



# KPMG Clara

## **A smart audit platform**

Bringing together our powerful data & analytics capabilities, innovative new technologies and proven audit workflow, we introduce our new smart audit platform — KPMG Clara. It's a powerful yet simple, agile and intelligent platform that can enhance audit quality and bring you deeper actionable insights in real time.

KPMG International

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[kpmg.com](http://kpmg.com)



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# Introduction

## A new era for KPMG's Dynamic Audit

The fundamentals behind today's audit standards were written 50 years ago — and yet the world has changed almost beyond recognition since. It just hasn't been feasible to take all of an organization's transactions across all divisions and analyze them. Sophisticated sampling techniques are applied to data prior to analysis. And this is fully fit for purpose. But our world is changing. Moment to moment. It stands to reason that our audit technology needs to continue to evolve. Today, KPMG firms' auditors can empower their judgment, experience and skepticism with new technologies, data science and sophisticated analysis.

That's why KPMG's network of member firms\* are launching our new smart audit platform — KPMG Clara. Automated, agile, intelligent and scalable, KPMG Clara allows our people to work smarter, bringing all of our powerful data & analytics (D&A) capabilities into one interface. It will allow you to interact with us online, on a real-time basis as we conduct the audit, bringing you greater and more relevant insights. It is part of our commitment to maintaining and enhancing audit quality.\*\*

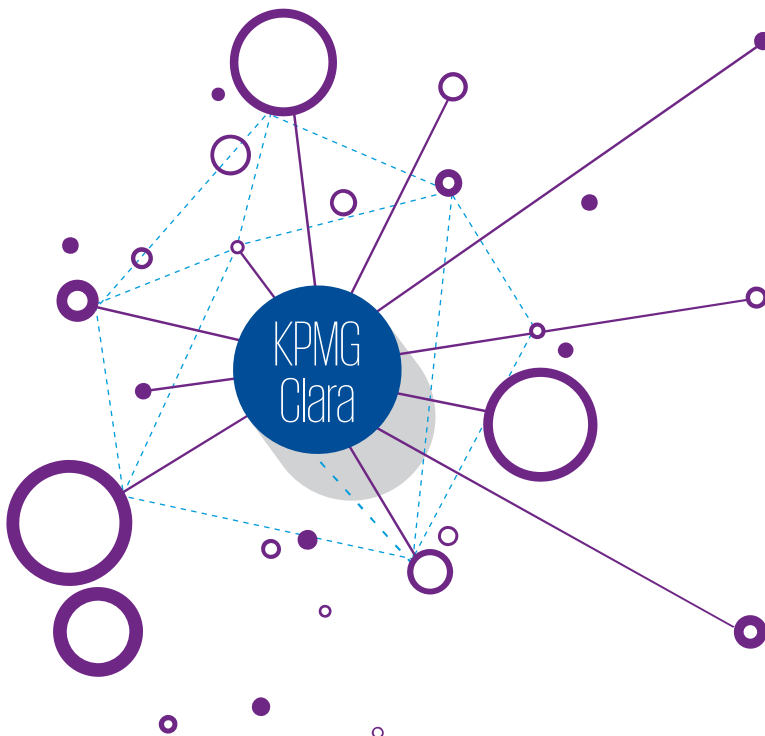
We will be able to have more focused and targeted conversations with you about specific issues or exceptions — deepening the value of the audit you receive.

## Need more information?

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## What's in a name?



KPMG Clara brings together our globally deployed audit platform, advanced D&A solutions and future innovations.

Definition: derived from the Latin word 'clarus' meaning 'bright' or 'clear'.

KPMG Clara empowers KPMG audit professionals to see things with greater clarity and generate deeper and richer insights.

\* All references to 'us' and 'we' throughout this document refer to KPMG's network of member firms.

\*\* A quality audit is the cornerstone of our audit approach. As business evolves and technology advances, our relentless focus on audit quality remains unwavering. For more information on our commitment to audit quality, please refer to KPMG International's 2017 Transparency Report.

# The future at your fingertips

**77%** of CEOs are concerned about whether their organization is keeping up with new technologies.

Source: 2016 Global CEO Outlook, KPMG International.

