



R.G. Manabat & Co.

# PRU LIFE INSURANCE CORPORATION OF U.K.

2019 Client Service Plan





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May 17, 2019

### The Audit Committee

Pru Life Insurance Corporation of U.K.  
9F Uptown Place Tower 1  
1 East 11th Drive, Uptown Bonifacio 1634, Taguig City

Gentlemen:

Thank you for providing KPMG R.G. Manabat & Co. (KPMG) with the opportunity to submit this Client Service Plan for the audit of **Pru Life Insurance Corporation of U.K.** (the Company) for the year ending December 31, 2019. We have been privileged to serve as your independent auditors in the past and we believe we are still the best choice for the Company – now and in the future.

The Company has transformed and we are proud to have been with you on the journey. Yet the most exciting time is ahead as the Company sets out to achieve quality earnings and sustainable growth. While the Company keeps its focus, you need an experienced and reliable audit firm that is best equipped to support your strategy. We are confident KPMG is that firm.

### The Best People

We bring you what no one else can: deep knowledge of the Company and the life insurance sector that comes from serving as your auditors for the past years and our involvement in other clients in the insurance industry. With KPMG, you benefit from the familiarity and insights of our engagement team who have thorough understanding of the Company's accounting and audit concerns.

### A Deep Understanding of Your Business

No other firm has the level of knowledge we do regarding the Company's accounting policies, internal controls and reporting issues. We will use our knowledge from the previous audits to identify industry trends and risk areas, and develop a risk-based audit approach that places maximum reliance on the Company's internal controls.

### No Transition

We know you, you know us, and there is no learning curve. That means no disruption, distraction, or inefficient use of your time.

### Our Commitment to the Company

We believe ours is an incomparable offering—our best minds and our most committed hearts backed by the strength of our global organization—to serve you with distinction. We are proud of our relationship with you and we look forward with great enthusiasm to providing you with our very best for many years to come.

We look forward to working with you once again on this very important engagement.

Yours faithfully,

**R.G. Manabat & Co.**

**Tireso Randy F. Lapidéz**  
Partner, Audit Services

# Contents

The main contacts at KPMG are:

**Randy Lapidez**

***Partner***

Mobile: 0917 852 0178

tlapidez@kpmg.com

**Flor Simangan**

***Senior Manager***

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fsimangan@kpmg.com

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*About  
KPMG International  
and  
R.G. Manabat & Co.*



# KPMG International

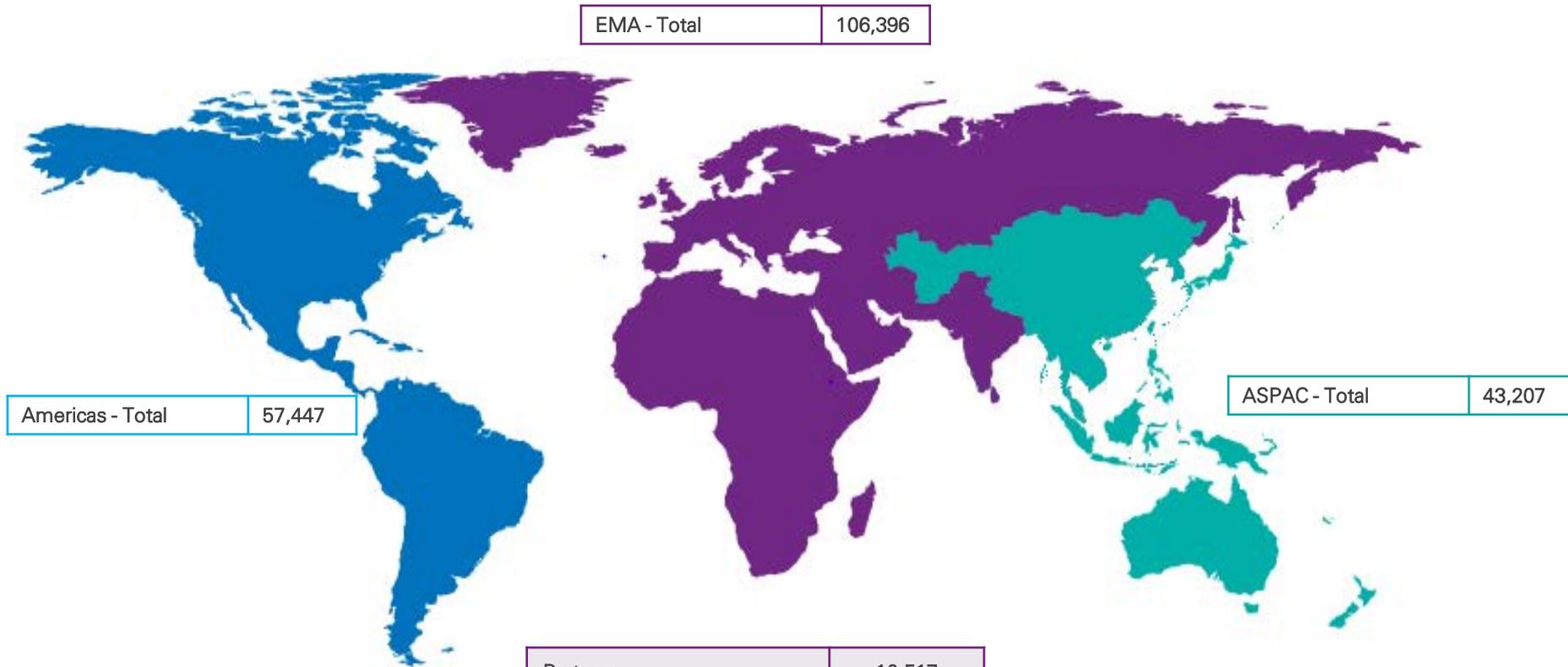
KPMG is a global network of independent professional firms providing Audit, Tax, and Advisory services.

