



Investing to deliver Sustainable Audit Quality

Our Audit Quality Report

KPMG UK

January 2025



Introduction

Our vision is to be the most trusted audit firm by our regulators, the businesses we audit, investors, the public and our people.

Our focus on delivering sustainable audit quality is at the heart of our audit strategy, supported by our other strategic priorities: empowering our people, embracing technology-enabled delivery, and maintaining robust growth.

We're firmly in a new chapter, delivering sustainable audit quality

Our strong AQR results, closure of historic investigations, and reduction in non-financial sanctions, all demonstrate the progress we have made through our focus on sustainable audit quality as we look positively to the future. We are very proud of our people and how they work together to deliver these outcomes.

Continuous improvement underpins our sustained audit quality

We continue to build on the open and transparent relationship we have with the FRC, seeing significant progress on the areas we have worked on with our Firm Supervisor. We have also benefited from a joined-up approach to Supervision and Inspections which keeps us focused on emerging areas requiring attention so we can respond appropriately.

We welcome the inclusion of a draft audit reform and corporate governance bill in the King's Speech and the Government's clear willingness to press ahead. Reform of the whole corporate governance ecosystem is important for driving trust and confidence in the financial reporting of UK businesses. It ultimately underpins the reputation of Corporate Britain as a great

place to do business and invest in.

In the meantime, we have fully adopted the principles of operational separation as set out by the regulator and we continue to invest in our audit business, ensuring we remain focused on delivering sustainable audit quality. We will continue to work with the Government and regulator to progress reform.

Our headline results give us confidence

Achieving results of 89% from our AQR inspections and 90% of our own, internal reviews this year is recognition of the sustained improvements to audit quality we have made through our audit quality transformation programme and into our targeted improvement programmes, embedded in the business through our Single Quality Plan (SQP).

We're embracing the audit of the future – enabled by technology, powered by people

Looking ahead, while our strong AQR results demonstrate the progress we've made through our commitment to delivering sustainable audit quality, we know it is a journey of continuous investment, learning and improvement.

We are confident that the actions we have taken ensure we have the right strategy, the right people and the right technology to make us well positioned to respond to stakeholder demands for audits of the future.

We are driven to achieve high quality in everything we do, rooted in our purpose and knowing the pivotal role audit plays in serving the public interest. We are therefore clear in our focus on continuing to build trust and confidence in our profession and throughout the financial reporting ecosystem.



Catherine Burnet

Head of Audit
KPMG UK

Engaging with our stakeholders

Our Audit Quality Report is one of the ways we communicate with external stakeholders including investors, board directors and audit committees who are a critical element of a high quality audit and financial reporting ecosystem.

The importance of the ecosystem

As highlighted in last year's Spring Report, as published by the Audit Committee Chairs Independent Forum (ACCIF), a high-quality audit relies on the auditor, management and those charged with governance (boards and their audit committees) working and communicating effectively together. An engaged audit committee that encourages challenge, a management team who are receptive to challenge and who are committed to providing high-quality and timely information throughout the audit lifecycle create the environment where audit quality is at its highest. It is with that perspective that we welcome the introduction of the draft audit reform and corporate governance bill through the King's Speech.

Engaging with our stakeholders

Phil Smart and Sophie Gauthier-Beaudoin as part of our Investor Engagement team, lead multiple and varied touchpoints with stakeholders throughout the year to establish a robust framework that instils confidence in the reliability and accuracy of corporate information, benefiting both investors and corporates alike. Investors operate under the trust that audit and assurance processes are conducted with precision and in compliance with rigorous standards. We maintain an open line of communication, and actively seek opportunities to engage.

At meetings with investors and investor organisations this year, we have focused on topics of most interest such as climate risk, sustainability reporting, corporate governance reform, and the dialogue between investors and companies on both audit and assurance.

We also discuss the measures we are taking to continue to drive high audit quality and how the scope of Audit might need to change to meet the evolving needs of users of corporate reporting.