**Technology and data are changing how all of us work. This has significant impact on how we access and use data: investors to inform their decisions, auditors to inform their judgment and skepticism, and corporations and their governance bodies to run and oversee their business. Ever more sophisticated tools are leading to an explosion of data. Making sense of this, and accessing the value of it, is the challenge that leaders face across industries.**

## **KPMG's Dynamic Audit can illuminate the situation**

KPMG has been investing significantly in evolving audit capabilities in recent years — a global electronic audit workflow, and advanced capabilities leveraging data, automation, and visualization. We live in an interconnected world where data moves faster than the speed of thought. D&A is integral to KPMG member firms' offerings — the way they obtain audit evidence and interact with clients in the digital era. The time has come for us to unify our proven innovations into one powerful, intelligent platform — a platform that is agile, scalable and ready to integrate future innovations, like cognitive and artificial intelligence.

### **Meet KPMG Clara**

KPMG Clara is the next era in our evolving dynamic audit. An intelligent platform rooted in KPMG's audit methodology and international auditing standards, it allows our people to work smarter, driving enhanced audit quality through expanded analytics capabilities.

Through alliances with some of the world's most advanced technology companies — Microsoft, IBM Watson to date — we are building the future of audit, aligning with technology leaders to bring new insights faster and, with

growing capabilities, deliver even more value through KPMG member firm audits.

## **Audit's elegance is in the details**

In today's world, our lives are enriched by increasingly connected and collaborative experiences. Now, your audit is too. For you, KPMG Clara will become your digital connection to KPMG firms, providing one coherent, interconnected ecosystem. It's a collaborative and interactive environment in which two-way and interactive communication between you and the audit team is hugely enhanced. Giving you greater visibility into your audit, and access to deeper levels of information, it offers a new and richer experience.

Through KPMG Clara, member firms can provide powerful insights into your business that you may not have known were possible, and give them to you on a real-time basis as the start of a focused, meaningful discussion — driving a better quality audit. KPMG Clara can unleash the potential of your data by helping you see meaningful patterns across business units and geographies, and at a deeper level than before, giving you a more holistic view of your customer and competitive environment.

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KPMG named a Leader of The Forrester Wave™: Insights Service Providers, Q1 2017

KPMG D&A capabilities allow KPMG to use technology to analyze 100 percent of a population, rather than applying sampling techniques. By developing algorithms that use statistical sciences that are similar to sampling today, but consider other data points as well, our analytical procedures are more robust. Unified into one hub, KPMG firms can provide an innovative and value-adding experience.

## New perspectives

Audit evidence and business insight are two sides of the same data. The D&A-enabled audit leverages the data we are already examining for the audit and turns it into insights for the benefit of audit committees and management. This will be enhanced through KPMG Clara. The insights that member firms will provide through KPMG Clara will help professionals and key stakeholders see the business from a different perspective — whether through benchmarking and peer comparison, use of external and unstructured data, or insight from KPMG's recognized industry expertise. Investors, for example, are increasingly basing their decisions on unstructured data — reputation, customer experience, and economic indicators — that may not

exist in your own systems. We are developing capabilities to bring this data into the scope of the audit.

KPMG Clara aims to provide clear, understandable visualizations of unusual activity in your financial data. By focusing more on the exceptions and outliers for your business, we will be able to enter into more focused conversations with you about risks, and what they mean for the audit and your business.

## Predictive analytics and cognitive technologies

We see innovation as a continuum of evolution — not a series of replacement parts. KPMG Clara will evolve over time, adopting added capabilities and harnessing new technology as it matures — so that the level of insight our audit brings to you can also increase. Predictive analytics capabilities will be developed further, enabling KPMG firms to take information from multiple sources and apply it to the outlook and risks facing your business; using the latest in visualization techniques, we can visualize the impact of various scenarios on asset projections; while cognitive technologies such as artificial intelligence (AI) and machine learning\*,

through our partnership with IBM Watson, will also become increasingly incorporated into the audit. Initially enabling us to analyze unstructured data, cognitive computing can enable auditors to obtain evidence and insights that allow them to make decisions and conclusions about the areas of audit focus. In the future, cognitive technologies can also allow auditors to obtain and analyze information from non-traditional sources, such as all forms of media — print, digital and social — and, combined with other information, draw a deeper, more robust understanding of potential business risks.