KPMG operates in 154 countries and have more than 207,000 professionals working in member firms around the world. Combined revenues for KPMG member firms was at US\$28.96 billion for the fiscal year ended September 30, 2018.

KPMG member firms are advisors to major multinational companies that operate in diverse countries. When serving clients, KPMG professionals use information from the global KPMG network, draw on global expertise, and utilize the very latest in knowledge-sharing and communication tools. Through the wide international network of KPMG member firms, KPMG professionals keep up to date with the current developments in financial reporting and taxation, and have constant access to various types of information that can be used to implement effective business management. Thanks to a thorough knowledge of the risks and limitations of individual sectors, KPMG member firms assist their clients in identifying opportunities to improve performance and shareholder value.



# KPMG Headcount - 207,050 people worldwide



Partners	10,517
Professionals	162,088
Professional Support Staff	34,445
<b>Total</b>	<b>207,050</b>



# KPMG in the Philippines - The Growth Story

KPMG R.G. Manabat & Co. (KPMG RGM&Co.) is a proud member of KPMG International.

From over 300 professionals in 2006, the Firm has grown to over 1,300 in headcount today. Partners and Principals have increased from 17 to 37.

KPMG RGM&Co. is now servicing over 2,000 clients and has been recognized as the fastest growing member firm of KPMG in the Asia Pacific region.

KPMG RGM&Co. is also considered as the fastest growing “Big Four” Firm in the Philippines.

KPMG RGM&Co. has been named *Tier 1 Leading Tax Transactional Firm* and *First Tier Philippine Transfer Pricing Practice* by the International Tax Review.





# *The KPMG Advantage*



# Why KPMG?



Our **unique knowledge** of you means we understand how emerging issues can impact you and how to respond to them in the best way



We have the **available capacity and capability** to support you, now and as you continue to grow in the future



Our audit approach is already designed to **evolve with changes** impacting the Intellicare Group including its systems and controls



We design our audit procedures so we **test things once** to meet all requirements, eliminating unnecessary imposition on your people's time



We're **focused on the future**. We won't revisit key judgments and accounting treatments or spend time understanding past decisions

# Why KPMG? (cont'd)



Our **professional relationships** with your people mean we can confidently and robustly challenge management



Our data analytics and technology support tools are already customized to suit your business and **work seamlessly** with your systems and processes

# What Distinguishes KPMG?

- ✓ KPMG belongs to the global Big 4 accounting firms and is widely considered as the leading auditor of insurance industry globally
- ✓ Pooling of KPMG global and regional technical and personnel resources
- ✓ Local firm is fully integrated into the KPMG system
- ✓ Shared audit methodology consistently applied globally
- ✓ Audit quality is closely monitored and maintained through quality performance reviews by other KPMG offices
- ✓ Availability of a detailed audit work program specific to the Company
- ✓ Use of most advanced technologies in audit such as Data & Analytics and cognitive



# KPMG Audit



# KPMG Audit Innovation

KPMG is raising the bar on audit quality and the audit experience through our proprietary tools and use of advanced technologies such as data and analytics, robotic process automation, and cognitive. Automation and use of advanced analytical tools allows us to:



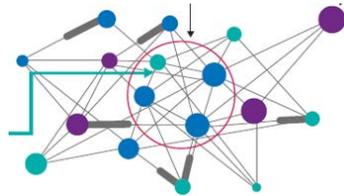
Automation enables our audit to be adaptive and responsive to the unique risks present in your industry and business.

**Quality + Insight = Value**

# Key Differentiators

## Dynamic Risk Assessment

Identify, connect and visualize *risk to your business* in **four dimensions**



## Technology

Alliances with leading technology firms, including **IBM Watson** and **Microsoft**



