



TRANSPARENCY REPORT 2022



KPMG AUSTRALIA

Contents

01.

03 **About this report**
04 **Our year at a glance**

05 **Foreword**
06 **Introduction**

02.

07
**Living our culture
and values**

03.

11
**Embracing digital
technology**

04.

15
**Applying expertise
and knowledge**

05.

21
**Nurturing diverse
skilled teams**

06.

33
**Associating with the right
clients and engagements**

07.

36
**Being independent
and ethical**

08.

39
Assessing risks to quality

09.

41
Communicating effectively

10.

44
Performing quality engagements

11.

48
Monitoring and remediation

12.

57
Financial information

13.

59
Partner remuneration

14.

61
Network arrangements

15.

65
**Statement by the board on the
effectiveness of quality control**

16.

67
Appendices

About this report

This is KPMG's Transparency Report for the financial year ended 30 June 2022. This report focuses on how we drive audit quality, our systems of quality control, and the initiatives we are continuously pursuing to improve it. We see audit quality as fundamental to maintaining public trust in the capital markets and the financial reports issued by audited organisations. We are committed to being a leader in audit quality.

KPMG defines audit quality as being 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
- undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.¹

Our commitment to audit quality

When we talk about how we are striving to maintain and improve quality, it is not an abstract aspiration. Quality is fundamental to our purpose, and we constantly monitor and evaluate it.

We recognise that greater transparency is needed for the public to gain insight into audit services. This report outlines KPMG's approach and commitment to audit quality, including actions taken to enhance audit quality during the year.

This report aligns with our Global KPMG Quality Framework. The framework describes how our commitment to integrity and quality lies at the heart of the way we do things at KPMG.

Our report covers² the activities of KPMG Australia³ for the financial year to 30 June 2022, and all figures disclosed in this report are as at 30 June each financial year, unless otherwise stated.

1 KPMG's definition is consistent with and builds on Australian Securities and Investments Commission (ASIC)'s definition of audit quality — see ASIC information sheet INFO 222 Improving and maintaining audit quality, June 2017

2 Audit activities occur in our External Audit business unit within the Audit Assurance & Risk Consulting division and within the Enterprise division. The Enterprise division serves private and mid-market clients

3 KPMG Australia, KPMG Fiji and KPMG Papua New Guinea (PNG) formed a South Pacific Practice effective from 1 July 2021. The operations of KPMG Fiji and KPMG PNG are not captured as part of this report. Refer to Appendix 1 'Key legal entities and areas of operation'

Our year at a glance

Our team

109

Audit partners

1,303

Client service staff

256

Graduates

23.6

Average years' experience of partners

145

Global secondees from KPMG network for FY22 reporting season

Our diversity

Firmwide partner targets

40%

Female partners by 2025

20%

Culturally diverse partners by 2025

Audit partners at 30 June 2022

33%

Female audit partners

9%

Culturally diverse audit partners

Our values

Integrity. Excellence. Courage. Together. For Better.

Training related misconduct investigation concluded and ethical culture program underway

Our monitoring results

Regulator findings

0

Financial reports or audit opinions relating to KPMG clients examined by ASIC were restated or reissued

30%

Of key audit areas reviewed by ASIC in 2021 where their view was the auditor did not obtain reasonable assurance that the financial report as a whole was free of material misstatement in respect of that key audit area

Client feedback

8.1

Client overall satisfaction score (out of 10)

Internal monitoring

27%

Partners reviewed through our internal monitoring program

82%

Engagements passed our internal monitoring program

Achieved a goal of approx. 500 engagement teams now using KPMG Clara workflow

Our training

#days core learning & development offered (before specialised training)

21.0

Partner & director

18.1

Senior manager & manager

24.1

Senior team member

30.6

Team member

Chartered Accountants (CA) Program

259

Staff completed program in FY22

1,871

CA exams undertaken in FY22

93%

KPMG CA program pass rate

129

Merits awarded to KPMG candidates (top 5%)

In addition, one-off training has been conducted for the implementation of KPMG Clara workflow

Foreword

It's an important time for the auditing profession.



ALISON KITCHEN
National Chairman
KPMG Australia



EILEEN HOGGETT
National Managing Partner
Audit, Assurance
& Risk Consulting
KPMG Australia

The pandemic has created significant disruption to assumptions, projections, and business models, while organisations are grappling with significant and ongoing changes to their businesses and the external environment. The extended closure of international borders continues to challenge our clients, our profession and our firm in finding suitably qualified resources. Global economic, environmental and geopolitical uncertainty now forms the backdrop to every decision. Meanwhile, community expectations of the corporate sector and public organisations continue to rise.

Change also creates opportunity. The characteristics of a good auditor have altered and expanded, making it a more exciting and rewarding career that contributes to the future of the environment and society more broadly.

In the past 12 months, we have seen the formation of the new International Sustainability Standards Board, broadening reporting and assurance to non-financial information. This will require strong audit skills to be combined with new expertise. We have experienced growing demand for assurance services, and especially around environmental, social and governance (ESG) disciplines.

Our teams have never included more specialist skill sets and we continue to hire from increasingly diverse capabilities and backgrounds, with recruits including data scientists, engineers, project managers and ESG experts.

Our people are extraordinary. Everyday our auditors show up committed to delivering high quality audits for our clients and all stakeholders. We recognise the resilience displayed by our people and appreciate the efforts of our teams in these unique and challenging times. We proactively support the wellbeing of our people as we continue to build a safe and inclusive workplace as a preferred employer.

Greater complexity in the delivery of audit has prompted discussion about professional services businesses and the place of audit within multidisciplinary structures. At KPMG, we are clear: we are committed to our multidisciplinary model that brings audit, tax, legal and advisory services under one roof. KPMG adds more value with all our experts together. We are indeed greater than the sum of our parts.

Whilst we implemented measures to help mitigate the unprecedented disruption to our profession, we report that the momentum of our audit quality improvement journey, including the multi-year implementation of our new global audit platform, KPMG Clara workflow, has been impacted. Audit quality remains our number one priority and we are working to improve this through our Audit Transformation Plan.

We are confident that our commitment to being a leader in audit quality, the stimulating work we are undertaking today, and our ambitious plans for the future position us for sustainable success.

Introduction

As a purpose-led organisation, KPMG Australia is creating a culture based on aspiration and inclusion.



JULIAN MCPHERSON
National Partner in Charge,
External Audit
KPMG Australia

While our commitment to audit quality and integrity helps define the way we work, we are only as good as our people.

KPMG's teams of experienced professionals have deep and diverse skills and capabilities. Bringing together talented people and ensuring they feel valued and rewarded is the best way to ensure we continue to deliver for our clients. While financial remuneration is important, we are expanding non-financial rewards. These include extending parental leave to 26 weeks and introducing our 'Work from Anywhere' policy, in addition to enhancing support for the physical and emotional wellbeing of our people.

With the broadening of the skillsets required in high-performing audit teams we are also offering opportunity and aspiration to our people. We have launched the KPMG Eclipse Learning Academy to further build and develop our people's capability, including a focus on digital, data and cyber skills.

By leveraging leading technologies, we are transforming the audit experience for both our clients and our teams – enabling us to focus on the issues that matter. We use data and analytics to deepen our understanding of the entities we audit, contribute to risk assessment, and provide rich objective audit evidence.

Audit quality and independence has long been a core focus for KPMG. Across the profession and around the world, audit teams are facing new and complex challenges and our team in Australia felt that impact over the past year.

While we have implemented measures to help mitigate external factors affecting the sector, undoubtedly there has been an impact on the momentum of our audit quality improvement journey, including the multi-year implementation of new global audit platform, KPMG Clara workflow.

We regularly monitor and evaluate key indicators of audit quality to ensure we identify and act on areas for continuous improvement. We recorded an increase in the relative percentage of audit quality findings reported by ASIC, 30% in 2021 against 26% in 2020. Disappointingly, we expect our 2022 results to continue this trend.

Our investment in KPMG Clara workflow continues as we move towards full implementation in 2024 and we are rolling out enhanced technical and interpersonal training for our people. We have been working constructively with stakeholders to introduce and embed improvements to our audit processes and are developing a transformational plan to enhance our systems and processes.

Our job is to continue to hold ourselves to account to ensure we achieve the potential of our people and our technology. That remains our focus.



JULIE CLEARY
National Partner in Charge,
Enterprise Audit & Assurance
KPMG Australia



02. Living our culture and values

02. Living our culture and values

We are focused on becoming a truly purpose led firm, reflecting the meaningful work we do for our clients and society.

We aim to act with clear purpose at all times, inspiring confidence and empowering change, and believe this to be particularly relevant to our audit work. Through quality audits, we aim to inspire the confidence of our clients and their investors, strengthening the capital markets and the economies in which they operate.

Our Values – Integrity, Excellence, Courage, Together, For Better – are our core beliefs, guiding and unifying our actions and behaviours. Shared across every level and in every country, jurisdiction and territory in which we operate, they are the foundation of our unique culture.

2.1

Fostering the right culture, starting with tone at the top

There are several critical components to an effective tone at the top including:

Culture and Code of Conduct:

Our commitment to audit quality is underpinned by our values which set the tone for governance and leadership.

Focused and well-articulated strategy: incorporating audit quality at all levels.

Governance structure:

this sets the formal framework for establishing, managing and monitoring audit quality.

Strong leadership and management are critical for audit quality.

2.2

Clearly articulated strategy focused on quality, consistency, trust and growth

The strategy of our audit practice, which includes business units within the Audit Assurance & Risk Consulting division and the Enterprise division, is built on a foundation of uncompromising quality. The National Managing Partner, Audit, Assurance and Risk Consulting (AARC)⁴, the National Partner in Charge, External Audit⁵, and the National Partner in Charge, Enterprise Audit & Assurance⁶ articulate this in regular communications with partners and staff.

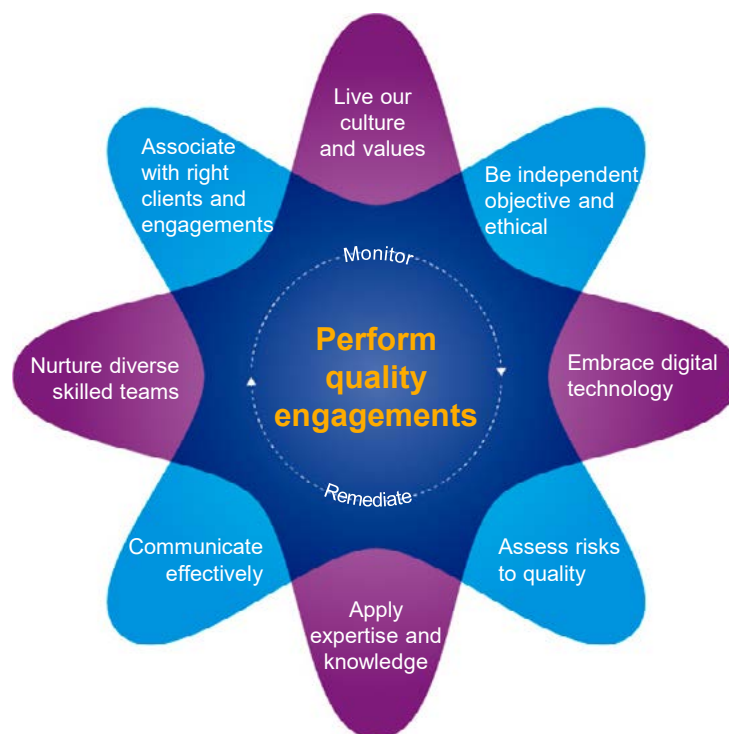
Measuring audit quality is challenging, because it is governed by a complex set of direct and indirect factors that are often obscure. Our Quality Framework covers the critical quality focus areas explicitly, including living our culture & values, embracing digital technology, applying expertise and knowledge and nurturing diverse skilled teams.

⁴ Eileen Hoggett

⁵ Julian McPherson

⁶ Julie Cleary

02. Living our culture and values



The KPMG Quality Framework⁷

2.3

Defined accountabilities, roles and responsibilities, including for leadership

Our Chairman, Alison Kitchen and our Chief Executive Officer (CEO), Andrew Yates have overall responsibility for our system of quality control and the performance of the firm. Our actions to improve audit quality are supported by leadership from the firm's National Executive Committee (NEC).

The National Partner in Charge, External Audit is directly accountable to the National Managing Partner of KPMG's AARC division, for the delivery of the firm's audit quality strategy.

The National Head of Audit Quality and the Partner in Charge, Department of Professional Practice⁸ is responsible for monitoring internal and external audit quality signals and driving actions for continuous improvement.

Together with a dedicated Divisional Risk Management Partner⁹ they are accountable to the Chief Risk Officer¹⁰ who retains overall operational responsibility for our system of quality control and risk management.

These leadership roles contain globally consistent audit quality role profiles to navigate their activities. In addition, every member of the firm's NEC has an audit quality-focused goal, and from September 2021 an Audit Quality Role Profile which feeds directly into annual performance and remuneration outcomes. This is to ensure all our senior leaders, not just auditors, understand and are held accountable for audit quality.

⁷ @2022 KPMG

⁸ Bernie Szentirmay was the National Head of Audit Quality and the Partner in Charge Department of Professional Practice for the year ended 30 June 2022, Shaun Kendrigan commenced on 1 July 2022

⁹ Marcus McArdle is the Divisional Risk Management Partner for External Audit

¹⁰ Tanya Gileman

02. Living our culture and values

2.4

Overseen with robust governance structures

Our governance structure, which sits across both AARC and Enterprise, sets the formal framework for establishing, managing and monitoring audit quality.

The National Board is the principal governance and oversight body of KPMG in Australia.¹¹ Led by the National Chairman, Alison Kitchen, the National Board's key responsibilities include overseeing the stewardship of the partnership, the successful conduct of the firm, enhancing its profile, and implementing various decisions voted on by the partners regarding the governance and operation of the partnership.

The National Board is comprised of the National Chairman, the CEO, up to seven elected positions and up to three members (who may or may not be partners of the firm and who may be independent of the firm) who are appointed by the National Board on the recommendation of the National Chairman. Audit leadership report to the NEC and the Board on Audit Quality.

Committee structures

The governance structure includes committees that have risk and quality responsibilities to oversee and influence the firm's audit quality agenda. We view risk management and quality as the responsibility of every one of our people.

These include the below.¹²

External Audit Leadership Group (ALG) and Enterprise Audit & Assurance Leadership Group (A&ALG)

These groups are the governance bodies for our external audit practice within AARC and Enterprise respectively.