## The digital future

Through KPMG Clara the judgment and professional skepticism of KPMG's audit professionals are now further empowered by intelligent automation and innovative analytics capabilities. Along with higher audit quality, you will receive greater and more actionable insights as the audit progresses.

KPMG Clara is the beginning of a new era for the audit — a gateway into the digital future.

### \* What is the difference between cognitive technology, artificial intelligence and machine learning?

The three terms are often used relatively interchangeably, but there are some key differences. Cognitive technologies utilize the principles in artificial intelligence (AI) and machine learning — but need some element of human judgment or interpretation to act upon information and deliver an outcome. AI is the concept of machines being able to carry out tasks in a way that we would consider 'smart'; while machine learning is an application of AI in which machines can 'learn' from results. AI or machine learning may result in a set of data and resulting actions; with cognitive technology, a human will be involved in the loop in making a final decision. This leads some to describe cognitive technology systems as 'augmented intelligence', i.e. machine + human, rather than merely 'artificial intelligence'.

# KPMG Clara

An automated, agile, intelligent and scalable technology, KPMG Clara allows you to interact with KPMG firms online, on a real-time basis as we conduct the audit, bringing you greater and more relevant insights.

## Collaboration in the audit

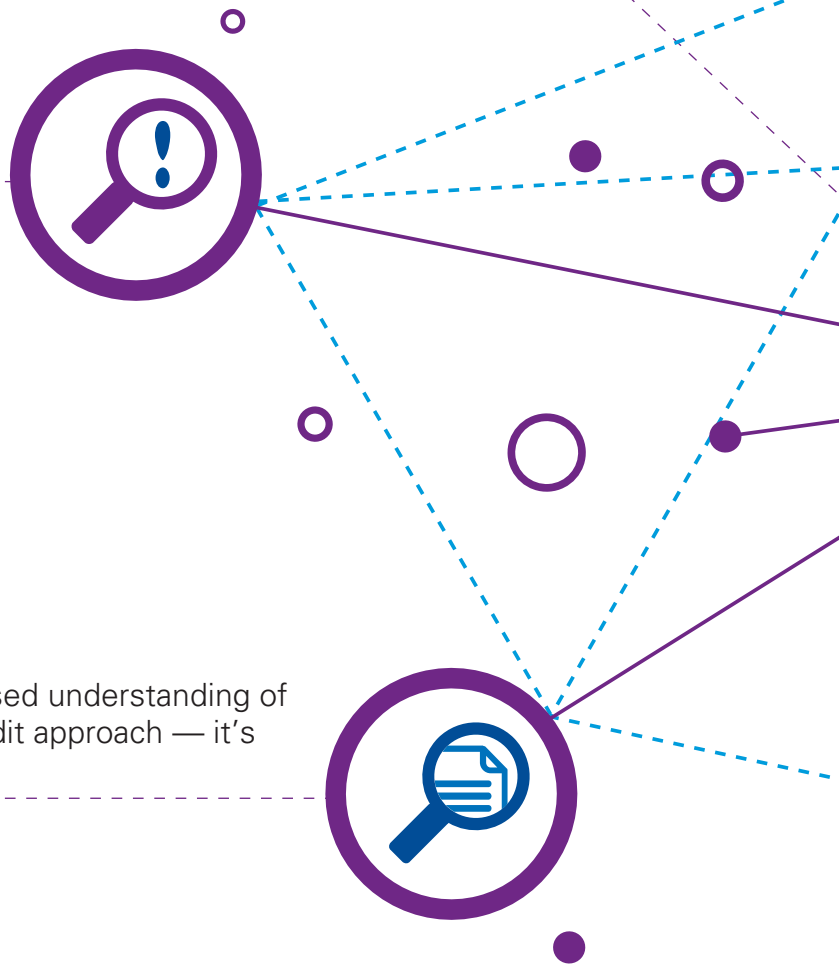
Your KPMG Audit home page gives you real-time access to information, insights, and alerts from your engagement team.

