, audit quality, upholding the KPMG Values, employee and partner attitudes to quality, leadership and tone at the top.

KPMG in Ireland participates in the GPS, monitors results and takes appropriate actions to communicate and respond to the findings of the survey. The results of the GPS are also aggregated for the entire global organisation and are presented to the Global Board each year and appropriate follow-up actions agreed.

### 3.7 Commitment to technical excellence and quality service delivery

All KPMG in Ireland professionals are provided with the technical training and support they need. This includes access to internal specialists, Risk Management and DPP, which are made up of senior professionals with extensive experience in audit, reporting and risk management, either to provide resources to the engagement team or for consultation. Where the right resource is not available within KPMG in Ireland, the firm accesses a network of highly skilled KPMG professionals in other KPMG member firms.

At the same time audit policies require professionals to have the appropriate knowledge and experience for their assigned engagements.

#### 3.7.1 Lifetime learning strategy

We have invested heavily in delivering and developing training. In addition to personal development, discussed at Section 3.6.3, our lifetime learning strategy is underpinned by policies requiring all professionals to maintain their technical competence and to comply with applicable regulatory and professional development requirements.

##### Formal training

Annual training priorities for development and delivery are identified by the Audit Learning and Development steering groups at global and regional level and locally through the KPMG in Ireland Audit Training Committee, supported by the KPMG Business School. Training is delivered using a blend of learning approaches and performance support to assist auditors on the job.

The KPMG Business School team work with subject matter experts and leaders from DPP, the International Standards Group ("ISG"), the KPMG Global Solutions Group ("KGSG") and Global L&D, as appropriate, to ensure the training is of the highest quality, is relevant to performance on the job and is delivered on a timely basis.

Training would include, for example IFRS updates, US GAAP and/or US GAAS/PCAOB. In relation to audit, KPMG in Ireland:

- deploys a variety of learning solutions that are designed to reinforce the KPMG values and ensure our professionals get the fundamentals right, and develop the necessary skills and attitudes to make judgements, and apply professional scepticism that enhance audit quality and the value of audit;
- provides instructor-led and virtual classroom training, performance support tools, coaching guides and just-in-time learning;
- has also developed professional judgement tools, designed to reinforce the importance of independence and objectivity, and to assist engagement teams in demonstrating professional scepticism;
- provides courses to enhance personal effectiveness and develop leadership and business skills. Our partners and employees are developed further for high performance

through coaching and mentoring on the job, stretch assignments and country rotational and global mobility opportunities.

For the year ended 31 December 2020, our formal audit training programme included mandatory technical, risk and technology-based courses. In addition to this formal structured training, partners and staff have other recommended training relevant to their role and grade including training relevant to the industry in which they specialise. The aggregated number of structured training hours for the audit function undertaken by partners and staff for the year was 93,759. These hours exclude time spent on programmes to support career and professional development and the hours spent in unstructured Continued Professional Development.

##### Mentoring and on the job training

Learning is not confined to a single approach – rich learning experiences are available when needed through coaching and just-in-time learning, available at the click of a mouse and aligned with job specific role profiles and learning paths.

Mentoring and on-the-job experience play key roles in developing the personal qualities important for a successful career in auditing, including professional judgement, technical excellence and instinct. The use of virtual team collaboration tools has allowed this to continue in a remote environment.

We support a coaching culture throughout KPMG as part of enabling KPMG professionals to achieve their full potential and instil that every team member is responsible for building the capacity of the team, coaching other team members and sharing experiences.

#### 3.7.2 Licensing and mandatory requirements for IFRS and U.S. GAAP engagements

All KPMG in Ireland professionals are required to comply with applicable professional licence rules and satisfy the Continuing Professional Development ("CPD") requirements of the relevant professional body in the jurisdiction where they practice. KPMG in Ireland policies and procedures are designed to facilitate compliance with licence requirements. We are responsible for ensuring that audit professionals working on engagements have appropriate audit, accounting and industry knowledge and experience in the local predominant financial reporting frameworks – principally IFRS and accounting standards issued by the Financial Reporting Council ("FRC").

We have specific requirements for partners and managers working on engagements to audit financial statements or financial information prepared in accordance with US Generally Accepted Accounting Principles ("US GAAP") and/or audited in accordance with US Generally Accepted Auditing Standards ("US GAAS"), including reporting on the effectiveness of the entity's internal control over financial reporting ("ICFR"). These require that the partner, manager, in-charge senior and, if appointed, the EQC reviewer assigned to the engagement have completed relevant training and that the engagement team collectively has sufficient experience

to perform the engagement or has implemented appropriate safeguards to address any shortfalls.

### 3.73 Access to specialist networks

KPMG in Ireland engagement teams have access to a network of KPMG specialists – either within the firm or in other KPMG firms. These specialists receive the training they need to ensure they have the competencies, capabilities and objectivity to appropriately fulfil their role.

The need for specialists (e.g. Information Technology, Tax, Treasury, Actuarial, Forensic, Valuation) to be assigned to a specific audit engagement is considered as part of the audit engagement acceptance and continuance process as well as during the conduct of the engagement.

### 3.74 Culture of consultation

KPMG encourages a strong culture of consultation that supports engagement teams throughout their decision-making processes and is a fundamental contributor to audit quality. KPMG in Ireland promotes a culture in which consultation is recognised as a strength and that encourages all KPMG professionals to consult on difficult or contentious matters.

To assist audit engagement professionals in addressing difficult or contentious matters, protocols have been established for consultation and documentation of significant accounting and auditing matters, including procedures to facilitate resolution of differences of opinion on engagement issues. In addition, the KPMG Global Q&RM Manual includes mandatory consultation requirements where certain matters are identified. Consultation with a team member at a higher level of responsibility than either of the differing parties usually resolves such differences. In other circumstances, the matter may be elevated through the chain of responsibility for resolution by technical specialists. In exceptional circumstances, a matter may be referred to the Head of Audit Quality & Professional Practice, the Head of Risk Management, or ultimately the Managing Partner.

Appropriate consultation support is provided to audit engagement professionals through our professional practice resources that includes Risk Management and DPP. They provide technical guidance to client service professionals on specific engagement related matters, develop and disseminate specific topic related guidance on emerging local technical and professional issues and disseminate international guidance on IFRS and ISAs. This resource also assists engagement teams where there are differences of opinion either within teams or with the EQC reviewer. Unresolved differences are required to follow a prescribed escalation protocol for final resolution.