Our [Audit Committee Institute](#) ("ACI") led by Tim Copnell, provides audit committee members with access to over 30 tailored sessions each year on topics as diverse as cyber risk, financial crime and the future of audit and in the last year has provided audit committee members with 40+ pieces of thought leadership, surveys, guidance and tools. The ACI has also delivered over 60 bespoke corporate governance updates to individual boards and Audit Committees in the last year.



94

Number of individual contact points with institutional investors and investor associations



2,354

Members of our UK Audit Committee Institute



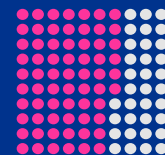
71%

FTSE 100 companies who are members of our Audit Committee Institute

In the market, in the public interest

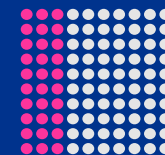
We carefully consider upcoming audit tenders and participate in those we have the right skills, experience and capacity to deliver. We have robust governance processes overseeing the decisions we make including consideration of the public interest and we're proud of our success in the market, evidence that our strategy is working.

66%



FTSE350 audit bids retained – KPMG incumbent (FY24)

30%



FTSE350 audit bids won (FY24)

Spotlight



ESG in Audit and Assurance

Investors continue to be focussed on developments in various aspect of ESG, and in particular climate risk and how its impact is being reflected in the financial statements. We continue to engage with the investor community to better respond to calls for additional transparency in our audit reports and discuss how material climate risk exposures are factored into our audit process. We now include insight into our assessment in the long form audit report of every FTSE 350 company.

Increases in the demand and requirement for assurance in global markets continue at pace and we have a dedicated ESG Assurance team working closely with Audit teams providing additional assurance over KPIs that are of most interest to investors. In addition to the voluntary assurance that companies are seeking, we are assuring European market Corporate Sustainability Reporting Disclosures (CSRD) for the first time this year.

Measuring our progress – our quality outcomes

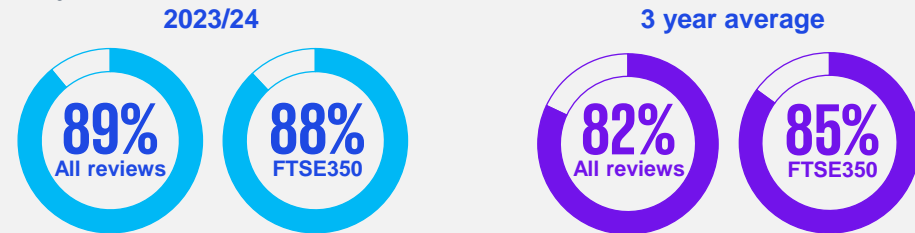
The FRC have now published their Audit Quality and Supervision report 2023/24 for KPMG and the other large firms (which largely covered company years ending between June 2022 and May 2023).

We are proud that more than a quarter of our teams received the top rating for their audits in the AQR inspections this year, and of the long list of good practice points recognised across a broad spectrum of areas from teams auditing complex businesses and financial statements.

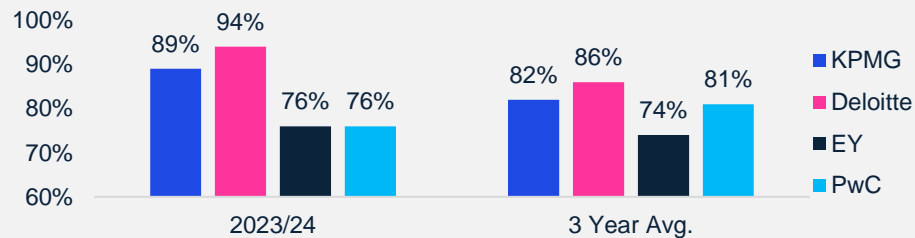


External inspection results – AQR

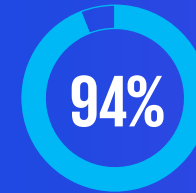
Audit engagements rated 'good or limited improvement required' by the FRC's AQR in 2024



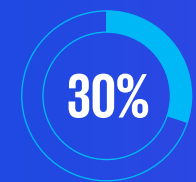
Cross firm comparison – all reviews



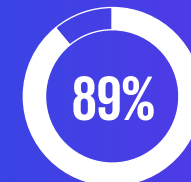
Compliant rating in internal Quality Performance Reviews of audit engagements (all entities)