## Issue identification

Stay up-to-date on audit progress, risks, and findings — before issues become events.

## A fresh perspective

Our technology provides teams with a risk-based understanding of significant accounts to help them build the audit approach — it's fundamental to our audit.





KPMG  
Clara



### **Analysis of complete populations**

KPMG's teams apply powerful analysis to quickly screen, sort, and filter 100% of your journal entries based on high-risk attributes.



### **Data-driven risk assessment**

Automated identification of transactions with unexpected or unusual account combinations — helping focus on higher risk transactions and outliers.



### **Deep industry insights**

At the very heart of our commitment to bringing intelligence to every aspect of interactions with clients, KPMG brings clarity to complex issues, regulation and standards wherever they appear across the globe.



**Real benefits today. Ready for tomorrow.**

# Our relentless focus on audit quality

## Building public trust

### Our culture

Quality — everyone's responsibility 	Global policies 
Culture of consultation 	Ethics & independence 





### Our people

Recruitment 	Continuous development & coaching 
Performance & reward 	Resourcing 

### Our approach

Consistent methodology 	Robust challenge & review 
Effective communication 	Innovative tools & technology 

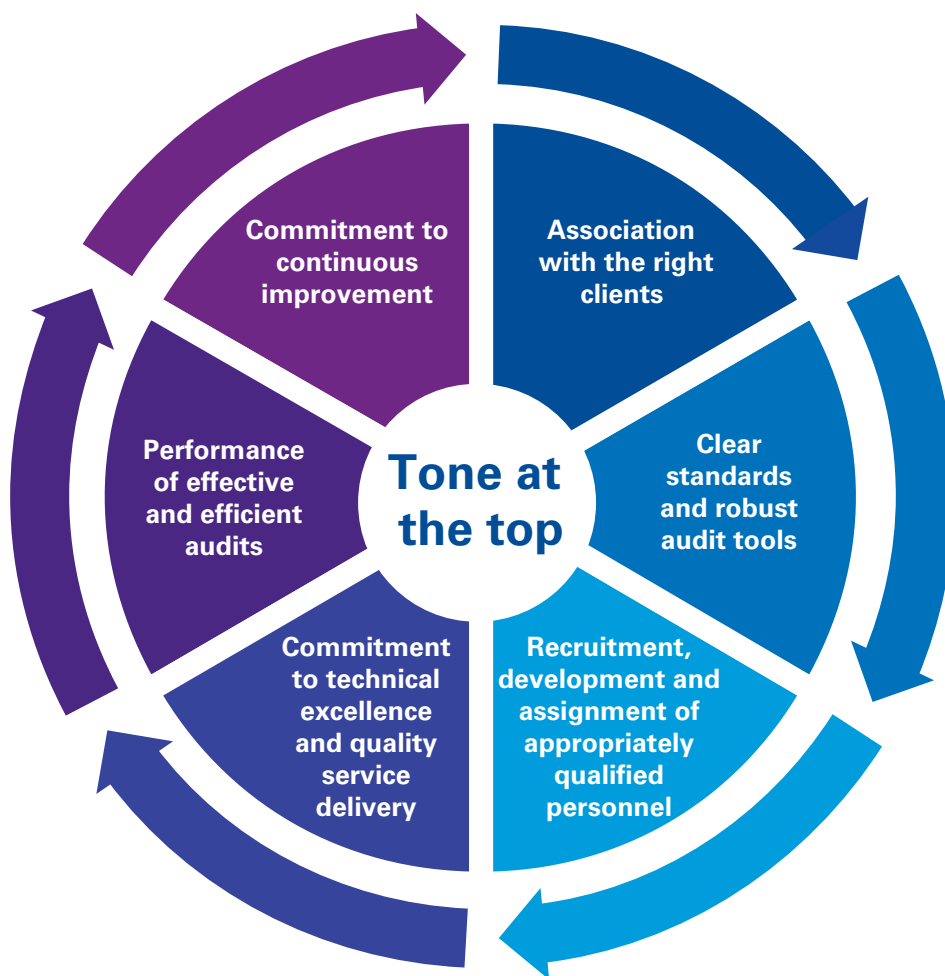
### Our monitoring

Quality & compliance programs 	Root cause analysis 
External feedback & dialogue 	Remedial actions 



