



Transparency Report 2020

Our relentless focus on quality

KPMG in Singapore

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KPMG Values

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

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.

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



Quality remains our top priority

In a changing and increasingly complicated world, our role has never been more important. Audit is the foundation of the KPMG brand and is the backbone of our business.

Quality remains our top priority and underpins everything we do. We have an unwavering commitment to serve the public interest by leading the profession in audit quality.

COVID-19 is pushing us to think differently about how we engage our people, companies we audit, stakeholders and society. The increased economic uncertainty and risk due to the pandemic will have significant financial reporting implications throughout the world markets. We will continue to respond to and embrace this challenge as we focus on recovery and resilience in this new reality.

All of our actions are guided by our Values. They drive our daily behaviours, guide our decisions and shape our culture. Integrity remains a core Value — we do what is right, in the right way, at the right time. We embody our Values of integrity and excellence in our commitment to quality.

In our *2019 KPMG Transparency Report*, we share with you how we are delivering on our fundamental promise of audit quality to serve the public, investors, audit committees and our stakeholders.

Delivering quality audits requires a quality-centric culture where everyone is accountable for it. Accountability starts at the top of our organisation, with every KPMG leader responsible for continually raising the bar for quality, integrity and public trust.

Building upon our sound audit quality foundations, we are making significant investments to drive consistency and

are committed to an ongoing investment in our system of quality management, monitoring of audit quality, enhanced support, and providing innovative technology and tools for engagement teams, such as KPMG Clara, our smart audit platform.

Through KPMG Clara, we are integrating a new workflow and enhanced methodology along with powerful, web-based and cloud-enabled technology to enhance the audit process and enable real-time engagement monitoring. With the increased reliance on a virtual environment, KPMG Clara is a key component of our technology enablement for the companies we audit and central to our efforts to enhance quality and consistency across the organisation.

We recognise that continually improving our approach to audit quality relies on exceptional people having access to the right knowledge at the right time under the guidance of strong governance and practice management.

At KPMG in Singapore, we realise that extraordinary times require extraordinary solutions to complex challenges. We understand our responsibility to deliver quality audits that contribute to the integrity of financial reporting and are fundamental to the successful working of markets, giving investors the confidence and trust to make key decisions.

Consistently providing exceptional quality across all our audit engagements is at the heart of our commitment. Getting audit quality right each and every time is what we are focused on to build public trust and serve the capital markets and society at large.

Our vision to lead the way in audit quality is clear. We are taking action, we're investing and we're making it happen.



Ong Pang Thye
Managing Partner
KPMG in Singapore



Lee Sze Yeng
Head of Audit
KPMG in Singapore



Audit quality

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

We define “audit quality” as the outcome when audits are executed consistently, in line with the requirements and intent of applicable professional standards, within a strong system of quality controls.

All of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.



Driving the quality agenda

This section provides an update on our overall approach to delivering audit quality.

Our audit quality programme



We continue to invest significantly in audit quality. We are building on our sound audit quality foundations, in terms of how we manage both our firm and our audit engagements.

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

Our audit quality programme supports consistent deployment of investments to enhance and support a common approach.

Building consistency through a global approach



At its core, KPMG is an audit organisation, and continuously improving audit quality is central to who we are.

At KPMG, audit quality is about consistent execution across all firms in line with the requirements and intent of professional standards, and within a strong system of quality controls. All of our related activities are undertaken in an environment of objectivity, independence, ethics and integrity. That's what we stand for; that's how we measure our people and our practices.

Everyone is accountable for audit quality. Responsibility for consistently delivering quality starts at the very top of our organisation and requires accountability across leadership and all KPMG partners and employees.

Executing audits consistently within a strong system of quality controls is fundamental to audit quality.

We already have a clear framework for delivering audit quality that's supported by a strong system of quality control. But we know that to continue to deliver quality audits in an ever-changing world, we need to continuously improve.

Sound practice management at a firm level also plays a significant part — in terms of real-time support for engagement teams, and strong support functions to help them carry out their tasks.

The more we standardise the way we conduct our audits and the more global consistency we build into our processes and technology, the more effective we'll be at meeting the high standards we've set for ourselves for audit quality. It provides the framework for success.

KPMG's commitment to audit quality during the COVID-19 pandemic

The COVID-19 pandemic has forced us all to think differently, and we continue to respond to and embrace this challenge. Most organisations are likely to be impacted by the COVID-19 pandemic, either directly or indirectly, and the increased economic uncertainty and risk may have significant financial reporting implications. Issues including going concern, asset impairments and valuations will require careful judgment as organisations deal with a high degree of uncertainty and market volatility. KPMG firms' role as auditors is to evaluate these judgments.

1. Throughout this document, "KPMG" refers to the network of independent member firms operating under the KPMG name and affiliated with KPMG International Limited ("KPMG International") or to one or more of these firms or to KPMG International. KPMG International is a private English company limited by guarantee and does not provide services to clients. Throughout the document, "we," "our," and "us" refer to KPMG in Singapore. KPMG in Singapore is a member firm of the KPMG network of independent firms affiliated with KPMG International. 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.



Since the start of the pandemic, we have maintained an online [COVID-19 | Financial reporting resource centre](#) to assist companies and other stakeholders in understanding potential accounting and disclosure implications.

