



Transparency Report 2022

KPMG Professional Services

November 2023



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Message from the Senior Partner

Welcome to the KPMG Professional Services 2022 Transparency Report covering the period from 1 October 2021 to 30 September 2022. We have prepared this Transparency Report in accordance with the requirements of the Financial Reporting Council (FRC) of Nigeria Rule 12: Audit Transparency Report. Our report reflects the way we provide transparency to our stakeholders in the execution of our Audit Services with the utmost quality.

Our Firm has been supporting businesses, communities, and people in Nigeria for about 45 years and throughout that time, audits have played a vital part in the economy. However, over time, expectations of the audit profession and audits have changed. Stakeholders are rightly demanding more of the audit service and the profession. The changes in the expectations have helped identify what needs to change.

At KPMG, we're leading the evolution of audit, with both ideas and action. We are deeply committed to audit quality and understand that consistently providing exceptional quality across all our audit engagements is fundamental to our continued success.

We must get audit quality right every time. This is entrenched in our overall ambition and collective strategy as KPMG to Be the Most Trusted and Trustworthy Professional Services Firm. To this end, the foundation of our Audit Practice is built on Trust, Quality, and Integrity.

In delivering audit quality, we always begin with a quality-centric culture. The responsibility for quality starts at the top and this means driving and reinforcing accountability and consistency through the complete chain of command in all our audit teams, engagements, and practices so that every action helps us meet our rigorous quality objectives.

Audit quality is a journey, and our focus is to always invest and innovate, with a

continuous improvement objective. Our commitment to driving improvements in audit quality and global consistency is embodied in our Global Audit Quality (GAQ) program. The ultimate objective of this program is for our audit professionals to feel confident that they have the support, tools, and environment they need to consistently deliver a high-quality audit. In the execution of this, we have continually tasked our Audit Quality Monitoring Team to monitor and support audit teams in driving improvements to audit quality. To us, audit quality is not just an annual compliance exercise, it's a daily commitment to acting with integrity, using professional skepticism, objectivity, independence, and ethics.

Furthermore, we consistently deliver quality audits, enabled by the power of technology, while we maintain a relentless focus on delivering a more risk-based and automated audit methodology through upgrades to our fit for purpose KPMG Clara Workflow Systems. This platform brings our powerful data and analytic capabilities into one interface — with the ability to integrate new technologies such as artificial intelligence and machine learning.

We also leverage on the strength of our people. We value a mindset of lifelong learning, continuous improvement and a culture of excellence and integrity that supports inclusion & diversity. Together, these drivers allow us to respond with agility, innovation and engage meaningfully, with all stakeholders. Through this, KPMG is a leader in driving the future of audit.

In this report, we will share with you how we wake up every day, dedicating ourselves to sustaining audit quality to deliver on our fundamental promise of quality and trust to the public, investors, audit committees and the stakeholders we serve. We aim to continuously live up to the high standards we set for ourselves

while building upon our sound audit quality foundations, in terms of how we manage both our firm and our audit engagements.



Tola Adeyemi

Tola Adeyemi
Senior Partner

22 November 2023



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Throughout this document, "KPMG" "we," "our" and "us" refers to the global organization or to one or more of the member firms of KPMG International Limited, each of which is a separate legal entity. KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. Structure of KPMG International Limited is provided in the 'Governance and leadership' section of the [2022 KPMG International Transparency Report](#)

KPMG Values

KPMG is committed to quality and service excellence in all that we do, helping to bring our best to clients and earning the public's trust through our actions and behaviors both professionally and personally.

Our Values guide our behaviors 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 of our stakeholders.

Our 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 draw strength from our differences



For Better

We do what matters



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Living our culture and Values



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Living our culture

It's not just what we do at KPMG that matters, we also pay attention to how we do it. Our Values are our core beliefs, guiding and unifying our actions and behaviors. Shared across every level and in every country, jurisdiction and

Fostering the right culture, starting with tone at the top

Tone at the top

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

At KPMG in Nigeria, we promote a culture in which consultation is encouraged and recognized as a strength. We communicate our commitment to clients, stakeholders, and society at large to earn the public's trust.

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

KPMG is committed to quality and service excellence in all that we do, helping to bring our best to clients and earning the public's trust through our actions and behaviors both professionally and personally.

Our Values guide our behaviors 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 of our stakeholders.

Outlined in KPMG's Global Code of Conduct ("the Code") are the responsibilities all KPMG personnel have to each other, the public and our clients. It shows how our Values inspire our greatest aspirations and guide all our behaviors and actions. It defines what it means to work at and be part of KPMG, as well as our individual and collective responsibilities.

Everyone at KPMG is held accountable for behaviour consistent with the Code and is required to confirm their compliance with it. All KPMG personnel are required to

take annual training covering the Code. We are committed to holding ourselves accountable for behaving in a way that is consistent with the Code. Individuals are encouraged to speak up if they see something that makes them uncomfortable or that is not in compliance with the Code, or our Values.

Everyone at KPMG is required to report any activity that could potentially be illegal or in violation of our Values, KPMG policies, applicable laws, regulations or professional standards.

To safeguard this principle of holding each other accountable, each KPMG firm is required to establish, communicate and maintain clearly defined channels to allow KPMG personnel and third parties to make inquiries about, raise concerns in relation to, provide feedback on, and notify, reportable matters, without fear of reprisal, in accordance with applicable law or regulation.

The KPMG International hotline is a further mechanism for KPMG personnel, clients and other third parties to confidentially report concerns they have relating to certain areas of activity by KPMG International, activities of KPMG firms or KPMG personnel. We take reports received by the International hotline seriously, and for each of them respond, and take appropriate action.

In addition to the KPMG International hotline, we operate a local whistle blowing process which is available for KPMG partners and employees, clients, and other third parties to confidentially report concerns they have relating to how others are behaving via calling the dedicated hotlines, sending an email to the Hotmail, submitting complaints using the hotlink and speak up boxes. People can raise matters anonymously and without fear of retaliation. All matters reported through the local whistle blowing process are investigated under the supervision of the Risk Management Partner.

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

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The Global People Survey provides KPMG in Nigeria's leadership and KPMG International leadership with results related to upholding the KPMG Values. KPMG in Nigeria and KPMG International monitor the results and take appropriate actions to communicate and respond to any findings.

System of quality management

Audit quality is foundational to instilling confidence and public trust in the capital markets and it remains our highest priority.

We define "audit quality" as the outcome we get:

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

Tone at the top, leadership, and a clear set of Values and conduct are essential to set the framework for quality. The quality of each audit however rests on a foundational system of quality management.

Across our global organization we have strengthened the consistency and robustness of our system of quality management that enables compliance with the International Standard on Quality Management 1 (ISQM 1), issued by the International Auditing and Assurance Standards Board (IAASB), which took effect on 15 December 2022. We consider this a transformational and fundamental change for KPMG firms.

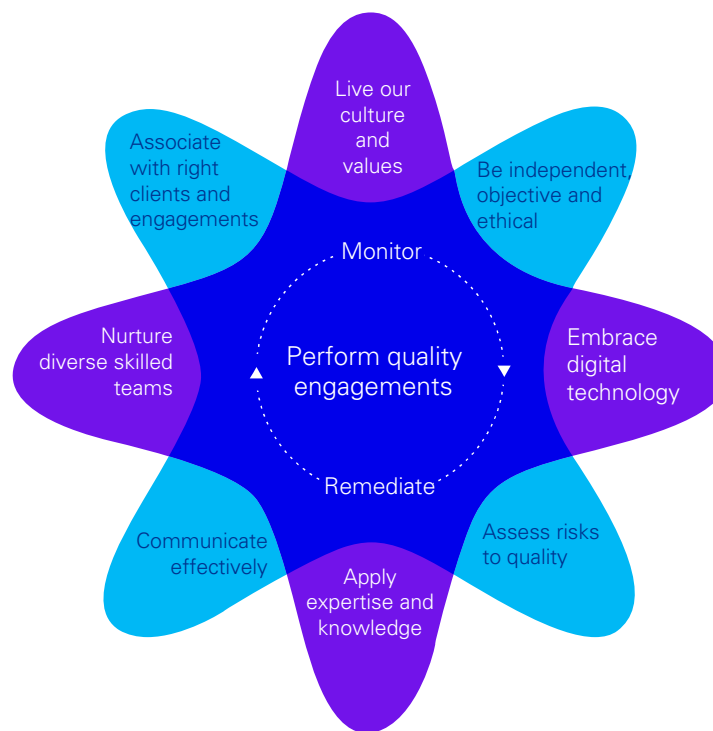
Our globally consistent approach to ISQM 1 drives the robustness of our responses to the risks of achieving the quality objectives set out in the standard. For each component in the standard, KPMG International has established minimum required quality objectives, quality risks and responses for all KPMG firms.

KPMG International has established a risk assessment process required to be used by KPMG firms in identifying additional firm specific quality objectives, quality risks, and responses and requirements for testing and evaluation of their system of quality management together with guidance, tools and templates to support the consistent implementation of ISQM 1 across KPMG firms.

The new requirements apply to all KPMG firms within our global organization. The objective of this centralized approach is to drive the consistency, robustness, and accountability of responses within KPMG firm's processes.

In preparation for ISQM 1, we adopted a new Global Quality Framework to better outline how we deliver quality at KPMG, and how everyone at KPMG is accountable to its delivery. The principle of 'Perform quality engagements' sits at the core along with our commitment to continually monitor and remediate our processes as necessary.

The Global Quality Framework also meets the requirements



of the current International Standards on Quality Control (ISQC 1), issued by the International Auditing and Assurance Standards Board (IAASB) and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA), which apply to professional services firms that perform audits of financial statements.