#### **Technical consultation and global resources**

Technical auditing and accounting support are available to all member firms and their professionals through the Global Audit Methodology Group (GAMG), KPMG Global Solutions Group (KGSG), the ISG and the PCAOB Standards Group (PSG).

#### **Global Audit Methodology Group (GAMG)**

KPMG's audit methodology is developed and maintained by the Global Audit Methodology Group (GAMG). The GAMG develops our audit methodology based on the requirements of the applicable auditing standards – International Standards on Auditing, PCAOB and AICPA.

#### **KPMG Global Solutions Group (KGSG)**

The KGSG and GAMG work collaboratively to support member firms through collaboration, innovation and technology. We have made significant investment in our audit methodology and tools with the core focus of improving audit quality and global consistency.

Key areas of work performed include:

- developing innovative audit capabilities (i.e. technology solutions) and deploying and using advanced audit solutions;
- deploying KPMG Clara — our smart audit platform, incorporating advanced technologies, data science, audit automation, data visualization and more; and
- enhancing KPMG's audit methodology, workflow and knowledge used by member firms' audit professionals.

With locations, in each of the three KPMG regions (Americas, EMA and ASPAC), the KGSG and GAMG teams comprise professionals with backgrounds in audit, IT, data science, mathematics, statistics, and more from around the world, who bring diverse experiences and innovative ways of thinking to further evolve KPMG's audit capabilities.



### **International Standards Group (ISG)**

The ISG works with Global IFRS topic teams, with geographic representation from around the world, and the IFRS Panel and ISA Panel to promote consistency of interpretation of IFRS and auditing requirements between member firms, identify emerging issues, and develop global guidance on a timely basis.

### **PCAOB Standards Group (PSG)**

The PCAOB Standards Group (PSG) comprises a dedicated group of professionals with background in PCAOB auditing standards who promote consistency of interpretation of PCAOB auditing standards applied globally in KPMG firms' audits of non-US components and foreign private issuers and non-US components SEC of issuers, as defined by SEC regulations. The PSG also provides input into the development of training for auditors who work on PCAOB audit engagements, and where practicable, facilitates delivery of such training.

## **3.8 Commitment to continuous improvement**

KPMG commits to continually improve the quality, consistency and efficiency of KPMG audits. Integrated quality monitoring and compliance programmes enable us to identify quality deficiencies, to perform root cause analysis and develop, implement and report remedial action plans both in respect of individual audit engagements and the overall system of quality control.

KPMG International's integrated quality and monitoring programmes include the Quality Performance Review ("QPR") programme, the Risk Compliance Program ("RCP") and the Global Compliance Review ("GCR") programme.

The quality monitoring and compliance programmes are globally administered and consistent in their approach across all member firms, including the nature and extent of testing and reporting. KPMG in Ireland compares the results of its internal monitoring programmes with the results of those of any external inspection programmes and takes appropriate action.

### **3.8.1 Internal monitoring and compliance programs**

KPMG in Ireland monitoring programmes evaluate both:

- engagement performance in compliance with the applicable standards, applicable laws and regulation and KPMG International key policies and procedures; and
- KPMG in Ireland compliance with KPMG International key policies and procedures and the relevance, adequacy and effective operation of key quality control policies and procedures.

Our internal monitoring programmes also contribute to the assessment of whether our system of quality control has been appropriately designed, effectively implemented and operates effectively. These include:

- Quality Performance Reviews (QPR) and Risk Compliance Programs (RCP), which are conducted annually across the Audit, Tax, Deal Advisory and Consulting functions; and
- A cross functional Global Compliance review (GCR) program which is conducted at least every three years.

The results and lessons from the integrated monitoring programmes are communicated internally and appropriate action is taken at local, regional and global levels.

### **Audit Quality Performance Reviews (QPRs)**

The QPR programme assesses engagement level performance and identifies opportunities to improve engagement quality.

### **Risk-based approach**

Each engagement leader, in every KPMG member firm, is reviewed at least once in a three-year cycle. A risk-based approach is used to select engagements.

KPMG in Ireland conducts the annual QPR programme in accordance with KPMG International QPR instructions. The reviews are performed at KPMG in Ireland level and are monitored regionally and globally. Member firm Audit QPR reviews are overseen by a senior experienced lead reviewer independent from the member firm.

### **Reviewer selection, preparation and process**

There are robust criteria for selection of reviewers. Review teams include senior experienced lead reviewers that are independent of the member firm under review.

Training is provided to review teams and others overseeing the process, with a focus on topics of concern identified by audit oversight regulators and the need to be as rigorous as external reviewers.

### **Evaluations from Audit QPR**

Consistent criteria are used to determine engagement ratings and member firm Audit practice evaluations.

Audit engagements selected for review are rated as 'Satisfactory', 'Performance Improvement Needed' or 'Unsatisfactory'.

### **Reporting**

Findings from the QPR program are disseminated to member firm professionals through written communications, internal training tools, and periodic partner, manager and staff meetings.

These areas are also emphasised in subsequent inspection programs to gauge the extent of continuous improvement.

Lead audit engagement partners are notified of less than satisfactory engagement (defined as 'Performance Improvement Needed' or 'Unsatisfactory') ratings on their respective cross-border engagements. Additionally, lead audit engagement partners of parent companies/head offices are notified where a subsidiary/affiliate of their client group is audited by a member firm where significant quality issues have been identified during the QPR.

### **Risk Compliance Program (RCP)**

KPMG International develops and maintains quality control policies and processes that apply to all KPMG member firms. These policies and processes, and their related procedures, include the requirements of ISQC 1. During the annual RCP, we perform a robust assessment programme consisting of documentation of quality controls and procedures, related compliance testing and reporting of exceptions, action plans and conclusions.

The objectives of the RCP are to:

- document, assess and monitor the extent of compliance of KPMG in Ireland’s system of quality control with Global Quality & Risk Management policies and key legal and regulatory requirements relating to the delivery of professional services; and
- provide the basis for KPMG in Ireland to evaluate that the firm and its personnel comply with relevant professional standards and applicable legal and regulatory requirements.

Where deficiencies are identified, we are required to develop appropriate action plans and monitor the status of each action item.

### **Global Compliance Review (GCR) program**

Each member firm is subject to a GCR conducted by KPMG International’s GCR team, independent of the member firm, at various intervals based on identified risk criteria.