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

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

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

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

Valuing feedback and dialogue



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

Regulators

We maintain professional and respectful relationships with our regulators, including proactively engaging, responding to questions in a timely manner and taking appropriate remedial actions. Annually, we have a two-way communication with our national regulator, Accounting and Corporate Regulatory Authority (ACRA). We value the open, honest and transparent dialogue on audit quality issues.

KPMG International has regular two-way communication with the International Forum of Independent Audit Regulators (IFIAR), principally through its Global Audit Quality Working Group (GAQ WG), to discuss audit quality findings and the actions taken to address such issues across organisations.

Client feedback

Client feedback is also important. 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.

Listening to our people — Global People Survey (GPS)

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

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

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



Building on our audit quality foundations

This section provides details on our system of quality control.

Leading through tone at the top



As a member of a global organisation, we recognise that strong and clear leadership is critical to set the tone from the top and provide the blueprint to all firms.

Our leadership, working with regional and global leadership, plays a critical role in establishing our commitment to quality and the highest standards of professional excellence. A culture based on quality, integrity and ethics is essential in an organisation that carries out audits and other services on which stakeholders rely. We have taken steps to strengthen our governance, with a focus on accountability for quality.

KPMG's leadership drives an awareness that everyone across the organisation who is involved in performing an audit, or any client engagement across tax and advisory, has a responsibility and a part to play.

This is one of the key factors that connects everyone at KPMG.

Clear Values and a strong Code of Conduct



Our commitment to integrity and quality is enshrined in the [KPMG values](#) that lie at the heart of the way we do things. They drive our daily behaviours, guide our decisions, and shape our admissions. 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.

Building on our values is the [KPMG Global Code of Conduct](#), which defines who we are and how we act. Everyone at KPMG is required to comply with the Code and to confirm their compliance with the Code. Everyone at KPMG is also required to take regular training covering the Code. We are committed to holding ourselves accountable for behaving in a way that is consistent with the Code. Individuals are encouraged to speak up if they see something that makes them uncomfortable or that is inconsistent with our Values.

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

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

We maintain our Ethics Hotline at +65 6213 2222. Reports filed through the hotline are directed to our Risk Management Partner for further investigation and resolutions. In addition, the [KPMG International hotline](#) is a mechanism for KPMG personnel, clients and other third parties to confidentially report concerns they have relating to certain areas of activity by any KPMG International entity, activities of KPMG firms or KPMG personnel.

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



Driving standards through a system of quality control



Our commitment to integrity and quality lie at the heart of the way we do things at KPMG.

Our system of quality control ensures our performance meets the highest professional standards.

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

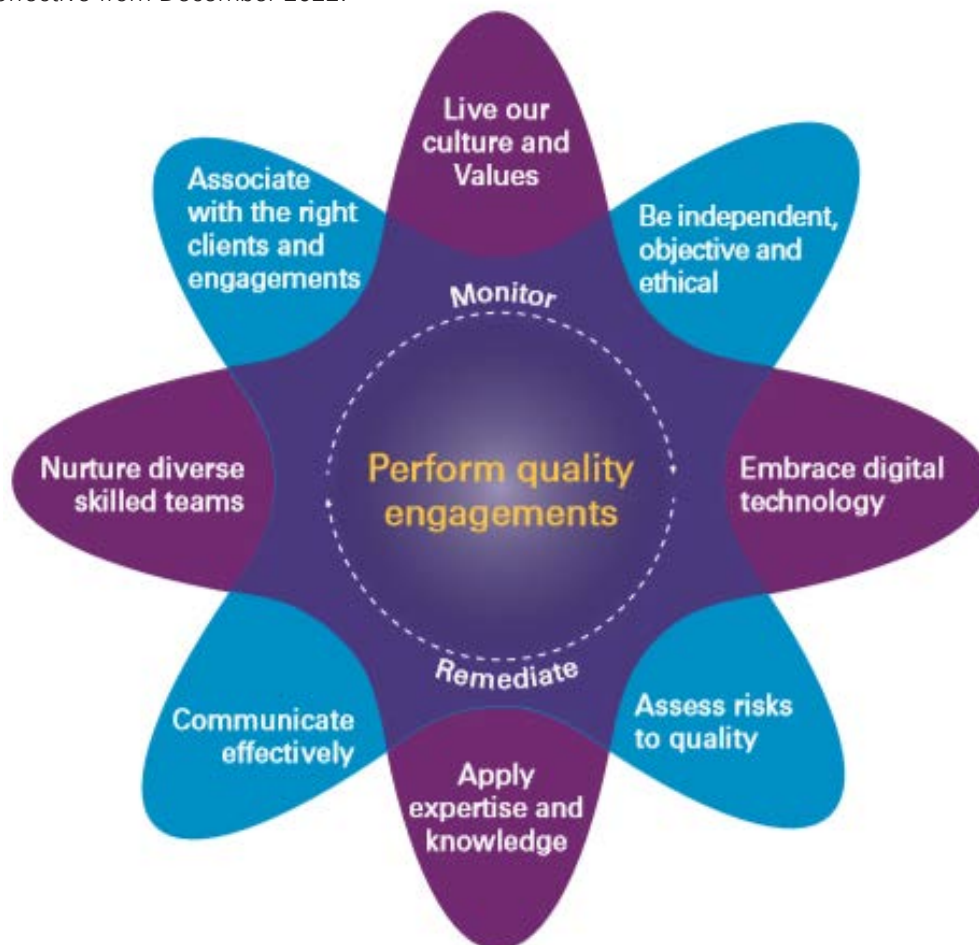
We are building on our sound quality foundations to further strengthen the robustness and consistency of our system of quality controls to be in compliance with the new quality management standard (ISQM 1). Approved by the IAASB in September 2020, the new standard is expected to be effective from December 2022.