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

Leadership responsibilities for quality and risk management

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

Our leadership team is committed to building a culture based on integrity, quality, objectivity, independence, and ethics, demonstrated through their actions.

KPMG in Nigeria is required to seek input from the chair of the relevant Global Steering Group or his/her delegate on the performance of certain leaders within the firm whose role most closely aligns with the activities of the Global Steering Group. Input is sought as part of the annual performance

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process and is based on an assessment of the leader's performance, which includes matters of public interest, audit quality and risk management activities.

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

Senior Partner

In accordance with the principles in ISQC 1, our Senior Partner, Kunle Elebute (currently Tola Adeyemi, effective 1 October 2022) has assumed ultimate responsibility for KPMG in Nigeria's system of quality management.

Details of some of the measures that he and the rest of the Board have taken to ensure that a culture of quality prevails within KPMG in Nigeria are set out in this section.

Risk Management Partner

The Risk Management Partner (RMP), is responsible for the direction and execution of risk, compliance, and quality control in KPMG in Nigeria. The RMP is a member of the firm's Executive Committee and has a direct reporting line to the Senior Partner. The RMP consults, as appropriate, with the Senior Partner, the Regional Risk Management Partner, Global Quality & Risk Management resources, and the General Counsel or external counsel.

The fact that the Risk Management Partner is on the Executive Committee of the firm and the seniority of reporting lines, underlines the importance that the firm places on risk and quality issues. The RMP is supported by a team of dedicated professionals in the Quality and Risk Management unit, and other partners and professionals in each of the functions.

The RMP also has responsibility for the direction and execution of ethics and independence policies and procedures in KPMG in Nigeria.

The Audit, Tax and Advisory functions – Function Heads

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

KPMG in Nigeria's Head of Audit is responsible for the effective management and control of the Audit Function. This includes:

- Setting a strong tone and culture supporting audit quality through communication, engagement support and commitment to the highest standards of professional excellence, including professional scepticism, objectivity, and ethics and integrity;
- Developing and implementing an audit strategy which is aligned with the firm's audit quality requirements; and
- Working with the Risk Management Partner to monitor and address audit quality and risk matters as they relate to the

Audit practice, including an annual evaluation of activities considered to be key to audit quality.

Audit Leadership Team

The Audit Leadership Team has regular discussions to agree actions about current and emerging audit quality issues arising from external and internal quality review processes, queries being raised by engagement teams, root cause analysis procedures and other quality matters identified from a variety of sources.

For more complex issues (which might require amendments to KPMG's global audit methodology or audit tools) these will be raised with the KPMG International Global Audit groups for consideration and potential development of solutions by the KPMG Global Solutions Group (KGSG) and the International Standards Group (ISG). For more information about the KGSG and the ISG refer to page 25 of this transparency report.

Audit Quality Committee

In addition, within KPMG in Nigeria we have an Audit Quality Committee which ensures that risk and quality matters are a priority for audit leadership.

Specifically, its responsibilities include:

- Reviewing the proposed significant audit initiatives ensuring the objectives and outcomes align with maintaining or enhancing audit quality.
- Recommending the strategic prioritisation, resourcing and time tabling of audit initiatives as they impact audit initiatives across all offices.
- Confirming the robustness of our monitoring activities as consistent with our audit quality priorities.

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

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

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

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

Our business

KPMG in Nigeria ("the firm" or "our firm") is a professional services firm that delivers Audit, Tax and Advisory services. We operate out of two (2) offices across Nigeria and had an average of 1,107 partners and employees in the year to 30 September 2022 (2021:910).

Our audit services in Nigeria are delivered through KPMG Professional Services. Full details of the services offered by KPMG Professional Services can be found on our [website](#)



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Our strategy

Our strategy is set by the Partners of the firm and demonstrates a commitment to quality and trust. Our focus is to invest significantly in priorities that form part of a global strategy execution.

Our Partners have determined that a commitment to quality is a key imperative in all what we do.

Our ambition is to be the most trusted and trustworthy professional services firm. A key strategic focus area is exceptional service and quality – we see the future as being the benchmark in consistent quality and service excellence, building on our commitment to our clients, our people and the public.

Defined accountabilities, roles and responsibilities, including for leadership

Legal structure

KPMG in Nigeria and all other KPMG firms are party to membership and associated documents, the key impact of which is that all KPMG member firms in the KPMG global organization are members in, or have other legal connections to, KPMG International Limited, an English private company limited by guarantee. KPMG International Limited acts as the coordinating entity for the overall benefit of the KPMG member firms. It does not provide professional services to clients. Professional services to clients are exclusively provided by member firms.

Further detail on the revised legal and governance arrangements for the KPMG global organization can be found in section 'Governance and leadership' of the 2022 KPMG International Transparency Report.

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



KPMG in Nigeria is part of the KPMG global organization of professional services firms providing Audit, Tax, and Advisory services to a wide variety of public and private sector organizations. The KPMG organization structure is designed to support consistency of service quality and adherence to agreed Values wherever its member firms operate.

A list of the entities which form KPMG in Nigeria, together with details of their legal structure, regulatory status, the nature of their business and area of operation is set out in Appendix 1.

Name, ownership and legal relationships

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

Member firms are generally locally owned and managed. Each member firm is responsible for its own obligations and liabilities. KPMG International and other member firms are not responsible for a member firm's obligations or liabilities.

Member firms may consist of more than one separate legal entity. If this is the case, each separate legal entity will be responsible only for its own obligations and liabilities, unless it has expressly agreed otherwise.

KPMG Professional Services is a registered partnership under Nigerian Laws. It is wholly owned by its equity partners who have capital contributions.

Responsibilities and obligations of member firms

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

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

Member firms commit to a common set of KPMG Values (see section on Fostering the right culture, starting with tone at the top).

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

Overseen using robust governance structures

Governance structure

KPMG in Nigeria applies high standards of corporate governance. The key governance and management bodies of KPMG in Nigeria are the General Assembly of Partners, the Policy Board and the Executive Committee (“EXCO”).

The Partners (The General Assembly)

The Senior Partner leads the General Assembly of Partners ensuring that the Partners receive accurate, timely and clear information and ensuring effective communication and relationships with the members at large. The Senior Partner is elected via a confidential vote of the members.

Full details of those charged with governance for KPMG in Nigeria, including their photos are set out in Appendix 2.

Policy Board

The policy Board was inaugurated to achieve efficiency in the firm’s governance by overseeing the implementation of the firm’s strategy by the Executive Committee, exercising oversight of processes and policies relating to the risks of the firm’s business including the formulation of additional processes and policies.

The Policy Board helps to fast-track decision-making and also assists the General Assembly in providing oversight on significant policy matters for the firm while the Executive Committee focuses on the business.

The Policy Board Comprises the Senior Partner, who serves as the Chairman, the Chief Operating Officer (COO) and five other Partners elected by the General Assembly.

The Executive Committee

The Executive Committee is responsible for management of the day-to-day activities of KPMG in Nigeria, recommending policy to the Policy Board and developing the business plan within the overall strategy set by the Partners, together with its subsequent implementation.

It deals with operational matters affecting the Firm, including monitoring operating and financial performance, budgets, new business proposals, marketing, technology development, recruitment, and retention and general remuneration, prioritization and allocation of resources and investment and managing the risk profile of KPMG in Nigeria.

The Executive Committee members are all partners of KPMG in Nigeria and are appointed by the Senior Partner. As at October 2021, in addition to the Senior Partner, the Executive Committee included the Chief Operating Officer (COO), the Risk Management partner (RMP), the Heads of Audit, Tax and Advisory Practices and the Heads of Markets, Innovation, and People Strategy.

The Executive Committee aims to meet at least monthly and during the year to 30 September 2022 it met formally 12 times either face-to face or via video link/conference call supplemented by frequent additional telephone calls and ad hoc meetings.



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Applying expertise and knowledge

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

Methodology aligned with professional standards, laws and regulations

Consistent audit and assurance methodology and tools Bringing consistency through our methodology

Our audit and assurance methodology, tools and guidance enable a consistent approach to planning, performing and documenting audit procedures over key accounting processes:

- Globally consistent and fully compliant with the applicable standards, including International Standards on Auditing (ISA), Public Company Accounting Oversight Board (PCAOB) and the American Institute of CPAs (AICPA) and are supplemented to comply with local auditing standards and regulatory or statutory requirements by KPMG firms;
- Inclusive of KPMG methodology interpretations that drive consistency in areas where the applicable standards are not prescriptive in the approach to be followed;
- Centered on identifying risk, focusing on risks of material misstatements and the necessary audit response;
- Made available to all KPMG audit and assurance professionals and required to be used, where necessary;
- Applied even where local auditing standards may be less demanding than the ISAs; and
- Based on the requirements of the International Standard on Assurance Engagements (ISAE) and aligned to assurance products in response to the growth of ESG reporting.

The KPMG audit methodology is set out in the KPMG Audit Manual (for use with eAudit) and the KPMG Audit Execution Guide (for use with the KPMG Clara workflows) and includes KPMG interpretation of how to apply ISAs, PCAOB and AICPA standards which we believe enhance audit quality.

The KPMG Assurance Manuals provide the requirements and guidance for a consistent approach to performing assurance engagements, in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information. The audit and

assurance methodologies emphasize applying appropriate professional skepticism in the execution of procedures and require compliance with relevant ethical requirements, including independence.

Enhancements to the audit and assurance methodologies, guidance and tools are made regularly to maintain compliance with the applicable standards and address emerging auditing and assurance areas of focus and audit quality results (internal and external). For example, the current focus on ESG assurance is driving updates to our assurance methodologies, tools and guidance.