Compliant rating in internal Quality Performance Reviews of audit engagements - PIE entities (2024)



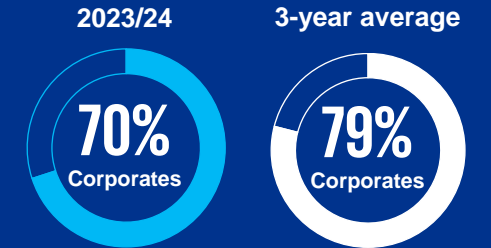
RIs reviewed internally as a percentage of RIs who have signed an audit opinion



Of our people believe KPMG's commitment to quality is apparent in what we do on a day to day basis

External inspection results – QAD

Audit engagements rated 'good or generally acceptable' by the ICAEW's QAD in 2024



“

We reviewed 19 individual audits this year and assessed 17 (89%) as requiring no more than limited improvements. **This result shows sustained consistent levels of high quality audits.**

FRC 2024 Audit Quality Inspection and Supervision Report

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Delivering sustainable audit quality

The pace of change in auditing standards, accounting standards and regulatory requirements continues at speed; to manage through change effectively, it is imperative we are well-planned, agile and resilient as an audit business.

Audit quality must keep pace with the risks which audited entities face and so our Single Quality Plan supports us in being dynamic to respond to emerging issues while delivering the audit of the future. We are confident that our unwavering commitment, and our significant investment in our people, culture and simplification programmes and technology in our audit practice has led to the improvements we've seen this year and will continue to drive sustainable quality.

At the top of my priority list is supporting our teams to get the phasing of their work right – accelerating where possible and creating breathing space at the tail end of the audit to allow time to stand back and reflect before putting pen to paper. We recognise this is a multi-year journey but the progress to date is powerful. When we get this right across our portfolio we know this can be really impactful to our audit teams and our audited entities, and a key part of embedding sustainable audit quality.

We are not complacent, we know there is more to do and that it is a journey of continuous investment, learning and improvement, but our results demonstrate that we have the right strategy, the right focus and the right people to deliver sustainable audit quality in an ever-changing environment.



Emily Jefferis
Head of Audit Quality
KPMG UK



Effectively using our **Single Quality Plan** so that we can identify new and emerging risks and develop real time responses.



Investing in our people and nurturing a strong culture that both challenges and supports our colleagues to achieve positive quality outcomes.



Boldly investing in our future by partnering with leading organisations and putting AI in the hands of our people to capitalise on this once-in-a-generation opportunity to drive innovation and transform the audit.



KPMG has made notable improvements in priority areas, achieved through focus and accountability by the firm's leadership. The firm's actions and positive responses in key areas, together with engagement by the FRC, has resulted in improvement in audit quality.

FRC 2024 Audit Quality Inspection and Supervision Report



Our Single Quality Plan



Effectively using our Single Quality Plan

The FRC's requirement for Tier 1 firms to consolidate their audit quality programmes and actions into a Single Quality Plan has been a positive development which has helped us provide better focus to our programmes and respond to issues or trends as they emerge.

We have been pleased with the recognition of the quality and utility of our SQP as we have worked to embed it in our processes, use it to monitor our progress, and support us in identifying areas for remediation.



The firm's SQP is at the forefront of the firm's regulatory strategy, integral to the business and a driver to sustained audit quality.

FRC 2024 Audit Quality Inspection and Supervision Report

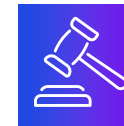


Summary of our SQP priority programmes as of September 2024



Root Cause Analysis (RCA)

Continuing to improve the quality and timeliness of our root cause and remediation process.



Laws & Regulations

Reducing execution risk and support our teams in evaluating how breaches of laws & regulations should be addressed in the audit.



Engagement Analytics

Using data to monitor the progress of our audits under our prescribed framework for accelerating work.



Risk Assessment

Driving consistency in risk assessment and ensuring that our audit files clearly evidence and articulate good rationale to underpin the decisions made.



Close the Loop

Focused on minimising the instances of an audit file not fully reflecting the intentions of a technical consultation or hot review comments.