ISQM 1 requires each KPMG firm to design, implement and operate a system of quality management to consistently deliver quality audits, and to evaluate the effectiveness of the system annually.

KPMG in Singapore is required to implement KPMG International policies and procedures and also adopts additional policies and procedures that are designed to address rules and standards issued by ACRA and other relevant regulators as well as applicable legal and regulatory requirements.

As we prepare for ISQM 1, we are refreshing our current Audit Quality Framework to a new Global Quality Framework to better outline how we deliver quality at KPMG, and how everyone at KPMG contributes to its delivery. 'Perform quality engagements' sits at the core along with our commitment to continually monitor and remediate our processes as necessary.

Our Quality Drivers give clear direction to encourage the right behaviours in delivering audit quality.





Consistent quality and risk management policies



A robust and consistent system of quality control is essential to delivering quality services. Accordingly, KPMG International has quality control policies that apply to all KPMG firms. These are included in KPMG's Global Quality & Risk Management Manual (GQ&RM Manual), which is available to, and applies to, all KPMG personnel.

These policies and associated procedures are designed to assist member firms in complying with relevant professional standards, and regulatory and legal requirements.

They are based on the ISQC 1 and on the Code of Ethics for Professional Accountants issued by the IESBA. Both of these are relevant to member firms that perform statutory audits and other assurance and related services engagements.

KPMG firms are required to implement KPMG International policies and procedures and adopt their own additional policies and procedures that are designed to address rules and standards applicable to their own jurisdictions as well as applicable legal and regulatory requirements.

Our leadership takes responsibility for audit quality



Our leadership plays a critical role in driving the quality agenda for the organisation.

Steering groups are established to drive the execution of the quality strategy. Each of these groups has its specific areas of focus, and they work closely with one another on quality matters, along with regional and global leadership, to:

- establish and ensure communication of appropriate audit, quality and risk management policies
- establish and support effective and efficient processes to promote audit quality

- promote and support strategy implementation in our audit function, including standards of audit quality
- 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 overall governance structure and further detail on KPMG in Singapore's leadership groups is provided in the '[Governance and leadership](#)' section of this report.

Associating with the right clients



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

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

KPMG firms 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.

In 2020, KPMG in Singapore has implemented an additional COVID-19 assessment to consider the broader impact of financial and other threats arising from the pandemic in the client and engagement evaluation process.

Client acceptance process

KPMG in Singapore undertakes an evaluation of every prospective client. The "KPMG Independence Checkpoint" tool is used to automate and standardise all the workflows that comprise the independence clearance process.

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



Engagement acceptance process

Each prospective engagement is required to be evaluated to identify potential risks. A range of factors are considered as part of this, including potential independence and conflict of interest issues (using KPMG's web-based global conflicts and independence checking system — Sentinel); the intended purpose and use of engagement deliverables; public perception; and 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 individuals assigned to staff the engagement. The evaluation is made in consultation with other senior KPMG partners and employees and includes review by quality and risk management leadership as required. Where audit services are to be provided for the first time, the prospective engagement team is required to perform additional independence evaluation procedures, including a review of any non-audit services provided to the client and of other relevant business, financial and personal relationships.

Similar independence evaluations are performed when an existing audit client becomes a public interest entity or 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 Singapore undertakes an annual re-evaluation of all audit clients. The re-evaluation identifies any issues in relation to continuing association and any mitigating procedures that need to be put in place (this may include the assignment of additional professionals such as an Engagement Quality Control (EQC) reviewer or the need to involve additional specialists on the audit).

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

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

Withdrawal process

Where KPMG in Singapore 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. In Singapore, auditors of public interest companies and their subsidiaries are required to obtain consent from ACRA for resignation before the end of the term of their appointment. We also communicate as necessary with those charged with governance and any other appropriate authority.

Insisting on the highest standards of independence and ethical transparency



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

KPMG International has detailed independence policies and procedures, which incorporate the IESBA Code of Ethics requirements. These are set out in the 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 procedures and organisation-wide processes to meet additional local independence standards to ensure compliance.

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



KPMG in Singapore has a designated Ethics & Independence Partner (EIP) who has primary responsibility for the direction and execution of ethics and independence (E&I) policies and procedures locally. The EIP is responsible for communicating and implementing KPMG global policies and procedures and ensuring that local policies and procedures are established and effectively implemented when they are more stringent than the global requirements.

KPMG in Singapore partners and employees are required to consult with the EIP on certain specific independence 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.

We are required to clearly communicate our independence policies and procedures to our partners and staff.

Compliance with independence policies and processes is monitored through annual independence confirmations and compliance audits locally, as well as through the network's wider monitoring programmes described in the ['Audit quality monitoring and remediation'](#) section of this report.

E&I — Training and confirmations

All KPMG in Singapore partners and client service 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 Singapore and on an annual basis thereafter.

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 non-compliance with laws, regulations, professional standards, and KPMG's policies.

New partners and employees are required to complete this training within 3 months of joining KPMG in Singapore. All KPMG partners and employees are required to sign, upon joining KPMG in Singapore and thereafter an annual confirmation stating that they have remained in compliance with applicable E&I policies throughout the year.

KPMG's E&I policies and procedures in key areas are described in more detail below.