## Next-generation auditors

Accounting acumen plus data and analytics

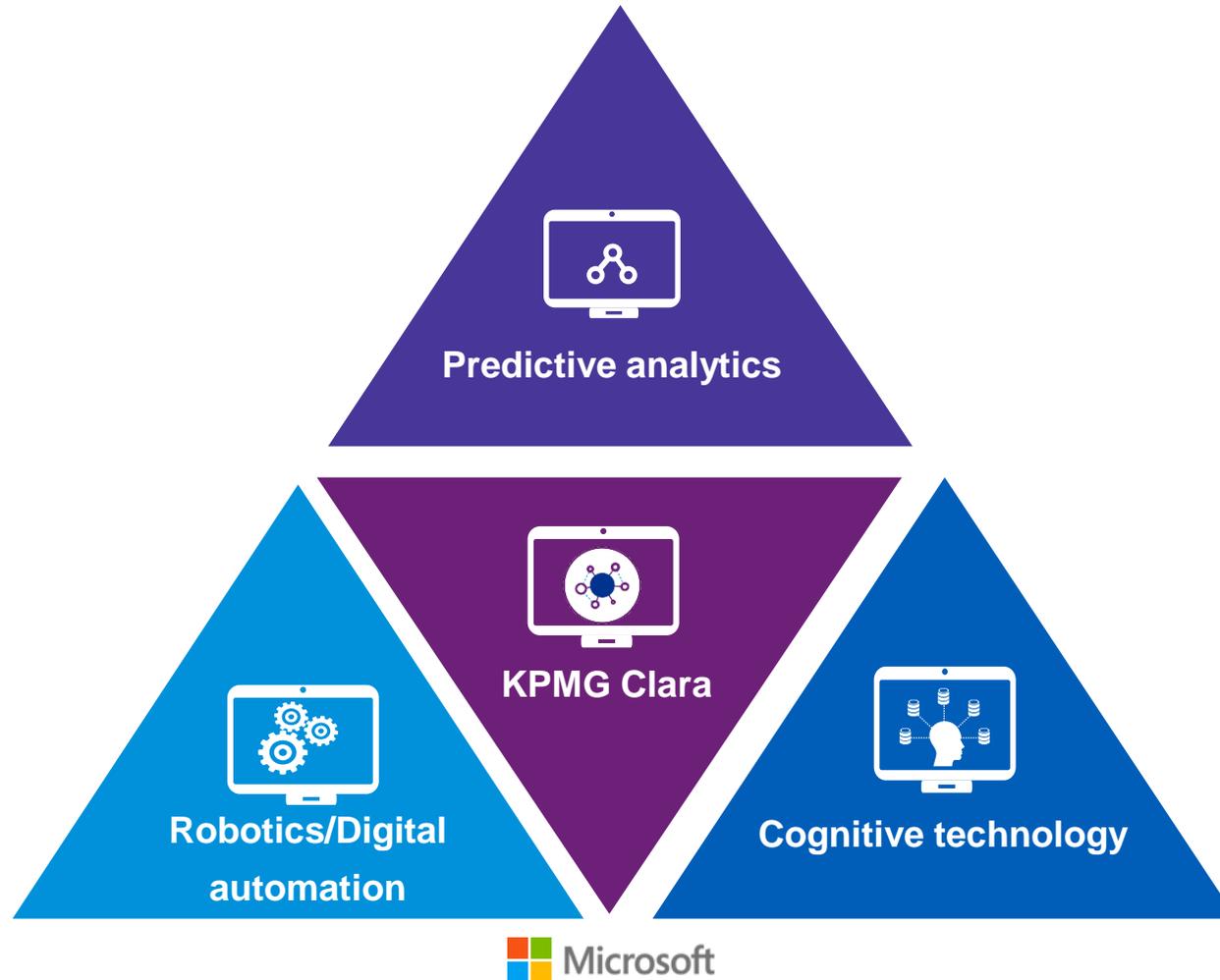


## Smart audit platform

Innovation and operational insights



# Our Investment in Technology





# KPMG Audit Approach



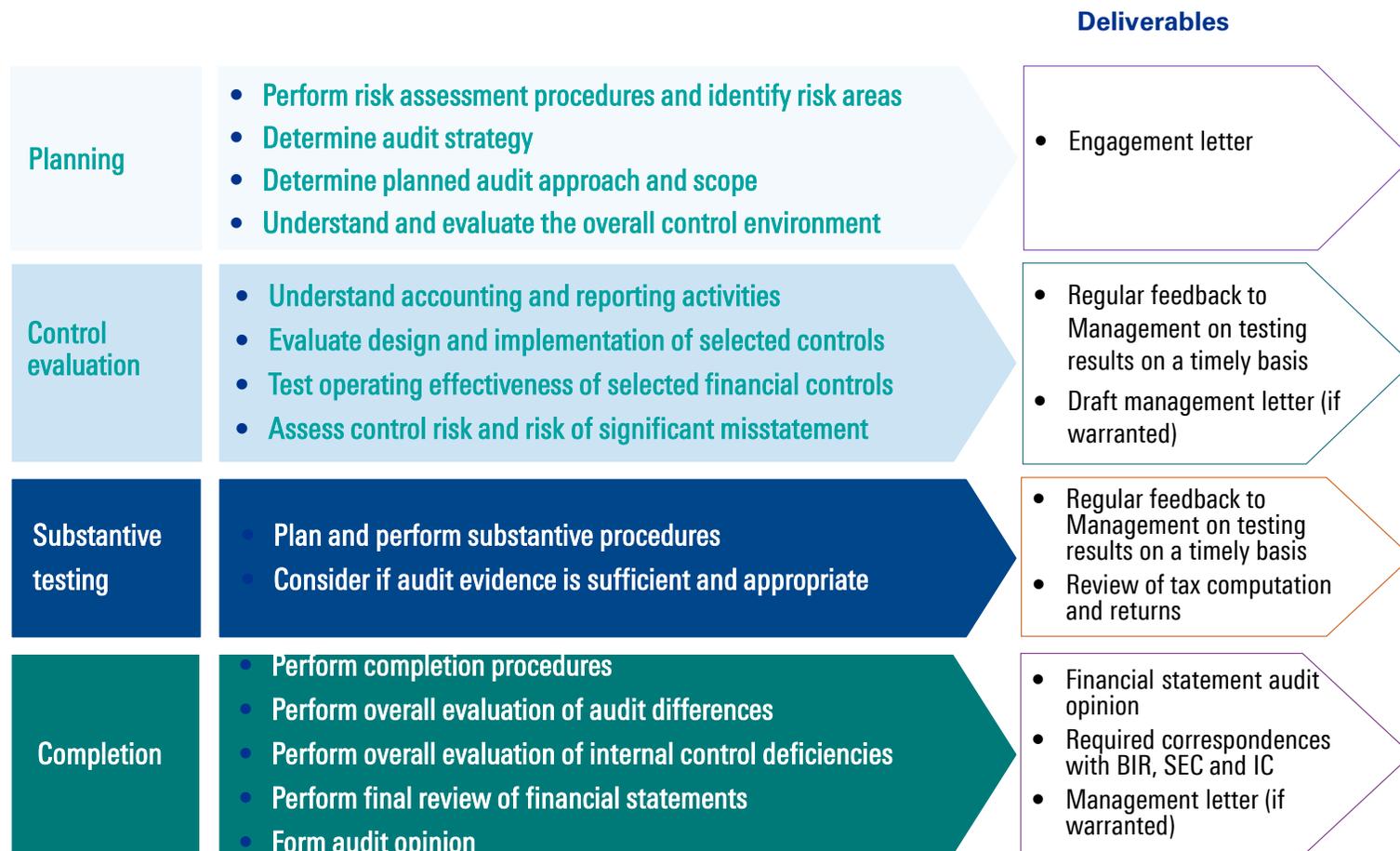
# KPMG Audit Approach and Methodology

Our audit methodology is split into four phases and shall be tailored to the Company's circumstances.

We will use our eAudIT tool, a fully electronic audit platform.