The GCR team performing the reviews is independent of the KPMG member firm and is objective and knowledgeable of Global Quality and Risk Management policies. GCRs assess compliance with selected KPMG International policies and procedures and share best practices among member firms. The GCR provides an independent assessment of:

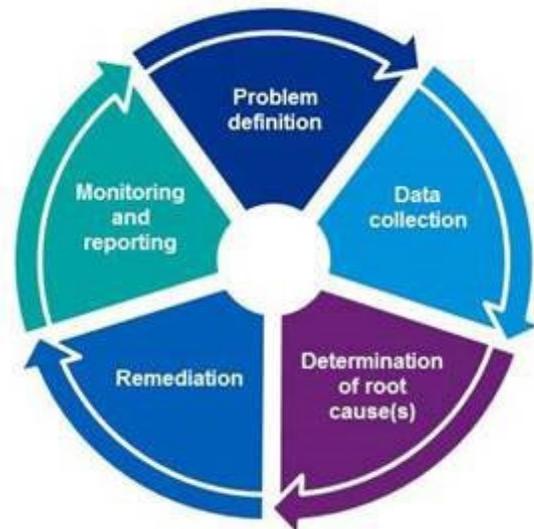
- a member firm’s commitment to quality and risk management (tone at the top) and the extent to which its overall structure, governance and financing support and reinforce this commitment;
- a member firm’s compliance with KPMGI policies and procedures; and
- the robustness with which the member firm performs its own compliance program (RCP).

KPMG in Ireland develop action plans to respond to all GCR findings that indicate improvement is required and agree these with the GCR team. Our progress on action plans is monitored by the GCR central team. Results are reported to the GQ&RM Steering Group and where necessary, to appropriate KPMG International and regional leadership.

### **Root Cause Analysis (RCA)**

KPMG in Ireland performs root cause analysis to identify and address audit quality issues in order to prevent them from recurring and help identify good practices as part of continuous improvement.

The Global RCA 5 Step Principles are as follows:



It is the responsibility of all KPMG firms to perform RCA and thereby identify and subsequently develop appropriate remediation plans for the audit quality issues identified.

KPMG in Ireland’s Head of Audit is responsible for the development and implementation of action plans as a result of RCA, including identification of solution owners. The Head of Risk Management monitors their implementation.

At a global level, through the Global Audit Quality Council and the GQ&RM Steering Group, KPMG International reviews the results of the quality monitoring programmes, reviews firm root causes and planned remedial actions and develops additional global remedial actions as required.



Global remediation actions developed by KPMG International are aimed at changing culture and behaviour across the global organisation and at driving consistent engagement team performance within KPMG firms. The remediation actions have been implemented through the development of global training, tools and guidance to drive consistency, ensure the fundamentals are right and that best practice is shared across the global organisation.

### **3.8.2 Recommendations for improvements**

At a global level, through the Global Audit Quality Council and the GQ&RM Steering Group, KPMG International reviews the results of the quality monitoring programmes, reviews firm root causes and planned remedial actions and develops additional global remedial actions as required.

Global remediation actions developed by KPMG International are aimed at changing culture and behaviour across the global organisation and at driving consistent engagement team performance within KPMG firms. The remediation actions have been implemented through the development of global training, tools and guidance to drive consistency, ensure the fundamentals are right and that best practice is shared across the global organisation.

### **3.8.3 External feedback and dialogue with Regulators**

KPMG in Ireland is registered as a statutory audit firm with Chartered Accountants Ireland (“CAI”). CAI is subject to oversight by IAASA which is the independent statutory audit oversight body in Ireland. IAASA is directly responsible for the inspection of the audits of Public Interest Entities (“PIE”) and is ultimately responsible for:

- the approval of statutory auditors and audit firms;
- the disciplinary systems in relation to all statutory auditors and audit firms;
- quality assurance; and
- continuing professional education requirements for auditors.

IAASA undertakes annual inspections of the firm’s system of quality control and of a selection of PIE audit engagement files. IAASA recently completed their 2020 annual inspection of the firm and published their 2020 Quality Assurance Review report on 15 March 2021. The report on the firm is available on the IAASA website at [www.iaasa.ie](http://www.iaasa.ie). While we are satisfied with the outcome of the 2020 IAASA inspection, we do recognise that there are areas where improvement is required and are currently implementing the actions required to address the recommendations.

KPMG in Ireland is also registered with the Public Company Audit Oversight Board (“PCAOB”) in the US and are subject

to inspections by the PCAOB. The most recent inspection took place in November 2018 and encompassed detailed audit file reviews of two of our US registrant audit clients and one referred work engagement, together with a review of our system of quality control. The PCAOB report was issued in September 2019. We have considered each of the findings and recommendations and have implemented the necessary remedial actions to address the findings. We are currently monitoring the effectiveness of the remedial actions taken to ensure that our remedial actions are effective.

The firm is also subject to review by the Professional Standards department of CAI in relation to audits of non-PIE entities. Professional Standards is the department within CAI which is responsible for developing standards of professional conduct and supervising the compliance of member firms in their execution of statutory audits. CAI undertook a review of a number of the firm’s non-PIE audit engagement files during 2020. CAI issued their Visit Report to the firm in October 2020 which concluded that the firm’s audit work was generally of a good standard on the files reviewed. The firm’s proposed actions to address the findings in the report were accepted by CAI.

We share the objectives of our regulators of improving audit quality and believe the inspection process serves an important role in helping us identify areas where we can continue to improve our performance and strengthen our system of quality control so we can better meet our responsibilities to investors, stakeholders and other financial statement users.

Our firm is also registered with the Isle of Man Financial Supervision Commission, the Jersey Financial Services Commission, the Guernsey Registry and the Japanese Financial Services Agency. Subsequent to 31 December 2020, the Firm became registered with Canadian Public Accountability Board.

KPMG International has regular two-way communication with the International Forum of Independent Audit Regulators (IFIAR) to discuss audit quality findings and actions taken to address such issues across the entire organisation.

#### **Client feedback**

We proactively seek feedback from clients through in-person conversations and third-party surveys to monitor their satisfaction with services delivered. We endeavour to take this feedback and make dynamic changes at both the engagement level and firm level to meet clients’ needs.

#### **Monitoring of complaints**

We have procedures in place for monitoring and addressing complaints received relating to the quality of our work. These procedures are detailed in our general terms of business.