The ALG is led by our National Partner in Charge, External Audit and includes the National Head of Audit Quality.

The A&ALG is led by our National Partner in Charge, Enterprise Audit & Assurance.

The groups are responsible for the development and implementation of our external audit strategy and operations.

Members of the ALG include Partners in Charge of each of the audit groups, structured by location. Audit quality is discussed by the National Head of Audit Quality during dedicated time at each meeting.

Members of the A&ALG include the Enterprise Audit & Assurance Chief Operating Officer and the Head of Audit from each of the seven states. Audit quality is discussed at each of the fortnightly meetings.

Audit Quality Committee

The Audit Quality Committee, chaired by the National Head of Audit Quality, which includes the National Partner in Charge, External Audit and the National Partner in Charge, Enterprise Audit & Assurance as members, reports to the ALG and ensures the quality of financial statement audits and associated risks are a priority for audit leadership.

Specifically, its responsibilities include:

- evaluating proposed audit initiatives to ensure the objectives and outcomes align with maintaining or enhancing audit quality. Initiatives are developed to address matters arising from internal monitoring and external inspections, root cause analysis and other relevant quality indicator and data sources
- assessing the strategic prioritisation, resourcing and timetabling of audit initiatives as they impact audit quality across all offices
- implementing global initiatives to deliver audit quality outcomes in a globally consistent manner
- overseeing the activities of the National Audit Quality Group, including its strategy, work plan and resourcing.

The National Head of Audit Quality provides bi-annual updates to the Board.

¹¹ Refer to Appendix 2 for details on the Board

¹² Further details about the firm's governance bodies are contained in '14.3 Governance structure'



03. Embracing digital technology

03. Embracing digital technology

At KPMG, we are committed to serving the public interest and bring value through continuous innovation. By leveraging leading technologies, we are transforming the audit experience for our professionals and our clients – enabling us to increase our ability to focus on the issues that matter through the data and insights provided.

3.1

Intelligent, standards-driven audit workflow

We invest in digital technology and expertise to improve audit quality by driving better audit insights, creating greater consistency, and strengthening monitoring of engagements.

We believe audit quality is best achieved when the power of smart technology is matched with inquiring minds and professional scepticism.

We are transitioning our audit workflow technology, replacing eAudIT with the KPMG Clara workflow.

3.2

The KPMG Clara workflow

Our updated audit methodology is embedded in our new 'smart' global audit platform, the KPMG Clara workflow ('the workflow').

The workflow unites in a single sharing platform our audit workflow, project planning tool, collaboration capabilities between the audit team and our client, and data and analytics capabilities to enhance quality and efficiency.

A cornerstone of our workflow is scalability – adjusting the requirements to the size and complexity of the audit engagement. It guides 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. Through it, we will enhance global audit consistency.

We significantly increased the number of engagements performed in the workflow in FY22 with approximately 500 engagement teams mainly in our Brisbane and Sydney locations using the workflow. As we look forward to FY23, we are on track to transition substantially all financial statement audits to the workflow. Feedback obtained from our teams continues to guide future enhancements to the workflow by the KPMG Global Solution Group (the group that leads the development of the workflow).

03. Embracing digital technology

3.3

Digital data and emerging technologies

Data and analytics (D&A) in the audit

We use D&A to better understand the entities we audit, contribute to risk assessment, and provide rich objective audit evidence. This adds confidence and valuable insights. D&A allows us to identify and focus our judgments on higher risk areas and provide deeper business reporting to our clients.

In FY22, we extended our D&A capabilities in our audits with:

- **Automated audit procedures:** leveraging data and automation techniques to automate an end-to-end workflow for audits of funds, using over 20 audit routines for evidence gathering and consistency
- **Automated vouching solutions:** an intelligent data extractor tool scanning complex underlying documents, such as property valuation reports, scraping the key data from unstructured format (such as PDF) into structured data for use in evaluation
- **Industry specific routines:** performing risk assessment and detailed audit procedures on our major clients.

We retain a centralised team of D&A specialists: data scientists, data analysts and other science, technology, engineering and mathematics-educated people, to support audit capabilities.

Reliable technology to enable evidence gathering

KPMG's alliances with some of the world's most advanced technology companies, such as Microsoft, allow us to stay on the forefront of tech developments as well as D&A capabilities. We use a range of technologies in performing audit procedures, from off-the-shelf packages to customised in-house developed systems, and follow a robust global software audit tool policy, supported by relevant technology specialists.

Hybrid working supported by digital technology

'KPMG's new workplace model' is hybrid working. Partners and employees work across three hubs: Office, Client and Home.

We have embraced this model, flexing further through our FY22 introduction of the 'Work Anywhere' policy allowing our people to work outside of Australia on a temporary basis.

Using technology, we facilitate collaboration, enabling us to react quickly and minimise the disruptions when unexpected restrictions are imposed or flexibility is needed.

Regular leadership communications reinforce the importance of keeping in constant contact with team members to monitor our people's wellbeing as well as audit progress, using technology to engage collaboratively with one another, direct and supervise work.

A diverse career story

Marcelina Valdez started her career as a graduate at one of Manila's largest audit firms. After she and her husband decided to relocate to Australia in 2001, she was employed as an internal auditor at a global IT company and Australia's biggest supermarket chain. After realising that she wanted to shift her career direction, she started a new role at KPMG, working as the IT audit manager in the management consultant business.

"I had this obsession to not only help the clients, but to increase how IT audit can be better integrated with financial statement audits," she says.

A few years into her role, she again started looking for opportunities to further her career.

"I was looking for what else needed to be done in terms of further growing the appreciation of IT audit," she says.

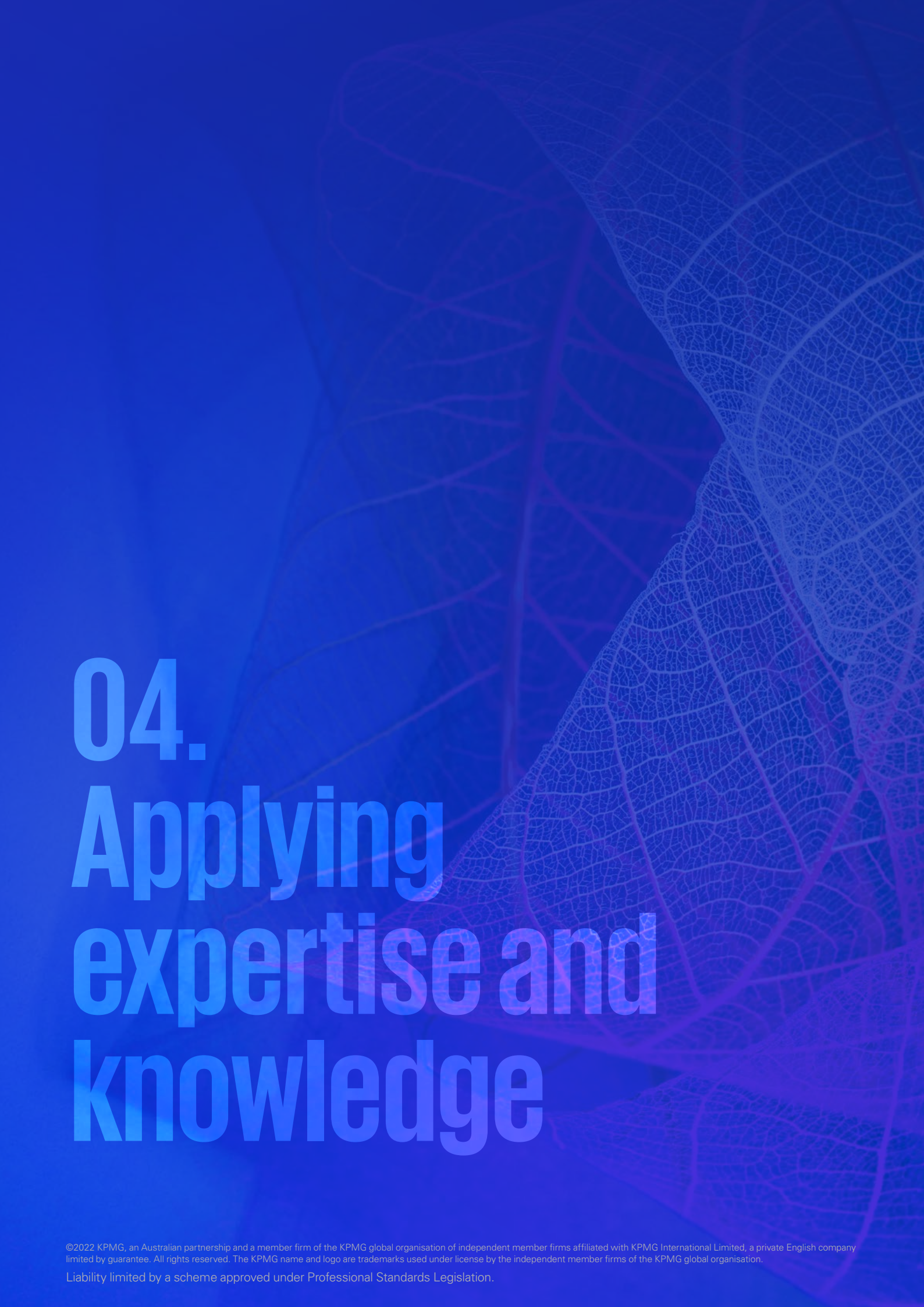
Landing on a secondment in KPMG London in order to learn how other jurisdictions were servicing clients in the way of IT audit, she and her husband along with their two kids prepared for a two-and-a-half-year stint in the UK. The structures of engagements were different, and the clients she worked with were complex and high profile.

"I got an appreciation for different global initiatives in the internal audit space and expand my understanding of the different IT issues in an operational sense that many organisations were facing, and how we were helping them."

By 2019, it was time to come back home to Australia, where she returned to an IT audit role within management consulting. Last year, she got an opportunity to transfer to AARC and lead the IT Audit team there.

"Moving to London not only increased my knowledge of how we employ IT audit but it was an eye opener for me as well in terms of working in a Western culture. It gave me more confidence to voice my views," she says.

Marcelina Valdez
Director
Audit Delivery & Innovation, AARC
KPMG Sydney



04. Applying expertise and knowledge

04. Applying expertise and knowledge

We are committed to and continue to build on our technical expertise and knowledge recognising its fundamental role in delivering quality audits.

4.1

Methodology aligned with professional standards, laws and regulations

KPMG's Global Audit Methodology Group develops and maintains the audit methodology adopted by all KPMG member firms, based on the *International Standards on Auditing* (ISAs¹³) and compliant with the *International Standard of Quality Control*. In Australia, auditing standards (ASAs¹⁴) are legally enforceable and we customise the global methodology for these standards, relevant laws and regulations, and for additional requirements we believe enhance the quality of our audits.

This is set out in our KPMG Audit Manual (KAM) and the KPMG Audit Execution Guide (KAEG), our new global audit methodology which we are in the process of deploying. The KAEG focuses on the risk continuum so our audit teams execute consistently against our quality standards.

4.2

Deep technical expertise and knowledge

Department of Professional Practice

The Department of Professional Practice (DPP) is the national centre of technical excellence responsible for: conducting technical research, interacting with local and global professional standards-setters and regulators, and providing technical accounting and auditing guidance and support to our people in the field.

The DPP comprises of partners and senior staff who are our technical experts, with deep understanding of Australian and international standards. They challenge audit teams on positions taken, bringing a further independent lens, and are the firm's authority on audit matters.

Department of Professional Practice

	FY22	FY21	FY20
No. of full-time equivalent (FTE) professionals	34	36	34
Average experience of the DPP professionals	18yrs	16yrs	15yrs

¹³ International Auditing and Assurance Standards Board <http://www.iaasb.org>

¹⁴ Australian Auditing Standards

04. Applying expertise and knowledge

To support the technical excellence of our people, the DPP produce publications and reference materials describing KPMG's positions on accounting standards. Our financial reporting team within DPP dedicate significant time to supporting audit engagement teams. This ranges from one-on-one audit team support to developing and instructing learning on complex issues.

The National Audit Quality Group and the KPMG Clara workflow Deployment Group supplement the DPP as part of our broader audit quality function. These groups and our other embedded networks work closely with the DPP in developing initiatives to maintain and improve audit quality.

National Audit Quality Group

The National Audit Quality Group comprises senior auditors dedicated to developing, implementing and monitoring our strategy to continuously improve audit quality.

Key initiatives led by this group during the year include:

- Leading workshops for the implementation of new initiatives, tools and templates covering topics such as testing approaches for revenue recognition and impairment
- Real-time monitoring of engagement performance, acting as an early warning for execution challenges which may compromise audit quality if not addressed in advance of audit completion
- Convening our new impairment challenge panel, a small group of senior auditors who assist teams design their approach to challenge management's impairment assumptions
- Local Fraud specialists, along with our leaders in Audit Quality, Risk and Technology, facilitated a live Fraud in focus session, identifying the warning signs usually found in a company's financial statements and what KPMG Audit is doing globally to tackle fraud.

The National Audit Quality Group

	FY22	FY21	FY20
No. of FTE professionals	5	5	5
Average experience of the National Audit Quality Group professionals	16yrs	16yrs	15yrs

04. Applying expertise and knowledge

KPMG Clara workflow Deployment Group

The KPMG Clara workflow Deployment Group, led by a Deployment Partner¹⁵ is responsible for the staged implementation of the KPMG Clara workflow. Auditors are seconded to the group from lines of business including the DPP to specifically focus our support on this significant local and global investment to improve audit quality.

Our embedded networks

KPMG uses embedded networks within each of the audit groups and offices to maintain our focus on audit quality.

Audit Quality Partners are responsible for supporting the local office, disseminating guidance and information to audit teams relating to our interpretations of auditing standards and national initiatives to enhance quality, identifying improvement opportunities and leading our Audit Quality Managers.

Audit Quality Managers facilitate local workshops on topical matters, communicate new methodology guidance and key audit quality messages and provide input into the development of national audit quality initiatives.

Risk Management Partners are responsible for providing leadership on audit quality and risk management and directing adherence to firm policy and professional standards. These highly experienced audit partners advise on audit technical issues, assist in the identification and management of risks to audit service delivery, and are consulted on all modified audit reports. Our Risk Management Partners dedicate significant amounts of time to one-on-one audit team support for complex issues – in particular going concern evaluations as entities consider the impacts of current economic pressures, some compounded by the conditions experienced from the pandemic.