Our objective is to provide the highest standard of audit and audit-related services to the Company. In order to further enhance our service, we will use our eAudIT tool in our audit. This globally consistent tool will enable our teams to produce fully electronic files, share industry knowledge and best practices and 'free-up' time to focus on the key risks and issues affecting the Company.

Our audit methodology assists us in delivering a quality audit and involves the following activities throughout the year:



# Enhancing Audit Quality

## Proven expertise and knowledge

KPMG is a recognized leader in D&A and innovation. We offer trusted knowledge and insights to help you stay current in today's evolving regulatory environment, including access to KPMG's "Insights into IFRS" authoritative accounting, auditing and financial reporting literature.

## Transformation

Advanced account analysis, visualization, and testing capabilities.

Drives deeper risk focus and insights for our people and our clients.

## Extraordinary people

The KPMG Master Accounting Data & Analytics program is helping to develop the auditors of tomorrow for a sustainable innovation pipeline as our audit continues to evolve.



## Insights and differentiation

Leveraging your data and our analytics tools, we can perform centralized analysis of millions of transactions, providing deep risk and process insights.

## Collaboration and transparency

Enhanced transparency in your audit, secure online collaboration with your engagement and access to real-time audit status and insights.

## Operational excellence

Global electronic workflow, centralized engagement management and support, and global knowledge sharing for D&A and audit execution.

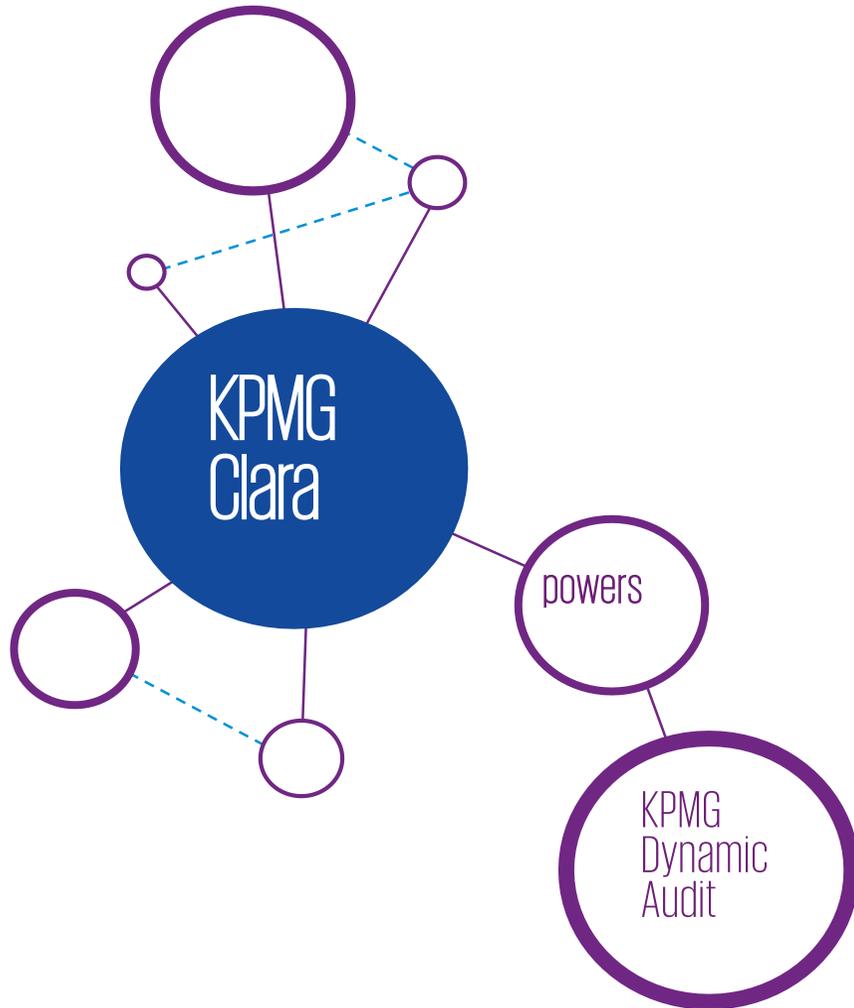
KPMG is strongly positioned for operational excellence and seamless execution.