# 4

## Corporate Citizenship

At KPMG in Ireland we believe in Corporate Citizenship. It is at the heart of all great organisations, and we are committed to making a real difference to the communities in which we operate. All organisations have a social responsibility to their people, their clients and to society. We believe a real commitment to Corporate Citizenship unites an organisation, strengthens its reputation and creates vital links with the communities in which it operates. We want our employees to be part of this effort and to be actively involved in Corporate Citizenship activities that will ultimately make a positive impact on society.

KPMG in Ireland strives to create a well-rounded Corporate Citizenship programme. In recognition of this, our initiatives have been grouped into a number of categories: Community, Charity, Education, Sustainability and Workplace/Marketplace.

We measure our Corporate Citizenship activity in our communities through a number of key metrics. Our metrics for the year to 31 December 2020 are set out below.

<b>Community Connections</b>	152
<b>Employee volunteer hours</b>	10,085
<b>Cash Donations</b>	€694,657
<b>Employee fundraising</b>	€151,182
<b>In-Kind Donations</b>	€984,554

Corporate Citizenship involves creating innovative and proactive solutions to societal and environmental challenges, as well as collaborating with both internal and external stakeholders to maximise the impact of our Corporate Citizenship activity in our community. The firm is committed to playing a leading role in achieving a sustainable future. We take responsibility for our actions and promote responsible business practices, support the growth and development of our people and communities, embed Corporate Citizenship in our values and business processes and create a distinctive business in a responsible way.

### Community

We have an opportunity to play a significant role in positively impacting our surrounding communities. The education obtained by our people and their work ethic serves as a good example to the youth in our community and allows us to engage with many organisations in the wider community such as the Business in the Community Ireland – Ready for Work initiative which provides work experience and guidance to people who are looking to move on from homelessness into employment or training.

The Get Cents programme sees KPMG in Ireland volunteers work with early school leavers (aged 16-21) to develop their financial know-how in managing their money, budgeting and saving.

KPMG in Ireland partners with St. Michael’s House to work with the charity to develop a new and innovative project of writing and packaging multi-sensory stories for use in the development and wellbeing of profoundly disabled children.

### Charity

Each year KPMG in Ireland supports individual staff members who fundraise for their own personal charities and gives them a donation towards their fundraising efforts based on the amount raised. This ensures that the firm supports a wide range of charities that our people feel passionate about.

2020 was the fourteenth year of the Denis O’Connor Walk, which has raised over €650,000 for various charities to date. The Denis O’Connor Walking Festival is an annual event that aims to raise funds for deserving causes. For the last number of years, people in KPMG in Ireland, our alumni, and family and friends have raised money for a number of charities. In 2020 we had over 120 people participate in our virtual walk and raised €30,000 for ALONE.

## Education

Education is one of the key pillars of KPMG in Ireland's Corporate Citizenship strategy and we believe that education is paramount in terms of its contribution to the development of a successful society. Our education programme allows us to further the capacity of schools and colleges, work with children and young people to advance potential, and invest in skills that support enterprise in the community. As part of this initiative through Business in the Community Ireland, KPMG in Ireland has forged a highly successful relationship with CBS Westland Row School. This programme involves KPMG in Ireland people mentoring 5th and 6th year students and making a real difference in their lives.

KPMG in Ireland is also working with Business in the Community on a programme called 'Time to Read'. This programme involves volunteers from businesses, including KPMG in Ireland, providing one to one reading support to second class students in City Quay National School. The desired outcomes of the programme are to: increase the enjoyment of reading; improve fluency and comprehension when reading; increase confidence in reading; and improve and encourage self-discovery.

As part of our focus on literacy KPMG announced in January 2020 that it would become the title sponsor of the KPMG Children's Books Ireland Awards which have been running for 30 years. The annual awards recognise the importance of reading for children and the impact of literacy on society.

In December 2020 KPMG, Children's Books Ireland and the Arts Council gifted 6,000 books to children in need at Christmas. The books were distributed via Threshold, Barnardos, Children in Hospital Ireland, BUMBLEance, St Vincent de Paul and various direct provision centres.

KPMG in Ireland has played a central role in establishing Enactus in Ireland. Enactus is an international non-profit organisation, founded in the US that works with leaders in business and higher education to mobilise university students to make a positive difference in their communities while developing the skills to become socially responsible business leaders. This is a way of uniquely engaging students by:

- giving them personal development opportunities;
- showcasing their talents and skills to a key business audience;
- getting students to be more socially aware and put in place solutions to community, environment and social issues;
- utilising the skillsets of students to put their academic learning into real-life practice; and
- potentially having the honour and prestige of being crowned the Enactus Ireland National winner and going on to represent Ireland at the Enactus World Cup.

There are 1,600 universities in 37 countries around the world participating in Enactus and this is a wonderful opportunity to showcase the best of Irish talent. The Board of Directors of Enactus Ireland is chaired by a representative of KPMG in Ireland. The Board also consists of the CEOs of Enactus Ireland's other sponsors. In the 2019/20 academic year, ten third level institutions participated in the initiative.

## Sustainability

We are pleased to confirm that KPMG in Ireland renewed its carbon neutral status for 2020/21. KPMG in Ireland was the first professional services firm to achieve carbon neutral status in January 2007.

KPMG Ireland has demonstrated huge commitment to the sustainability agenda. Since 2010 the firm has reduced our Scope 1 and Scope 2 emissions by 50%. We are now focusing on Scope 3 emissions up-stream and down-stream in our supply chain. We have taken a rigorous approach, using our in-house experts in the Sustainable Futures business unit to project KPMG's path to decarbonization.

We will be working closely with our people to educate colleagues on the new commitments and mobilise teams to support the journey towards a more sustainable future.

## Workplace/Marketplace

We have a range of workplace and marketplace policies and practices in the Corporate Citizenship area. As part of a workplace Corporate Citizenship Initiative, KPMG in Ireland has a workplace entrepreneurial programme to encourage staff to address local social and environmental needs. Project Bright is an innovative workplace initiative aimed at encouraging staff to be social entrepreneurs. Staff participate in a competition to identify social issues and then develop unique solutions that make a real difference to the associated community organisation, utilising the skillset of our own employees. Through this initiative KPMG in Ireland is:

- directly engaging with staff;
- encouraging them to be innovative;
- getting the winning team to project manage the winning idea;
- empowering them to engage with a broad cross-section of their peers; and
- giving the winning team a tremendous development opportunity to work on a project they are passionate about.