The movement from FY21 to FY22 is captured at a point in time; however, these numbers fluctuate throughout the year as we refresh the members in our embedded networks.

The KPMG Clara workflow Deployment Group

	FY22	FY21	FY20
No. of FTE professionals in the KPMG Clara workflow Deployment Group	12	8	7
Average years of experience of the KPMG Clara workflow Deployment Group professionals	16yrs	13yrs	12yrs

Embedded Networks

	FY22	FY21	FY20
No. of Audit Quality Partners	11 ¹⁶	13	14
No. of Audit Quality Managers	53	58	54
No. of Risk Management Partners	19	18	19

¹⁵ Andrew Hounsell is the partner leading the deployment of the KPMG Clara workflow Deployment Group

¹⁶ The reduction in Audit Quality Partners is due to the consolidation of Audit Quality roles within Enterprise

04. Applying expertise and knowledge

We also maintain a sampling specialist network of auditors that are specifically trained to support audit teams with their complex sampling queries and facilitate training of engagement teams in the use of sampling techniques.

To assist teams transitioning to the KPMG Clara workflow we have established a network of KPMG Clara workflow champions. These individuals have attended bootcamps on the KPMG Clara workflow and are available when needed to help teams in their local office with using the new platform, applying the new KAEG methodology, to share tools and workpapers developed for the KPMG Clara workflow and to facilitate training when needed. As at 30 June 2022 there were 64 KPMG Clara workflow champions.

4.3

Quality and Risk Management Manual

Our Australian Quality and Risk Management Manual collates our policies, procedures and guidance. It reflects the key elements of the IESBA¹⁷ Code of Ethics combined with Australian specific provisions and where applicable US Securities and Exchange Commission (SEC¹⁸), US PCAOB¹⁹ and other regulatory requirements. Our people annually confirm their compliance with these policies and procedures which include personal independence.

4.4

Standardised workpapers and guidance

Risk management and audit quality are the responsibilities of every KPMG partner and staff member. We expect our people to adhere to the clear standards we set and provide a range of tools to support them in meeting these expectations.

These standards incorporate the relevant requirements of the *Corporations Act 2001* and of accounting²⁰, auditing²¹, quality control, ethical and professional standards²², and other relevant laws and regulations. We dedicate significant resources to keeping our standards and tools complete and up to date. Amendments to these are communicated by regular alerts and learning programs.

To maximise audit effectiveness and efficiency, we continually develop and distribute audit quality updates. In FY22, we maintained and updated the extensive guide developed in FY20 to assist teams in addressing the various accounting, reporting and audit related matters arising from the impacts of the COVID-19 pandemic and other global geopolitical events. Other tools developed and released in FY22 included:

- template work paper guiding teams through their risk assessment of financial reporting impacts of their clients' climate-related risks and response
- a flowcharted approach to testing revenue recognition across a range of revenue types and accounting bases. Using binary decisions, judgement is reduced, consistency is improved, and clear acceptable combinations of tests are outlined. Teams complete the flowchart plotting their approach, their combination of acceptable tests, and their authoritative sources of evidence, taken from a finite list
- template work paper to use when auditing impairment of non-financial assets, which standardises in sequential and detailed format the challenge necessary to improve depth and consistent evaluation.

¹⁷ International Ethics Standards Board for Accountants www.ethicsboard.org

¹⁸ US Securities and Exchange Commission www.sec.gov

¹⁹ US Public Company Accounting Oversight Board www.pcaobus.org

²⁰ Australian Accounting Standards Board www.aasb.gov.au

²¹ Auditing and Assurance Standards Board www.auasb.gov.au

²² Accounting Professional and Ethical Standards Board www.apesb.org.au

International secondment

Fresh from finishing a three-year secondment in the UK in 2017, external auditor Thomas Elliot was offered the opportunity to take-off again, but this time to Madrid. He was there for a short stint which turned into a four-year opportunity to work on a major globally significant banking client over there.

On arrival, Tom didn't speak any Spanish. But by the end, his client meetings and emails were in Spanish, thanks to a combination of classes, really committing to learn the language and immersing himself in the culture.

"Having the opportunity to experience such a different culture was so valuable," he says.

Tom was working with mostly Spanish colleagues, and some secondees from Mexico and the US.

"I didn't meet one Australian in the time that I was over there, which was completely different to my London experience," he says. "It was a contrast to what I felt in the UK, where the culture was very similar and easy to blend into, but a really enjoyable challenge."

Gaining the experience to work with a big, global client was an important experience for him too, and even helped to pave the way for promotion.

"I went over as a senior manager and was promoted to director while I was there," he says.

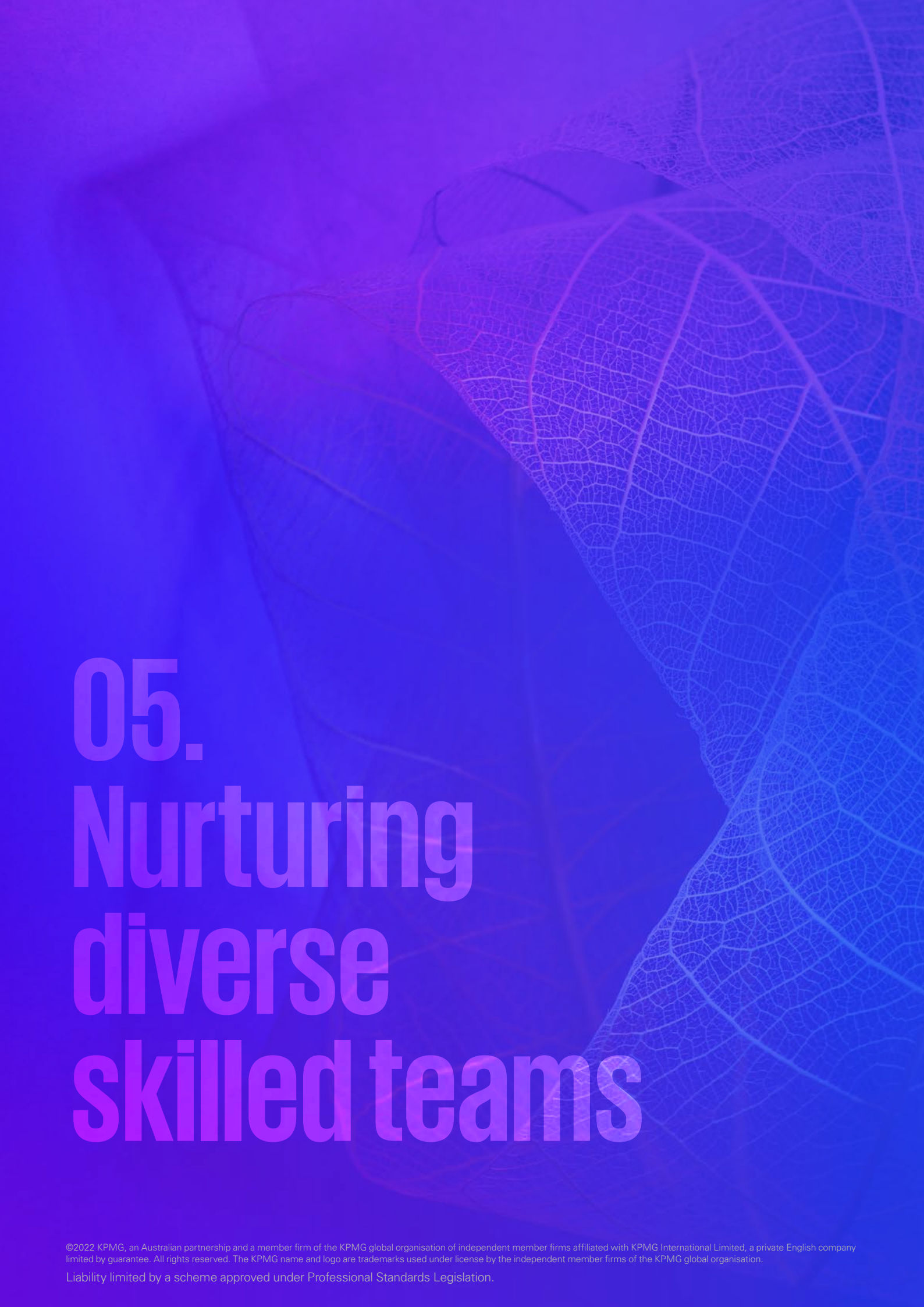
"The partners here were really supportive of me going through that process in Spain."

Despite bringing challenges through the initial stages of the coronavirus outbreak, the secondment in Spain was so successful that Tom brought three of his colleagues back to Sydney. Two are currently in Sydney on two-year secondments, and one is in Sydney as a permanent hire.

"They were really excited for the opportunity and they're really happy to be able to live by the beach and to travel around this part of the world" Tom says.

Thomas Elliot
Director
External Audit, AARC
KPMG Sydney



The background of the slide features a close-up photograph of a hand gently holding a large, green leaf. The entire image is overlaid with a semi-transparent blue filter. The leaf's veins are clearly visible, creating a complex, organic pattern. The hand is positioned at the top left, with fingers supporting the leaf from underneath.

05. Nurturing diverse skilled teams

05. Nurturing diverse skilled teams

Our people make the real difference and are instrumental in shaping the future of audit. We put quality and integrity at the core of our audit practice. Our auditors have diverse skills and capabilities to address our clients' complex problems.

5.1

Recruit appropriately qualified and skilled people, including specialists, with diversity of perspective and experience

We recognise the crucial importance of attracting appropriately qualified and skilled people. In FY22 we enhanced the targeted nature of our search and recruitment approach. We also refreshed the incentives to attract new talent with the right skills, experience and passion.

The shortage of auditors across Australia has been well documented. This has been compounded by a 40-year low unemployment rate and significant delays in processing visas for accounting roles following the reopening of international borders in February 2022. A recent survey of Australian professional services and audit firms by Chartered Accountants of Australia and New Zealand identified almost 1,000 audit vacancies across the industry. As a result, we revised our graduate recruitment program. The Reimagined Program was launched in 2022 and is designed to deliver talent to our audit practice faster, more easily and with purpose. It provides better visibility, simplicity, and data analytics to improve the quality of the candidate experience and optimise the end-to-end service. We are already seeing substantive benefits of this program on current and prospective employee experience.

In FY22, we transformed our graduate recruitment approach²³ to broaden possible pathways into the firm which provide additional routes reflecting changing market demands, and our need for a broader skills base. It also creates a much more inclusive approach to recruitment.

In FY22 we continued the use of virtual secondment arrangements with other KPMG member firms to support capacity during audit reporting season, by working with member firms such as KPMG Malaysia, Philippines, Sri Lanka, India, UAE and Indonesia. During the year, the total number of virtual secondees, seconded to work for us full time, was 145 auditors, comprising senior accountants and assistant managers.

Since borders have reopened, we recommenced our international in country secondment program, allowing us to bring in high calibre talent from other member firms and aiding knowledge sharing and best practices.

All secondees are required to complete relevant audit and independence trainings prior to commencing work on any Australian audit. Using technology, virtual secondees receive the same direction and coaching as employees based in Australia and their work is subject to the same review and oversight. Our system of quality control applies to all our personnel, whether based in Australia, or elsewhere.

23 Refer to Chapter 2 – People of KPMG Australia Our Impact Plan 2022

05. Nurturing diverse skilled teams

5.2

Invest in data centric skills – including data mining, analysis and visualisation

Embracing digital technology is essential to advancing audit quality. Our graduate program includes staff from outside the accounting field with degrees in the Science, Technology, Engineering and Maths (STEM) field. 18 STEM graduates are in our audit data and analytics team as at 30 June 2022.

5.3

Focus learning and development on technical expertise, professional acumen and leadership skills

Development of skills and personal qualities

We continually review and assess our people's capabilities and competence to perform audits in accordance with professional standards, legal and regulatory requirements.

We invest significantly in upskilling our people and cultivate a continuous learning environment and coaching culture. On-the-job development and training includes participating in interstate and overseas assignments, secondments, and community involvement through pro-bono and volunteering opportunities. Although the COVID environment limited some of these opportunities in FY21, these were gradually re-launched during FY22.

We offer our AARC Graduate Rotation Program providing an enhanced career experience for our new joiners. The rotations give our graduates the opportunity to work across different service lines, exposing them to a wider variety of professional services, accelerating the growth of their skills and capabilities. The number of graduates participating in the program in FY22 was 148 (FY21: 170).

Learning programs

Our learning curriculum offers education programs to hone technical expertise, industry and sector knowledge, innovation and emerging technologies. Our Learning & Development groups develop global, regional and local learning to ensure both global consistency and local applicability.

Leadership and behavioural skills are also honed via our 'Everyone a Leader' framework. In addition, we offer transition pathways to support employees as they progress through career milestones.

The Chartered Accountants Program

The Chartered Accountant (CA) qualification, awarded by Chartered Accountants Australia and New Zealand²⁴ (CA ANZ), is highly regarded by business, regulators and members of the public. It forms the foundation of our partners' and staff members' audit technical, business and ethical knowledge.

KPMG engage CA ANZ to run tailored CA Study Masterclass sessions specifically for KPMG candidates.

KPMG continues providing high quality support for our CA candidates and results show our people consistently achieve better results than the average national pass rate.

²⁴ Chartered Accountants Australia and New Zealand is a trading name for The Institute of Chartered Accountants in Australia and the New Zealand Institute of Chartered Accountants www.charteredaccountantsanz.com

05. Nurturing diverse skilled teams

CA Program Results

	FY22	FY21	FY20
No. of CA program exams undertaken by staff	1,871	1,300	1,235
No. of staff who completed the CA Program ²⁵	259	223	262
CA Program – national KPMG pass rate	93.0%	88.5%	91.6%
CA Program – (excl. KPMG) national pass rate	88.0%	79.5%	79.6%
No. of merits awarded to KPMG candidates (top 5%)	129 ²⁶	118 ²⁷	132 ²⁸

Technical learning – auditing, financial reporting and independence

The Mandatory Audit Training Curriculum (MATC) is globally developed and consistent training for all member firms that can only be modified for locally specific needs, local equivalents, or additions to the training content.