Personal financial independence

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

KPMG firms used a web-based independence compliance system (KICS) to assist 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 or above client-facing employees are required to use the KICS system prior to entering into an investment to identify whether they are permitted to do so. They are required to also maintain an up-to-date record of all of their investments in publicly traded entities in KICS, which automatically notifies them if any investment subsequently becomes restricted. Newly restricted investments are required to be disposed of within 5 business days of the notification.

KPMG monitors partner and manager compliance with this requirement as part of our programme 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 KPMG's independence policies. This includes sample criteria including the minimum number of professionals to be audited annually.



Employment relationships

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

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

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

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

Firm financial independence

KPMG firms are required to also be free from prohibited interests in, and prohibited relationships with, audit clients and their management, directors and, where required, significant owners. KPMG in Singapore 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 Singapore is required to record in KICS all borrowing and financing relationships, as well as custodial, trust and brokerage accounts that hold member firm assets.

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

Business relationships/suppliers

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

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 Singapore, we are required to comply with the ACRA Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities.

KPMG in Singapore is required to establish and maintain a process to review and approve all new and modified services that are developed locally. KPMG in Singapore's EIP is involved in the review of potential independence issues.

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 publicly traded and certain other audit clients, including their related entities or affiliates, in Sentinel. They are also responsible for identifying and evaluating any independence threats that may arise from the provision of a proposed non-audit service and the safeguards available to address them.

For entities for which group structures are maintained, Sentinel enables LAEPs to review and request revision, approve, or deny, any proposed service for those entities worldwide. For approved proposed services, Sentinel designates a timeframe during which the approval remains valid. Upon expiration of the established timeframe, the services are required to be complete or be re-evaluated for permissibility; otherwise, the services are required to be exited.

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



Fee dependency

KPMG International's policies recognise that self-interest or intimidation threats may arise when the total fees from an audit client represent a large proportion of the total fees of the KPMG firm expressing the audit opinion. These policies require firms to consult with their Area Quality & Risk Management Leader where it is expected that total fees from a public interest entity audit client and its related entities were to represent more than 10 per cent of the total fees received by a particular member firm for 2 consecutive years, the policies further require that:

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

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

Avoiding conflicts of interest

All KPMG professionals are responsible for identifying and managing conflicts of interest, which are circumstances or situations that may reasonably be expected to have an impact on the firm's ability to be objective or act without bias.

KPMG engagement teams are required to use Sentinel to identify potential conflicts so that these can be addressed in accordance with legal and professional requirements.

Personal conflicts

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

Consultation with the member firm's Risk Management Partner (RMP) or the EIP is required in these situations.

KPMG International policies are also in place to prohibit KPMG partners and employees from offering or accepting inducements, including gifts and hospitality, to or from audit clients, unless the value is trivial and inconsequential, is not prohibited by

relevant law or regulation, and is not deemed to have been offered with the intent to improperly influence the behaviour of the recipient or which would cast doubt on the individual's or the member firm's integrity, independence, objectivity or judgment.

Resolving conflicts of interest

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 Singapore has risk management resources who are responsible for reviewing an 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.

Independence breaches

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

KPMG in Singapore has a documented and communicated disciplinary policy in relation to independence breaches that incorporates incremental sanctions reflecting the severity of any breach. Matters arising are reflected in their individual quality and risk matrix, and considered in our promotion and compensation decisions.



Partner rotation

KPMG International partner rotation policies are consistent with the requirements of the IESBA Code of Ethics and require compliance with any stricter local applicable rotation requirements.

Our partners are subject to periodic rotation of their responsibilities for audit clients under applicable laws, regulations and independence rules and KPMG International Policy. These requirements generally 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 these partners may not participate in the audit or in any way influence the outcome of it. During the time-out period, partners may not participate in the audit, in any way influence the outcome of the audit, lead or coordinate other professional services delivered to the client, oversee the relationship of the firm with the client, or have any other significant or frequent interaction with senior management or those charged with governance.

We monitor the rotation of audit engagement leaders (and any other key roles, such as the Key Audit Partner and EOC reviewer, where there is a rotation requirement) and develop related transition plans as necessary to enable allocation of partners with the necessary competence and capability to deliver a consistent quality of service to clients.

Zero-tolerance approach to bribery and corruption

Compliance with laws, regulations and standards is a key aspect for everyone at KPMG in Singapore. In particular, we have zero tolerance of bribery and corruption.

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

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

Bringing technical excellence and industry expertise



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

Technical consultation and global resources

Technical auditing and accounting 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).

Global Audit Methodology Group (GAMG)

KPMG's audit methodology is developed and maintained by the GAMG. The GAMG develops our audit methodology based on the requirements of the applicable auditing standards — International Standards on Auditing, Public Company Accounting Oversight Board (PCAOB) and the American Institute of CPAs (AICPA).

KPMG Global Solutions Group (KGSG)

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

Key areas of work performed include:

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

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



International Standards Group (ISG)

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

PCAOB Standards Group (PSG)

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

Professional practice resource

We provide consultation support on auditing and technical accounting matters to our 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 be escalated to senior partners for final resolution. KPMG's International Standards Group and PCAOB Standards Group are also available for consultation support when required.



Delivering audit quality on the ground

In this section, we set out the ways in which we implement global policies and procedures to ensure quality and integrity at a local level.

Taking responsibility for audit quality at member firm level



While KPMG International creates the global framework and policies for audit quality, KPMG firm leadership is responsible for the delivery of that quality and for local quality control.