## 5

## Financial information

The EU Regulation No. 537/2014 requires disclosure of financial information that shows the importance of statutory audit work to the overall firm's results. The results set out below for the year to 31 December 2020 have been extracted from the draft partnership accounts which have not as of yet been finalised and approved by the partners.

Revenue is presented in accordance with the EU Regulation No. 537/2014 and included for:

1. Revenues from the statutory audit of annual and consolidated financial statements of Public Interest Entities (PIEs), and entities belonging to a group of undertakings whose parent undertaking is a PIE.
2. Revenues from the statutory audit of annual and consolidated financial statements of other entities.
3. Revenues from permitted non-audit services to entities that are audited by statutory auditor or the audit firm.
4. Revenues from non-audit services to other entities.

Financial information for year end 31 December 2020 and 2019 in euro million is detailed below.

Service	2020 Revenue € million	Percent
Statutory audits and directly related services for PIEs	17	4
Other audit services and directly related services for non-PIEs	114	26
Non-audit services provided to audit clients	63	15
Non-audit services provided to other entities	240	55
<b>Total revenue</b>	<b>434</b>	<b>100%</b>

Service	2019 Revenue € million	Percent
Statutory audits and directly related services for PIEs	16	4
Other audit services and directly related services for non-PIEs	112	24
Non-audit services provided to audit clients	60	13
Non-audit services provided to other entities	270	59
<b>Total revenue</b>	<b>458</b>	<b>100%</b>

The classification above for audit work includes a small proportion of revenues derived from other assurance services which are directly related to audit.

As the firm's business has grown, we have invested very significantly in additional skills and resources. Our headcount has grown from 3,210 at 31 December 2019 to 3,283 at 31 December 2020.

The firm's Head of Finance and Administration is responsible for the preparation of financial information. Financial Performance is reviewed on a monthly basis by the Executive Team and is circulated to all partners on a monthly basis and is discussed at partners' meetings.

The Executive Team has a reasonable expectation that the firm has adequate resources to continue in operational existence for the foreseeable future and therefore considers that the firm is a going concern.

The identification, evaluation, management and monitoring of the most significant risks that face our firm and could threaten the achievement of our strategic objectives are the joint responsibility of the Executive Team and Policy Committee.

# 6

## Partner remuneration

Partners are remunerated out of the distributable profits of the firm as set out in the partnership accounts and as approved by the partnership. The determination of the profits available for distribution is based on the results of the firm as a whole and is not dependent directly on the performance of any particular line of business or function. The final allocation of profits to partners is made after assessing each partner's contribution for the year. This assessment is considered on an individual basis by the Remuneration Committee.

Each partner is required to submit a formal appraisal to the Remuneration Committee detailing his/her own view of performance against objectives over the previous year. The Audit Executive Team specifically considers the contribution of each audit partner to audit quality on their engagements and to the audit quality agenda across the audit practice as a whole. The Committee hears a report from each partner's Counselling Partner on his/her individual performance for the year. Finally, as part of its deliberations, the Remuneration Committee also receives and considers presentations from the Heads of Audit, Tax and Legal Services, Deal Advisory and Consulting, Markets, Risk Management, and People and Operations setting out an assessment of the quality of work performed by each partner during the year under review.

The Remuneration Committee details its findings and its recommendations in relation to profit allocations in a report at the end of the review process which is then circulated to all partners for their approval before the profit allocations for the year are finalised. Partner remuneration comprises primarily a predetermined proportion of the profits arising which reflects the seniority and experience of each partner.

In addition to the profit share as described above, certain partners also receive a bonus payment, or special award, based on a number of criteria.

Our policies for all elements of partner remuneration take into account a number of factors including the quality of work, the link between quality and partner remuneration, excellence in client service, growth in revenue and profitability, leadership and supporting the firm's values.

Audit partners (plus other non-audit specialist partners who are members of the audit team) are not permitted to have any objectives related to, or receive any remuneration based on, selling non-audit services to the firm's audit clients.



# 7

# Network arrangements

## 7.1 Legal structure

KPMG in Ireland is affiliated with KPMG International Cooperative (“KPMG International”). KPMG International is a Swiss cooperative which is a legal entity formed under Swiss law. Prior to 1 October 2020 it was the coordinating entity for the network and the entity with which all the member firms of the KPMG organisation were required to be affiliated with. Further details about KPMG International and its business activities, including our relationship with it for the financial year ending 30 September 2020, are available in the ‘Governance and leadership’ section of the [2019 report](#)<sup>8</sup>.

KPMG is the registered trademark of KPMG International and is the name by which the member firms are commonly known. The rights of member firms to use the KPMG name and marks are contained within agreements with KPMG International.

Pursuant to their membership agreements with KPMG International, member firms are required to comply with KPMG International’s policies, including quality standards governing how they operate and how they provide services to clients to compete effectively. This includes being professional and financially stable, having an ownership, governance and management structure that ensures continuity and stability and long term success and being able to comply with policies issued by KPMG International, adopt global strategies, share resources (incoming and outgoing), service multi-national clients, manage risk, and deploy global methodologies and tools.

KPMG International is an entity that is legally separate from each member firm. KPMG International and the member firms are not a global partnership, joint venture, or in a principal or agent relationship or partnership with each other. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm.

The name of each audit firm that is a member of the organisation and the EU/EEA countries in which each firm is qualified as a statutory auditor or has its registered office, central administration or principal place of business are available in Appendix 3.

### *Legal structure from 1 October 2020*

On 1 October 2020, KPMG in Ireland and all other KPMG firms entered into new membership and associated documents, the key impact of which is that all KPMG member firms in the KPMG global organisation became members in, or have other legal connections to, KPMG International Limited, an English private company limited by guarantee. From 1 October 2020, KPMG International Limited acts as the coordinating entity for the overall benefit of the KPMG member firms. It does not provide professional services to clients. Professional services to clients are exclusively provided by member firms.

Further detail on the revised legal and governance arrangements for the KPMG global organisation from 1 October 2020 can be found in section ‘Governance and leadership’ of the [2020 KPMG International Transparency Report](#)<sup>9</sup>.

KPMG International Limited and the KPMG member firms are not a global partnership, single firm, multinational corporation, joint venture, or in a principal or agent relationship or partnership with each other. No member firm has any authority to obligate or bind KPMG International Limited, any of its related entities or any other member firm vis-à-vis third parties, nor does KPMG International Limited or any of its related entities have any such authority to obligate or bind any member firm.