Simplification

Challenging our audit processes to continue driving consistency and ensuring a positive experience in delivery for our auditors.



Impairment of Non-Financial Assets

Focused on intervention to better support the execution of audit work in this complex area.

In addition to our transformational priority programmes, our SQP also includes multi-year foundational initiatives which support our ability to deliver sustainable audit quality.

These include our Culture programme initiatives which focus on embedding our Culture of High Challenge, High Support consistently across the business, effective delivery of our Training programme which provides our people with the skills they need for today's audits and developing the skills for tomorrow's audits and our Technology Adoption programme which supports our people to embed the right technology to enhance the quality of audits.

Effectively using our Single Quality Plan

Our SQP is a dynamic plan and we use it continually across the year to respond to new risks as they emerge. Accomplishments in our key programmes this year include:



Root Cause Analysis

Current SQP programme

We have made a significant investment in in-depth cause and remediation teams to ensure we learn from the inspection findings. Key process improvements include accelerated and more in depth RCA projects, expanded data collection methods, tracking of Audit Quality Indicators (AQI) for engagements subject to RCA, provision of feedback to audit teams following completion of RCA and updated RCA taxonomy.

We are confident that the changes we are making will enable us to have a more robust root cause process which really gets to the source of any quality issues that arise.



Engagement Analytics

Current SQP programme

We have implemented a programme which sets out clear expectations for timely completion of audit activities across the audit lifecycle – this is a critical step in our plan to deliver sustainable quality. This comprises of centrally developed milestones that audit teams are challenged to meet through the audit cycle with the objective of completing as much work as possible in advance of the post year end compressed time frame, ensuring that teams have the requisite time to stand back and assimilate their audit findings before signing their opinions.

A central component of our continuous improvement process is executing a well-managed audit that pulls work forward, enabling more time to focus on areas of highest risk .

We want to ensure that throughout the audit the right work is being undertaken by the right people at the right times. This is an area where management will equally benefit from refreshed timeframes for the preparation and delivery of good quality information to an earlier date, reducing the pressure on them as preparers.

Our results for this year were promising and we have seen strong improvements made across the portfolio in accelerating work – benefits that are tangible not only at an engagement level but in supporting the wellbeing of our people.



Impairment

Current SQP programme

We have implemented a suite of activities relating to our audit of impairment and other valuations using short-term cash flow forecasts as part of our impairment transformational programme. These include a new support process for teams which has increased touch points with technical specialists.

We expect the actions taken will help reduce quality findings in this area and are seeing some positive signs of this coming through in the latest inspection cycle but we are continuing to monitor the effectiveness of various KPIs to evaluate the need for further action through the SQP or indicators of programme success.

100%

Of RCA projects completed within six weeks of receipt of final AQR report in 2023/24 ensuring we get to the root causes quickly and are timely in developing our response.

66%

Of audit work completed pre year end for 2023 year end listed engagements where an interim review is performed. Comparative figure at 31 December 2022 was 45% demonstrating the progress made.

100%

Of FTSE 350 entities with assessed high or medium impairment of non-financial asset risks have been supported by our new triage process in FY24 to date.

What else have we achieved this year?

✓ System of Quality Management (SoQM)

Under ISQM1 we are required to evaluate the effectiveness of our SoQM on an annual basis. Our first evaluation was performed as of 30 September 2023.

Based on the annual evaluation of the Firm's SoQM as of 30 September 2024, the SoQM provides the Firm with reasonable assurance that the objectives of the SoQM are being achieved.

✓ Banking Audit Quality Improvement Programme (BAQIP)

We have continued to invest in improving the quality within our banking audits. Our BAQIP plan was multi-phased and targeted at enhancing our audit approach in this area. As the programme has evolved our focus has shifted to ensuring consistent execution.

We are pleased to see recognition of improved quality within our banking audits. This is evidenced by several good practice points being identified by the AQR. The programme has transitioned from an improvement plan to one focused on sustainable execution which is representative of the progress made to date.



The firm's banking practice has received particular investment since 2021, with enhancements in quality, culture, methodology and resourcing.