We have additional local requirements and guidance in the form of Department of Professional Practice (DPP) technical briefs, practice alerts and DPP alerts which supplement the KPMG Audit Manual, the KPMG Audit Execution Guide and the KPMG Assurance Manuals to comply with additional local professional, legal, or regulatory requirements.

Deep technical expertise and knowledge

Access to specialist networks

Specialist expertise is an increasingly important part of the modern audit. KPMG in Nigeria engagement teams have access to a network of KPMG specialists – either within their firm or in other KPMG firms. These specialists receive the training they need to ensure they have the competencies, capabilities and objectivity to appropriately fulfil their role on our audits. They also receive a global annual update on global quality performance issues.

The need for specialists to be assigned to an audit engagement in areas such as information, technology, tax, treasury, actuarial, forensic and valuations is considered as part of the audit engagement acceptance and continuance process, as well as during the planning and conduct of the engagement.

Greater complexity in the delivery of an 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 the necessary audit, tax and advisory expertise under one roof. KPMG adds more value with all our experts together.



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Our commitment to audit quality during significant external events

Significant external events such as the conflict in Ukraine, the COVID-19 pandemic and the emerging impacts of climate change have contributed to rising inflation and interest rates, supply chain disruption and increased global economic uncertainty.

Matters such as going concern, asset impairments and valuations will likely require careful judgment as organizations deal with elevated uncertainty and market volatility. KPMG firms' role as auditors is to evaluate these judgments.

We maintain an online financial reporting resource center to assist financial statement preparers and other stakeholders in understanding the potential accounting and disclosure implications of significant external events.

KPMG International issues extensive guidance to assist engagement teams in addressing the financial reporting, auditing and reporting related matters arising from the

impacts of these external events, addressing the potential implications for going concern, asset impairments, valuations and related disclosures, materiality, risk assessment, group audits, subsequent events, audit evidence and communications with those charged with governance.

KPMG's guidance is continually updated as new significant accounting, auditing, and reporting issues emerge.

KPMG is a technology-enabled organization, with technical accounting and auditing resources, guidance and audit platforms and tools available electronically, which enable our engagement teams to effectively operate in office and remote working environments.

Quality and Risk Management Manual

KPMG International has quality and risk management policies that apply to all member firms. These are included in KPMG's Global Quality & Risk Management Manual (GQ&RM Manual) which applies to all KPMG firms and all KPMG personnel. KPMG in Nigeria has adopted the requirements of the GQ&RM Manual, together with local laws, regulations and standards, where more stringent than the global requirements and is required to establish and maintain a system of quality management and design, implement, and test the operating effectiveness of quality controls.

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Embracing digital technology

At KPMG, we are committed to serving the public interest and creating value through continuous innovation. We are transforming the audit experience for our professionals and clients by leveraging the data and insights of leading technologies and enhancing audit quality by increasing our ability to focus on the issues that matter.

Intelligent, standards-driven audit workflows

All KPMG in Nigeria professionals are expected to adhere to KPMG International and KPMG in Nigeria policies and procedures, including independence policies, and are provided with a range of tools and guidance to support them in meeting these expectations. The policies and procedures set for audit engagements incorporate the relevant requirements of accounting, auditing, ethical and quality control standards, and other relevant laws and regulations such as the Audit Regulations, 2020, issued by the Financial Reporting Council of Nigeria.

Our commitment to audit quality during significant external events

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

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

The release of the KPMG Clara workflows and revised audit methodology is an important milestone in KPMG's journey to innovate, digitalize and transform the audit experience. It is a significant investment that underlines our commitment to audit quality, consistency and innovation.

KPMG Clara

KPMG Clara is our smart and intuitive technology platform that is driving globally consistent audit execution. As a fully integrated, scalable, cloud-based platform, it enables the enhanced audit methodology through data-enabled workflows.

The platform integrates new and emerging technologies, with advanced capabilities that leverage data science, audit automation, and data visualization.

The digital audit is increasingly integral to how KPMG member firms perform quality audits and interact with their clients. Policies and guidance are in place to establish and maintain appropriate processes and controls regarding the development, evaluation and testing, deployment and support of technology in our audits.

KPMG Clara is helping auditors see meaningful patterns across a business, whether conducting risk assessment, tracing transactions through a complex revenue process, or simply adding up the accounts. Examples of current capabilities include:

- Analysis of account balances and journal entry data;
- Automation of 'period on period' balances comparison and 'time series' evolution information;
- Analysis of sub-ledger, transactional data over certain business processes and accounts; and
- Integration (where applicable) with industry-specific digital procedures and solutions.

Our vision of the future

KPMG Clara was developed to be a foundational technology platform for KPMG to deliver audit quality. It delivers this by being the base technology providing new capabilities in a globally consistent way, enabling the audit workflows and providing a fully digital experience for our audit professionals.

The KPMG Clara platform evolves as technologies such as artificial intelligence, blockchain and cognitive capabilities transform how audits are delivered.



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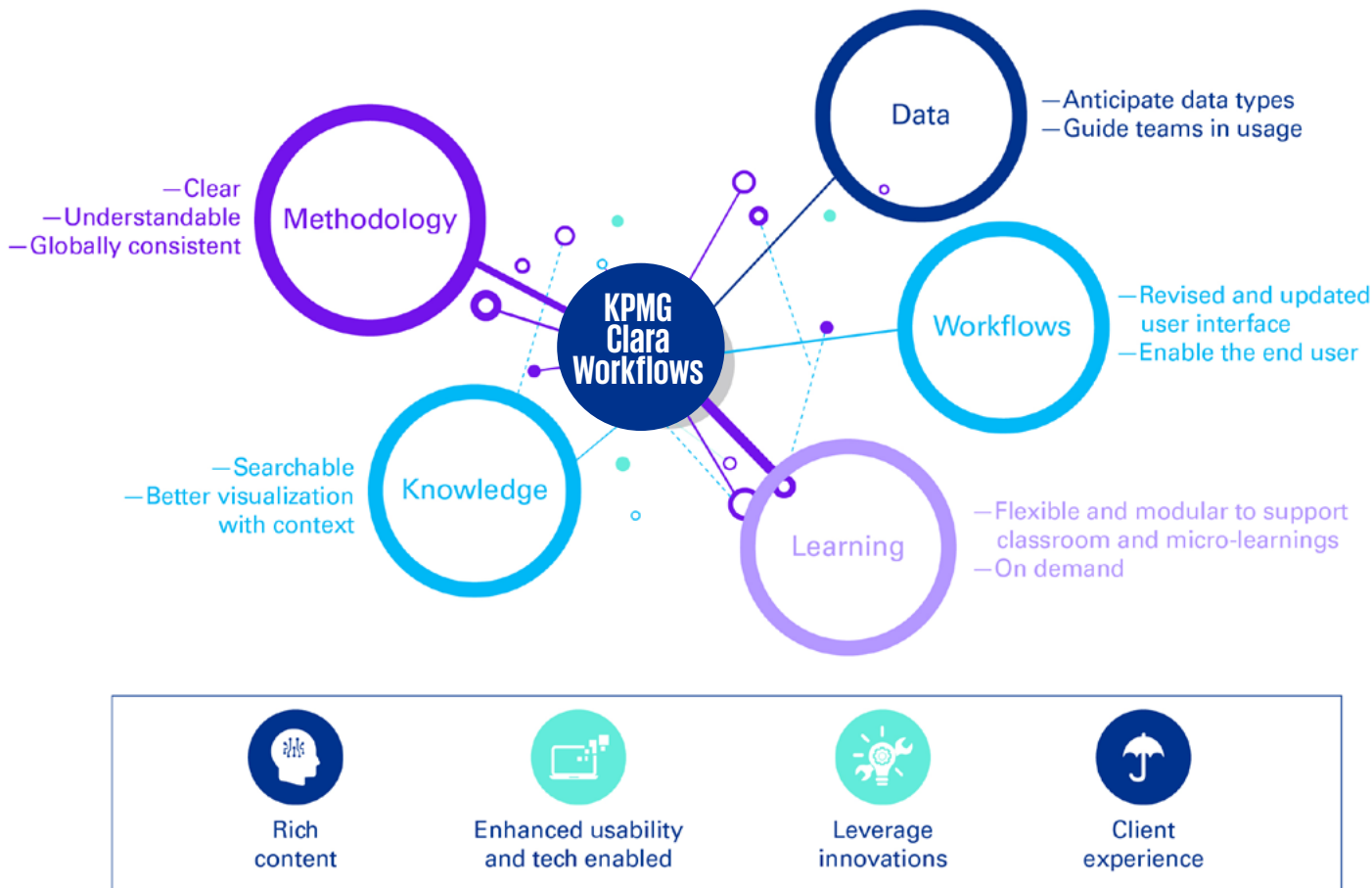
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KPMG Clara workflows

Our previous platform, eAudit, is being replaced with new workflows embedded with our revised audit methodology and enabled by the KPMG Clara smart audit platform. Phased full deployment of the KPMG Clara workflows (with the exception of very small and less complex national audits) commenced globally in 2020 with planned completion of full global transition for the 2022 fiscal period-end audits. Global transition for less complex national audits, leveraging enhanced scaling capability has commenced in 2022 and will be completed by 2023.

The web-enabled KPMG Clara workflows guide audit teams through a series of steps in a logical sequence aligned to the applicable professional auditing standards with a clear display of information, visuals, and guidance available, and with embedded advanced digital audit and project management capabilities. The workflows and revised audit methodologies are scalable – adjusting the requirements to the size and complexity of the audit engagement. KPMG Clara workflows significantly enhance the execution of an audit by KPMG professionals and drive audit quality and global consistency.