### *Total turnover achieved by EU/EEA audit firms resulting from the statutory audit of annual and consolidated financial statements\**

Aggregated revenues generated by KPMG firms, from EU and EEA Member States resulting from the statutory audit of annual and consolidated financial statements was 2.8 billion euros during the year ending 30 September 2020. The EU/EEA aggregated statutory audit revenue figures are presented to the best extent currently calculable and translated at the average exchange rate prevailing in the 12 months ended 30 September 2020.

\*The financial information set forth represents combined information of the separate KPMG firms from EU and EEA Member States that perform professional services for clients. The information is combined here solely for presentation purposes. KPMG International performs no services for clients nor, consequently, generates any client revenue.

8. <https://assets.kpmg/content/dam/kpmg/xx/pdf/2019/12/2019-transparency-report.pdf>

9. <https://home.kpmg/xx/en/home/about/kpmg-international-transparency-report.html>

## 7.2 Responsibilities and obligations of member firms

Under agreements with KPMG International, member firms are required to comply with KPMG International's policies and regulations including quality standards governing how they operate and how they provide services to clients to compete effectively. This includes having a firm structure that ensures continuity and stability and being able to adopt global strategies, share resources (incoming and outgoing), service multi-national clients, manage risk, and deploy global methodologies and tools.

Each member firm takes responsibility for its management and the quality of its work. Member firms commit to a common set of KPMG values.

KPMG International's activities are funded by amounts paid by member firms. The basis for calculating such amounts is approved by the Global Board and consistently applied to the member firms. A firm's status as a KPMG member firm and its participation in the KPMG network may be terminated if, among other things, it has not complied with the policies set by KPMG International or any of its other obligations owed to KPMG International.

## 7.3 Professional indemnity insurance

Insurance cover is maintained in respect of professional negligence claims. The cover provides a territorial coverage on a worldwide basis and is principally written through a captive insurer that is available to all KPMG member firms.

## 7.4 Governance structure

The key governance and management bodies of KPMG International are the Global Council, the Global Board, and the Global Management Team.

### *Global Council*

The Global Council focuses on high-level governance tasks and provides a forum for open discussion and communication among member firms.

Among other things, the Global Council elects the Global Chairman and also approves the appointment of Global Board members. It includes representation from 61 KPMG firms that are "members" of KPMG International as a matter of Swiss law. Sublicensee firms<sup>1</sup> are generally indirectly represented by a member.

### *Global Board*

The Global Board is the principal governance and oversight body of KPMG International. The key responsibilities of the Global Board include approving global strategy, protecting and enhancing the KPMG brand and reputation, overseeing the Global Management Team and approving policies with which KPMG firms are required to comply.

The Global Board includes the Global Chairman, the Chairman of each of the three regions (the Americas; Asia Pacific (ASPAC); and Europe, the Middle East, and Africa (EMA)) and a number of senior partners of member firms.

It is led by the Global Chairman, and also includes the Chairman of each of the regions and a number of other member firm senior partners. The list of current Global Board members is set out [here](#)<sup>10</sup>.

One of the other Global Board members is elected as the lead director by those Global Board members who are not also members of the Executive Committee of the Global Board ("non-executive" members). A key role of the lead director is to act as liaison between the Global Chairman and the "non-executive" Global Board members.

### *Global Management Team*

The Global Board has delegated certain responsibilities to the Global Management Team. These responsibilities include developing the global strategy by working together with the Executive Committee, and jointly recommending the global strategy to the Global Board for its approval. The Global Management Team also supports the member firms in their execution of the global strategy and is responsible for holding them accountable against their commitments.



<sup>10</sup> <https://home.kpmg/xx/en/home/about/who-we-are/ourleadership.html>

It is led by the Global Chairman and includes the Global Chief Operating Officer, Global Chief Administrative Officer, global function and infrastructure heads, the Global Head of Quality, Risk and Regulatory and the General Counsel.

The list of current Global Management Team members is available in the [Leadership](#)<sup>11</sup> section on KPMG.com

### *Global Steering Groups*

There is a Global Steering Group for each key function and infrastructure area, chaired by the relevant member of the Global Management Team, and together they assist the Global Management Team in discharging its responsibilities. In particular the Global Audit Steering Group and Global Quality & Risk Management Steering Group work closely with regional and member firm leadership to:

- Establish, and ensure communication of, appropriate audit and quality/risk management policies;
- Establish and support effective and efficient risk processes to promote audit quality;
- Promote and support strategy implementation in member firms’ audit functions, including standards of audit quality; and
- Assess and monitor audit quality issues, including those arising from quality performance and regulatory reviews, and focus on best practices that reduce audit quality findings.

The roles of the Global Audit Steering Group and the Global Quality & Risk Management Steering Group are detailed in section ‘Governance and leadership’ of the [2019 KPMG International Transparency Report](#)<sup>12</sup>.

Each firm is part of one of three regions (the Americas, ASPAC, and EMA). Each region has a Regional Board comprising a regional chairman, regional chief operating officer, representation from any sub-regions, and other members as appropriate. Each Regional Board focuses specifically on the needs of member firms within their region and assists in the implementation of KPMG International’s policies and processes within the region.

Further details about KPMG International including the governance arrangements for the year ending 30 September 2020, can be found in section ‘Governance and leadership’ of the [2019 KPMG International Transparency Report](#)<sup>12</sup>.

## **7.5 Area Quality & Risk Management Leaders**

The Global Head of Quality, Risk and Regulatory appoints Area Quality & Risk Management Leaders (ARL) who serve a regular and ongoing monitoring and consultation function to assess the effectiveness of a member firm’s efforts and processes to identify, manage and report significant risks that have the potential to damage the KPMG brand. Significant activities of the ARL, including member firm issues identified and related member firm response/remediation, are reported to GQ&RM leadership. The objectives of the ARL role are to:

- assist GQ&RM leadership in the monitoring of member firms’ quality and risk activities;
- work with GQ&RM leadership and the International Office of General Counsel (IOGC) when significant brand and legal risk issues occur to assist in ensuring that matters are properly handled; and
- assist in monitoring the effectiveness of firm remediation of significant issues, including identification of the root cause(s) of serious quality incidents.