# KPMG Clara

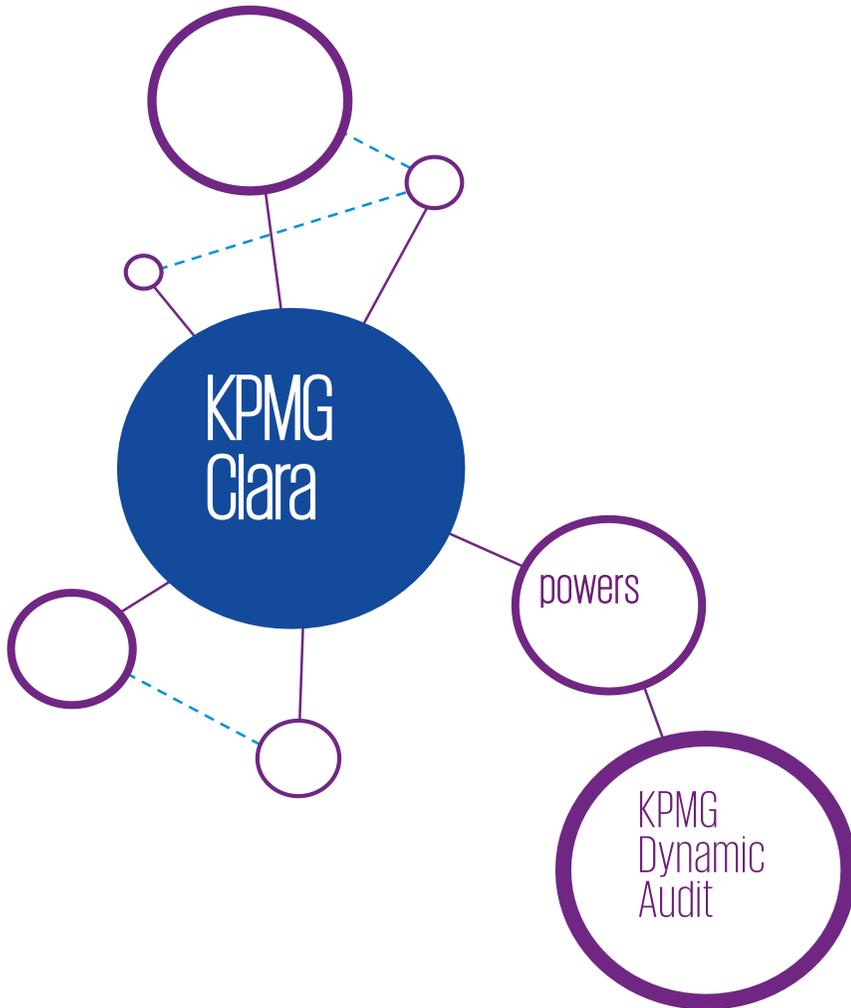


# KPMG Clara: Smart audit platform



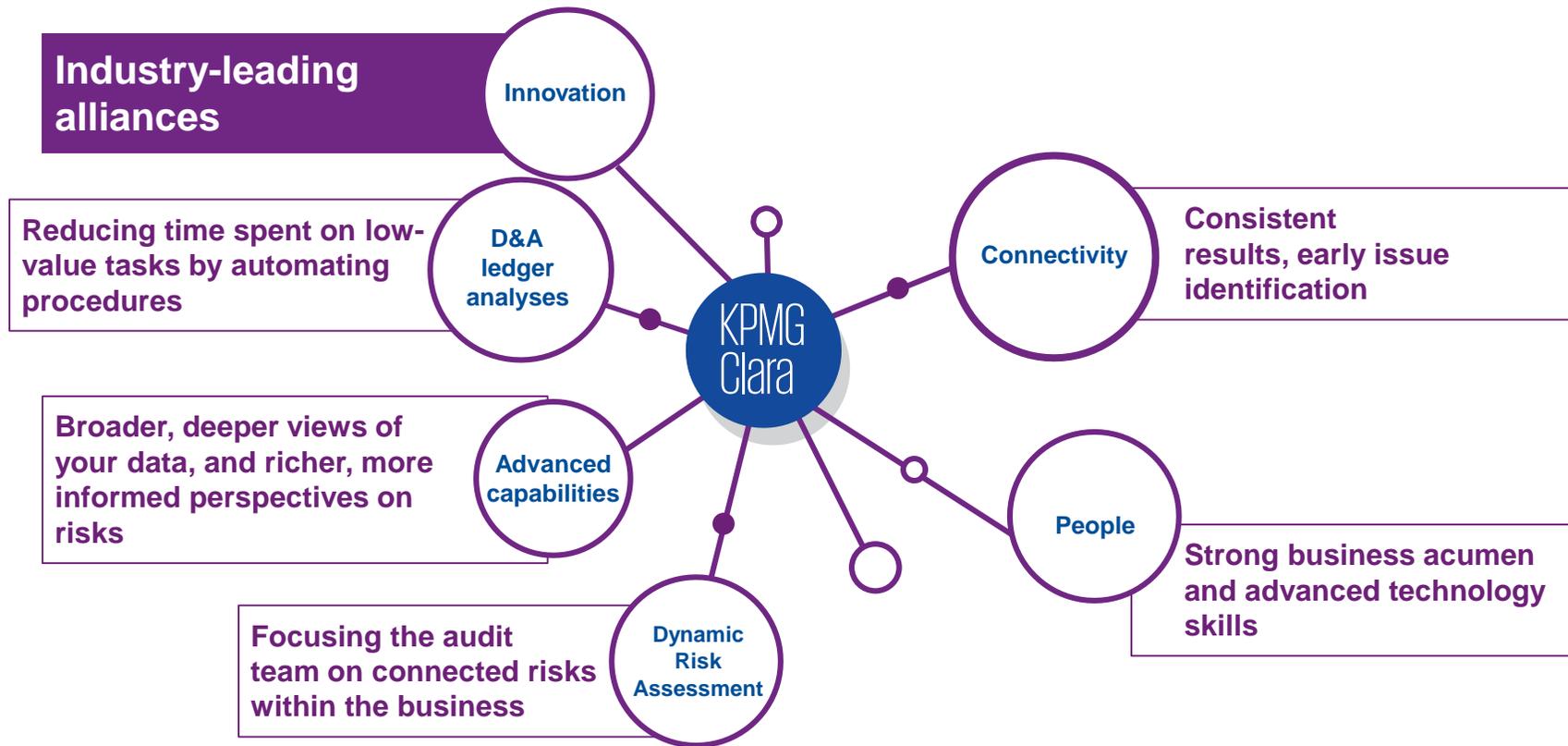
At the heart of our approach to technology in the audit process is KPMG Clara. KPMG Clara is our platform of tools and technologies which brings our 'tech' to the fingertips of all of our audit teams and is key from the start to the end of the audit - driving audit quality throughout from the risk assessment to process testing to transactions to judgments such as valuations or the future.