FRC 2024 Audit Quality Inspection and Supervision Report



What are we focused on looking ahead?

We continue to be focused on executing our SQP priority programme action plans and measuring their effectiveness. We have a detailed action plan for each programme that has been developed specific to the underlying quality risks that have been identified.

Looking ahead, some of the key highlights in our quality plan over the next few months include:



Implementing our wide ranging action plan to drive optimum consistency in the execution of **Risk Assessment** across the portfolio. Our plan is broad and has actions across training, guidance, methodology and behaviours to ensure that our teams are set up for success.



Developing our Engagement Milestone Monitoring programme and embedding our approach to **accelerating work across the portfolio** to smooth peaks in the engagement cycle.



Supporting our colleagues to adopt the optimal **technology in our audits** ensuring they are using the right tools in each scenario. Utilising both existing and new technologies to support in achieving consistency in quality.



Developing our **Simplification** programme to make it easier for teams to get it right first time and create a positive experience in delivery.

Empowering our people



Empowering our people

To deliver quality we need the right people who have the right skills to deliver in this fast-paced environment. A critical part of this is retaining and developing talent at all levels and giving our colleagues opportunities to grow and provide variety in career paths to give everyone opportunities to learn new skills.

We are committed to being a place where diverse talent can flourish and recognise that it is the quality of our people that will ultimately determine our success. A key component of this is delivering a better experience for our people – our ongoing project to pull work forward is central to this. By improving colleagues' work-life balance, we further enable them to deliver high-quality work consistently. We're making clear inroads on this and our lower utilisation in our traditional 'busy season' this year, combined with the success stories from across the business of teams feeling less stretched in the build up to signing, demonstrate our audit strategy in action.

We also know that a fully integrated, quality audit demands close coordination and collaboration that brings the right expertise and capabilities together at the appropriate time. Our engagement teams work with Centres of Excellence and specialists to deliver a consistent audit tailored to the unique risks of the business. Our offshore delivery centre in India is an integral part of our business model – this team delivered 27% of our audit engagement hours in the year to 30 June 2024. They help increase productivity and audit quality by providing increasingly specialized skills and shared services to support our engagements.

Employee responses in our 2024 Global People Survey



92% say

The culture and tone set by leadership prioritises the importance of audit quality

85% say

I am encouraged and supported by audit engagement partners to deliver high quality audits

81% say

I receive sufficient training and development to enable me to deliver high quality audits

Staff/Partners and RI ratio



Average number of audit staff to Partners/ RIs (based on Oct headcount)



21.6 staff to 1 Partner/RI

Onshore & Offshore

The ratio of staff to all audit Partners/Directors is 16.2



Partner and RI involvement in audits

Average hours spent on audits as a percentage of total audit hours by Partners and RIs

All entities
6%

PIE entities
6%



Diversity

% of individuals in audit partnership by gender and ethnicity*



Gender



Ethnicity



**The equivalent percentages for equity partners are 26% (gender) and 8% (ethnicity).*

We're embracing the Audit of the Future - enabled by technology, powered by people.

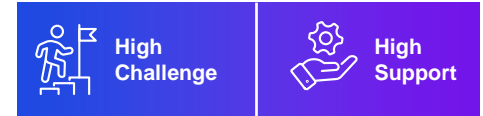
A key part of this vision is to deliver a world-class experience for our people. We're making progress in embedding technology in our audits but we believe the audit will always be people driven.

That's why it's key we continue to ensure our colleagues have the right career and learning pathways available to them to allow them to build and grow their own career.

To support this, we're further evolving our substantial programme of career tools and face-to-face training. This includes a significant investment in our audit process, learning and personal development commitments like our flagship training programme, KPMG Audit University, that runs annually. This provides an opportunity to bring the business together with an agenda that is focused on both new content and revisiting core audit skills and known areas of challenge.

Above all, we know it's critical that we have the right culture embedded across our business to achieve quality. Our High Challenge, High Support culture programme is well-established and we can see the benefits of this coming through in both our quality results but also in how our people feel about working here.