Using data mining and tracking of relevant engagement level data indicators, the KPMG Clara workflows can also facilitate monitoring of audit execution at the engagement level.

We continue to enhance the KPMG Clara smart audit platform to accommodate evolving security demands, further integrate existing audit applications, and develop new capabilities to digitalize additional audit processes.

Client confidentiality, information security, and data privacy

The importance of maintaining client confidentiality is emphasized through a variety of mechanisms, including the KPMG Global Code of Conduct which has been adopted by KPMG in Nigeria.

We have policies on information security, confidentiality, personal information and data privacy. We have a document retention policy concerning the retention period for audit documentation and other records relevant to an engagement in accordance with applicable laws, regulations, and professional standards.

KPMG provides training on confidentiality, information protection and data privacy requirements to all KPMG personnel in Nigeria annually.

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Nurturing diverse skilled teams

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

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

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

All KPMG personnel, across all functions, are invited to participate in KPMG's global independent survey to share their perception about their experience of working for KPMG. The survey provides us with an overall measure of our people's engagement, as well as insights into the areas in which we could drive further engagement. The results are analyzed across various teams and demographic groups. We gain additional insight on how we are faring on categories known to impact employee engagement.

Importantly, results are reviewed against benchmarks and trends, allowing the tracking of progress and performance with respect to other organizations.

All firms are required to participate in the survey and to take appropriate actions to communicate and respond to the findings of the survey. This includes monitoring survey results including those related to quality and risk behavior, audit quality, and upholding the KPMG values. The GPS results are tracked and appropriate follow-up actions agreed upon. Results and associated action plans are also reviewed as part of the Global Quality & Compliance Review Program (for more details on this program, see the 'Internal monitoring and compliance programs' section).

Recruitment

KPMG in Nigeria has invested in understanding how we can attract the talent we need now and in the future across the organization. This requires the right recruitment, development, reward, promotion and assignment of professionals. This includes building an extraordinary people experience for all current and prospective partners and employees.

Our recruitment strategy is focused on drawing entry-level talent from a broad talent base, including working with established universities, colleges, and business schools, but also working with secondary schools, helping build relationships with a younger, diverse talent pool at an early age. The firm also recruits significant numbers at an experienced hire and partner level.

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

KPMG in Nigeria recruited 232 new graduates in the year ended 30 September 2022 (2021: approximately 83).

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

Inclusion, diversity & equity programs

KPMG in Nigeria is committed to building a diverse and equitable firm that is inclusive to all.

Inclusion, diversity, and equity (IDE) is core to our very existence – helping us build great teams with diverse views that represent the world we live in. It leads to better decision making, drives greater creativity and innovation, and encourages us to stand up, live our Values, and do what is right.

We recognize our firms' global position working with clients around the world affords us a privileged place. With that comes an opportunity and responsibility to achieve more and push for a fairer, more equitable society.



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Our leadership and management teams also need to reflect the diversity within our firm and the diversity of our clients.

Our KPMG Global Inclusion, Diversity & Equity Collective Action Plan outlines the actions that are necessary to advance inclusion, diversity, and equity at KPMG Professional Services and across all KPMG firms.

For more about Inclusion & Diversity at KPMG read [here](#).

Reward and Promotion

Reward

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

Reward decisions are based on consideration of both individual and firm performance.

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

Promotion

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

Assigning an appropriately qualified team

KPMG in Nigeria has procedures in place to assign engagement partners and other professionals to a specific engagement on the basis of their skill sets, relevant professional and industry experience, and the nature of the assignment or engagement. Function heads are responsible for the partner assignment process. Key considerations include partner experience and capacity – based on an annual partner portfolio review – to perform the engagement taking into account the size, complexity and risk profile of the engagement and the type of support to be provided (i.e. the engagement team composition and specialist involvement).

Audit engagement partners are required to be satisfied that their engagement teams have appropriate competencies, training and capabilities, including time, to perform audit engagements in accordance with our audit methodology, professional standards, and applicable legal and regulatory requirements. This may include involving specialists from our own firm, other KPMG member firms or external experts.

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

- Understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
- Understanding of professional standards and legal and regulatory requirements;



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- Appropriate technical skills, including those related to relevant information technology and specialized areas of accounting or auditing;
- Knowledge of relevant industries in which the client operates;
- Ability to apply professional judgment;
- Understanding of KPMG in Nigeria’s quality control policies and procedures; and
- Quality Performance Review (QPR) results and results of regulatory inspections.

As an additional control in Audit (where the services are of more of a recurring nature than across much of the rest of our business), our Head of Audit and the Risk Management Partner together perform an annual review of the portfolio of our audit engagement partners. The purpose of this portfolio review is to look at the complexity and risk of each audit and then to consider whether or not taken as a whole the specific engagement partner has the appropriate time and the right support to enable them to perform a high-quality audit for each client in their portfolio.

Investing in data centric skills – including data mining, analysis and visualization

KPMG is strategically investing in our talent pipeline by partnering with world-class institutions to sustain our strong leadership, while also looking forward to cultivating the skills and capabilities that will be needed in the future. We are recruiting and training professionals who specialize in software, cloud capabilities, and artificial intelligence and who can bring leading technology capabilities to our smart audit platform. We provide training on a wide range of technologies to ensure that field professionals not only meet the highest professional standards but are also upskilled in new technology. With this approach we are bringing together the right people with the right skills and the right technology to perform exceptional audits.

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

Commitment to technical excellence and quality service delivery

All KPMG in Nigeria professionals are provided with the technical training and support they need to perform their roles. This includes access to internal specialists and the professional practice department for consultation. Where the right resource is not available within KPMG in Nigeria the firm accesses a network of highly skilled KPMG professionals in other KPMG firms.

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

Lifetime learning strategy

Formal training

Annual training priorities for development and delivery are identified by the Audit Learning and Development groups at global, regional and, where applicable, KPMG firm level.

Mandatory learning requirements for audit professionals across the KPMG organization are established annually. Training is delivered using a blend of learning approaches and performance support.

All partners and employees are required to complete the Continuing Professional Development (CPD) framework which is built around three elements -

- Plan – complete an initial assessment of competencies to develop for current and future roles
- Act – undertake learning interventions to further develop competencies identified
- Reflect – reflect on application of learning and future learning needs

Mentoring and on the job training

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

Mentoring and on-the-job experience play key roles in developing the personal qualities important for a successful career in auditing, including professional judgment, technical excellence, and instinct.

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

In relation to audit, KPMG in Nigeria

- deploys a variety of learning solutions that are designed to reinforce the KPMG Values and ensure our professionals get the fundamentals right, and develop the necessary skills and attitudes to make judgments and apply professional skepticism that enhance audit quality and the value of audit.
- provides instructor-led and virtual classroom training, coaching guides and just-in-time learning. Guidance is available on judgmental audit topics — this is used by audit teams and this guidance is embedded across audit learning solutions.
- has also developed professional judgment tools, designed to reinforce the importance of independence and objectivity and to assist engagement teams in demonstrating professional skepticism.
- provides courses to enhance personal effectiveness and develop leadership and business skills. Our partners and employees are developed further for high performance through coaching and mentoring on the job, stretch assignments and country rotational and global mobility opportunities.



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Licensing and mandatory requirements for IFRS® Standards and US GAAP engagements

Licensing

All KPMG in Nigeria professionals are required to comply with applicable professional body rules such as those of the Institute of Chartered Accountants of Nigeria (ICAN) and the Financial Reporting Council (FRC) of Nigeria and satisfy the Continuing Professional Development requirements. The firm's policies and procedures are designed to facilitate compliance with these requirements. We are responsible for ensuring that audit professionals working on engagements have appropriate audit, accounting and industry knowledge.

Mandatory requirements – IFRS Standards and US GAAP engagements

In addition, KPMG has specific requirements for partners, managers and Engagement Quality Control (EQC) reviewers working on engagements performed in accordance with US GAAP and/or audited in accordance with US auditing standards, including reporting on the effectiveness of the entity's internal control over financial reporting (ICOFR). These require that at a minimum, all partners, managers, experienced in-charge and, if appointed, the EQC reviewers assigned to the engagement have completed relevant training and that the engagement team, collectively, has sufficient experience to perform the engagement or has implemented appropriate safeguards to address any shortfalls.

Recognizing quality

Personal development

The firm's approach to performance development, 'Open Performance Development', is built around the 'Everyone a Leader' performance principles, and includes:

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

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

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

KPMG in Nigeria considers quality and compliance metrics in assessing the overall evaluation, promotion, and remuneration of partners, directors and managers. These evaluations are conducted by performance managers and partners who are able to assess performance.



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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.

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

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

Accepting appropriate clients and engagements

Client evaluation

KPMG in Nigeria undertakes an evaluation of every prospective client.

This involves obtaining sufficient information about the prospective client, its key management, and significant beneficial owners and then properly analyzing the information to be able to make an informed acceptance decision. This evaluation includes an assessment of the client's risk profile, and obtaining background information on the client, its key management, directors and owners. If necessary, we obtain additional information required to satisfy applicable legal and regulatory requirements.

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

Engagement evaluation

Each prospective engagement is also evaluated to identify potential risks in relation to the engagement. A range of factors are considered as part of this evaluation, including potential independence and conflict of interest issues (using Sentinel™, KPMG's conflicts and independence checking system), intended purpose and use of engagement deliverables, public perception, whether the services would be unethical or inconsistent with our Values, as well

as factors specific to the type of engagement. For audit services, these include the competence of the client's financial management team and the skills and experience of KPMG professionals assigned to staff the engagement. The evaluation is made in consultation with other senior personnel in KPMG Nigeria.