Each KPMG firm is responsible for:

- establishing and maintaining a system of quality control; and
- designing, implementing and testing the operating effectiveness of quality controls.

In Singapore, our Head of Audit has primary responsibility for audit quality and is supported by the firm's Risk Management Partner (RMP) and the Audit Quality Leader in maintaining a system of quality control.

Partner assignments

Procedures are in place to assign both the appropriate engagement partners and other professionals to an audit engagement on the basis of their skill sets, relevant professional and industry experience, and the nature of the engagement.

Our Head of Audit is responsible for the partner assignment process, which includes consideration of key factors relating to competence, workload and experience, including quality and compliance incidents.

Partners are required to have appropriate experience, training and capacity based on an annual partner portfolio review taking into account the size, complexity and risk profile of the engagement, and the type of support and

specialist input to be provided (i.e. the engagement team composition and specialist involvement).

Engagement teams

Audit engagement partners are required to allocate sufficient professionals to their engagement teams who have appropriate competencies, capabilities and capacity, and to determine whether they require the use of specialists to perform the audit engagement in accordance with professional standards, KPMG's audit methodology, and applicable legal and regulatory requirements.

If the right resource is not available locally, the firm accesses a network of highly skilled KPMG professionals in other member firms.

Embedding ongoing mentoring, supervision and review

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

Ongoing mentoring, coaching and supervision during an audit involves:

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



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

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

Engagement quality control (EQC) reviews

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

An EQC review provides reasonable assurance that the team has appropriately identified significant risks, including fraud risks, and has designed and executed audit procedures to address them.

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

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

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

Engagement documentation

Our audit documentation is completed and assembled according to the timeline established by the global policy, auditing standards and we have implemented administrative, technical and physical safeguards to protect the confidentiality and integrity of client and firm information. KPMG in Singapore recently adopted global policies to reduce the time period to assemble audit documentation, which is significantly less than required by the applicable auditing standards.

Training and experience requirements for US GAAP engagements

Specific requirements apply to engagements performed outside of the US to report on financial statements or financial information prepared 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 and EQC reviewers assigned to the engagement have completed relevant training and that the engagement team, collectively, has sufficient experience, including regarding the financial reporting framework that is not otherwise applicable in their jurisdiction, to perform the engagement or has implemented appropriate safeguards to address any shortfalls.

Access to specialist networks

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

The need for specialists 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 conduct of the engagement.



Encouraging a culture of consultation

KPMG encourages a strong 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 Singapore promotes a culture in which consultation is recognised as a strength, and that encourages partners and staff to consult on difficult or contentious matters.

Protocols have been established for consultation and documentation of significant accounting and auditing matters, including procedures to facilitate resolution of differences of opinion on engagement issues. In addition, the GO&RM Manual includes mandatory consultation requirements on certain matters.

Client confidentiality

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

Recognising the importance of communication



Honest and candid communication with clients, including management and those charged with governance, is a key aspect of our reporting and quality service delivery. As described later in this report (see '[Innovating and evolving our audit approach](#)' section), our smart audit platform, KPMG Clara, includes a client collaboration portal, allowing clients real-time monitoring of the status of the audit as well as seamless communication with the audit engagement team.

Communications with those charged with governance

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

We stress the importance of keeping clients informed of issues arising throughout the audit. We achieve this through a combination of reports and presentations, attendance at audit committee or board meetings, and, when appropriate, ongoing discussions with management and members of the Audit Committee.

Audit Committee Institute (ACI)

In recognition of the demanding and important role that audit committees play for the capital markets and also of the challenges that they face in meeting their responsibilities, the [Audit Committee Institute](#) (ACI) aims to help audit committee members enhance their commitment and ability to implement effective audit committee processes. The ACI operates in over 40 countries across the globe and provides audit committee members with authoritative guidance (such as the [ACI Audit Committee Handbook](#)) on matters of interest (such as cyber security and corporate culture) as well as the opportunity to network with their peers during an extensive programme of technical updates and awareness seminars.

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

Further details and insights on the ACI are available [here](#).

IFRS Institute

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



Innovating and evolving the KPMG audit approach

In this section, we detail how we are innovating in the delivery of the audit itself and leveraging new technologies and platforms.

Delivering through our current audit workflow



The current KPMG audit is enabled through eAudit, an activity-based workflow and electronic audit file. eAudit is KPMG's audit documentation workflow that allows professionals to complete quality and consistent audits. eAudit integrates KPMG's audit methodology, guidance and industry-specific knowledge, and the tools needed to execute and document the audit work performed.

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

Investing for the future

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

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

Audit solutions for today's world



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

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

The continuation of this process will see a new workflow and revised audit methodology embedded into the KPMG Clara platform. Limited deployment of the new KPMG Clara workflow took place during 2019, and full deployment globally started in 2020, and is expected to be completed by the end of 2022.