Technical courses covering independence, financial reporting and auditing topics are mandatory at all audit staff levels. Our Audit Learning Steering Committee identify and prioritise additional local topics to be included in audit learning based on information from sources including:

- A needs analysis, conducted in Australia, and at a regional and global level
- Findings from continuous improvement activities, including our Quality Performance Reviews and ASIC audit inspections
- New, revised or emerging standards and regulations
- Input nationally from our embedded networks in each office or group.

To provide quality service delivery and valued insights to our clients we frame our technical expertise within broader business knowledge. Our learning curriculum includes courses to develop business acumen, relationship skills and industry knowledge.

Attendance and assessment of learning

Partners and staff must complete²⁹ mandatory technical learning and successfully complete a post-course assessment if required. Penalties for non-completion by the deadline include their performance rating not being higher than Effective Performance, which may directly impact remuneration, and/or disciplinary action.

In FY20 a breach of our Code of Conduct was identified in relation to the improper sharing of answers to some of our mandatory learning tests. The firm's response is detailed in '7.1 Act with integrity and live our values'.

²⁵ Number of staff completing the CA Program in any given year coincides with the scheduling of the final CA Program module, Capstone

²⁶ 7 % of KPMG candidate who passed their exam received a merit (top 5% nationally)

²⁷ 10% of KPMG candidates who passed their exam received a merit (top 5% nationally)

²⁸ 12% of KPMG candidates who passed their exam received a merit (top 5% nationally)

²⁹ In the case of classroom training, if a partner or staff member fails to attend compulsory technical learning that contributes to their accreditation they are required to review either a video recording of the learning or the leader's manual to ensure there are no knowledge gaps

05. Nurturing diverse skilled teams

Learning and Development (in Days) Offered to Audit Partners and Staff

- Auditing and assurance (including professional judgement & skills, and climate-related risks in the audit)
- Accounting and financial reporting
- CA candidate in-house³⁰
- Risk Management, including independence
- Leadership and behavioural skills

Team member



Senior team member



Manager & Senior manager



Director & Partner



Core learning days does not include the one-off training for the implementation of our new global audit platform, KPMG Clara workflow.

Specialised industry knowledge is available through online resources and learning courses for industries and sectors including corporates, energy and natural resources, financial services and infrastructure, government and healthcare. Learning is targeted, depending on the individual's audit client profile and specialised roles.

Other technical learning

A variety of just-in-time learning and webinars are available on topics including auditing, accounting and commercial behaviour concepts in addition to structured courses.

Enhanced partner knowledge

To further develop the audit quality skills of our audit partner candidates, we require candidates to have specific audit quality oversight experience as part of their progression to partner.

They fulfil this via a role either as a Second Line of Defence³¹ reviewer, a Quality Performance (QP) reviewer, or through spending at least six months within the audit quality group in DPP or in the National Audit Quality Group.

Continuing professional development

We require all our audit client service partners and staff to invest in continuing professional development (CPD). They must obtain a minimum of 30 CPD hours annually and at least 120 CPD hours over a three-year period. A sample of our partners and staff are tested for compliance with the CPD requirements in the firm's annual monitoring programs.

³⁰ A CA candidate completes 2 or 3 modules in a 12 month period depending on CA ANZ module scheduling

³¹ Refer to section 10.2 of this Report for more information on the function of Second Line of Defence reviewer

05. Nurturing diverse skilled teams

5.4

Assigning an appropriately qualified team

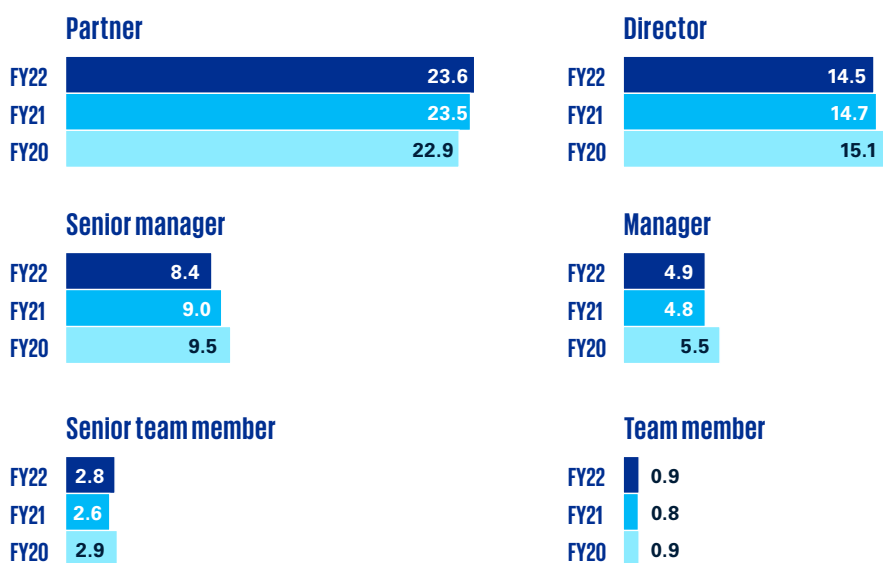
The assignment of audit partners and staff members with deep understanding of the client's risks and industry is one of the key drivers of audit quality.

Profile of KPMG Audit Personnel

	FY22	FY21	FY20
No. of audit partners	109	108	112
No. of client service audit staff (excluding partners)	1,303	1,225	1,187
No. of graduates appointed during the year ³²	256	244	198
No. of client service audit staff in the audit delivery and innovation team ³³	83	36	21
Ratio of client service audit staff to audit partners	12:1	11.3:1	10.6:1
Ratio of client service audit staff below manager to those who are manager, senior manager and director	3.4:1	3.1:1	3.3:1

Average years of experience with KPMG

With the exception of partners, this table does not include time spent with other KPMG member firms



³² The number of graduates appointed consist of audit graduates as well as graduates appointed in the data and analytics team

³³ Refer to the following page for the overview of Audit Delivery and Innovation Team

05. Nurturing diverse skilled teams

Accreditation and licensing

All our partners who sign statutory audit reports are Registered Company Auditors. Registration is granted by ASIC³⁴ after an assessment of qualifications and competency.

Our partners and directors are subject to additional internal accreditation and knowledge requirements in relation to International Financial Reporting Standards³⁵, US accounting and auditing standards, and an Assurance Accreditation framework, Engagement Quality Control Reviewer (EQCR) accreditation framework, acknowledging the need for specific skills in auditing. These frameworks specify the professional qualifications, training and experience and results from the firm's Quality Performance Review Program to become accredited.

For the year ended 30 June 2022, 100% (FY21: 100%) of our eligible audit partners and directors maintained their relevant internal accreditations.

Composition of the audit team

Audit teams generally comprise an audit partner, manager, an assistant manager or in-charge, specialists, and junior team members.

Larger audits often have more than one audit partner assigned to support the signing partner. With multinational audits, appropriately capable audit partners and staff are assigned from the relevant KPMG member firms.

We take care to assign the right people to the right clients. Audit partners consider the competence and capabilities of their team, including specialists. This includes considering whether the team has the appropriate resources, with the experience, skills and time to conduct a quality audit. For engagements we deem to be 'high-risk' we have a policy which restricts the assignment of staff who in the last 12 months have received a performance rating below 'Effective Performance', failed 3 or more modules in the CA program or have received a non-compliant rating in internal or external audit inspections.

Industry expertise

Our people generally align their profile of work to an industry specialised portfolio. This helps maximise their understanding of the business, operational and systems-based risks their clients face.

Audit Delivery and Innovation Team

Our onshore Audit Delivery and Innovation team support audits with complex data & analytics procedures and associated analysis, testing of IT controls and piloting audit automation tools, amongst others. Using centralised resources and digital technology we can standardise testing, producing high-quality and consistent outputs.

Specialised administrative hubs

Our onshore Audit Engagement Support hub team members contribute to common engagement processes from audit areas such as engagement set up, bank confirmations, WIP management and billing. Using centralised resources for administrative activities frees up our on-location staff to be face-to-face with our clients, focusing on critical judgements and interpreting results.

The Audit Processing Centre

We engage our Audit Processing Centre, based in India, to carry out non-judgemental standardised procedures in audit areas, such as financial statement checks, cash and fixed assets. This frees up time for local staff to perform more challenging work and speeds up turnaround times. The members of the Audit Processing Centre undertake relevant independence and audit training prior to performing any work on an Australian audit.

³⁴ Australian Securities & Investment Commission www.asic.gov.au

³⁵ www.ifrs.org

05. Nurturing diverse skilled teams

5.5

Recognise quality

We have established a number of initiatives to recognise and reward our partners and staff for their contribution to our audit quality.

Goal setting

An individual's accountability in achieving audit quality is a core benchmark used to assess performance and progression.

The audit quality rating system with globally consistent metrics is applied when determining an audit quality rating for an Audit partner or director, providing greater transparency for accountability in achieving audit quality. Individuals are assessed on whether their quality indicators demonstrate that their audits are executed consistently in line with KPMG's definition of audit quality. Indicators used in determining the quality rating include performance in our internal inspection programs, results of ASIC audit inspections and completion of mandatory training. Equivalent indicators are used for specialists participating in audits, for their performance contribution.

For NEC members, cumulative results of these indicators for their functions' contribution to audit quality, along with an individual's influence and effectiveness contributing to that performance is considered.

Recognition and reward

Our reward and recognition structure reflects career progression and acknowledges the efforts required in achieving a high audit quality. We continued to offer the following initiatives established in FY21:

KPMG Clara workflow Implementation bonuses

Bonuses are paid to staff to recognise and reward the contribution of our audit staff who have implemented KPMG Clara workflow.

Revive

A national time in lieu programme which enables audit staff to take a break to refresh after busier periods.

KPMG Clara workflow University

To recognise and reward the commitment needed in adopting KPMG Clara workflow and our new audit methodology we have established the KPMG Clara workflow University. This offsite training program is an interactive learning experience away from the distractions of the usual day-to-day work commitments.

To emphasise the importance of audit quality we reward individuals who have contributed to high quality audits demonstrated through positive outcomes in either ASIC audit inspection or Quality Performance Review. The framework provides monetary reward to all team members, irrespective of their level, who contributed to an audit receiving compliant results.

05. Nurturing diverse skilled teams

Wellbeing

As we emerge from the pandemic, we have reset our approach through a redefined wellbeing strategy which focuses on proactive interventions, ongoing employee listening, and responsiveness to what our people tell us they need.

Several new initiatives were launched during the year:

- **30-Day Boost Program** – launched in March 2022 to support and provide our people different solutions to improve their wellbeing and stay energised and connected
- **Managing burnout** – in response to burnout being identified as one of the key risks to the firm, we had the firmwide Reset Day for each person to take time to recharge, in which over 7,000 people participated. A firmwide Thank you Day was provided, boosting people's summer holiday break
- **26-weeks flexible parental leave policy** – applying to all parents regardless of gender and is inclusive of adoption, surrogacies, and foster care children. Since it was introduced, 500% increase of men taking parental leave from 4 men in 2021 to 24 this year
- **'Work from Anywhere' policy** – launched in December 2021 allowing our people to spend time with loved ones who live overseas, given recent international border closures, which over 200 people have accessed
- **National People Advisory board** – established during the year so the National Board and the National Executive Committee hear directly from representatives of our people on significant matters impacting their cohort such as agile working and remuneration transparency. The national people advisory board complements a network of divisional people advisory boards, working with our people & inclusion team and Chief Purpose Officer to evolve our purpose and culture
- **Lead with Wellbeing** – a best-in-class 12-month Resilience and Wellbeing program purposefully designed for senior leaders at KPMG. Participants learn robust, evidence-based strategies to be more efficient, take control and set themselves up for success under pressure, including diagnostic self-assessments, learning labs, 1:1 coaching and digital toolkits.

05. Nurturing diverse skilled teams

These new measures were introduced alongside the following continuing initiatives:

- **Everyone's a Coach** – ensuring every team member takes an active coaching role throughout an engagement
- **Wellbeing planning meetings** – requiring everyone to agree to a set of protocols on how to achieve wellbeing outcomes for each team member
- **Communications from the National Partner in Charge, External Audit** – reinforcing the importance of looking after everyone's wellbeing
- **Tone at the Top** – reminding partners to set the tone for the behaviours we expect of auditors, including being understanding, being visible and transparent, respecting the team's time, setting realistic deadlines and being accountable and responsible
- **KPMG CARE services** – access to free and confidential sessions with qualified psychologists and social workers who help our people resolve issues or challenges relating to work or personal lives
- **Real Peers Real Talk network** – connecting our people with peers who have completed Mental Health First Aid or Heart on My Sleeve peer support accreditations.

Retention and promotion

The results of our annual performance evaluation directly affect the promotion and remuneration of our partners and staff and, in some cases, their continued association with KPMG.

The agile promotion model incorporates out of cycle promotions, allowing for merit-based progression for high performing auditors.

Diversity and inclusion

We foster an inclusive culture to retain our diverse talent. Firm-wide we set a target of 40% of women in partnership, and 20% culturally diverse partners³⁶ by 2025. As at 30 June 2022, 33% of audit partners were female (30 June 2021: 32%). Our latest data shows 9% of our audit partners currently identify as non-Anglo/Celtic/European, demonstrating that we are progressing towards our target of 20%.

The talent and leadership development program, Illuminate, supports high potential managers from ethnically diverse backgrounds to enhance their leadership skills. This program complements our Bird Walton program – a sponsorship program for high potential senior women that also broadens the perspective of our male partner sponsors to the possibilities inclusion creates.

36 Refer to Chapter 2 – People of KPMG Australia Our Impact Plan 2022

Homeward bound

It had been years since senior audit manager Lauren Soo had seen her family face-to-face due to the global lockdowns and border closures that had plagued the world through much of the coronavirus pandemic.



But in December, she ventured home to Malaysia for eight weeks to be with her parents over the Chinese New Year period, thanks to the firm's new 'Work from Anywhere' policy. Since it was introduced in December 2021, more than 200 people have accessed the policy and spent time with loved ones living overseas.

"I hadn't seen my parents for three years and I hadn't celebrated Chinese New Year with them back in Malaysia for seven years," she says.

Lauren has three siblings, all living in Australia or Singapore, but she was the only one who was able to make it home for the Chinese New Year period. That was particularly special for her parents, who had spent the last three Chinese New Year's celebrating on their own, given all four of their children were living abroad.

As much as there was a serious motivation to head home, it was a risky time to be travelling, with the feeling that quarantine periods and lockdowns could still change at any moment.

"The whole process made me slightly anxious," she says.