Nurturing our High Challenge, High Support Culture



Having the right culture drives the right behaviours and empowers our people to thrive with us and learn for a lifetime. Creating and nurturing the right culture improves audit quality and supports the effective delivery and growth of our business. We provide the right environment to support our people and give them opportunities to develop their skills and gain relevant experience.

We continue to be encouraged by the extent to which our High Challenge, High Support culture resonates with Audit colleagues.

Our 2024 Global People Survey results also show that 74% of our people see KPMG as taking the right steps to strengthen the culture.



Pamela McIntyre
Audit Head of Culture



Recognising our colleagues

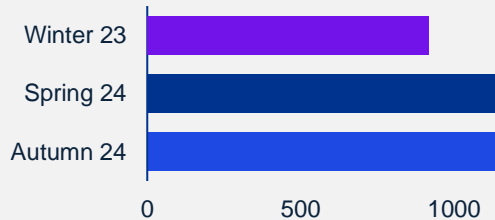
1,172

Nominations received in our Autumn 2024 AQCA cycle.

37%

Of nominations were received in the "Delivering Quality" category

No. of nominations over last three cycles:



A place our people are proud to work:

Continuing to attract, retain and develop a diverse pool of talent, while engaging people on our audit quality commitments, values-driven culture and innovation mindset – is central to meeting our stakeholders' expectations. Retaining our top talent is a key component of this and we're pleased that our retention rates are tracking positively – a good sign that our colleagues feel that this is the right place for them to grow their careers.



83%

Of colleagues feel proud to work for KPMG (2024 Global People Survey)



Top talent retention 87%

KPMG UK has been shortlisted for awards this year including:

- 'Best Apprenticeship in Financial Services' at Amazing Apprenticeship Awards and Target Jobs awards
- 'Best Graduate Training Programme of the Year' at Target Job Awards
- 'Large Employer of the Year' at The Multicultural Apprenticeship Awards
- Winner of 'Corporate Social Responsibility Leader of the year' at Better Society Awards



Employee responses in our 2024 Global People Survey

90%

Of colleagues agree that the people they work for demonstrate honest and ethical behaviour



At KPMG we are guided by Our Values and doing great work that matters. We're building a culture that is open, safe and inclusive, and operates to the highest ethical and quality standards. A culture and environment that is continually listening, learning and evolving.

Jon Holt, Chief Executive



Purpose-led learning and development

Our skills and expertise are vital to the success of Audit, so our people must be ahead of the game. We are creating a purposeful learning culture where colleagues can unlock their potential with both formal learning relevant to their role and informal learning in the flow of work.

To that end, in FY24, we:

- Introduced a case study audit format at the KPMG Audit University to give hands-on practice and an opportunity for our auditors to put their skills into action in a learning environment.
- Fully revamped our qualified New Joiner Programme to provide a more supported journey for colleagues that best equips them with the skills they need to hit the ground running.
- Continued our programme to upskill our auditors on ESG and assurance engagements including rolling out training on our new assurance methodology and workflow.
- Continued our requirement for all qualified assistants and above to complete a minimum number of accounting training hours – auditors can choose topics from the available suite depending on what content is relevant for their engagements.
- Data Literacy programme being piloted to teach our people crucial skills to support their use of technology on their audits, ahead of a larger roll out in 2025.



Training

Average minimum number of planned mandatory training hours per person for FY24

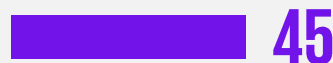
Partners & directors



Senior managers & managers



Qualified assistants



Non qualified assistants



Based on the minimum mandatory planned training hours applicable to each grade. Certain staff members will be required to do additional mandatory training for particular specialisms.



315

Colleagues who have completed a professional qualification (e.g. ICAEW, ICAS) in the period

Spotlight



KPMG Audit University (“KAU”)

KAU is our flagship training programme where we bring together auditors over the summer for an intensive three day face to face training course. The agenda is targeted not only on new content but also revisiting core audit skills and known areas of challenge. The agenda is driven by learning needs analysis to identify which audit topics, technical or core skills are the critical focus points each year. We're really proud of this programme and feel it sets our auditors up for success by giving them the opportunity to put their learning into practice in a safe environment.