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

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



Bringing consistency through our methodology



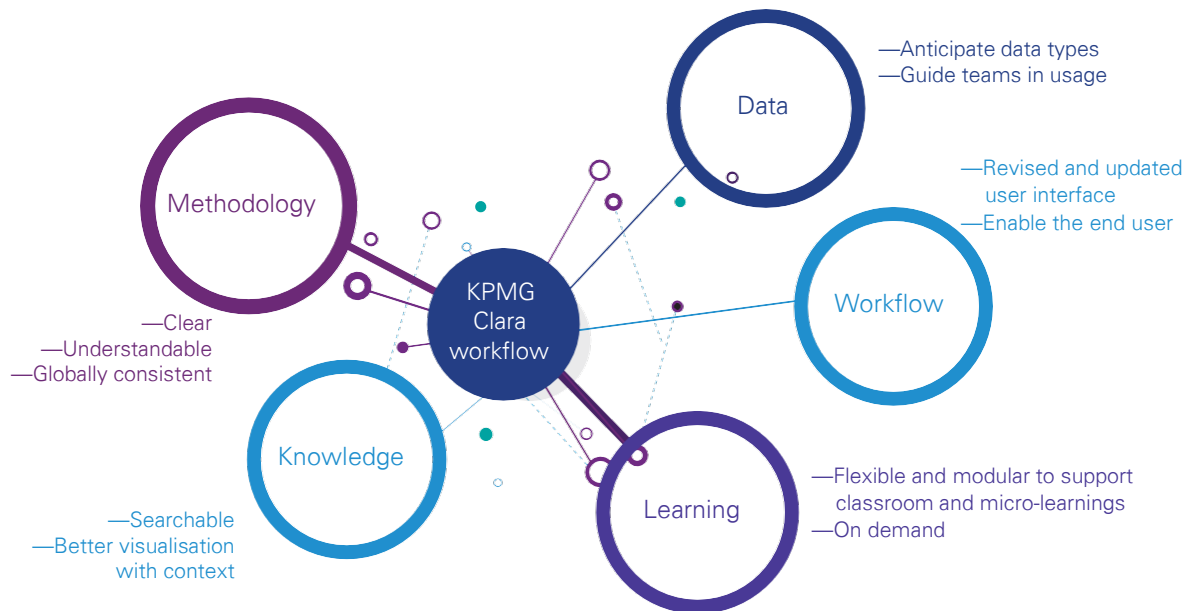
Our audit methodology, tools and guidance are:

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

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

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

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



Rich Content	Enhanced Usability and Tech-enabled	Leverage Innovations	Client Experience



Bringing it all together in KPMG Clara



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

Creating KPMG Clara workflow



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

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

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

Strategically embedding the use of data through digital audit capabilities



KPMG Clara also allows us to more seamlessly build digital audit capabilities into our audits. Digital audit routines are capable of interrogating and analysing vast quantities of data.

KPMG's audit is designed to:

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

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

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

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

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



Delivering a skilled and supported workforce

In this section we set out how we equip our people to deliver quality audits.

Our people strategy and processes promote audit quality



One of the key drivers of quality is ensuring that KPMG professionals have the appropriate skills and experience, passion and purpose, to deliver high quality audits.

This requires the right recruitment, development, reward, promotion and assignment of professionals.

Recruitment

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

We perform candidate application screening that is based on fair and job-related criteria to ensure that candidates possess the appropriate skills and experience to perform competently, and are suitable and best placed for their roles. KPMG's policies also require that recruits undergo rigorous reference and background checks subject to legal and regulatory requirements.

Where individuals are recruited for partner grades, a formal independence discussion is conducted with them by the Ethics and Independence Partner or a delegate.

KPMG in Singapore is committed to fostering an inclusive culture for all. Being inclusive enables us to bring together successful teams with the broadest range of skills, experiences and perspectives. We work hard to foster an inclusive culture to retain our diverse talent. For more about Inclusion & Diversity at KPMG read [here](#).

Development

Our 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
- standardised review forms (with provision for audit quality ratings).

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

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

KPMG in Singapore monitors quality and compliance incidents and maintains quality and compliance metrics in assessing the overall evaluation, promotions and remuneration of partners and directors and managers.

These evaluations are conducted by performance managers and partners who are in a position to assess performance.



Reward and promotion

We have compensation and promotion policies that are clear, simple, informed by market data, and linked to the performance review process. This helps our people to 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 results of performance evaluations directly affect the promotion and remuneration of partners and employees and, in some cases, their continued association with KPMG.

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

Partner admissions

The process for admission to the partnership is rigorous and thorough and involves appropriate representatives of the firm's leadership.

Our criteria for admission to the KPMG in Singapore partnership are consistent with a commitment to professionalism and integrity, quality and being an employer of choice.

Partner Remuneration

Compensation to partners is made by KPMG in Singapore after assessing each partner's performance for the year, taking into account quality and compliance metrics.

Lifetime learning strategy

Annual training priorities for development and delivery are identified by audit learning and development steering groups at the global, regional and, where applicable, at a local level. Training is delivered using a blend of learning approaches and performance support to assist auditors on the job.

Ongoing mentoring and on-the-job coaching

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

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

We support a coaching culture 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.

Continuing professional development (CPD)

All client service partners and employees are required to maintain CPD in accordance with applicable professional standards, laws and regulations. KPMG in Singapore policies and procedures are designed to facilitate compliance with license requirements.

Compliance with the CPD requirements is tested as part of firm's annual monitoring programmes.



Audit quality monitoring and remediation

At KPMG, we are expected to continually improve the quality, consistency and efficiency of our audits. There are a number of quality monitoring and compliance programmes that help us to do this, enabling us to identify quality issues, perform root cause analysis and develop remedial action plans, both for individual audits and for our overall systems of quality control.

Rigorous quality and compliance programmes



Our quality monitoring and compliance programmes are created globally, with member firms being required to implement, test and report them consistently across the global organisation.