After some minor teething issues early on due to the time difference, Lauren says her team back in Australia didn't even really notice she was working from another country. After week one, things ran seamlessly. It was so seamless in fact, that she's going back again for her mother's birthday.

"Going back made me realise how long it had been since I'd physically seen my parents," she says.

"It made me appreciate the time we had together so much. It taught me to really seize the moment and utilise the opportunities I have."

Lauren Soo
Senior Manager
External Audit, AARC
KPMG Sydney

Parental leave

The new KPMG 26-week flexible parental leave policy meant that auditor Sam Clarke had valuable time off work to bond with his son Isaac. Between August 2021 and February 2022, Sam was a full-time dad, taking Isaac, who was one at the time, to KinderGym and Rock and Rhyme sessions at the local library.

"From my perspective, it's really good that I did it at that point, rather than when he was younger, because let's be honest, when babies are really little a dad's role is more around supporting the mum," he says.

"He was starting to walk and becoming a lot more interactive. We did a lot of walks on the beach. It was a fantastic summer. When you tell people that you have six months off to hang out with your kid, there's often two reactions. The first one is disbelief and then jealousy comes after that!"

He says that being able to bond with his son daily and being around for his first steps and first words was so precious.

"It was really special to be able to witness him learning new things, especially when he started talking," Sam says.

"He developed so much over the time I was off, even things like going to the playground at the start of my leave compared to the end. He could do so much more towards the end of it."

During his time off, Sam took Isaac to the pool at least once a week, which is a routine he's been able to continue since returning to work. Sam opted to return to work part time, working a four-day week. Wednesdays continue to be their swimming day.

"It's really nice to be able to continue to do that together," he says.

Sam Clarke
Senior Manager
Enterprise – Audit and Assurance
KPMG Hobart



06. Associating with the right clients and engagements

06. Associating with the right clients and engagements

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

6.1

Follow the client and engagement acceptance and continuance policies

We have established rigorous policies and procedures for determining whether to accept or continue a client relationship or perform a specific engagement.

Prospective client and engagement evaluation process

With every prospective client the partner responsible conducts an evaluation of the client's principals, business and other service-related matters. This evaluation includes completion of a customised questionnaire to assess the client's risk profile. Background information is obtained on the client, its key management, directors, and owners.

When the engagement is to provide audit services, at least two additional risk assessment steps are incorporated. These include:

1. assessing whether we can deliver a quality audit (do we have sufficient resources, industry expertise, and do we consider persuasive evidence is obtainable)
2. for a first-time audit, performing a review of any non-audit services provided to the client and any other relationships that may compromise audit independence.

Continuance process

Regardless of the length of time we have been associated with an audit client, we regularly re-evaluate our association to ensure we remain capable of independence and audit quality. We evaluate audit client relationships at least annually and, additionally, re-evaluate if there are significant changes in their business, financial position, ownership structure, or issues reflecting on their integrity.

A Risk Management Partner, independent of the audit team, assesses the circumstances of our continuance and their acceptability.

6.2

Accept appropriate clients and engagements

Understanding the nature of our clients and the issues they face is key to audit quality, allowing us to build a robust audit response to the identified risks.

We decline to act for a client where we are unable to deliver to our expected level of quality or would not be willing to be associated with them. Some circumstances where we consider declining include:

- potential impairment of independence
- conflict of interest issues
- overly aggressive or conservative accounting policies
- disputes with previous auditors or advisors
- management being subject to investigation by authorities
- concerns about the competence of the client's financial management team.

It would also include cases where there are concerns about: management integrity, client business model, or governance structure.

Sentinel, KPMG's proprietary global web-based application, facilitates compliance with auditor independence requirements and identifies potential conflicts of interest for prospective engagements.

06. Associating with the right clients and engagements

Non-audit services provided to audit clients

The regulatory rules and systems relating to the provision of non-audit services to an audited entity are extensive, which is appropriate given the risk of creating a real or perceived independence issue.

For publicly traded audit clients and certain other audit clients, Lead Audit Engagement Partners are required to keep Sentinel updated with each of the entities in the group. This also applies to related entities of these audit clients. Compliance is annually confirmed through a declaration process.

Certain information on all prospective engagements, including service descriptions and fees, must be entered into Sentinel as part of the engagement acceptance process. Sentinel enables Lead Audit Engagement Partners to review and approve – or deny – any proposed service for those entities worldwide.

Lead Audit Engagement Partners are responsible for identifying and evaluating any independence threats that may arise from the provision of a proposed non-audit service. Any proposed non-audit services to be provided to public interest entity audit clients of the firm require review and approval by the firm's Ethics and Independence Partner.

6.3

Manage portfolio of clients

High-risk clients

Clients are designated high-risk when non-standard or additional risks are identified during acceptance or re-evaluation and we are still capable of ensuring independence and audit quality. In these cases, we mandate additional risk management or quality control safeguards to the conduct of the audit.

Managing Conflicts of Interest

The Commercial Conflicts Resolution Committee, comprising the National Managing Partners of all divisions, the Chief Purpose Officer and the Chief Risk Officer, assesses complex cases involving multiple areas of the firm.

If a potential conflict of interest cannot be resolved or appropriately managed, we decline the engagement or prospective client.

Client portfolio management

We review each audit partner's portfolio at least annually. 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.

Audit partner rotation

All audit partners are subject to the rotation provisions of the *Corporations Act 2001* (the Act) and Australian professional and ethical requirements. Where relevant, the rotation requirements of foreign regulators such as the US SEC and other local regulatory requirements are also considered. Rotation requirements limit the number of years certain partners can provide audit services to a client. At KPMG, our rotation requirements also address audit partners on engagements which are not subject to the rotation provisions of the Act.

KPMG's Global Partner Rotation System, introduced in FY21, is an automated system allowing us to track and comply with increasingly complex regulations governing partner rotation for audits of Public Interest Entities.



07. Being independent and ethical

07. Being independent and ethical

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

Our values³⁷ and Code of Conduct spell out very clearly our expectations about our performance and our behaviour. They define for everyone at KPMG who we are and how we act.

7.1

Act with integrity and live our values

Testing-related misconduct

KPMG Code of Conduct reinforces the commitments we each make to foster trust, and to speak up when something isn't right.

We have previously reported that in early 2020, we became aware of potential breaches of our Code of Conduct involving the improper sharing of answers to internal tests relating to annual internal independence training. Once verified, we called out the behaviour to all our staff, commenced a comprehensive investigation and swiftly self-reported to relevant regulators.

Our investigation concerned the completion of a test administered in conjunction with the independence training. The independence training and test are KPMG processes.

They are not administered by any external bodies and are not relevant to satisfying or maintaining industry accreditations for our people. The test is internal, open book, and can be repeated as many times as necessary without penalty.

As a result of our investigation, individuals who received answers, shared answers, or used answers to complete the tests were identified and sanctioned.

The PCAOB, CA ANZ, CPA Australia and Institute of Public Accountants have since conducted and completed their own separate inquiries.

Our partners and staff remain very clear that our integrity is not up for negotiation. We have implemented a comprehensive remediation plan designed to respond to this matter; and we continue to strengthen our ethical culture.

37 Refer to Appendix 4 KPMG's global values

07. Being independent and ethical

7.2

Maintain an objective, independent and ethical mindset, in line with our code of conduct and policies

To help ensure independence – as prescribed by our policies, the law and accountancy regulations – our partners and staff must be free from prohibited financial interests in, and prohibited relationships with, our audit clients. This also applies to relationships with management, directors, and significant owners of audit clients. Independence also extends to our contractors and subcontractors, using a process tailored to their circumstances. Our people are responsible for making appropriate enquiries to ensure they do not have any prohibited personal financial interests.

We use an online independence tracking system, KPMG Independence Compliance System, with other member firms in the KPMG global network to assist our partners and staff in complying with independence policies.

7.3

Have zero tolerance of bribery and corruption

We have zero tolerance for bribery and corruption. KPMG policy prohibits involvement in any type of bribery – even if such conduct is legal or permitted under applicable law or local practice.

All partners and staff are required to complete annual training furthering their knowledge of compliance with laws, regulations and professional standards including those relating to anti-bribery and corruption.

During the year, there were no reports of bribery or corruption for the Australian firm.



08.

Assessing risks to quality

08. Assessing risks to quality

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

8.1

Identify and understand risks to delivering quality audits and implement effective mitigating controls

Our operating model facilitates early identification of risks to audit quality. Identified risks and ways to mitigate them are promptly discussed in appropriate leadership forums such as local office partner meetings. Our Audit Quality Indicators dashboard which tracks relevant internal quality measures and data points helps us analyse and understand issues that may trigger the risk.

The dashboard is presented to the Audit Quality Committee and Audit Leadership Group, and included in reporting to the National Executive Committee and the Board.

8.2

Implementation of an upgraded system of quality management

We have substantially implemented the Australian equivalent to International Standard on Quality Management 1 (ISQM1). We are refining our processes and controls to meet or exceed the new requirements to be in compliance with the requirements of the standard by the effective date of 15 December 2022. ISQM1 requires firms to establish a robust System of Quality Management (SoQM) across eight specified components.

KPMG International has a long-running Global SoQM Project Team, including representatives from our Australian firm, which is responsible for developing the SoQM framework, tools and guidance supporting each of the components of the SoQM and directing the implementation effort across the KPMG network. The SoQM activities are central to our ongoing effort to enhance audit quality and consistency across the globe.



09. Communicating effectively

09. Communicating effectively

We recognise that another important contributor to upholding audit quality is to obtain and act upon feedback from key stakeholders.

9.1

Provide insights, and maintain open and honest two-way communication

Communicating with and reporting to our clients, with no surprises, underpins the quality of our audit service.

Clear reporting of significant findings

A financial statement audit has two main deliverables, the formal audit report and s307C independence declaration³⁸, accompanying the signed financial report. These are the observable elements to shareholders. We believe the quality of our reporting is largely dependent on our ability to optimise the inputs, as depicted in our Quality Framework.

Communications with those charged with governance

Two-way communication with our clients is a key aspect of our reporting and service delivery. We achieve this through reports and presentations, attendance at audit committee or board meetings, and informal discussions with management and members of the audit committee. We stress the importance of keeping the client informed of issues arising throughout the audit and the need to listen and understand their views.

We share insights on the audit, our client's business practices, the appropriateness of accounting policies, the design and operation of financial reporting systems and controls, key accounting judgements, matters where we may disagree with management's view, and any audit differences or errors identified.

We ensure these reports meet the requirements of auditing standards and share our industry experience to encourage discussion with the members of the audit committee. We see these insights as a key mechanism to support our clients in the execution of their responsibilities.

Formal audit reports

Auditing standards and the *Corporations Act 2001* largely dictate the format and content of the independence declaration and audit report, including statements on auditor independence and the truth and fairness of the historical financial statements of the client.

Experienced partners form the audit opinion after involvement in and review of work performed by the team. Advice is sought from our Risk Management Partners in cases where potential opinion modifications or non-standard narratives are identified. The importance of ensuring the clarification of any uncertainties before signing audit reports is emphasised and well understood.

³⁸ A s307C independence declaration is required for audits of financial reports prepared to meet the *Corporations Act 2001* obligations and not other types of audit and assurance reports

09. Communicating effectively

9.2

Actively manage information flows within firms and between firms, regions and global

Our global leadership, working with regional and firm leadership, plays a critical role in establishing our commitment to quality and certain global steering groups drive the execution of the quality strategy, and work closely with regional and KPMG member firm leadership. The Australian firm has representation on a number of global committees and steering groups including the following:

- Our Australian Chairman chairs KPMG's Global Audit Quality Committee. The overarching responsibility of the Global Audit quality committee is to strive for globally consistent audit quality across all firms and to oversee those KPMG International activities which relate to improving and maintaining the consistency and quality of audits performed by KPMG firms.
- The National Head of Audit Quality is a member of the Global Audit Quality Council and responsible for leading the implementation in Australia of initiatives determined by the Global Audit Quality Steering Committee.

- The National Managing Partner AARC is a member of the Global Audit Steering Group responsible for driving the implementation of KPMG's audit strategy, including standards of audit quality.
- The CRO is a member of the Global Quality and Risk Management Steering Group responsible for setting quality and risk management policies and procedures for the global organisation and for providing associated guidance.

9.3

Conduct and follow-up on the global people survey (GPS)

KPMG globally invites all partners and staff to participate in our independent Global People Survey. The results, by country and function, provide leadership with information about drivers of business performance, employee engagement and motivation, and enable us to see how we are progressing. The survey includes questions directed at understanding our people's view of whether we were giving them all the support they needed to deliver on the firm's focus on audit quality.



10. Performing quality engagements

10. Performing quality engagements

On all KPMG audits, the nature and extent of the audit evidence we gather is responsive to the assessed risks. We consider all audit evidence obtained during the course of the audit including contradictory or inconsistent audit evidence.

Each team member is required to exercise professional judgement and maintain professional scepticism throughout the audit.

Professional scepticism involves a questioning mind and alertness to contradictory or inconsistencies in the audit evidence.

Professional judgement encompasses the need to be aware of biases that may pose threats to good judgements.

How an audit is conducted is as important as the final result. Effective and efficient audits are dependent on the demonstration of certain behaviours. We focus on these behaviours during the performance of the audit, through education sessions and coaching, and via our review and quality monitoring processes.

10.1

Critically assess audit evidence, using professional judgement and scepticism

Professional scepticism features prominently throughout auditing standards and attracts significant focus from regulators. We recognise the exercise of professional scepticism is critically important to our role as auditor.

Our global professional judgement process³⁹ guides an individual in exercising their professional scepticism. Steps include consideration of possible alternatives, conflicting as well as confirming evidence, and documentation of our final judgements, and ways to mitigate the effects of traps and biases. We reinforce the use of professional judgement and the exercise of professional scepticism through coaching and education, acknowledging that judgement is a skill developed over time and informed by different experiences.

³⁹ The International Auditing and Assurance Standards Board, the International Ethics Standards Board for Accountants and the International Accounting Education Standards Board jointly published *Toward Enhanced Professional Scepticism*, August 2017, outlining their observations of the current environment. They set out actions global standard-setting boards will take, and the role other stakeholders can play in enhancing professional scepticism. The Association of Chartered Certified Accountants published *Banishing Bias? Audit, objectivity and the value of professional scepticism*, May 2017, exploring the importance of cognitive biases to the audit process. It explains how cognitive biases are central to improving the exercise of professional scepticism and to understanding the fundamental ethical principle of objectivity. These elements are consistent with our professional judgement process.

