

BDO Asia Pacific Regional Conference

Large Audit - the SAP Experience

12. August 2024 | Singapore



What have we achieved

Scope PCAOB Audit

SAP Group Companies

- ▶ 27 Full Scope Audits
- ▶ 10 Limited Scope¹ Audit
- ▶ Group Auditor Reviews for the remaining Group Companies

Component Auditors PCAOB Audit

24 Full Scope Audits, thereof

- ▶ BDO: 21
- 7 Limited Scope Audits, thereof
- ▶ BDO: 7

Scope ISA Audit

SAP Group Companies

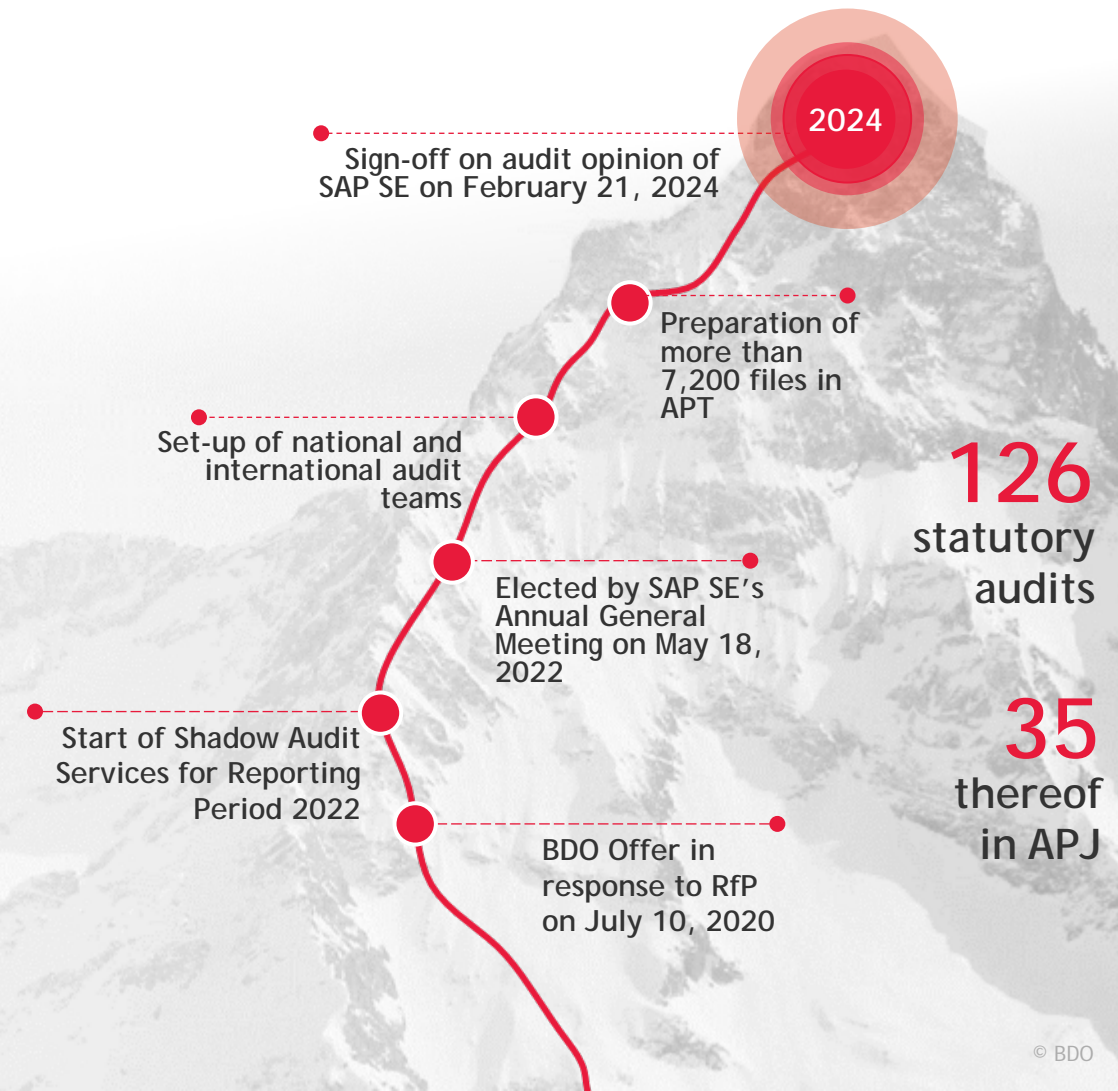
- ▶ 56 Full Scope Audits
- ▶ 14 Limited Scope* Audit
- ▶ Group Auditor Reviews for the remaining Group Companies

Component Auditors ISA Audit

51 Full Scope Audits, thereof

- ▶ BDO: 50
- ▶ BDO Partner Firms: 1
- 8 Limited Scope Audits, thereof
- ▶ BDO: 8