Our monitoring programmes evaluate both:

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

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

- Quality Performance Reviews (QPR) and Risk Compliance Programmes (RCP), which are conducted annually across member firms' Audit, Tax and Advisory functions
- a cross-functional Global Compliance Review (GCR) programme, which is conducted at least every 3 years

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

We give more detail on these programmes and how they work in the following sections.

Audit Quality Performance Reviews (QPR)

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

Risk-based approach

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

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

Reviewer selection, preparation and process

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

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



Evaluation from Audit QPR

Consistent criteria are used to determine engagement ratings and member firm Audit practice evaluations. Audit engagements selected for review are rated as 'Satisfactory', 'Performance Improvement Needed' or 'Unsatisfactory'.

Reporting

Findings from the QPR programme are disseminated to member firm professionals through written communications, internal training tools, and periodic partner, manager and staff meetings. These areas are also emphasised in subsequent inspection programmes to gauge the extent of continuous improvement.

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

Global Audit Quality Monitoring Group (GAQMG)

The GAQMG is comprised of a team of partners, directors and senior managers experienced in performing QPR programme reviews of listed and related entity (LRE) audit engagements. The team also includes partners and professionals with experience in auditing general information technology controls and application controls.

Each of the GAQMG reviewers attends the Global QPR training delivered for their respective member firm. The GAQMG team is responsible for performing selected QP reviews of LRE audit engagements.

Risk Compliance Programme (RCP)

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

The objectives of the RCP are to:

- document, assess and monitor the extent that the KPMG in Singapore system of quality control complies with GQ&RM policies, as well as key legal and regulatory requirements relating to delivery of professional services; and
- provide the basis for KPMG in Singapore to establish that its personnel comply with relevant professional standards and applicable legal and regulatory requirements.

Where deficiencies are identified, we are required to develop appropriate action plans to address them.

Global Compliance Review (GCR)

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

The GCR team performing the reviews is independent of the firm and is objective and knowledgeable of GQ&RM policies. CRs assess compliance with selected KPMG International policies and procedures and share best practices among member firms. The GCR 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 KPMG International's policies and procedures; and
- the robustness with which the member firm performs its own compliance programme (RCP).

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



Regulators

In Singapore, our national regulator, ACRA has been carrying out independent inspections for a number of years. KPMG in Singapore and its partners are subject to an annual inspection by ACRA. We have passed ACRA's completed inspections in 2019. This is a testament to the quality, objectivity and robustness of our audit approach.

KPMG in Singapore is also registered with the Japanese Financial Services Authority, Financial Supervisory Authority of Norway, UK Financial Reporting Council and US PCAOB. The regulator US PCAOB inspected KPMG in Singapore in 2019. The public report on the inspection will be available on PCAOB's website upon finalisation.

We have considered each of the findings and recommendations and have taken actions to address deficiencies and strengthen policies and procedures as appropriate.

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

Root cause analysis (RCA)



KPMG in Singapore performs RCA to identify and address audit quality issues in order to prevent them from recurring in the future and Identify good practices as part of continuous improvement. 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.

Our Head of Audit is responsible for the development and implementation of action plans including appointing remediation owners. Our Audit Quality Leader monitors the implementation.

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

Global remediation actions developed by KPMG

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

Statement of effectiveness of quality controls and independence

This report describes our quality control system to conduct our audits in accordance with applicable standards and laws.

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 results of our internal monitoring programmes and regulatory inspections and consideration of our remedial actions provide us with a basis to conclude that our system of quality control described in this report is operating effectively.



Governance and leadership

KPMG in Singapore structure and governance

KPMG in Singapore



KPMG in Singapore is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A).

During the year to 30 September 2020, there was an average of 115 partners in KPMG in Singapore (2019: 121 partners).

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

KPMG in Singapore Leadership Team

The Managing Partner is an executive position supported by the Operations Committee. The Operations Committee comprises senior representatives from KPMG's various functional areas (including the Head of Audit and Head of Quality and Risk Management) and market segments. The Operations Committee representatives are responsible for the leadership of their respective market segments or functional areas. They set the strategic direction of the segment or area within KPMG in Singapore, and manage the strategic progress. The Operations Committee members are all KPMG in Singapore partners and are appointed by the Managing Partner. As at 30 September 2020, in addition to the Managing Partner, the Operations Committee included 7 other members. The Operations Committee aims to meet at least monthly during the year to 30 September 2020, either via face-to face or via video link/conference call.

In addition, there are four main bodies that deal with key aspects of governance within KPMG in Singapore.

Details about the role and responsibilities and composition of each of these bodies are set out in the following section.

Oversight Committee

The Oversight Committee comprises two Sub-Committees.

The Quality and Risk Oversight Sub-Committee is established to supervise and safeguard the quality and risk management matters relating to professional service deliveries and client service. As at 30 September 2020, this Sub-Committee is chaired by an experienced Audit partner, and it includes two other experienced partners from the Advisory and Tax practices.

The Investment Oversight Sub-Committee is established to oversee the firm's investment strategy, initiatives and management. This Sub-Committee is chaired by an experienced Advisory partner, and includes two other experienced partners from the Audit and Tax practices.

Each Sub-Committee meets as many times as necessary, at the minimum once every six months.

Audit Quality Committee (AQC)

The overarching responsibility of this Committee is to strive for consistent audit quality across the organisation, to oversee those activities that relates to improving and maintaining a consistent and quality of audits provide by KPMG in Singapore. This committee is chaired by the Head of Audit, and includes the Quality and Risk Management Partner, Audit Quality Leader, People Management Leader and partners from Department of Professional Practice and Learning & Development.