10. Performing quality engagements

10.2

Direct, coach, supervise and review, including 2LoD and EQCR

Coaching and on the job experience play key roles in developing the personal qualities important for a successful career in auditing, including professional judgement and scepticism.

We support a culture where every team member is responsible for developing the capability of the team, coaching and sharing experiences.

Timely partner and manager involvement

To maximise the benefit of the partner's experience and skill, participation from the partner early in the audit is essential. The partner implements the tone from the top, directs the scope and tone and helps the team identify and respond to the right audit risks. During FY22, 90% (FY21: 96%) of our audits of listed entities complied with the audit planning milestones that mandate the timely completion of planning activities to enhance audit quality. The slight decline in FY22 was primarily due to the additional time and effort required for first year KPMG Clara workflow transition engagements.

The manager supports the partner in these responsibilities and the day-to-day liaison with the client and team, building deep business understanding to enable the team to deliver a quality audit and valued insights.

Second Line of Defence (2LoD)

2LoD reviewers support specific audit teams during the conduct of their work and navigate key audit areas: revenue and a significant risk area bespoke to the specific audit. All 2LoD reviewers are specifically trained high performing senior staff. They coach teams to develop and robustly evidence risk assessment, the audit approach, and execution of procedures in the key audit areas. Their goal is to improve audit quality on these specific audits as they are occurring and before opinions are issued, and more broadly through active engagement in the embedded quality networks. The 2LoD review is narrower in its focus than our internal monitoring program.

8 out of 10 engagements which were supported by 2LoD reviewers had no adverse findings when subjected to quality inspection as part of our internal monitoring program in FY22 (FY21: 11 out of 12).

Profile of Second Line of Defence

	FY22	FY21	FY20
No. of Second Line of Defence reviewers	18	19	19

10. Performing quality engagements

Engagement Quality Control Reviewer (EQCR)

An Engagement Quality Control Reviewer, an independent audit partner assigned as an objective additional reviewer on significant and judgemental elements of the audit, is assigned to all listed and high public profile entity audits and designated high-risk audits. The Engagement Quality Control review is an important part of KPMG's framework for audit quality.

A review by the Engagement Quality Control Reviewer must be complete and all significant questions resolved satisfactorily before the issuance of the audit report.

EQCRs are experienced audit partners independent of the team, appointed by the local Risk Management Partner.

They must be accredited audit partners, comply with all relevant training requirements and have enough time to carry out their review, along with the appropriate experience and knowledge to perform an objective review.

10.3

Consult where necessary

Internal consultation, both formal and informal, is always encouraged and mandated in certain circumstances. The DPP, the National Audit Quality Group, the KPMG Clara deployment workflow group and our embedded networks play a key role in supporting engagement teams throughout their decision-making processes.

Access to specialists

In certain situations, specialist involvement is mandated. In other cases, the audit partner and manager determine whether to use a specialist by considering the risks for the engagement, alongside the nature and complexity of the information, data, or calculations to be audited. We provide additional learning on audit concepts to our specialists who are members of an audit team. Our most frequently used in-house specialist capabilities are in the areas of tax, information technology, actuarial, financial risk management, and valuations.

Our AARC structure includes actuarial and financial risk management specialists, optimising access for audit teams. Aligning reporting lines and objectives increases the opportunity for collaboration and consultation with specialists.

We ensure that the full resources of the firm across all areas of our business are available to assist our audit teams. This encourages them to 'when in doubt, consult'.

10.4

Appropriately support and document conclusions

The audit documentation records the audit procedures performed, evidence obtained and conclusions reached on each audit. It includes materials prepared by us, received from the client or from relevant third parties. Our policies require review of all working papers by a more experienced team member and audit documentation relating to critical areas of judgement and certain other significant matters must be reviewed by the partner.



11. Monitoring and remediation

11. Monitoring and remediation

Integrated quality monitoring and compliance programs enable KPMG member firms to identify quality deficiencies, to perform root cause analysis and develop, implement and report remedial action plans, both for individual audit engagements and the overall system of quality control.

11.1

Rigorously monitor and measure quality at the local and global level

To ensure our work continues to meet the needs of the capital markets we use a broad range of mechanisms to monitor our performance, respond to feedback and seek opportunities for improvement.

We use both internal monitoring and external inspections against accepted relevant benchmarks to evaluate our performance, understand the quality of our audit work and prioritise areas for improvement.

The complexity and dynamic nature of the economic environment, our clients' businesses and the accounting and auditing frameworks are challenging. We also have seen unprecedented disruption in the accounting profession, with the extended closure of international borders heightening the ongoing difficulties in accessing quality resources in Australia, and the impact on client teams from COVID-related lockdowns adding to the challenges.

Whilst we implemented measures to help mitigate these factors, they impacted the momentum of our audit quality improvement journey, including the multi-year implementation of our new global audit platform KPMG Clara workflow.

Through our regular monitoring of internal and external audit quality metrics for reporting to KPMG's senior leadership, we acknowledge the impact of the challenging landscape on some indicators of audit quality.

To maintain the confidence of our clients, the capital markets, regulators and shareholders we are serious about learning from findings and opportunities, no matter how small.

Internal monitoring

KPMG uses two formal annual internal inspection programs – the Quality Performance Review (QPR) Program and the Risk Compliance Program (RCP) to annually assess audit quality and independence compliance respectively. The latest RCP was completed on 30 September 2021.

The QPR program reviews a sample of audits and our compliance with audit methodology. The RCP reviews compliance with the risk management and independence policies, and practices supporting our broader system of quality control. They are designed globally and incorporate the requirements of international and Australian quality control standards.⁴⁰

In addition to the annual programs, we participate in a Global Quality and Compliance Review (GQCR), performed by a specialised team of reviewers from other member firms, to assess significant governance, risk management, independence and finance processes. Historically GQCR would occur every three years, however going forward the monitoring and testing programs, including their frequency, will be developed using a risk-based approach.

These programs assess quality and independence by benchmarking against our global and local standards. The results enable us to provide assurance our system of quality control is complied with in practice and operating effectively. They can also identify areas requiring focus and improvement.

40 International Standard on Quality Control ISQC1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and Auditing Standard ASQC1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*

11. Monitoring and remediation

Quality Performance Review Program

The global QPR Program is implemented in Australia under the authority of the Quality and Performance Liaison Partner⁴¹ assigned to oversee the independent and objective assessment of the firm. The program assesses performance at an engagement level and identifies opportunities to improve audit quality.

Total numbers will vary depending on the rotation schedule of our smaller offices and their relative size and repeat selection criteria. Note that partners reviewed as a percentage of total partners only includes partners performing financial statement audits from a broader population of partners and engagements selected for internal monitoring. This number will fluctuate depending on the relative number of partners selected that perform other assurance and related services or alternatively the number of directors selected.

QPR Program (Audit)

	FY22	FY21	FY20
No. of QPR financial statement audit reviews performed	33	37	38
Partners reviewed as a percentage of total partners	27%	37%	37%
Percentage of listed and related entity financial statement audit QP reviews conducted by global core review team	21%	29%	43%

Key Components of the QPR Program



Led by an experienced partner from another KPMG member firm. This non-local lead reviewer collaborates with the global core review team and team leaders, promoting consistency across all reviews.



Our highest profile largest listed financial statement audit reviews are performed by a dedicated global core review team comprising experienced partners, directors and senior managers from member firms across the network.



Additional financial statement audit reviews are performed by a core team of Australian and Asia Pacific region partners and directors, from locations other than the office under review. They are active practitioners and up to date with auditing standard requirements



Review of partners and directors work is undertaken on a minimum four-year rotating schedule, more often where certain risk criteria are present, such as non-compliant ratings or a significant number of high-risk engagements in their portfolio.



Benchmarking our work to the Australian Auditing Standards and KPMG's own standards: achieving a 'Compliant' rating represents our very high audit quality bar.



Performed soon after the conduct of the work subject to review: using two phases during the year which optimises timeliness.



Findings are provided to audit teams for remediation where needed and implementation on future audits.



Results are provided to leadership at office, division and firm levels. A causal analysis is performed for non-compliant engagements and a sample of other files subject to QPR, specific accountabilities for remediation are identified, and detailed action plans drawn up.

⁴¹ Marcus McArdle is the Quality and Performance Liaison Partner

11. Monitoring and remediation

Partners and directors who receive non-compliant ratings are subject to additional reviews and remedial actions, amongst other outcomes including performance evaluations and/or remuneration adjustments. The pass rate for financial statement audit engagements reviewed in FY22 was 82% (FY21: 92%). Two financial statement audits of public interest entities were rated as non-compliant (FY21: one). The areas of improvement identified in the audits did not require the audit report to be reissued. The issues identified are being remediated.

Other assessments of audit quality

Other audit quality monitoring mechanisms we use include:

- **Accounting technical reviews of client financial statements:** Performed on a sample basis by a qualified person outside of the audit team, prior to signing the audit opinion. Over a four-year period, the sample includes all listed and high-risk clients
- **Key audit matter and audit report reviews:** Performed on a sample basis by the DPP, supporting teams apply the audit reporting requirements of auditing standards. Over a four-year period, the sample includes all listed clients
- **Targeted and real time reviews of live audit engagements:** Conducted by our 2LoD Reviewers using tailored programs to assess attributes or focus areas of an audit whilst the audit is in progress. These identify opportunities to improve quality and effectiveness by sharing leading practices
- **Evaluation of common consultations:** Capturing and evaluating the most common questions raised by our individual teams
- **Post course assessments:** These are used to test understanding of specific content and provide evidence about the quality of learning
- **Goal setting and performance evaluation processes:** These include explicit evaluation of audit quality inputs and outcomes.

We also review audits in the rare circumstances where the financial statements or audit opinions are reissued. We reflect on the performance of the audit accordingly.

Evidence of unsatisfactory audit quality can directly impact both partner and staff performance ratings and/or remuneration. Findings from our risk and audit quality monitoring resulted in impacts to remuneration in FY22 for a small number of partners.

Assessments of compliance with ethics and independence requirements

We monitor our compliance with independence requirements of the *Corporations Act 2001*, professional ethical standards, and our mandated internal policies, systems and processes. This monitoring includes clearance by the firm's Ethics and Independence team prior to any individual being recruited laterally as a partner, or internally promoted to partner. The monitoring also includes an annual declaration of compliance from partners and staff, the performance of personal independence compliance audits on a sample basis, and partner rotation compliance audits on a sample of engagements. Our annual RCP also tests a sample for compliance with these requirements, including partner terms on relevant audits and the appropriateness of non-audit services provided.

Our independence policies are set at or above the requirements of professional standards and the *Corporations Act 2001*. In the event of non-compliance, the actions of partners and staff are considered by our Ethics and Independence Disciplinary Committee in accordance with our disciplinary policy. The severity of disciplinary actions has regard to the seniority of the individual and/or when breaches are not self-reported, such as when identified by a compliance audit. Depending on the circumstances, disciplinary action could include: a caution letter, a disciplinary letter on the individual's personnel file, remuneration adjustment, withheld promotion or separation from the firm.

11. Monitoring and remediation

Our compliance testing identified 35 (FY21: 40) instances of individuals not achieving full adherence to our policies and processes. The primary source of non-compliance was failure by individuals to enter or update all their, their spouse's, their spousal equivalent's or their dependant's other investments, including superannuation funds other than our firm's default superannuation fund, into our investments tracking system on a timely basis.

Several instances related to delays in completing mandatory annual independence training (FY22: 8%, FY21: 8%) or annual declaration (FY22: 6%, FY21: 6%), and Code of Conduct matters arising from responses to an assertion in the annual declaration.

Key Performance Indicators – Ethics and Independence

	FY22	FY21	FY20
No. of partners and staff subject to an independence compliance audit	235	230	262
No. of engagements subject to a partner rotation compliance audit	20	20	20
Total no. of qualifications of an Auditors' Independence Declaration⁴² – listed companies and listed registered scheme audit clients	0	1 ⁴³	0
Total no. of qualifications of an Auditors' Independence Declaration⁴⁴ – other audit clients	0	3 ⁴⁵	4 ⁴⁶

⁴² Required by the *Corporations Act 2001* section 307C

⁴³ The qualification was due to an immediate family member of a tax partner holding a financial interest in an audit client with the lead audit engagement partner being located in the same office. The financial interest was disposed of as soon as practical. The partner did not provide any services to the audit client on behalf of the firm nor was the partner a member of the audit team

⁴⁴ Required by the *Corporations Act 2001* section 307C

⁴⁵ One qualification was due to an immediate family member of a partner holding a financial interest in an audit client with the lead audit engagement partner being located in the same office. One qualification was due to an immediate family member of a tax partner holding a financial interest in an audit client with the lead audit engagement partner being located in the same office. One qualification was due to a partner holding a financial interest in an audit client with the lead audit engagement partner being located in the same office. In all three instances the financial interest was disposed of as soon as practical and the partners did not provide any services to the audit clients on behalf of the firm nor were they a member of the audit teams

⁴⁶ Two qualifications were related to an immediate family member of a tax partner holding a financial interest in audit clients with the lead audit engagement partner being located in the same office, and two qualifications were related to instances of a partner holding a financial interest in an audit client with the lead audit engagement partner being located in the same office. In all cases, the financial interest was disposed of as soon as practical and the partners did not provide any services to the audit clients on behalf of the firm nor was a member of the audit teams

11. Monitoring and remediation

11.2

Area Quality & Risk Management Leaders

The Area Quality & Risk Management Leaders (ARL)⁴⁷ are appointed by and ultimately report to the Global Head of Quality, Risk and Regulatory. The ARLs perform 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 and remediation, are reported to GQ&RM leadership. The objectives of the ARL 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 when significant brand and legal risk issues occur to assist in ensuring that matters are properly handled
- monitor the effectiveness of firm remediation of significant issues, including identification of the root causes of serious quality incidents.

11.3

Obtain, evaluate and act on stakeholder feedback

We recognise objective feedback and a genuine commitment to continuous improvement is important to driving audit quality.

Whistleblower Hotline

KPMG maintains a confidential Whistleblower Hotline, supported by a third party, available to KPMG partners and staff globally. We encourage speaking up so we can take action when inappropriate behaviour is identified and seek to learn and improve from feedback. The Whistleblower Hotline is also available to external parties to confidentially report complaints relating to the quality of our work or our people. This is accessible through our website and via telephone and surface mail.