Our theme for KAU 2024 was
“Empowering through Accountability”

We ran our case study learning format at KAU 2023 and received satisfaction scores of over 90% from attendees. We have further evolved this concept for KAU 2024 with a focus on enhancing the core skills of our auditors alongside technical knowledge, in particular in building rapport in a digital world and enhancing data literacy, even becoming prompt engineers so they can handle AI tools effectively.

Embracing Tech-enabled delivery in the audit

Embracing Tech-enabled Delivery

Technology is at the heart of our efforts to enhance audit quality, drive greater consistency and increase the effectiveness of how we deliver our audits.

Our recent survey of financial reporting leaders found that use of AI in financial reporting is already beginning to spread – and is set to transform the landscape over the next three years. Companies expect auditors to use AI to challenge assumptions and identify risks.

\$2bn

Globally we are investing \$2bn to embed AI and cloud technology throughout our Audit, Tax & Advisory businesses.



A cutting-edge approach

We are already starting to see the benefits of AI land in the hands of our auditors, including:

- In 2024 we launched **KPMG Clara AI chat**, our proprietary generative AI tool built on Microsoft Azure's OpenAI service, to all UK auditors.
- Following the announcement of our **strategic alliance with MindBridge** in May 2023, we have embedded its AI and machine learning capabilities into KPMG Clara, called KPMG Clara Transaction scoring. This capability allows us to analyse 100% of the transactions in a general ledger, enabling rapid conclusions over accounts and the identification of outliers to focus efforts on the higher risk transactions.
- KPMG Clara, our **global smart audit platform** puts collaboration, workflow, analytics and automation capabilities into the hands of more than 90,000 audit professionals across the world.



Trusted technology

Our focus on innovation is supported by a rigorous process to validate the technology we use.

- All our technology is deployed within the requirements of our established software audit tool testing policies and procedures. We also require upfront training prior to using technology, this empowers our auditors to use technology as an enabler whilst also critically challenging the outputs and exercising professional scepticism.
- For example, at our 2024 KPMG Audit University we trained all of our auditors in prompt engineering to ensure that they are equipped to engage with, challenge and get the most out of KPMG Clara AI chat in a responsible way.



AI in the audit

Our vision of an AI-powered, human-driven audit will deliver quality in four key ways:

1

Harnessing data to reduce the burden on companies' financial reporting functions

We've developed a suite of technology solutions and data extraction capabilities to automate the extraction and transfer of data used in the audit, to ensure that we get the data we need and reduce the manual effort of finance teams.

2

Analysing full populations

AI, coupled with advanced analytics routines, will drive a more robust analysis of accounting records. This effort will deliver enhanced risk assessment and ensure our efforts are focused on the transactions that matter.

KPMG Clara Transaction scoring has been deployed to nearly 900 audits in the UK and globally has been used on nearly 3,000 audits across 60 member firms.

We have also developed and deployed a suite of automated routines, many of which are industry specific, and these have been used on over 850 engagements in the last year.

3

Delivering a better audit experience by adding a new team member through KPMG Clara AI chat

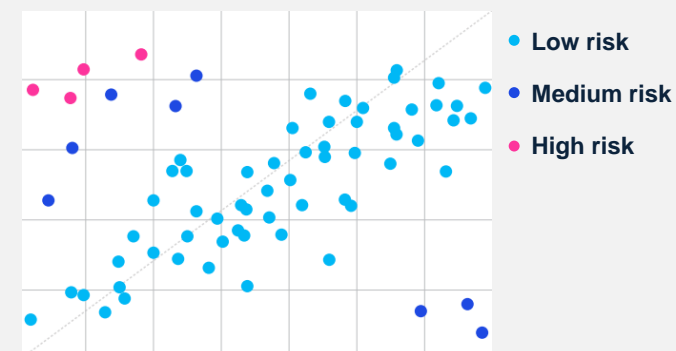
Our current deployment of KPMG Clara AI chat is just the first step in our generative AI journey. Over time, this capability will be integrated into KPMG Clara, along with Microsoft Copilot, creating a new, highly effective team member. It will help engagement teams effectively track and report audit progress, navigate the KPMG Clara workflow, improve documentation and deliver deeper audit insights.