During the year ended 30 September 2020, the AQC consisted of 8 members and met 12 times in the year to 30 September 2020.



Accounting Advisory Committee

The Accounting Advisory Committee, with support from the Department of Professional Practice, provides consultation and oversees the development and dissemination of guidance on accounting and financial reporting, national and international reporting matters. This committee meets weekly, is chaired by an experienced Audit partner, and it includes the Department of Professional Practice partner and various partners from the Audit practice.

Audit Practice Committee

The Audit Practice Committee, with support from the Department of Professional Practice, oversees the development and dissemination of guidance and tools for KPMG in Singapore's professionals in the application of KPMG's audit methodology and their compliance with auditing and attestation standards. This committee is chaired by an experienced Audit partner, and includes the Department of Professional Practice partner and various partners from the Audit practice.

Leadership responsibilities for quality and risk management

Risk Management Partner

The Risk Management Partner (RMP) is responsible for setting overall professional risk management and quality control policies and monitoring compliance for KPMG in Singapore. The RMP has a direct reporting line to the Managing Partner and is supported by a team of partners and professionals in each of the functions. The RMP consults with the appointed Area Quality and Risk Management Leader and the Quality and Risk Oversight Sub-committee.

Ethics and Independence Partner (EIP)

The Ethics and Independence Partner has primary responsibility for the direction and execution of ethics and independence policies and procedures in KPMG in Singapore. The EIP has a direct reporting line to the Managing Partner and is supported by a team of partners and professionals in each of the functions. The EIP consults with the appointed Area Quality and Risk Management Leader and the Quality and Risk Oversight Sub-committee.

Audit Quality Leader

The Audit Quality Leader is an essential and integral component to successfully achieve our firm's priorities in the right way, through oversight, monitoring, and/or participation in KPMG in Singapore's processes to achieve high audit quality. The Audit Quality Leader is also responsible for establishing and maintaining a System of Quality Management for the Audit practice on behalf of the Head of Audit.

Appendix 1:

KPMG LLP and a list of affiliated entities as at 30 September 2020

No.	Name of entities	Business of the Entity	Area of Operation
1	KPMG LLP	Provision of accounting and auditing services (including taxation advisory services)	Singapore
2	KPMG Services Pte. Ltd.	Provision of business and management consultancy services	Singapore
3	KPMG Advisory Services Pte. Ltd.	Provision of business and management consultancy services	Singapore
4	KPMG Corporate Finance Pte Ltd	Provision of corporate finance advisory	Singapore
5	KPMG Advisory LLP	Provision of business and management consultancy services	Singapore
6	KPMG Consulting Holdings Pte. Ltd.	Investment Holding Company	Singapore
7	KPMG Consulting Pte. Ltd	Provision of business and management consultancy services	Singapore
8	KPMG Resources Sdn Bhd	Provision of support services in the areas of general business consulting and administration	Malaysia

Appendix 2:

Network Arrangements

Legal structure for the Financial Year ending 30 September 2020

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

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

Legal structure from 1 October 2020

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

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

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 such authority to obligate or bind any member firm.

Appendix 2 (cont'd):

Network Arrangements

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 in the Appendices to this document).

KPMG International's activities are funded by amounts paid by member firms. The basis for calculating such amounts is approved by the Global Board and consistently applied to the firms. A firm's status as a KPMG member firm and its participation in the KPMG global organisation 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 and is principally written through a captive insurer that is available to all KPMG member firms.

Governance structure

The key governance and management bodies of KPMG International are the Global Council, the Global Board, and the Global Management Team. Further details on KPMG International's governance structure can be found in the 2020 KPMG International Transparency Report.

Area Quality & Risk Management Leaders

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

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

Appendix 3:

Companies listed in the EU/EEA

Companies listed in the EU/EEA for which KPMG in Singapore has signed an audit opinion in the year 2020 are given below.

1	Symphony International Holdings Limited
2	BW LPG Limited
3	Hafnia Limited

Financial Information

The financial information presented below represents combined, not consolidated, revenues and includes expenses billed to clients and revenues related to billings to other KPMG member firms. Revenue amounts disclosed also includes revenues from both audit and non-audit clients.

Revenue presented includes:

- Revenues from the statutory audit of annual and consolidated financial statements of PIEs, and entities belonging to a group of undertakings whose parent undertaking is a PIE
- Revenues from the statutory audit of annual and consolidated financial statements of other entities
- Revenues from permitted non-audit services to entities that are audited by the statutory auditor or the audit firm
- Revenues from non-audit services to other entities

Financial information for the period ended 30 September 2019 and 2020

Service	30 September 2020	30 September 2019
Audit and directly related services for audit clients listed in EU	0.9%	0.7%
Permitted non-audit services for audit clients listed in EU	0.1%	0%
Other audit and non-audit services	99.0%	99.3%
Total revenue	100%	100.0%



[kpmg.com.sg](https://www.kpmg.com.sg)



Throughout this document, "KPMG" refers to the network of independent member firms operating under the KPMG name and affiliated with KPMG International Limited ("KPMG International") or to one or more of these firms or to KPMG International. KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. Throughout the document, "we," "our," and "us" refer to KPMG Singapore. KPMG Singapore is a member firm of the KPMG network of independent firms affiliated with KPMG International. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm.

The 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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