The Whistleblower Hotline is another method of reporting concerns about possible illegal, unethical or improper conduct in circumstances where our people feel uncomfortable reporting a concern through other channels. Callers' reports are handled confidentially with no retaliation or retribution.

External inspections

We invest in continuous improvement and rectify any identified deficiencies in audit quality capable of eroding public trust. We also believe that the regulator has an important role to play in enhancing public confidence in the audit process.

⁴⁷ The Area Quality and Risk Management leader for KPMG Australia is Caroline Lee, a partner in KPMG Singapore.

11. Monitoring and remediation

Australian Securities and Investments Commission (ASIC)

ASIC conducts an annual audit inspection program which focuses on audit quality and promoting compliance with the requirements of the *Corporations Act 2001*, Auditing Standards and Professional and Ethical Standards. In terms of identifying which audits to inspect, ASIC understandably skews its sample selection to the most complex and high-risk audits.

At the conclusion of each inspection period, ASIC issues a consolidated report⁴⁸ outlining the findings across its audit firm inspections and issues an individual report to each firm inspected during the period. The individual reports of each of the largest six audit firms, including KPMG, for the inspection period 1 July 2020 – 30 June 2021 are available on ASIC's website.⁴⁹

We take the findings seriously and believe that the process provides valuable insights to improve the quality of our audits.

We conduct an evaluation of all matters identified by ASIC. We undertake extensive analysis of ASIC's thematic findings, perform deep-dive root cause analysis to identify possible root causes of issues raised and design solutions as appropriate.

We maintain a comprehensive Audit Quality Action Plan driven by feedback from monitoring activities, including ASIC inspections. Our audit quality action plan is shared and discussed with ASIC.

Our technical learning reinforces ASIC's messages and addresses findings from recently completed inspections and preliminary observations from the current inspection process.

ASIC Audit Inspection Report

In 2021 (the most recent reporting period), we recorded a marginal increase in the relative percentage of audit quality findings reported by ASIC, 30% in 2021 against 26% in 2020. It is important to note there were no restatements of financial reports or reissuances of audit opinions due to these findings and regular feedback sought from Audit Committee Chairs continues to be positive.

Results are expected to be released by the end of the 2022 calendar year. Disappointingly, we expect our 2022 results will show a further deterioration from these levels.

As well as the inspection of audits, during the year ASIC conducted a review of aspects of our quality control systems regarding the execution of our root cause analysis in accordance with our methodology. No significant matters arose out of this review and ASIC observed a number of our better practices.

⁴⁸ ASIC's most recent public consolidated report Audit inspection program public report for 2020-21 summarises the observations and findings identified by ASIC's audit inspection program in the 12 months to 30 June 2021 (Report 714). This includes observations from ASIC's thirteen inspection of KPMG. The report is available on their website www.asic.gov.au

⁴⁹ www.asic.gov.au

11. Monitoring and remediation

Foreign regulators

Our audit practice is registered with the US PCAOB, Japanese⁵⁰, Canadian⁵¹, Luxembourg⁵², UK⁵³ and German⁵⁴ authorities. This is necessary to either participate in audits of global clients or conduct audits of Australian clients who, owing to overseas stock exchange listing requirements, file financial statements in those jurisdictions. The PCAOB inspected our firm during FY21. The PCAOB identified deficiencies in one of the three engagements selected for inspection. None of the engagements were determined to have an incorrect opinion on the financial statements and/or internal controls over financial reporting.

Chartered Accountants Australia and New Zealand (CA ANZ)

CA ANZ promotes the Chartered Accountant (CA) designation and the associated high ethical standards. CA ANZ has advised that it considers the work of ASIC in determining the scope and timing of any review of the large firms to reduce duplication. In March 2021, CA ANZ completed a Quality Review of our practice which focused on our system of quality control, risk management, monitoring activities and the outcomes of those activities, including action plans and remediation programs.

Client feedback

The KPMG Client Insights Program actively solicits feedback from clients on the quality of our services. This feedback is considered at an individual audit team level and a firm level to inform our client service and quality processes.

Overall Satisfaction⁵⁵

FY22	FY21	FY20
8.1	8.2	8

⁵⁰ Japanese Financial Services Authority

⁵¹ Canadian Public Accountability Board

⁵² Luxembourg Commission de Surveillance du Secteur Financier

⁵³ UK Financial Reporting Council

⁵⁴ German Audit Oversight Commission

⁵⁵ This is the score out of 10

11. Monitoring and remediation

11.4

Perform root cause analysis

The effectiveness of any response to an issue is dependent on the understanding of the root cause, the pervasiveness of the issue, the ability to tailor a solution in differing circumstances and leadership support for the solution.

We use our knowledge from past experiences and our specifically designed root cause analysis framework⁵⁶ to fully understand the root cause of issues and design innovative and appropriate solutions.

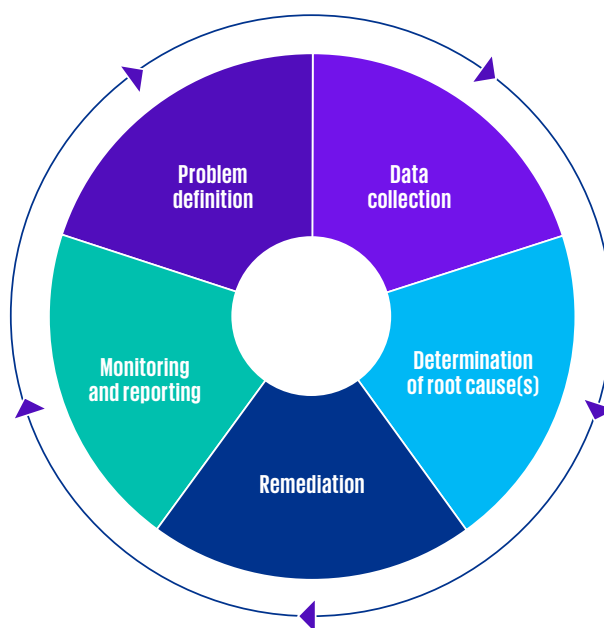
We use the following solutions tailored for specific situations to address the identified root cause:

- **Face-to-face briefings:** with individuals, using coaching techniques, in facilitated workshops, group or office wide meetings, and local or national instructor led learning sessions

- **Topic specific guides and learning:** online instruction, guidance papers, example tools and templates, podcasts, access to centrally logged frequently asked questions and answers, and other database resources
- **Reminders and alerts:** emails, technical and organisational announcements, intranet alerts, animation and poster reminders
- **Practice management changes:** reassignment of partners and/or staff, reassignment of internal operational roles, and additional support
- **Behavioural motivators:** including recognition and reward
- **Automated tools:** pre-programmed applications for a discrete audit activity.

In presenting the solutions to teams, we tell them why we are focusing on the topic and provide context to enable them to understand how these are driven from our monitoring findings.

Global Five Step Root Cause Analysis Principles⁵⁷



⁵⁶ Global Five Step Root Cause Analysis Principles, issued globally and adopted with local considerations

⁵⁷ ©2022 KPMG



12. Financial information

12. Financial information

This section sets out financial information on the firm that shows the importance of statutory audit work to our overall business and results.

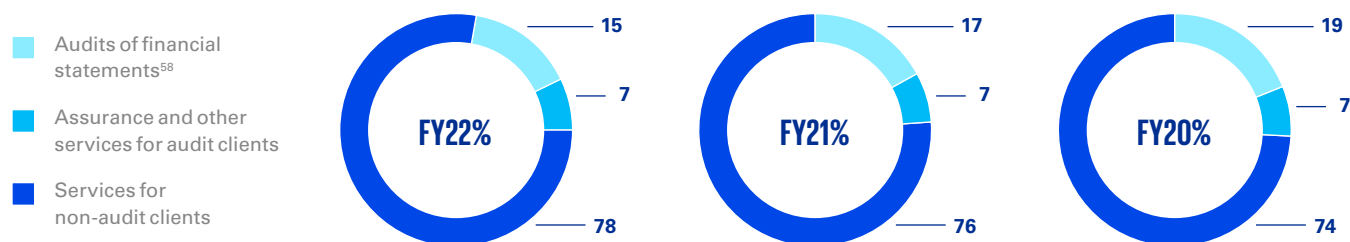
KPMG Australia recorded revenue of \$2.341 billion (\$2.179 billion excluding recoverable expenses of \$0.162 billion, year on year growth of 16%) delivering strong growth and profitability despite the volatile market conditions.

In breaking down the performance, total revenue generated in Australia was \$2.157 billion (excluding recoverable expenses), and total revenue generated in Papua New Guinea and Fiji was \$23 million.

Revenue

	FY22 (\$b)	FY21 (\$b)	FY20 (\$b)
Total revenue for KPMG in Australia for the financial years ending 30 June, including recoverable expenses	2.32	2.02	1.91

Total Revenue Breakdown



⁵⁸ Includes audits and reviews conducted of financial statements, prepared pursuant to sections 292, 295, 302 and 303 of the *Corporations Act 2001*. Includes AU\$8 million revenues from the statutory audit of annual and consolidated financial statements and AU\$3 million revenues from other services to Australian clients considered EU public interest entities (definition contained in Appendix 3)



13. Partner remuneration

13. Partner remuneration

Partner remuneration is determined annually by our National Executive Committee and is subject to review by the Partner Remuneration and Nomination Committee (PRNC) before Board approval.

The PRNC is responsible for determining the remuneration of the CEO, making recommendations on the policies for partners' remuneration, and hearing appeals from partners regarding their remuneration.

Guidance has been established for the application of consequences to partners when incidents occur which relate to ethics and independence, quality, or other behavioural matters. The potential consequences include cautions, warnings, financial penalties, and separation from the partnership. Each year incidents and recommended consequences are reported to the PRNC by the firm's Ethics & Independence Disciplinary Committee, Chief Risk Officer, Divisional Risk Management Partners, Head of Audit Quality, and National Managing Partner People & Inclusion. The Chief Risk Officer oversees a robust process to ensure the recommended consequences in relation to all reported incidents are fairly considered and appropriate. The PRNC ensures the quality issues are appropriately considered and the recommended consequence is consistent with the firm's guidance.

Additionally, the PRNC observed that the assessment of the performance of audit partners considered the conduct and execution of their audits with no attribution for success in selling non-audit and assurance services in respect of their audit accounts. This practice was consistently and rigorously applied.

There are two components to partner remuneration: a base distribution of profits reflective of role and seniority, and a variable distribution of profits, expressed as a percentage of base remuneration, reflective of performance against previously agreed goals, including audit quality.

Compensation is based on factors including results of internal and external audit inspections and other relevant quality metrics.

In FY22, 17 audit partners had their remuneration impacted through an adjustment to their performance bonus or performance rating due to such matters.



14. Network arrangements

14. Network arrangements

14.1

Legal structure

KPMG Australia is part of a global organisation of independent professional services firms affiliated with KPMG International Limited, a private English company limited by guarantee, spanning 145 countries and territories. For the year ended 30 September 2021, we collectively employed some 236,000 people.

Further details about KPMG International and its business, including our relationship with it, are available in the 2021 KPMG International Transparency Report⁵⁹. The structure is designed to support consistency of service quality and adherence to agreed values wherever in the world KPMG member firms operate.

KPMG member firms commit to conduct their operations in compliance with a common set of values, standards and service quality expectations.

Partners and employees within those firms always commit to act with integrity.

Professional services to clients are provided exclusively by member firms. For the year ended 30 September 2021, KPMG member firms reported total global revenue of US\$32.13 billion.⁶⁰ Under agreements with KPMG International, member firms including KPMG in Australia 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.

This includes having a structure that ensures continuity and stability and being able to adopt global and regional 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 are required to have the capability to provide certain types of core services and to refer work to other member firms where appropriate (for example, if the engagement concerns work in that other member firm's country and that other member firm has the required capacity and expertise to perform the work).

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 and regulations set by KPMG International or any of its other obligations owed to KPMG International.

14.2

Professional indemnity insurance

Insurance cover is maintained in respect of professional negligence claims. The cover provides a territorial coverage on a worldwide basis.

⁵⁹ <https://assets.kpmg/content/dam/kpmg/xx/pdf/2021/12/transparency-report-2021.pdf>

⁶⁰ Aggregated revenues generated by KPMG firms (excluding revenues from UK) from EU and EEA Member States resulting from the statutory audit of annual and consolidated financial statements was Euro 2.05 billion. Revenues for the year ended 30 September 2022 will be published in December 2022 on [kpmg.com](https://www.kpmg.com), and contained within the 2022 KPMG Global Review. An updated statement of EU/EEA statutory audit revenues for the 12 months to 30 September 2022 will be available within the KPMG International Transparency Report, also to be published in December 2022 on [kpmg.com](https://www.kpmg.com). A list of KPMG network firms and sole practitioner statutory auditors in European Union/ European Economic Area Member States is available here (<https://assets.kpmg/content/dam/kpmg/xx/pdf/2022/09/list-of-audit-firms-eu-eea-countries.pdf>)

14. Network arrangements

14.3

Governance structure

The National Board is the principal governance and oversight body of KPMG in Australia.

The National Board is responsible and accountable to partners for:

- the stewardship of the Partnership for the benefit of current and future partners
- the successful conduct of the firm
- enhancing the image and profile of the firm
- the implementation of issues voted on by the partners.

The current standing sub-committees of the National Board are the:

- Audit Committee
- Board Investment Committee
- Nomination Committee.

The CEO is appointed by the National Board on the recommendation of the National Chair. The CEO leads the National Executive Committee, with individual appointments recommended by the CEO to the National Board for approval.

The National Executive Committee is the principal management body of KPMG in Australia. It is responsible for driving the financial performance of the business, the development and execution of strategy and establishing the processes to monitor and enforce policy compliance. Its members include the National Managing Partners of each of the Audit, Assurance & Risk Consulting, Deals Tax & Legal, Management Consulting, Enterprise and Futures divisions, along with the Chief Risk Officer (CRO) and leaders of each of the Business Service areas.

Appointment of each NEC member requires approval by the relevant Global Committee. For example, the appointment of the National Managing Partner, Audit, Assurance and Risk Consulting was approved by the Global Head of Audit.

Through the CRO's membership of the NEC, the CRO provides regular updates and escalates key messages from the Service Delivery Risk Committee⁶¹, the Ethics and Independence Disciplinary Committee, the Commercial Conflicts Resolution Committee and the Risk Management and the Office of General Counsel (OGC) function.