# KPMG Clara: Smart audit platform (cont'd)

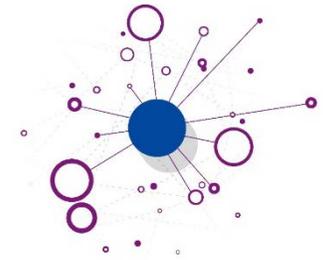


- **automated** - extracts the data directly from the client's database
- **Agile** - incorporates any technology, from artificial intelligence to blockchain to what comes next
- **Intelligent** - offers the right tools to the auditor at the right time
- **Scalable** - can be used on any size audit

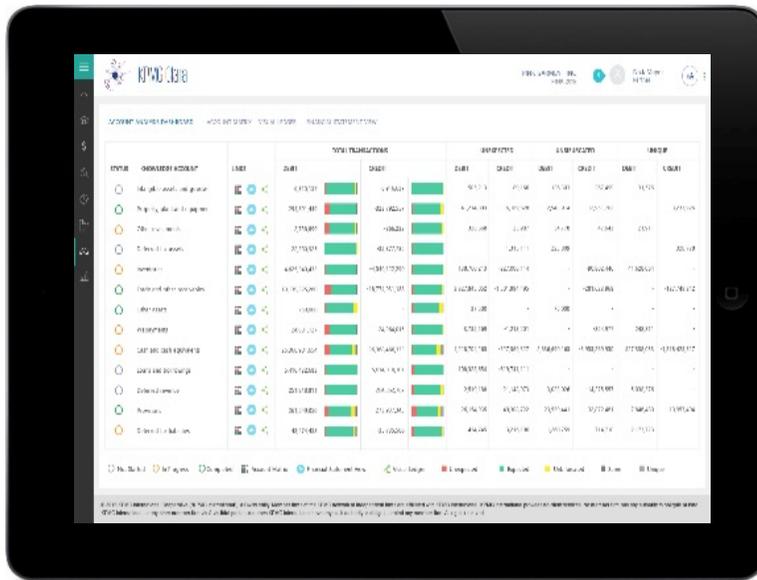
# KPMG Clara Analytics



# KPMG Clara Analytics (cont'd)

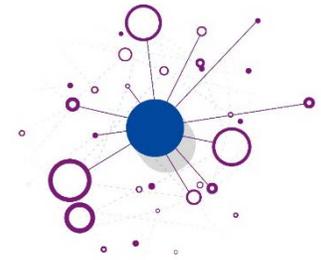


The following are examples of tools we have introduced in recent years in order to integrate technology into the audit process:

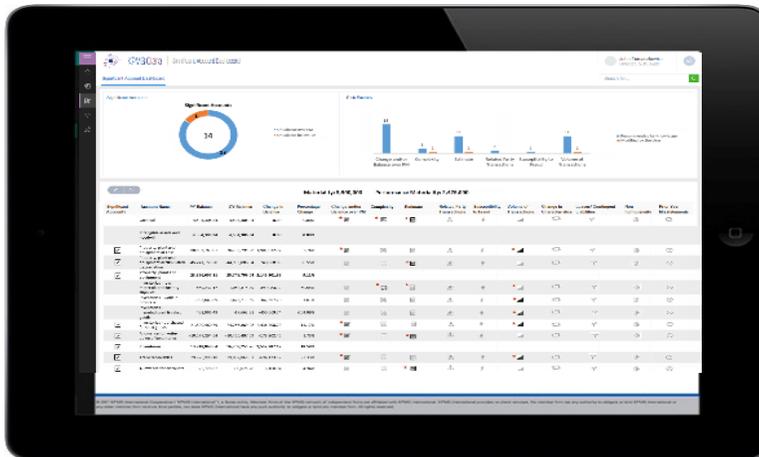


Our **process mining** tool instantly enables millions of transaction flows to be shown on a single screen. The traditional approach looks at how a system should, rather than does, run. For example, on one audit where the entity had one single standard process, our audit team was able to show the transactions had actually taken several thousand different variations. With this information, the audit team was able to identify the process was far from standard, lacked efficiency and was creating significant financial risks as controls and processes were being by-passed and repeated.

# KPMG Clara Analytics (cont'd)



**KPMG Clara transaction analytic** interrogates 100% of transactions in a system. In 2018, KPMG audit teams have interrogated over 200 billion rows of data, across over 19,500 company codes, running over 130,000 process interrogations, across data in 65 countries.



**Predictive & Valuation analytics** provides the audit team with the ability to analyze projections, sensitize assumptions and assess scenarios, as well as use inputs from external market data. This provides greater capability to challenge management on key judgments.



# KPMG Audit Quality Framework

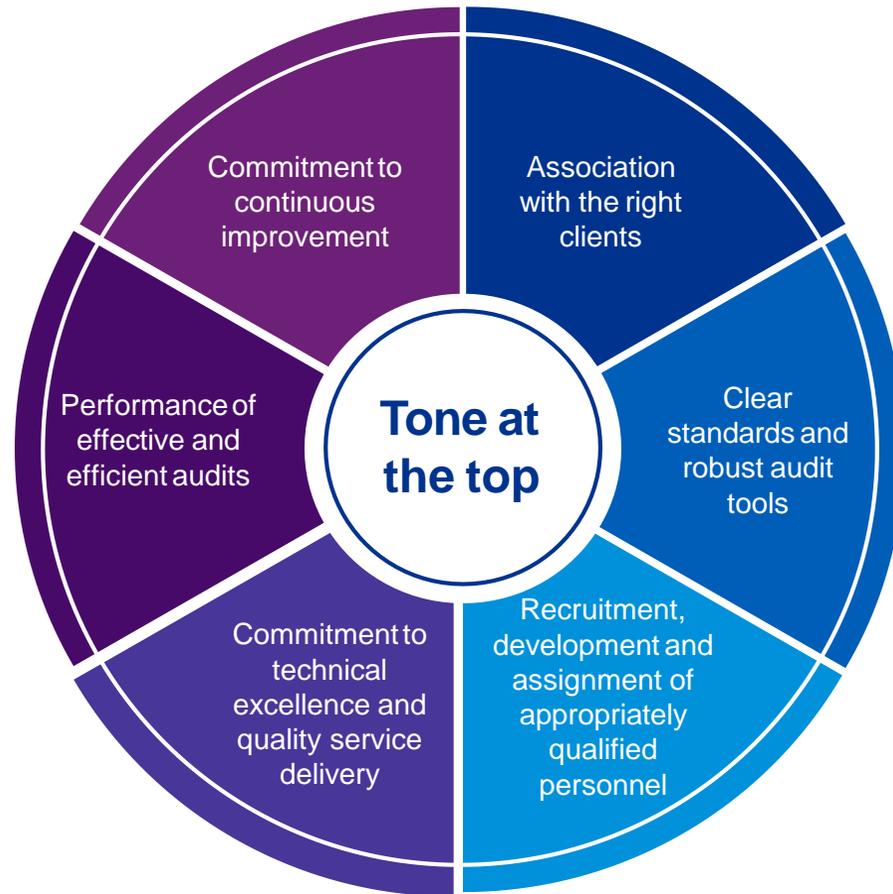


# KPMG Audit Quality Framework

As it is the independence, expertise and professional skepticism of auditors that add value to financial statements, we believe it is important to be transparent about the processes that sit behind a KPMG audit report, so you can have absolute confidence in us and in the quality of your audit.