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

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

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

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

Continuance process

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

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



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

Withdrawal process

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

Managed portfolio of clients

The firm's leadership appoints engagement partners who have the appropriate competence, capabilities, time and authority to perform their role for each engagement.

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



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Being independent and ethical

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

Acting with integrity and living our Values

KPMG International's detailed independence policies and procedures, incorporate the IESBA Code of Ethics. These are set out in the KPMG GQ&RM Manual, which applies to all KPMG firms. Automated tools, which are required to be used for every prospective engagement to identify potential independence and conflict of interest issues, facilitate compliance with these requirements.

These policies are supplemented by other policies and processes to ensure compliance with the standards issued by the Financial Reporting Council of Nigeria and those of the Institute of Chartered Accountants of Nigeria. These policies and processes cover areas such as firm independence (covering, for example, treasury and procurement functions), personal independence, firm financial relationships, employment relationships, partner rotation and approval of audit and non-audit services.

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

KPMG in Nigeria has a designated Ethics and Independence Partner (EIP) who is also the RMP. He has the primary responsibility for the direction and execution of ethics and independence policies and procedures in the firm. The EIP is responsible for communicating and implementing KPMG International policies and procedures and ensuring that local independence policies and procedures are established and effectively implemented when they are more stringent than the KPMG International requirements. The EIP fulfils this responsibility through:

- Implementing/monitoring the ethics and independence quality control process and structure within the firm;
- Approving/appointing resources responsible for ethics and independence within the firm;

- Overseeing the processes related to the evaluation of specific independence threats in connection with clients and prospective clients;
- Participating in the development and delivery of training materials;
- Implementing procedures to address non-compliance; and
- Overseeing the disciplinary process for ethics and independence matters.

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

KPMG in Nigeria partners and employees are required to consult with the EIP on certain matters as defined in the GQ&RM Manual. The EIP may also be required to consult with the Global Independence Group, depending upon the facts and circumstances.

In the event of failure to comply with our independence policies, professionals are subject to an independence disciplinary policy. Matters arising are factored into promotion and compensation decisions and performance decisions.

The disciplinary policy is communicated to all professionals and applies to all breaches of independence rules, incorporating incremental sanctions reflecting the gravity of any violations.



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Maintaining an objective, independent and ethical mindset, in line with the Code

Personal financial independence

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

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

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

In 2022, 31 partners and employees of KPMG in Nigeria were subject to these audits (this included approximately 19% of our partners).

Employment relationships

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

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

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

We communicate and monitor requirements in relation to employment and partnership of KPMG in Nigeria's professionals by audit and assurance clients.



Firm financial independence

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

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

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

On an annual basis, we confirm compliance with independence requirements as part of the KPMG Quality & Compliance Evaluation program.

Business relationships/suppliers

KPMG in Nigeria has policies and procedures in place that are designed to ensure its business relationships with audit and assurance clients are maintained in accordance with the IESBA Code of Ethics and other applicable independence requirements, such as those promulgated by the U.S. Securities and Exchange Commission (SEC).

These include establishing and maintaining a process to evaluate potential third-party arrangements (for example business alliances and joint working arrangements, procurement relationships and marketing and public affairs activities) with particular regard to whether they have a bearing on auditor independence.

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

Business acquisitions, admissions and investments

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

Independence clearance process

In addition to the standard acceptance evaluation performed for every engagement, which includes an evaluation of independence, KPMG in Nigeria follows specific procedures to identify and evaluate threats to independence related to prospective audit clients that are public interest entities; these procedures, also referred to as 'the independence clearance process,' are required to be completed prior to accepting an audit engagement for these entities.

The 'KPMG Independence Checkpoint' tool, introduced in October 2015, is used to automate and standardize the procedures that comprise the independence clearance process.

The tool was developed in anticipation of the increasing number of audit tenders and independence clearances that need to be completed as a result of mandatory firm rotation of statutory audits.

Independence training and confirmations

All firm's partners and professionals, as well as certain other individuals, are required to complete independence training that is appropriate to their grade and function upon joining KPMG in Nigeria and on an annual basis thereafter.

New partners and employees are required to complete this training by the earlier of (a) thirty days after joining KPMG in Nigeria or (b) before providing any services to or becoming a member of the chain of command for, any audit client.

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

- the Global Code of Conduct and ethical behaviour, including KPMG's anti-bribery policies, compliance with laws, regulations, and professional standards; and
- reporting suspected or actual bribery and compliance with laws, regulations, and professional standards.

New partners and employees are required to complete this training within three months of joining the firm.

All KPMG partners and employees are required to sign an annual confirmation stating that they have remained in compliance with applicable ethics and independence policies throughout the year.

Non-audit services

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

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

Lead audit engagement partners (LAEPs) are required to maintain group structures for their public interest entity and certain other audit clients including their related entities or affiliates in Sentinel™. They are also responsible

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for identifying and evaluating any independence threats that may arise from the provision of a proposed non-audit service and the safeguards available to address those threats. For entities for which group structures are maintained, Sentinel enables LAEPs to review and request revision to, approve, or deny any proposed service for those entities worldwide. For approved proposed services, Sentinel designates a timeframe during which the approval remains valid. Upon expiration of the established timeframe, the services are required to be complete or be re-evaluated for permissibility; otherwise, the services are required to be exited.

KPMG in Nigeria is required to establish and maintain a process to review and approve all new and significantly modified services that are developed by the firm. The EIP is involved in the review of potential independence issues related to these new or modified services.

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

Fee dependency

KPMG International's policies recognize that self-interest or intimidation threats may arise when the total fees from an audit client represent a large proportion of the total fees of the KPMG firm expressing the audit opinion.

These policies require firms to consult with their Regional Risk Management Partner where it is expected that total fees from an audit client will exceed 10 percent of the annual fee income of the member firm for two consecutive years. In addition, if the total fees from a public interest entity audit client and its related entities were to represent more than 10 percent of the total fees received by a particular member firm for two consecutive years, these policies further require that:

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

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

Resolving conflicts of interest

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

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

All KPMG firms are required to use Sentinel™ for potential conflict identification so that these can be addressed in

accordance with legal and professional requirements.

KPMG in Nigeria has risk management resources who are responsible for reviewing any identified potential conflict and working with the affected member firms to resolve the conflict, the outcome of which is required to be documented.

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

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

Independence breaches

All KPMG in Nigeria personnel are required to report an independence breach as soon as they become aware of it to the EIP. In the event of failure to comply with our independence policies, whether identified in the compliance review, self-declared or otherwise, professionals are subject to an independence disciplinary policy. All breaches of independence requirements of the IESBA Code of Ethics or other external independence requirements are required to be reported to those charged with governance as soon as possible, except where alternative timing for less significant breaches has been agreed with those charged with governance.

KPMG in Nigeria has a documented and communicated disciplinary policy in relation to breaches of independence policies, incorporating incremental sanctions reflecting the seriousness of any violations. Our Disciplinary Committee oversees policies and procedures in relation to ethical matters and breaches of requirements.

Matters arising are factored into our promotion and compensation decisions and, in the case of engagement leaders and managers, are reflected in their individual quality and risk metrics.

Partner and firm rotation

Partner rotation

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

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

- Participate in the audit;
- Provide quality control for the audit;

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- Consult with the engagement team or the client regarding technical or industry-specific issues;
- In any way influence the outcome of the audit;
- Lead or coordinate professional services at the client;
- Oversee the relationship of the firm with the audit client; or
- Have any other significant or frequent interaction with senior management or those charged with governance at the client.

KPMG in Nigeria monitors the rotation of audit engagement leaders (such as the engagement partner, the engagement quality control reviewer and any other key audit partner role, where there is a rotation requirement) and develops transition plans to enable allocation of partners with the necessary competence and capability to deliver a consistent quality of service to clients.

Firm rotation

KPMG in Nigeria is required to comply with the following mandatory sectoral regulators in Nigeria:

Regulator	Type of Audit Client	Maximum Tenure (Years)	Cooling-off Period (Years)
Securities and Exchange Commission of Nigeria	Listed and unlisted public companies in Nigeria	10	7
Central Bank of Nigeria	Banks and Other Financial Institutions	10	10
National Insurance Commission	Insurance Companies	8	Not Applicable
Financial Reporting Council of Nigeria	Public Interest Entities as defined by the Financial Reporting Council of Nigeria Act, 2011	10	7
Nigerian Electricity Regulatory Commission	Electricity Companies	5	Not Applicable

Zero tolerance of bribery and corruption

Compliance with laws, regulations and standards is a key aspect for everyone at KPMG in Nigeria. We have zero tolerance of bribery and corruption.

We prohibit involvement in any type of bribery — even if such conduct is legal or permitted under applicable law or local practice. We also do not tolerate bribery by third parties, including by our clients, suppliers or public officials. KPMG International requires KPMG firms to have appropriate internal controls in place to mitigate the risk of involvement in bribery by the firm and its partners and employees.

All KPMG firm partners and employees are required to take training covering compliance with laws, regulations and professional standards relating to anti-bribery and corruption, including the reporting of suspected or actual non-compliance.

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

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How an audit is conducted is as important as the result. KPMG in Nigeria partners and employees are expected to demonstrate behaviors consistent with our Values and follow all policies and procedures in the performance of effective

Consulting when appropriate

Encouraging a culture of consultation

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

To help with this, firms are required to have established protocols for consultation and documentation of significant matters, including procedures to facilitate resolution of differences of opinion on engagement issues. KPMG audit, assurance and reporting manuals also include required consultations. The GQ&RM M includes mandatory consultation requirements on certain matters.