11. <https://home.kpmg/xx/en/home/about/who-we-are/our-leadership.html>

12. <https://home.kpmg/xx/en/home/campaigns/2019/12/kpmg-international-transparency-report.html>

# 8

## Statement by the Policy Committee of KPMG in Ireland on the effectiveness of quality controls and independence

The measures and procedures that serve as the basis for the system of quality control for KPMG in Ireland outlined in this report, aim to provide a reasonable degree of assurance that the statutory audits carried out by our firm comply with the applicable laws and regulations. Because of its inherent limitations, the system of quality controls is not intended to provide absolute assurance that non-compliance with relevant laws and regulations would be prevented or detected.

Our Policy Committee has considered:

- the design and operation of the quality control systems as described in this report;
- the findings from the various compliance programmes operated by our firm (including the KPMG International Review Programs as described in Section 3.8 and our local compliance monitoring programmes); and
- findings from regulatory inspections and subsequent follow up and/or remedial actions.

Taking all of this evidence together, the Policy Committee confirms with a reasonable level of assurance that the systems of quality control within our firm have operated effectively in the year to 31 December 2020.

Further, the Policy Committee confirms that an internal review of independence compliance within our firm has been conducted in the year to 31 December 2020.

### **Policy Committee**

KPMG in Ireland

14 April 2021



# Appendices



# Appendix 1: Leadership roles

## Executive Team



**Seamus Hand**  
- Managing Partner



**Hugh Crehan**  
- Head of Markets: Financial Services



**Sean O'Keefe**  
- Head of Audit



**Emer McGrath**  
- Head of Markets: CGE



**Tom Woods**  
- Head of Tax & Legal Services



**Declan Keane**  
- Head of Markets:  
Investment & Innovation



**Mark Collins**  
- Head of Deal Advisory



**Colm Gorman**  
- Head of People & Operations  
- Member of Global HR Steering Group



**Paul Toner**  
- Head of Consulting



**Mark Mulqueen**  
- Head of Finance & Administration



**David Wilkinson**  
- Head of Risk Management

## Policy Committee



**Seamus Hand**  
- Managing Partner / Chairman



**Kieran O'Brien**  
- Consulting Partner / Secretary



**Niamh Marshall**  
- Audit Partner



**Kieran Wallace**  
- Deal Advisory Partner



**Cliona Mullen**  
- Audit Partner



**David Meagher**  
- Audit Partner



**Jim Clery**  
- Tax Partner



**Johnny Hanna**  
- Tax Partner



**Ian Nelson**  
- Consulting Partner



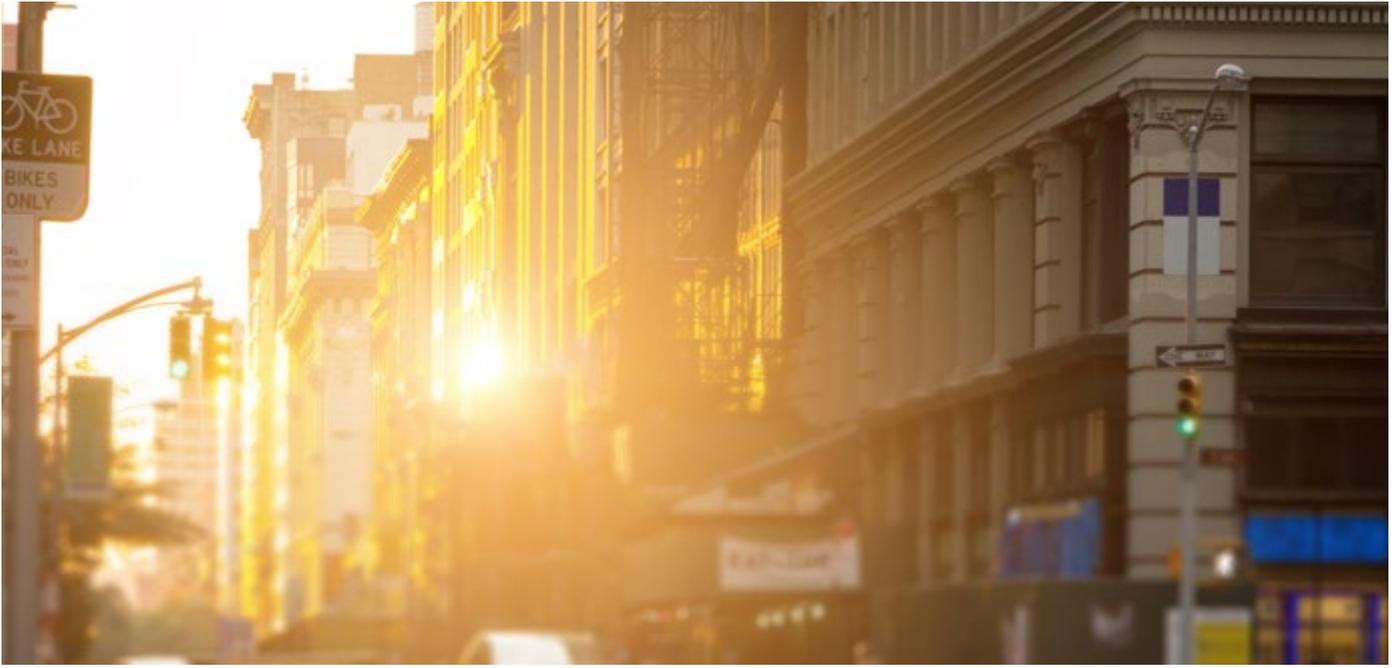
**Kevin Cohen**  
- Tax Partner

# Appendix 2:

## Public interest entities

This list includes those audit clients for whom KPMG in Ireland issued an audit opinion between 1 January 2020 and 31 December 2020 that were public interest entities as defined in the European Union (Statutory Audits) (Directive 2006/43/EC, as amended by Directive 2014/56/EU and Regulation (EU) No 537/2014) Regulations 2016 (S.I. No. 312 of 2016).