We view audit quality as seven key drivers combined with the commitment of each individual in KPMG. Every KPMG firm across the world uses the same audit quality framework to describe, focus on and enhance audit quality for the benefit of our clients.

Our Audit Plan elaborates on how we control the performance of your audit within this overarching framework.



# How we deliver audit quality



# Continuous improvement

**Root cause analysis** at a firm-wide level resulted in new Department of Professional Practice consultation requirements, including going concern matters



Increased involvement of specialists in impairment testing following internal and external **quality review**



Key group team members attended **training** related to exercising professional judgement and scepticism when auditing estimates



Increased use of **data and analytics** in the audit





# KPMG Client Service Team



# KPMG Client Service Team

## Core Engagement Team

**Monette Casals-Diaz**  
*Technical Partner*

**Karen Quizon-Sakkam**  
*Tax Partner*

**Randy Lapidez**  
*Lead Audit Engagement Partner*

**Dindo Dioso**  
*Engagement Quality Review Partner*

**Jallain Manrique**  
*IRM Partner*

**Flor Simangan**  
*Senior Manager*

**Leah Ballesteros**  
*Supervisor*

## Team of Professionals



**Tireso Randy F. Lapidez**  
*Audit Partner*

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tlapidez@kpmg.com

**Accreditations:**  
SEC – Category A  
BSP – Category A  
Insurance Commission

### Position

Lead Audit Engagement Partner

### Qualifications

- Bachelor of Business Administration, Major in Accounting, Philippine Christian University
- KPMG Chairman’s 25 – Executive Education at INSEAD Singapore Campus
- Certified Public Accountant
- Certified Internal Auditor
- Member, Philippine Institute of Certified Public Accountants
- Member, The Institute of Internal Auditors

### Role

Randy will be responsible for developing the overall relationship with the Company and for overseeing the conduct of the services as well as coordinating all other services. He will have primary decision-making authority on key issues and overall responsibility for the planning and direction of the engagement.

### Industry Experience

Randy started his public accounting career with Arthur Andersen Philippines and has accumulated over 20 years of solid public accounting experience including over 10 years of international audit experience primarily with Ernst & Young LLP and Deloitte & Touche LLP in the US. From 2005 to 2010, he held a CPA license in the State of California, He is also a Certified Internal Auditor. During the course of his public accounting experience, Randy has had managed audit engagements with US GAAP, IFRS and SOX 404 audit reporting requirements. His audit clients were engaged in varied industries such as financial services, consumer goods, hospitality, technology, retail, manufacturing, and business services that included US large accelerated filers such as Safeco Corporation, Expedia, Inc. and Fannie Mae. Randy has had also handled special engagements such as interim reviews, initial public offerings, internal audit and agreed-upon procedures. He also serves as an instructor in firm-wide trainings specifically on US GAAP and accounting standards.

Randy has been involved in the audit of Pru Life Insurance Corporation of U.K. for more that five (5) years.





**Dindo Marco M. Dioso**  
**Audit Partner**

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ddioso@kpmg.com

**Accreditations:**  
SEC – Category A  
BSP – Category A  
Insurance Commission

## Position

Engagement Quality Review Partner

## Qualifications

- Bachelor of Science in Accountancy, San Beda College
- Certified Public Accountant (7<sup>th</sup> Placer)
- Member, Philippine Institute of Certified Public Accountants

## Role

Dindo will perform quality-control reviews of financial statements and selected working papers prior to report signoff.

## Industry Experience

Dindo has 20 years experience in public accounting practice in the Philippines and the US. He practiced his profession in New York City for four years. He handled the integrated audit of a specialty finance company listed in the New York Stock Exchange.

His public accounting experience also includes:

- Leading engagements in financial audit, internal controls testing (SOX), agreed upon procedures, review engagements, and business process reviews
- Handling financial audit of entities engaged in financial services, information technology, gaming, business process outsourcing and shared services, manufacturing and not-for-profit entities
- Handling financial audit and reporting for publicly listed, Insurance Commission and BSP regulated, PEZA and BOI registered entities, PAGCOR regulated
- Involvement in cross border transactions, financial due diligence, financial and accounting advisory, and internal audit.





**Atty. Ma. Gracia F. Casals-Diaz**  
**Risk Management Partner**

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[mcdiaz1@kpmg.com](mailto:mcdiaz1@kpmg.com)

### Position

Technical Partner

### Qualifications

- Bachelor of Science in Accountancy, University of the East Manila
- Juris Doctor, Far Eastern University
- Admitted to the Philippine Bar
- Certified Public Account
- Former General Accountant, Securities and Exchange Commission
- Member, Philippine Institute of Certified Public Accountant
- Member, Integrated Bar of the Philippines

### Role

Atty. Monette will work closely with Randy to resolve complex technical-accounting issues.