Technical consultation and global resources

Technical accounting, auditing and assurance support is available to member firms through the Global Audit Methodology Group (GAMG), KPMG Global Solutions Group (KGSG), the International Standards Group (ISG) and the PCAOB Standards Group (PSG), all of which report directly to the Global Head of Audit.

Global Audit Methodology Group (GAMG)

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

KPMG Global Solutions Group (KGSG)

The KGSG is responsible for the envisioning, development and deployment of global audit solutions, including new technology and automation innovations.

The KGSG and GAMG work collaboratively to support

member firms through collaboration, innovation and technology. We have made significant investment in our audit and assurance methodology and tools with the core focus of improving audit quality, global consistency and standardization.

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

International Standards Group (ISG)

The KPMG ISG works with Global IFRS Standards topic teams, with geographic representation from around the world, and the IFRS Standards Panel and Methodology Advisory Group (MAG) to promote consistency of interpretation of IFRS Standards and auditing requirements between member firms, identify emerging issues, and develop global guidance on a timely basis. The ISG recently has expanded its remit to encompass the activities of the International Sustainability Standards Board (ISSB), including providing global thought leadership and guidance as the ISSB issues standards.

The ISG also coordinates the Global topic teams, which formulate guidance on IFRS accounting and reporting practice on sector specific or specific technical areas and act as central contact points for their regions/ home practices in identifying and addressing issues related to relevant topics. PCAOB Standards Group (PSG).

The KPMG PCAOB Standards Group (PSG) comprises a dedicated group of professionals with backgrounds in PCAOB auditing standards who promote consistency in the interpretation of PCAOB auditing standards in KPMG firms' audits of non-US components and foreign private issuers and non-US components of SEC issuers, as defined by SEC regulations. The PSG also provides input into the



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development of training for auditors who work on PCAOB audit engagements and, where practicable, facilitates delivery of such training.

Member firm professional practice resources

Member firms provide consultation support on auditing and technical accounting matters to their audit professionals through professional practice resources (referred to as Department of Professional Practice or DPP). This resource also assists engagement teams where there are differences of opinion either within teams or with the EQC reviewer. Unresolved differences are required to follow a prescribed escalation protocol for final resolution. KPMG's ISG and PSG are also available for consultation support when required.

Across KPMG Nigeria, the role of DPP is crucial in terms of the support that it provides to the audit function. It provides technical guidance to client service professionals on specific engagement related matters, develops and disseminates specific topic related guidance on emerging local technical and professional issues and disseminates international guidance on IFRS and ISAs.

Consultation with a team member at a higher level of responsibility than either of the differing parties usually resolves differences. In other circumstances, the matter may be elevated through the chain of responsibility for resolution by technical specialists. In exceptional circumstances, a matter may be referred to the Head of Audit, Head of DPP, Risk Management Partner or ultimately the Senior Partner.

DPP is represented on the following global KPMG bodies - Methodology Advisory Group, IFRS panel and EMA DPP.

Critically assessing audit evidence using professional judgement and skepticism

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 skepticism throughout the audit engagements. Professional skepticism involves a questioning mind and alertness to contradictory or inconsistencies in the audit evidence. Professional judgement encompasses the need to be aware of and alert to biases that may pose threats to good judgements.

Direct, coach, supervise and review

Embedding ongoing coaching, supervision and review

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

Ongoing direction, coaching and supervision during an audit involves:

- Engagement partner participation in planning discussions;
- Tracking the progress of the audit engagement;
- Considering the competence and capabilities of the engagement team, including whether they have sufficient time to carry out their work, whether they understand their instructions;



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- Whether the team understands its instructions and the work is being carried out in accordance with the planned approach to the engagement;
- Helping engagement team members address any significant matters that arise during the audit and modifying the planned approach appropriately; and
- Identifying matters to review and discuss with more experienced team members during the engagement.

The timely review of the work performed so that significant matters are promptly identified, discussed and addressed is also used as a coaching opportunity.

Engagement quality control (EQC) reviewers

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

An EQC review is an objective evaluation of significant judgments made by the engagement team and its related conclusions, performed by the EQC reviewer, and completed on or before the date of the report. The EQC reviewer’s evaluation of significant judgements includes an evaluation of the engagement team’s assessment of significant risks, including fraud risks, the related responses and whether the related conclusions are appropriate. The EQC review is completed only after the EQC reviewer is satisfied that all significant matters they raised have been resolved, though the engagement partner is ultimately responsible for the resolution of accounting and auditing matters.

EQC reviewers are required to meet training, knowledge and experience criteria to perform the EQC review for a particular engagement. Reviewers must be objective, cannot be members of the engagement team and must be independent of the audit client.

Appropriately support and document conclusions

Reporting

Auditing standards and the Audit Regulations 2020 issued by the Financial Reporting Council of Nigeria largely dictate the format and content of the auditors’ report which includes an opinion on the fair presentation of the reporting entity’s financial statements in all material respects. Engagement leaders form all audit opinions based on the audit performed and evidence obtained.

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

Engagement documentation

The Firm’s audit documentation is completed and assembled according to the timeline determined by the firm in accordance with KPMG International policy and applicable auditing standards. We have implemented administrative, technical, and physical safeguards to protect the confidentiality and integrity of client and firm information. KPMG International adopted policies to apply to all KPMG firms to reduce the time period allowed to assemble audit documentation, which is significantly less than the time period required by the applicable auditing standards.



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Assessing risks to quality

KPMG International reviews the results of the quality monitoring programs and develops additional global remediation actions as needed.

Global remediation actions developed by KPMG International are aimed at changing behavior and driving quality and consistency across the global organization. Remediation actions may be implemented through the development of global policies, procedures, training, tools and guidance.



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Communicating effectively

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

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

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

The role of audit committees is key in supporting quality auditing by overseeing the relationship between company and auditor and challenging what auditors do and how they do it.

KPMG Nigeria Board Governance Centre

The KPMG Nigeria Board Governance Centre (BGC) is a dedicated forum that provides Board members and audit committees with insights and resources to keep abreast of current and emerging governance issues.

The KPMG Nigeria BGC offers thought leadership and timely resources including periodic seminars and round tables to host the exchange of views and support Board members (including Board sub-committee members) in clarifying and enhancing their governance practices in the midst of rapidly evolving corporate governance landscape in Nigeria.

The KPMG Nigeria BGC holds a series of events annually. These events addressed various current issues facing audit committees, including the relationship between auditors, audit committees, executive management and investors; and issues around audit Firm/corporate culture.

IFRS Standards Institute

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

Conduct and follow-up on the Global People Survey (GPS)

Only with engaged, talented people can KPMG deliver audits in line with our audit quality expectations. Annually, firm personnel are invited to participate in KPMG's Global People Survey (GPS) to share their perception about their experience of working at KPMG. The GPS provides a measure of our people's engagement and insights into areas driving engagement. Results can be analyzed by several factors, for example functional or geographic area, grade and gender to provide additional focus for action.

Through the GPS, the firm gains additional insight on how we are faring on categories known to impact employee engagement. We also cover areas of focus that are directly relevant to audit quality; the survey includes specific audit quality related questions that all individuals who participated in an audit in the previous 12 months are asked to respond to, giving us a particular data set for audit quality related matters.

The survey also provides firm leadership and KPMG International leadership with insights related to quality and risk behaviors, audit quality, upholding the KPMG Values, employee and partner attitudes to quality, leadership and tone at the top.

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

Audit-specific analysis of GPS results is also undertaken, with a particular focus on audit quality. Results and key themes are presented to the Global Audit Steering Group on an annual basis for consideration of appropriate remedial action, if needed.



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Monitoring and remediation

Integrated quality monitoring and compliance programs enable KPMG firms to identify quality deficiencies, to perform root cause analysis and develop, implement, and report remedial action plans, both in respect of individual audit

Rigorously monitor and measure quality

Commitment to continuous improvement

KPMG commits to continually improve the quality, consistency and efficiency of KPMG firm audits. The quality monitoring and compliance programs are globally consistent in their approach across all member firms, including the nature and extent of testing and reporting. KPMG in Nigeria compares the results of its internal monitoring programs with the results of those of any external inspection programs and takes appropriate action.

Internal monitoring and compliance programs

The firm's monitoring programs are created by KPMG International and applied across KPMG firms. The programs evaluate both:

- Engagement performance in compliance with the applicable professional standards, applicable laws and regulations and KPMG International key policies and procedures; and
- KPMG in Nigeria's compliance with KPMG International key policies and procedures and the relevance, adequacy and effective operation of key quality control policies and procedures.

Our internal monitoring programs also contribute to the assessment of whether our system of quality management has been appropriately designed, effectively implemented, and operates effectively. These include Quality Performance Reviews (QPR), the KPMG Quality & Compliance Evaluation program (KQCE) and the Global Quality & Compliance Review (GQ&CR) program.

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

Audit Quality Performance Reviews (QPRs) program

The Audit QPR program assesses engagement level

performance and identifies opportunities to improve engagement quality.

Risk-based approach

Each engagement leader is reviewed at least once in a four-year cycle. A risk-based approach is used to select engagements.

KPMG in Nigeria conducts the annual QPR program in accordance with KPMG International QPR instructions. The reviews are performed at firm level and are monitored regionally and globally.

Reviewer selection, preparation and process

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

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

Evaluations from Audit QPR

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

Audit engagements selected for review are rated as 'Compliant', 'Compliant- Improvement Needed' or 'Not Compliant'.

Reporting

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

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

Lead audit engagement partners (LAEPs) are notified of not compliant ratings on their respective cross-border engagements.