# Audit quality framework

A relentless focus on audit quality underpinned by professional skepticism, independence and strong professional capabilities



These are the cornerstones of how we execute our responsibilities

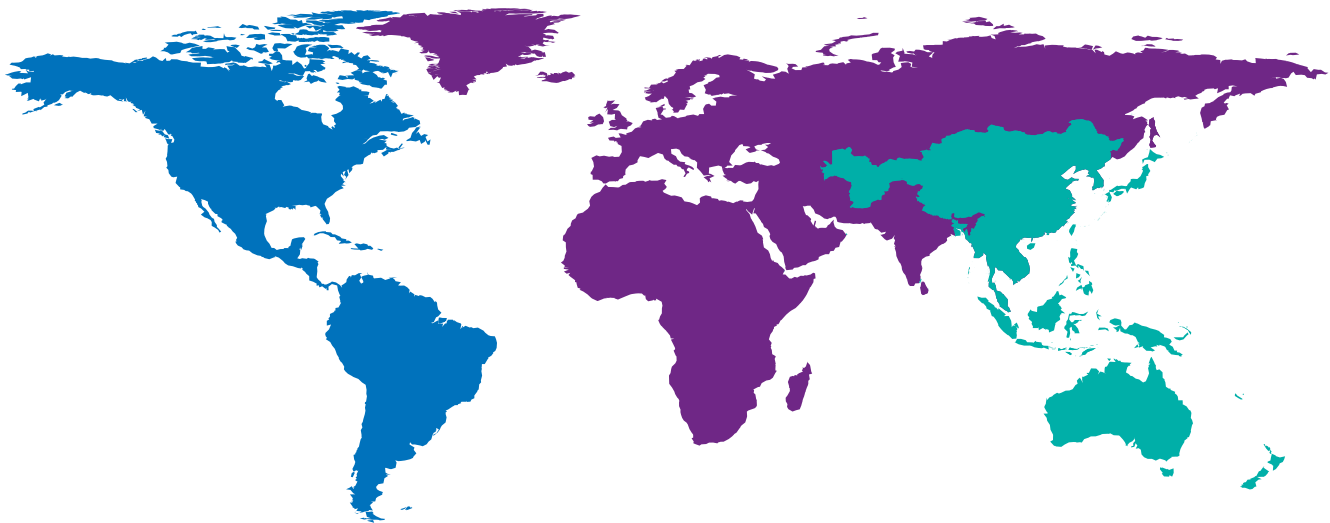
# Our people

Over 75,000 audit and client service professionals worldwide

Americas  
25%

EMA  
50%

Asia Pacific  
25%



FY17

Member firm partners approximately 4,000

Professionals approximately 71,000

Clients served 20% of Global Fortune 500 companies

The financial information set forth represents combined information of the separate KPMG member firms that perform professional services for clients. The information is combined here solely for presentation purposes. KPMG International performs no services for clients nor, concomitantly, generates any client revenue.

FY17: 1 October 2016 — 30 September 2017



# Our values

**Our values create a sense of shared identity. They define what we stand for and how we do things. Our values help us to work together in the most effective and fulfilling way.**

We **lead by example** at all levels we act in a way that exemplifies what we expect of each other and our member firms' clients.

We **work together** to bring out the best in each other and create strong and successful working relationships.

We **respect the individual** for who they are and for their knowledge, skills and experience as individuals and team members.

We **seek the facts and provide insight** by challenging assumptions and pursuing facts to provide insight as trusted and objective business advisers.

We **are open and honest** in our communication and share information, insight and advice frequently and constructively manage tough situations with courage and candor.

We **are committed to our communities** to act as responsible corporate citizens by broadening our skills, experience and perspectives through work in our communities.

Integrity is a critical characteristic that stakeholders expect and rely on. Therefore, above all, we **act with integrity** and are constantly striving to uphold the highest professional standards, provide sound advice and rigorously maintain our independence.

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Designed by Evalueserve.

Publication name: KPMG Clara — a smart audit platform

Publication number: 134376-G

Publication date: June 2018