### Industry Experience

Monette is a CPA-Lawyer and currently the Risk Management Partner at KPMG. She is also the Executive Director of the Capital Market Development Council from 2014 up to present. Until August 2015, she held the position of Director for Corporate Governance and Regulatory Affairs in KPMG Asia Pacific Limited. Her notable experience as a CPA was being the General Accountant of the SEC for seven (7) years from year 2007 to 2014. As the General Accountant of the SEC, she led the adoption of the Philippine Financial Reporting Standards and Philippine Standards on Auditing and other global standards and practices on corporate governance and capital markets. Monette is also a regular resource person in the trainings organized by Philippine Institute of Certified Public Accountants, Association of Certified Public Accountants in Public Practice, UP Law Center, FINEX, among others.





**Atty. Mary Karen E. Quizon-Sakkam**  
*Tax Partner*

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## Position

Tax Partner

## Qualifications

- Juris Doctor, College of Law, San Beda College
- Bachelor of Science in Accountancy, St. Scholastica's College
- Certified Public Accountant
- Bar Admission, 2006
- Member – Integrated Bar of the Philippines
- Member – Philippine Institute of Certified Public Accountants

## Role

Atty. Karen will oversee the coordination and execution of tax provision review, with an enhanced focus on tax compliance and attest portion of the audit of the accounting for income taxes.

## Industry Experience

Atty. Karen has been in tax practice for more than 10 years. She has been involved in a number of tax due diligence, compliance review and tax reporting engagements. She has also represented clients from various industries in tax assessment cases before the Bureau of Internal Revenue. Aside from corporate taxation, Karen also handles individual expatriate taxation.

Atty. Karen has been consistently recognized by the International Tax Review as one of the tax dispute leaders in the Philippines. Tax Controversy Leaders is an international guide to the leading tax dispute resolution lawyers and advisers in the world. Likewise, she is also consistently recognized as one of the leading female tax advisers in the Philippines in the Women in Tax Leaders guide by the International Tax Review.





**Jallain Marcel S. Manrique**  
**IRM Partner**

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**Position**  
IT Audit Partner

### Qualifications

- Bachelor of Science in Accountancy, Philippine School of Business Administration – Quezon City, *Cum Laude*
- Masters in Technology Management, University of the Philippines Diliman, Quezon City
- Certified Information Systems Auditor (CISA), ISACA USA
- Certified in Risk and Information Systems Control (CRISC), ISACA USA
- Lean Six Sigma - Green Belt, International Association for Six Sigma Certification (IASSC), USA
- ITIL V4 and PMP (trained; ongoing certification)

### Role

Jallain will oversee the IT control portion of the audit activities and will work with Randy to integrate IT specialists into the audit.

### Industry Experience

Jallain is experienced and specializes in the field of IT Advisory Services. He has more than 10 years of domestic and international experience in Information Technology Advisory services in the field of Financial Services, Manufacturing, TMT, pharmaceuticals, BPO/shared services, etc. He is highly experienced in IT Audit, Cybersecurity Assessments, System and Process Integration (including Data Migration), Business Process Re-engineering through Automaton, Technology Enablement, ERP Implementations (e.g., SAP, Oracle, Netsuite) and Data Analytics.

He is experienced in IT Security Assessment in accordance with ISO 27001:2013 and ISO 27002:2013, Cybersecurity Maturity Assessments. He also performed assessments in accordance with well-known frameworks/standards such as BSP 808 IT Risk Management, COBIT5, ITILV3, Lean Six Sigma, COSO, among others.

Has lead IT/OT Vulnerability Assessment and Penetration Testing engagements for clients involved in the energy sector, banks, and insurance. He is experienced in conducting audit in accordance with US and Japan Sarbanes-Oxley Act (SOX 404) and SSAE16/ SOC 1&2/ ISAE 3402 Type I and II.





**Florizza C. Simangan**  
**Senior Manager**

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### Position

Senior Manager

### Qualifications

- Bachelor of Science in Accountancy, Polytechnic University of the Philippines, *Cum Laude*
- Certified Public Accountant
- Member, Philippine Institute of Certified Public Accountants

### Role

Flor will be the lead manager for the Intellicare Group audit and will work closely with Randy in the day-to-day supervision of all audit activities, and she will supervise the audit teams in the field. She will also help coordinate efforts of our team to promote efficient and effective service delivery.

### Industry Experience

Flor joined KPMG in 2012 and has over six (6) years work experience in external audit. She has been involved in the Pru Life audit engagement since joining the firm and other engagements primarily the audits of insurance companies. From July to September 2016, she was seconded to KPMG Sydney office where she gained exposure in the audit of asset management and financial planning companies.

Flor was the 2018 recipient of *Chairman's Award for Excellence*, an award given to an employee who exhibited technical skills, global behavioral capabilities, KPMG values and a business development mindset.

Flor has been involved in the audit of Pru Life Insurance Corporation of U.K. for more than seven (7) years.





# Objective, Scope and Deliverables



# Objective, Scope of Work and Deliverables



## Objective and Scope of Work



Form and express an opinion on whether the financial statements prepared by management present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and its financial performance and its cash flows for the year then ending in accordance with Philippine Financial Reporting Standards.

# Objective, Scope of Work and Deliverables



## Deliverables



- Audit opinion on the financial statements of the Company as at and for the year ending December 31, 2019.



- Signed written statement to accompany financial statements for filing with Bureau of Internal Revenue in compliance with Revenue Regulations V-20.

- Signed reports as per the reportorial requirements of the Insurance Commission.



- Where applicable, signed auditors' report to accompany supplementary information for filing with the Philippine Securities and Exchange Commission.

- Management letter that provides our recommendations regarding internal controls and opportunities for improvement or efficiency, based on observations made during the course of our audit, if warranted.



# KPMG Values



# KPMG Values

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

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

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

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

**We seek the facts and provide insight** - By challenging assumptions and pursuing facts, we strengthen our reputation as trusted and objective business advisors.

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

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

**Above all, we act with integrity** - We are constantly striving to uphold the highest professional standards, provide sound advice and rigorously maintain our independence



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[kpmg.com/app](https://kpmg.com/app)

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