4

Moving closer to real-time audits

While we continue to invest in more seamless data extraction, we are also investing in a future in which AI and analytics capabilities sit on top of our audited entities data environments. Analytics will run more in real time without spending time – including the time of the businesses we audit – on extracting data.

Transaction scoring



Spotlight



Enabled by technology, powered by people

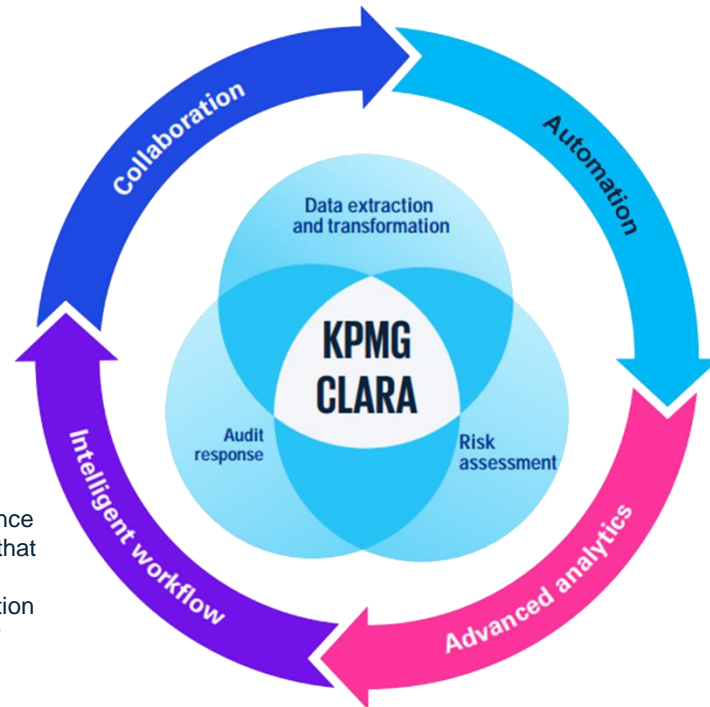
Our vision is to deliver a better audit experience for all, including our people. We believe that audit will always be people-driven. Our methodology, audit standard, industry dynamics and a business' specific risks are integrated through human judgement and decision making. Our recent survey found that financial reporting leaders agree, with 55% reporting they do not expect AI to shrink the size of their teams. In fact, 21% believe AI will grow the size of their reporting teams by enhancing the value they provide to the company.

AI will not only support enhanced audit quality, but will also improve the audit experience, for the companies we audit and our professionals.

KPMG Clara

- our audit quality foundation

Our efforts to use AI in the audit are all driven toward enhancing KPMG Clara, our global smart audit platform, which is now fully deployed across the world. KPMG Clara, which supports more than 90,000 auditors worldwide, facilitates consistent use of collaboration, workflow, automation and analytics to drive a consistent, data-driven digital audit across the globe.



One centralised platform

We deliver a better audit experience through a modernised approach that effectively coordinates the audit, powers our process with automation and analytics, and supports clear and transparent communication throughout the cycle.

Our auditors in the UK are getting the most out of these capabilities:



Collaboration

KPMG Clara collaboration is a cloud-based application that facilitates real-time secure interaction between our teams and the businesses we audit. We have more than 1,600 audit engagements using this capability to manage secure information exchange.



Workflow

All UK audits are executed using KPMG Clara workflow, which connects our methodology directly to the standards, improving decision making and documentation.



Automation

We are using automation to support data extraction, risk assessment, controls and substantive testing. We have also deployed a proprietary Crypto currency audit tool to help verify cryptocurrency holdings and transactions where these are used by the companies we audit.

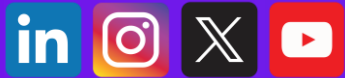


Analytics

Analytics are at the heart of our digital audit, driving a truly risk-based audit. We continue to drive the use of transaction scoring and are working on new use cases to address industry-specific risks and challenges. The new transaction scoring capability builds on long-standing capabilities to analyse journal entries and other sub-ledger information.



Some or all of the services described herein may not be permissible for KPMG audited entities and their affiliates or related entities.



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