Primary role as it relates to quality

Service Delivery Risk Committee

- Oversight of risk management arrangements relating to service delivery to clients
- Discuss emerging business risks, and their potential impact, as they affect service delivery
- Recommend improvements to firm systems and processes as needed
- Support the efficient application of risk management practices across the firm.

Ethics and Independence Disciplinary Committee

- Deal with referrals of non-compliance with the firm's ethics and independence policies
- Determine disciplinary sanctions with the approval of the National Executive Committee and/or the Board
- Recommend improvements to firm policies, systems and processes as needed.

61 The CRO chairs the Services Delivery Risk Committee

14. Network arrangements

Commercial Conflicts Resolution Committee

- Review, maintain oversight of and make any decisions relating to, but not limited to, the following:
 - commercial conflicts, including proposed engagements, communications, or expressions of thought leadership likely to:
 - + detrimentally impact on our relationship with one or more of our key accounts or one of our listed audit clients;
 - + restrict KPMG's ability to provide services or accept engagements;
 - + result in public or media comment with potentially negative implications for KPMG's reputation; or
 - + be potentially detrimental to the KPMG brand.
- Review, maintain oversight of and make decisions relating to Risk Appetite related matters.

Risk Management and OGC Function

- Promote processes and structures to support risk management and quality
- Develop risk and quality policies, systems and procedures
- Support the implementation of risk and quality systems and procedures to comply with local and global requirements
- Monitor and test risk and quality policies, systems and procedures
- Create tools and templates to manage compliance obligations
- Provide support and guidance to all professionals on application of appropriate policies and systems.



15.

Statement by the board on the effectiveness of quality control

Statement by the board on the effectiveness of quality control

We are confident that our framework for audit quality supports our people and enables them to provide a high level of audit quality in an independent, objective and ethical manner, maintaining public and stakeholder confidence.

This report describes our quality control system to conduct our audits in accordance with applicable standards and laws and highlights certain measures we consider in operating our external audit practice. The results of our internal monitoring programs, consideration of our reported measures, together with feedback from independent regulatory inspections, provides the KPMG Board with a basis to conclude that our system of quality control described in this Transparency Report are functioning effectively.



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

ALISON KITCHEN
National Chairman, KPMG Australia



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

ANDREW YATES
Chief Executive Officer, KPMG Australia

Appendices

Appendix 1: Key legal entities and areas of operation

KPMG Australia, KPMG Fiji and KPMG Papua New Guinea (PNG) have formed a South Pacific Practice (SPP) effective from 1 July 2021. This SPP has enabled collaboration between the separate firms across the South Pacific region to another level, unlocking a range of synergies through shared technology systems and processes, resource sharing, as well as pursuing growth in the South Pacific expanded service offerings. KPMG Fiji and KPMG PNG remain separate firms and are not required to publish a transparency report under section 322 of the *Corporations Act 2001*. As such, their operations are not captured as part of this report.

KPMG Australia's primary focus is to serve clients based in Australia. KPMG operates in Australia through the KPMG Partnership (Australian Partnership) and other associated entities, including KPMG Financial Advisory Services (Australia) Pty Ltd, KPMG Holdings (Australia) Pty Ltd and KPMG Australian Service Trust. Our headquarters are split between Sydney and Melbourne, with offices in every state and territory capital within Australia, as well as offices in Geelong, Gold Coast, Newcastle, Parramatta, Rhodes, Townsville and Wollongong.

Appendices

Appendix 2: Details of those charged with governance

The Board comprises the National Chairman, the CEO, nine other members currently drawn from our Brisbane, Melbourne and Sydney offices, and two independent members. The Board met 22 times in the year to 30 June 2022.

Board members as at the date of this report are:

National Chairman Alison Kitchen, Melbourne	Brett Mitchell, Sydney
Deputy Chairman Michael Hiller, Brisbane	Carmel Mortell, Melbourne
Chief Executive Officer Andrew Yates, Sydney	Shelley Reys, Sydney
Corrina Bertram, Melbourne	Patty Akopiantz, Independent Board member
Mathew Herring, Melbourne	Martin Dalglish, Independent Board member
Kim Lawry, Sydney	

NEC members as at the date of this report are:

Andrew Yates, Chief Executive Officer	Paul Howes, National Managing Partner, Enterprise
Tanya Gilerman, Chief Risk Officer	John Munnelly, Chief Digital Officer
Christa Gordon, National Managing Partner, Management Consulting	Karen Parkes, National Managing Partner, Firm Transformation
David Heathcote, National Managing Partner, Deals, Tax & Legal	Martin Sheppard, National Managing Partner, Client Growth & Markets
Amanda Hicks, National Managing Partner, Client Experience & Brand	Andrew Wiles, Chief Operating Officer and Chief Financial Officer
Dorothy Hisgrove, National Managing Partner, People & Inclusion	Sarah Vega, National Managing Partner, KPMG Futures
Eileen Hoggett, National Managing Partner, Audit, Assurance & Risk Consulting	

Appendices

Appendix 3: Public Interest Audit Clients of the Firm

The Australian listed companies, listed registered schemes, Authorised Deposit-Taking Institutions⁶², General Insurers⁶³, Life Companies⁶⁴ and EU public interest entities⁶⁵ for which KPMG in Australia⁶⁶ is statutory auditor for the financial years ended in the 12 months to 30 June 2022 are:

A2B Australia Limited	Bell Financial Group Limited
AAI Limited	Berkley Insurance Company
Ainsworth Game Technology Limited	Beyond Bank Australia Limited
Alpha HPA Limited	Bigtincan Holdings Limited
Altium Limited	Biotron Limited
AMA Group Limited	Bisalloy Steel Group Limited
Ampol Limited	Black Mountain Energy Limited
Ansarada Group Limited	BNK Banking Corporation Limited
Ansell Limited	Boom Logistics Limited
Anteris Technologies Ltd.	BOQ Covered Bond Trust
ANZ Lenders Mortgage Insurance Pty Limited	Boss Energy Ltd
Appen Limited	Buru Energy Limited
Artrya Limited	BWP Trust
Asteron Life & Superannuation Limited	Capricorn Metals Ltd
Aussie Broadband Limited	Cardno Limited
Austral Gold Limited	Carlton Investments Limited
Australia & New Zealand Banking Group Limited	Centaurus Metals Limited
Australian Agricultural Company Ltd	Centuria Capital Fund
Australian Central Credit Union Ltd	Centuria Capital Group
Australian Ethical High Conviction Fund	Centuria Capital Limited
Australian Ethical Investment Limited	Centuria Industrial REIT
Australian Military Bank Ltd	Centuria Life Limited
Australian Mutual Bank Ltd	Centuria Office REIT
Australian Pharmaceutical Industries Limited	Chrysos Corporation Ltd
Australian Potash Limited	Citibank NA
Australian United Investment Company Limited	Clean TeQ Water Limited
Auto & General Insurance Company Limited	Cochlear Limited
Barristers' Sickness and Accident Fund Pty Limited	Codan Limited
Base Resources Limited	Collection House Limited
Battery Minerals Limited	Community First Credit Union Limited

62 Within the meaning of the Banking Act 1959 and associated Non-Operating Holding Companies (NOHC)

63 Within the meaning of the Insurance Act 1973 and NOHC as per section 18

64 As registered under section 21 of the Life Insurance Act 1995 and NOHC as per section 28A

65 Within the meaning of Directive 2006/43/EC issued by the European Parliament and of the Council, where a public interest entity is an issuer whose transferable securities are admitted to trading on a regulated market, specific to the EU jurisdiction

66 Excludes KPMG PNG and KPMG Fiji

Appendices

Corrvas Insurance Pty Ltd
Cosmos Purpose Bitcoin Access ETF
Cosmos Purpose Ethereum Access ETF
Costa Group Holdings Limited
Coventry Group Ltd
Credicorp Insurance Pty Ltd
Credit Union Australia Limited
Credit Union SA Ltd
Crown Resorts Pty Ltd
CTI Logistics Limited
Cue Energy Resources Ltd
Diversified United Investment Limited
Downer EDI Limited
Downer Group Finance Pty Limited
Duxton Water Limited
Echo IQ Limited
Eclixp Group Limited
eInvest Core Income Fund
Employers Mutual Limited
Energy Resources of Australia Limited
Enero Group Limited
Engenco Limited
Equus Mining Limited
ETFS 21Shares Bitcoin ETF
ETFS 21Shares Ethereum ETF
Euroz Limited
Event Hospitality and Entertainment Ltd
Far East Gold Ltd
Fiducian Group Limited
Finbar Group Limited
Finder Energy Holdings Limited
Fire Service Credit Union Limited
First American Title Insurance Company of Australia Pty Limited
Flinders Mines Limited
Gateway Bank Ltd
Generation Development Group Limited
Generation Life Limited
Genworth Financial Mortgage Indemnity Limited
Genworth Financial Mortgage Insurance Pty Limited
Genworth Mortgage Insurance Australia Limited
Gold Road Resources Limited
Goodman Group
Goodman Industrial trust
Goodman Limited
Gordian Runoff Limited
Group 6 Metals Limited
GUD Holdings Limited
GWA Group Limited
Hallmark General Insurance Company Ltd
Hallmark Life Insurance Company Ltd
HealthCo HealthCare & Wellness REIT
Heritage Bank Limited

Hexima Limited
Hills Limited
HomeCo Daily Needs REIT
Hospitality Employers Mutual Limited
Hotel Property Investment
Hotel Property Investments Ltd
Hotel Property Investments Trust
IMB Limited
IncentiaPay Limited
Indue Limited
ING Bank (Australia) Limited
Inghams Group Limited
Insignia Financial Ltd
Insurance Australia Group Limited
Insurance Australia Limited
Insurance Manufacturers of Australia Pty Limited
IOOF Ltd
IVE Group Limited
Kogan.com Ltd
Korvest Ltd
Latitude Group Holdings Limited
Latitude Insurance Holdings Pty Ltd
Lendlease Corporation Limited
Lendlease Group
Lendlease Trust
Liberty Financial Group Limited
Linus Technologies Limited
Link Administration Holdings Limited
Lovisa Holdings Limited
Lutheran Laypeople's League of Australia Limited
MA Financial Group Limited
MacMahon Holdings Limited
Matrix Composites & Engineering Ltd
Maxiparts Limited
Mayfield Group Holdings Limited
McGrath Limited
Mercedes-Benz Australia/Pacific Pty Ltd
Metrics Credit Partner Income Opportunities Trust
Metrics Credit Partner Master Income Trust
Midway Limited
Mitchell Services Limited
Mitsui Sumitomo Insurance Company, Limited
Monash IVF Group Limited
Motorcycle Holdings Limited
Nearmap Ltd
Next Science Limited
Nickel Mines Limited
Noumi Limited
NuEnergy Gas Limited
Nufarm Limited
Nuix Ltd
OFX Group Limited

Appendices

oOh!media Limited
Optus Insurance Services Pty Ltd
Ora Banda Mining Limited
Orica Limited
Over Fifty Guardian Friendly Society Limited
OZ Minerals Limited
Pacific Smiles Group Limited
Palla Pharma Ltd
Pearl Gull Iron Limited
Perpetual Credit Income Trust
Perpetual Equity Investment Company Limited
Perpetual Limited
Pilbara Minerals Limited
Police Credit Union Ltd
Police Financial Services Limited
Poseidon Nickel Limited
Prospect Limited
PWR Holdings Limited
Qantas Airways Limited
Qualitas Limited
Qualitas Real Estate Income Fund
Qudos Mutual Ltd
Quickstep Holdings Limited
RAA Insurance Holdings Limited
RAA Insurance Ltd
RAC Insurance Pty Ltd
RED 5 Limited
Redcape Hotel Group
Redcape Hotel Trust I
Redcape Hotel Trust II
Reece Limited
Regional Australia Bank Ltd
Regis Resources Limited
Reliance Worldwide Corporation Limited
Retail Food Group Limited
Rex Minerals Limited

Ridley Corporation Limited
Rightcrowd Limited
Rio Tinto Limited
Santana Minerals Limited
Servcorp Limited
Seven West Media Limited
SG Fleet Group Limited
Silver Lake Resources Limited
SIV Capital Limited
Sky Metals Limited
South West Slopes Credit Union Limited
South32 Limited
Southern Cross Electrical Engineering Limited
St Andrew's Insurance (Australia) Pty Ltd
St Andrew's Life Insurance Pty Ltd
Statecover Mutual Limited
Steadfast Group Limited
Suncorp Group Limited
Suncorp Insurance Holdings Limited
Suncorp-Metway Limited
Sunrise Energy Metals Limited
TAL Dai-ichi Life Australia Pty Ltd
TAL Life Limited
Tanami Gold NL
Teaminvest Private Group Limited
TNG Limited
Touch Ventures Limited
Treasury Wine Estates Ltd
Tuas Limited
Veris Limited
Vimy Resources Limited
White Rock Minerals Limited
WiseTech Global Limited
Wiseway Group Limited

Appendices

Appendix 4: The KPMG Values

Our values 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.

Our global values are:



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 find strength in our differences



For Better

We do what matters.

Contact us

Eileen Hoggett
**National Managing Partner, Audit,
Assurance & Risk Consulting**

+61 2 9335 7413
ehoggett@kpmg.com.au

Julian McPherson
**National Partner in Charge,
External Audit**

+61 2 9335 8802
jmcpherson@kpmg.com.au

Julie Cleary
**National Partner in Charge,
Enterprise Audit & Assurance**

+61 2 9335 7225
gbcleary@kpmg.com.au

Shaun Kendrigan
National Head of Audit Quality

+61 2 9335 8722
skendrigan@kpmg.com.au

Jennifer Travers
**Partner, Department
of Professional Practice**

+61 3 9288 5015
jltravers@kpmg.com.au

KPMG.com.au

The information contained in this document is of a general nature and is not intended to address the objectives, financial situation or needs of any particular individual or entity. It is provided for information purposes only and does not constitute, nor should it be regarded in any manner whatsoever, as advice and is not intended to influence a person in making a decision, including, if applicable, in relation to any financial product or an interest in a financial product. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

To the extent permissible by law, KPMG and its associated entities shall not be liable for any errors, omissions, defects or misrepresentations in the information or for any loss or damage suffered by persons who use or rely on such information (including for reasons of negligence, negligent misstatement or otherwise).

©2022 KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation.

Liability limited by a scheme approved under Professional Standards Legislation.

October 2022. 961652273AARC