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KPMG Quality & Compliance Evaluation (KQCE) program (formerly known as Risk Compliance Program (RCP))

KPMG International develops and maintains quality management policies and processes that apply to all KPMG firms. These policies and processes, and their related procedures, include the requirements of the GQ&RM Manual, ISQC 1, and the implementation requirements of ISQM 1 for this transition period.

The objectives of the KQCE program are to:

- Document, assess and evidence KPMG in Nigeria's implementation of ISQM 1, extent of compliance of their system of quality management with the Global Quality & Risk Management (GQ&RM) policies and key legal and regulatory requirements and
- Provide the basis for KPMG in Nigeria to evaluate that the firm and its personnel comply with relevant professional standards and applicable legal and regulatory requirements.

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

Global Quality & Compliance Review (GQ&CR) program

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

The GQ&CR team performing the review is independent of the firm and is objective and knowledgeable of GQ&RM policies. GQ&CRs assess compliance with selected KPMG International policies and procedures and share best practices among member firms. The GQ&CR provides an independent assessment of:

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

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

Obtain, evaluate and act on stakeholder feedback

Regulators

Every KPMG firm is expected to maintain professional and respectful relationships with regulators, including proactively engaging, responding to questions in a timely manner and taking appropriate remedial actions

In Nigeria, the Audit Regulations, 2020 empowers the Financial Reporting Council of Nigeria to carry out inspections and annual quality reviews for Firms that audit more than twenty (20) Public Interest Entities (PIEs)



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KPMG International has regular two-way communication with the International Forum of Independent Audit Regulators (IFIAR), principally through IFIAR’s Global Audit Quality Working Group (GAQ WG), to discuss thematic audit quality issues along with targeted strategies for improvement. We value the open, honest and transparent dialogue that IFIAR facilitates on global audit quality issues.

Every KPMG firm is expected to maintain professional and respectful relationships with regulators, including proactively engaging, responding to questions in a timely manner and taking appropriate remedial actions.

Client feedback

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

Monitoring of complaints

We have procedures in place for monitoring and addressing complaints received relating to the quality of our work. These procedures are detailed in section 2 ‘Tone at the top’.

Other assessment of audit quality

Second line of defence (2LoD)

The objective of the 2LoD program is to enhance audit quality by conducting independent reviews of areas of focus on audit engagements and providing direct real time support and coaching to engagement teams before the audit opinion is issued with the goal of helping the audit team deliver an audit that complies with the relevant professional standards.

Engagements are selected for a 2LoD review based on approved selection criteria with the focus being on listed and high-risk engagements.

A 2LoD program is used for each review and contains key areas of focus which considers the findings from our most recent internal quality reviews and regulatory reviews. Each review covers the planning and risk assessment, control and substantive testing, including general IT controls, and the completion phases of the audit. Our review program is updated periodically to ensure that we focus on emerging risk areas and themes identified in monitoring activities.

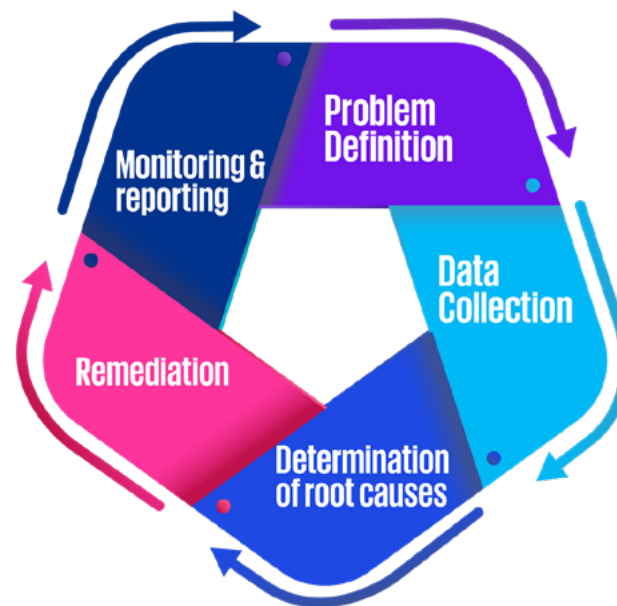
Pre-Issuance Review

Pre-issuance reviews of audited financial statements are carried out in accordance with local policy and internally established criteria which primarily consider engagement complexity and risk profile of the clients/engagements

Perform root cause analysis

KPMG in Nigeria conducts Root Cause Analysis (RCA) in respect of audit quality issues. In 2022, RCA training based on our Global RCA 5 Step Principles was attended by those individuals at the firm who will be performing RCA or directing those performing RCA. The training provides a common platform for advancing the practices and skills associated with resourcing, planning and conducting RCA.

The Global RCA 5 Step Principles are as follows:



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

The firm’s Head of Audit is responsible for audit quality including the remediation of audit quality issues. The Risk Management Partner monitors the remediation plan(s) implementation.

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Total revenue for the financial year ended 30 September 2022 is presented below. The figures relate to the annual financial statements of KPMG in Nigeria and have been categorised in accordance with Rule 12: Audit Transparency Report, issued by the Financial Reporting Council of Nigeria.

FY 22 Revenue Breakdown

	Revenue (₦'000)
Revenues from the statutory audit of annual and consolidated financial statements of public-interest entities and entities belonging to a group of undertakings whose parent undertaking is a public-interest entity	4,480,058
Revenues from the statutory audit of annual and consolidated financial statements of other entities	3,821,937
Revenues from permitted non-audit services to entities that are audited by the statutory auditor or the audit firm:	
a. Assurance services	304,378
b. Other Services	1,330,505
Revenues from non-audit services to other entities	
a. Assurance services	143,880
b. Other services	14,729,872
Total Revenue	24,810,630



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Partners' profit share

Partners are remunerated out of the distributable profits of the firm (such profits being determined by the General Assembly of Partners) and are personally responsible for funding pensions and most other benefits. The final allocation of profits to partners is made by the Senior Partner, with the assistance of the Executive Committee, after assessing each partner's contribution for the year. The partners approve changes to the Compensation Model at the general meeting based on recommendations of the Partners' Compensation Committee.

There are two elements to partner remuneration:

- **Base component** – a proportion of the firm's budgeted profits are allocated to members as base component; this is effectively member salary. The amount of base component reflects the role and seniority of each partner.
- **Profit related performance component** – rewards performance in the year by each partner against individual objectives previously agreed and the overall profits of their part of the firm as a whole. Our policies for this variable element of partner remuneration take into account a

number of factors including quality of work, excellence in client service, growth in revenue and profitability, leadership and living the KPMG Values. Audit partners are not permitted to have objectives related to, or receive any remuneration from, selling non-audit services to their audit clients. In addition, a part of their performance-related component is based on an assessment of their ability to deliver audit quality.

Drawings

During the year, the firm's partners received monthly drawings, and from time to time, additional profit distributions. The level and timing of the additional distributions are decided by the General Assembly of Partners, taking into account cash requirements for operating and investing activities. All such drawings and profit distributions to partners represent payments on account of current year profits and are reclaimable from members until profits have been allocated. Any over-distribution of profits during the year is also recoverable from partners.

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Legal structure

KPMG in Nigeria and all other KPMG firms are party to membership and associated documents, the key impact of which is that all KPMG member firms in the KPMG global organization are members in, or have other legal connections to, KPMG International Limited, an English private company limited by guarantee.

KPMG International Limited has been the coordinating entity for the overall benefit of the KPMG member firms. It does not provide professional services to clients. Professional services to clients are exclusively provided by member firms.

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

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

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

Further detail on the revised legal and governance arrangements for the KPMG global organization can be found in section 'Governance and leadership' of the [2022 KPMG International Transparency Report](#).

The name of each audit firm that is a member of the organization and the EU/EEA countries in which each firm is qualified as a statutory auditor or has its registered office,

central administration or principal place of business are available via this [link](#).

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

Aggregated revenues generated by KPMG firms, from EU and EEA Member States resulting from the statutory audit of annual and consolidated financial statements was EUR 2.2 billion during the year ending 30 September 2022. The EU/EEA aggregated statutory audit revenue figures are presented to the best extent currently calculable and translated at the average exchange rate prevailing in the 12 months ended 30 September 2022.

Responsibilities and Obligations of Member Firms

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

Each KPMG firm takes responsibility for its management and the quality of its work. Member firms commit to a common set of KPMG Values (as set out above).

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

Professional Indemnity Insurance

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

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

Global Steering Groups

There is a Global Steering Group for each key function and infrastructure area, chaired by the relevant member of the Global Management Team and, together they assist the Global Management Team in discharging its responsibilities. They act under delegated authority from the Global Board and oversight by the Global Management Team (GMT). Under the oversight of the GMT, they promote the execution of the global strategy and compliance with KPMG International decisions and policies by member firms.

In particular, the Global Audit Steering Group and Global Quality & Risk Management Steering Group work closely with regional and member firm leadership to:

- Establish, and ensure communication of, appropriate audit and quality/risk management policies;
- Establish and support effective and efficient risk processes to promote audit quality;
- Promote and support strategy implementation in member firms' audit functions, including standards of audit quality; and

- Assess and monitor audit quality issues, including those arising from quality performance and regulatory reviews, and focus on best practices that reduce audit quality findings.
- The roles of the Global Audit Steering Group and the Global Quality & Risk Management Steering Group are detailed in section 'Governance and leadership' of the [2022 KPMG International Transparency Report](#).

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

Further details about KPMG International including the governance arrangements for the year ending 30 September 2022, can be found in section 'Governance and leadership' of the [2022 KPMG International Transparency Report](#).