Acorn Life Designated Activity Company	Dilosk RMBS No.3 Designated Activity Company
Adidas International Re Designated Activity Company	Diversification Strategy Fund Public Limited Company
Amtrust International Underwriters Designated Activity Company	ECCU Assurance Designated Activity Company
Amundi Physical Metals Public Limited Company	Epsilon
Arkema Insurance Designated Activity Company	Euro Insurances Designated Activity Company
Bank of Ireland Group Public Limited Company	Everest Reinsurance Company (Ireland) Designated Activity Company
Bank of Ireland Mortgage Bank	Fidelis Insurance Ireland Designated Activity Company
Barclays Bank Ireland Public Limited Company	Flutter Entertainment Public Limited Company
Belfast Gas Transmission Financing Public Limited Company	Fresenius Finance Ireland Public Limited Company
Brunel Residential Mortgage Securitisation No.1 Public Limited Company	GE Capital European Funding Unlimited Company
Bupa Global Designated Activity Company	Glenveagh Properties Public Limited Company
Cairn Homes Public Limited Company	Global Insurance Settlements Funds Public Limited Company
Carador Income Fund Public Limited Company	Green Effects Investment Public Limited Company
Catalina Insurance Ireland Designated Activity Company	Grenke Finance Public Limited Company
Citibank Europe Public Limited Company	Heta Funding Designated Activity Company
Citizen Irish Auto Receivables Trust 2017 Designated Activity Company	HSBC ETFs Public Limited Company
Citizen Irish Auto Receivables Trust 2018 Designated Activity Company	HSBC Global Liquidity Funds Public Limited Company
Codeve Insurance Company Designated Activity Company	Ignis Strategic Solutions Funds Public Limited Company
Dalata Hotel Group Public Limited Company	ING Captive Re Designated Activity Company
DCC Group Insurances Designated Activity Company	Intesa Sanpaolo Bank Ireland Public Limited Company
DCC Public Limited Company	Intesa Sanpaolo Life Designated Activity Company
Dilosk RMBS No.1 Designated Activity Company	Inveralmond Insurance Designated Activity Company
	Irish Residential Properties REIT Public Limited Company
	Kenmare Resources Public Limited Company



Kingspan Group Public Limited Company

KraneShares ICAV

LBB Finance (Ireland) Public Limited Company

Magna Umbrella Fund Public Limited Company

Mainstay Medical International Public Limited Company

Marriott International Funds Public Limited Company

MMC Finance Designated Activity Company

Moyle Interconnector (Financing) Public Limited Company

Navillus Insurance Company Designated Activity Company

New Ireland Assurance Company Public Limited Company

North of England P&I Designated Activity Company

Oaks Emerging Umbrella Fund Public Limited Company

Pan Insurance Designated Activity Company

Pharma International Insurance Designated Activity Company

Premier Transmission Financing Public Limited Company

Prudential International Assurance Public Limited Company

RSA Insurance Ireland Designated Activity Company

Ryanair Designated Activity Company

Ryanair Holdings Public Limited Company

Seamair Insurance Designated Activity Company

Slandia Finance (Ireland) Designated Activity Company

Smurfit Kappa Group Public Limited Company

Sofinsod Insurance Designated Activity Company

Squadron Reinsurance Designated Activity Company

Star Compass Public Limited Company

The Governor and Company of the Bank of Ireland

TransAlp 1 Securities Public Limited Company

Travelers Insurance Designated Activity Company

VanEck Vectors UCITS ETFs Public Limited Company

# Appendix 3:

## List of KPMG audit entities located in EU/EEA

This is a list of KPMG audit firms as defined in Article 2 (3) of EU Directive 2006/43/EC which are located in EU/EEA countries. It has been prepared solely for the purpose of compliance by KPMG member firms with Regulation (EU) No 537/2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC. It is prepared on behalf of KPMG International Limited, a company limited by guarantee incorporated in England and Wales, which provides no professional services to clients. To the best of our knowledge, the list is accurate as of 1 October 2020. However, we cannot and do not warrant its accuracy at any given time.

<b>Location</b>	<b>Firm Name</b>
Austria	KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (Wien)
Austria	KPMG Alpen-Treuhand GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (Wien)
Austria	KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (Linz)
Austria	KPMG Niederösterreich GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
Belgium	KPMG Bedrijfsrevisoren / KPMG Réviseurs d'Entreprises
Bulgaria	KPMG Audit OOD
Croatia	KPMG Croatia d.o.o. za reviziju
Cyprus	KPMG
Cyprus	KPMG Limited
Czech	Republic KPMG Česká republika Audit, s.r.o.
Denmark	KPMG P/S
Estonia	KPMG Baltics OÜ
Finland	KPMG Oy Ab
Finland	KPMG Julkistarkastus Oy
France	KPMG Associés S.A.
France	KPMG Audit Est S.A.S.
France	KPMG Audit FS I S.A.S.
France	KPMG Audit ID S.A.S.
France	KPMG Audit IS S.A.S.
France	KPMG Audit Nord S.A.S.
France	KPMG Audit Ouest S.A.S.
France	KPMG Audit Paris et Centre S.A.S.
France	KPMG Audit Rhône Alpes Auvergne S.A.S.

<b>Location</b>	<b>Firm Name</b>
France	KPMG Audit Sud-Est S.A.S.
France	KPMG Audit Sud-Ouest S.A.S.
France	KPMG Fiduciaire de France
France	KPMG SA
France	SALUSTRO REYDEL S.A.
Germany	KPMG AG Wirtschaftsprüfungsgesellschaft
Germany	KPMG Bayerische Treuhandgesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft
Gibraltar	KPMG Limited
Greece	KPMG Certified Auditors A.E.
Greece	KPMG Auditing A.E.
Hungary	KPMG Hungária Kft./KPMG Hungary Ltd.
Iceland	KPMG ehf.
Ireland	KPMG
Italy	KPMG S.p.A.
Italy	KPMG Audit S.p.A.
Latvia	KPMG Baltics AS
Liechtenstein	KPMG (Liechtenstein) AG
Lithuania	'KPMG Baltics' UAB
Luxembourg	KPMG Luxembourg
Malta	KPMG
Netherlands	KPMG Accountants N.V.
Norway	KPMG Holding AS
Norway	KPMG AS
Poland	KPMG Audyt Services Sp z.o.o.
Poland	KPMG Audyt Sp. Z ograniczoną odpowiedzialnością
Poland	KPMG Audyt Sp. Z ograniczoną odpowiedzialnością Spółka Komandytowa
Portugal	KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A.
Romania	KPMG Audit SRL
Slovakia	KPMG Slovensko spol. s r.o.
Slovenia	KPMG Slovenija, podjetje za revidiranje, d.o.o.
Spain	KPMG Auditores, S.L.
Sweden	KPMG AB
United Kingdom	KPMG LLP
United Kingdom	KPMG Audit Holdings Limited
United Kingdom	KPMG Audit Plc
United Kingdom	KPMG Holdings Limited
United Kingdom	KPMG Overseas Services Limited





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