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Statement by the Executive Committee of KPMG in Nigeria on the effectiveness of quality controls and independence

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

The Executive Committee of KPMG in Nigeria has considered:

- The design and operation of the quality control systems as described in this report;
- The findings from the various compliance programs operated by our firm (including the KPMG International review programs as described in the section on Internal monitoring and compliance programs) and our local compliance monitoring programs; and
- Findings from regulatory inspections and subsequent follow up and/or remedial actions.

Taking all of this evidence together, the Executive Committee of KPMG in Nigeria confirms with a reasonable level of assurance that the systems of quality control within our firm have operated effectively in the year to 30 September 2022.

Further, the Executive Committee of KPMG in Nigeria confirms that an internal review of independence compliance within our firm has been conducted in the year to 30 September 2022.

Lagos, November 2023

Executive Committee, KPMG in Nigeria.



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Statement by the Executive Committee of KPMG Professional Services

Appendix 1: Key legal entities and areas of operation



Name of Entity	Legal Structure	Regulatory Status	Nature of Business	Area of Operation
KPMG Professional Services	A partnership registered under Nigerian laws. All its partners have equal holdings	It is subject to the regulatory control of the Corporate Affairs Commission (CAC) and the Financial Reporting Council (FRC) of Nigeria	Partnership	Provision of Audit Services
KPMG Advisory Services	A partnership registered under Nigerian laws. All its partners have equal holdings	It is subject to the regulatory control of the Corporate Affairs Commission (CAC)	Partnership	Provision of Tax and Advisory Services
V.I. Services Limited	A company incorporated under Nigerian laws	It is subject to the regulatory control of the Corporate Affairs Commission (CAC)	Limited Liability Company	Provision of Company Secretarial Services
KPMG Delivery Center Services	A partnership registered under Nigerian laws. All its partners have equal holdings	It is subject to the regulatory control of the Corporate Affairs Commission (CAC)	Partnership	Office Administration, Office Support and Business Support Activities

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Appendix 2: Details of those charged with governance at KPMG in Nigeria



Tola Adeyemi
Senior Partner



Toyin Gbagi
Partner and Chief
Operating Officer



Goodluck Obi
Partner and Head, Audit



Wale Ajayi
Partner and Head, Tax,
Regulatory & People
Services



Olumide Olayinka
Partner and Head,
Advisory



Segun Sowande
Partner and Head, Strategy
& Markets



Tomi Adepoju
Partner and Head, People
& Partner Matters



Chibuzor Anyanechi
Risk Management Partner

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Appendix 3: Public Interest Entity Audit Clients



The list of public interest entity audit clients is given below.

Accion Microfinance Bank Limited	FSDH Capital Limited
Africa Finance Corporation	FSDH Dollar Fund
AIICO Balanced Fund	FSDH Holding Company Limited
AIICO Money Market Fund	FSDH Merchant Bank Limited
Alerzopay Limited	GNI Healthcare Limited
AllianzBridge Finance Limited	Great Nigeria Insurance Plc
Asset Management Corporation of Nigeria	Griffin Finance Limited
AXA Mansard Insurance Plc	Ibom Power Company Limited
AXA Mansard Pensions Limited	Ikeja Electric PLC
Bank of Industry Limited	Impact Credit Guarantee Company Limited
Berger Paints Nigeria Plc	Infrastructure Bank Plc
Bristow Helicopters Nigeria Ltd	Infrastructure Credit Guarantee Company Limited
CAN Fund Manager	IPL Disco Ltd
Capital Trust Halal Fixed Income Fund	Jos Electricity Distribution Plc
Capital Trust Investment & Asset Management	Lafarge Africa Plc
Carbon Finance and Investment Limited	Lagos Commodities and Futures Exchange
Central Bank of Nigeria	Lagos State Health Fund
Central Securities Clearing System PLC	Lagos State Health Management Agency
Champion Breweries Plc	Lapo Microfinance Bank Limited
Chemical and Allied Products Plc	Leadway Assurance Company Limited
Citibank Nigeria Limited	Lekki Concession Company Limited
Coral Balanced Fund	Livestock Feeds Plc
Coral Income Fund	Mainstream Energy Solutions Limited
Coral Money Market Fund	Mansard Health Limited
Cornerstone Insurance Plc	Mansard Investments Limited
Coronation Merchant Bank Ltd	NG Clearing Limited
Cosmic Intelligent Labs Ltd	NGX Regulatory Limited
Dangote Cement Plc	Nigeria Deposit Insurance Corporation
Development Bank of Nigeria	Nigeria Mortgage Refinance Company
ExxonMobil Upstream Affiliates (Nig.) Pension Trust Fund	Nigerian Exchange Group Plc
Eyowo Integrated Payments Limited	Nigerian Exchange Limited
Fast Credit Limited	Nigerian International Bank Nominees
FBN General Insurance Limited	NIRSAL Microfinance Bank Limited
FBN Holdings Plc	Northern Nigeria Flour Mills
FBNQuest Asset Management Limited	NPF Microfinance Bank Plc
FBNQuest Merchant Bank Limited	PAN African Airlines (Nigeria) Limited
FBNQuest Securities Limited	Parthian Partners Limited
Fidelity Pension Managers Limited	Pensions Alliance Limited
Fidelity Pension Retirement Savings Account Fund I	Petroleum Products Marketing Company Limited
Fidelity Pension Retirement Savings Account Fund II	Premium Pension Limited
Fidelity Pension Retirement Savings Account Fund III	Premium Pension Retirement Savings Account Fund I
Fidelity Pension Retirement Savings Account Fund IV	Premium Pension Retirement Savings Account Fund II
Fidelity Pension Retirement Savings Account Fund V	Premium Pension Retirement Savings Account Fund III
Fidelity Pension Transitional Contributions Fund	Premium Pension Retirement Savings Account Fund IV
Fin Insurance Company Limited	Premium Pension Retirement Savings Account Fund V
Financial Services Innovators (FSI)	Premium Pension Retirement Savings Account Fund VI (Active)
First Bank of Nigeria Limited	Premium Pension Retirement Savings Account Fund VI (Retiree)
First Nominees Nigeria Limited	Premium Pension Transitional Contributions Fund
First Pension Custodian Nigeria Limited	Progress CPFA Mgt Fund
First Trust Mortgage Bank Plc	Progress CPFA New Fund
Flour Mills of Nigeria Plc	Progress CPFA Non Mgt Fund
FMDQ Clear Limited	Progress CPFA Old Fund
FMDQ Depository Limited	Progress CPFA Pensioners Fund
FMDQ Holdings PLC	Progress CPFA Trust Limited
Food Concepts Plc	
FSDH Asset Management Limited	

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Appendix 3: Public Interest Entity Audit Clients



PSL Capital Limited
Purple Money Microfinance Bank Limited
Rainbow Town Development Limited
Sankore Global Investments Limited
Sankore Securities Limited
Sovereign Finance Limited
STANBIC IBTC Balanced Fund
STANBIC IBTC Bond Fund
STANBIC IBTC Dollar Fund
STANBIC IBTC Enhanced Short term Fixed Income Fund
STANBIC IBTC ETF 30
STANBIC IBTC Ethical Fund
STANBIC IBTC Guaranteed Investment Fund
STANBIC IBTC Imaan Fund
STANBIC IBTC Infrastructure Fund
STANBIC IBTC Money Market Fund
STANBIC IBTC Nigeria Equity Fund
STANBIC IBTC Pension ETF 40
STANBIC IBTC Retirement Savings Account Fund I STANBIC
IBTC Retirement Savings Account Fund II STANBIC IBTC
Retirement Savings Account Fund III STANBIC IBTC
Retirement Savings Account Fund IV STANBIC IBTC
Retirement Savings Account Fund V STANBIC IBTC
Retirement Savings Account Fund VI (Active) STANBIC IBTC
Retirement Savings Account Fund VI (Retiree) STANBIC IBTC
Shariah Fixed Income Fund
STANBIC IBTC Transitional Contributions Fund
STANBIC IBTC Umbrella Fund
Support Microfinance Bank Limited
SystemSpecs Limited

Tangerine General Insurance Limited
The Nigerian Security Printing and Mining Company Limited
The Tourist Company of Nigeria Plc
Titan Trust Bank Limited
TotalEnergies Marketing Nigeria Plc
Travelex Retail Nigeria Limited
UAC of Nigeria Plc
Unilever Nigeria Plc
Unitrust Insurance Company Limited
Unity Bank Plc
Valualliance Asset Management Limited
ValuAlliance Money Market Fund
ValuAlliance Value Fund
Vetiva Banking ETF
Vetiva Capital Management Limited
Vetiva Consumer Goods ETF
Vetiva DV Balanced Fund
Vetiva Fund Manager Limited
Vetiva Griffin 30 ETF
Vetiva Industrial Goods ETF
Vetiva S&P Nigerian Sovereign Bond ETF
Vetiva Securities Limited
Viathan Funding Plc
WealthTech Limited
Wema Bank Funding SPV Plc
Wema Bank Plc
West African Infrastructure Investment Managers Limited
Zenith General Insurance Company
Zenith Medicare Limited (Venus Medicare)

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The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor 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.

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KPMG refers to the global organization or to one or more of the member firms of KPMG International Limited (“KPMG International”), each of which is a separate legal entity. KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. For more detail about our structure please visit kpmg.com/governance.

KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm.

Throughout this document, “we,” “KPMG,” “us” and “our” refers to the global organization, to KPMG International Limited (“KPMG International”) or to one or more of the member firms of KPMG International, each of which is a separate legal entity.

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Publication name: Transparency Report 2022

Publication date: November 2023