¹Audit of specific account balances



SAP SE

Key performance indicators and centralized Finance & Administration structure



Revenue
31.2 € bn
+5.7%



Net income
6.0 € bn
+249.2%







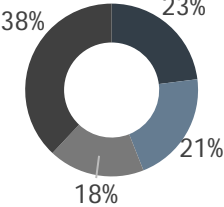
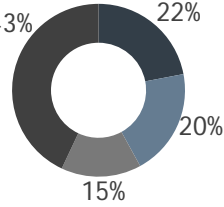
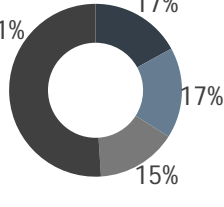


total assets
68.3 € bn
-5.3%



employees
106.043
+0.4%

Global Finance Shared Services (GFSS) is a part of SAP’s Global Finance & Administration infrastructure, serving as a **key department responsible for the shared delivery activities of finance processes.**

Location	Prague 	Buenos Aires 	Manila 
FTE	515	422	352
Processes			
Top-3 processes			

Processes covered by GFSS

- Core Data Services
- Order to invoice CSS (Cloud, software and support)
- Order to invoice C&E (Consulting and Education)
- Cash Collections
- Ariba Network
- Procure-to-Pay
- Travel & Expenses
- Record-to-Report
- Other

SAP APJ representatives



**AYELET
ROTLAT**

**CFO SAP Southeast
Asia**

- ▶ Since joining SAP in 2000, Ayelet has held different positions across various areas of SAP including R&D, Support, Sales Operations and Finance.
- ▶ Prior to this position, Ayelet served SAP's Group Chief Financial Officer as an Executive Business Assistant.
- ▶ Ayelet led major transformations with the mandate to double the business and increase employee and customer satisfaction.



**MELINDA
FOO**

**Chief Accountant
South East Asia**
Chartered Accountant
(Singapore)

- ▶ Melinda has been with SAP for 20 years and is responsible for Local Accounting and Reporting for the SAP entities since 2013.
- ▶ Her experience at SAP includes roles in the Global Finance Shared Services, Regional Finance Functions and Credit Management, with a focus on process excellence and system improvements.
- ▶ Prior to SAP, Melinda held accounting positions in the Mass Media Industry and Public sector.



**WENDY
WONG**

**Head of Revenue
Recognition for
APJ & GC**

- ▶ Wendy has more than 10 years with SAP and 15+ years of experience in the software industry and leads a virtual team of 10 specialists based in Asia.
- ▶ She progressed from Senior Revenue Recognition Specialist to the current role.
- ▶ Before SAP, Wendy was a SEA Controller with an SAP competitor, Infor.

The background is a solid blue color. Overlaid on this are several 3D geometric shapes, primarily triangles and trapezoids, in various shades of blue. These shapes are arranged in a way that suggests depth and movement, with some appearing to be stacked or layered. The lighting creates subtle gradients and shadows on the surfaces of these shapes.

Asia and its Opportunity

Ayelet Rotblat, CFO for SAP South East Asia



OUR PURPOSE

**Help the world
run better and improve
people's lives**

OUR VISION

**We bring out the best in
every business**

Discover Asia Pacific & Japan

KOREA

Empowering world leading brands



JAPAN

SAP's 3rd largest market globally



INDIA

5.6 million citizens benefited from CSR initiatives



ANZ

Largest Public Sector in the world for SAP



SEA

Highest diverse market:

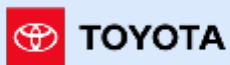
51% female, 62% millennials, 44 nationalities



NEC



FUJITSU



SHISEIDO

Customers



140 of top 500 global
brands are in APJ
and they are all our
customers



BHP

RioTinto



SEA Opportunity

ASEAN is one of the world's
Fastest growing economies

World Economic Forum

ASEAN's digital economy reaching
US\$1 trillion by 2030

Boston Consulting Group

AI to contribute **US\$1 trillion**
to the ASEAN economy by 2030

Kearney

Innovation

#1 Enterprise application and Business AI company

Best-in-class
technology partners



Agility in the
Cloud

Sustainability



Joule

Ask me anything

What does this mean for Finance Function?

The background is a solid blue color. Overlaid on this are several 3D geometric shapes. A series of blue trapezoidal planes are arranged in a perspective view, receding from the bottom left towards the top right. In the center of the composition, there is a blue cube. The text "ACCELERATE TO INNOVATE" is superimposed over the central cube and the planes.

***ACCELERATE
TO INNOVATE***

The background is a solid blue color. Overlaid on this are several translucent blue rectangular planes. These planes are arranged in a staggered, overlapping fashion, creating a sense of depth and movement. Some planes are tilted at different angles, while others are more horizontal. The text "Thank you!" is centered in the middle of the image, written in a clean, white, sans-serif font. The planes appear to be floating or sliding across the frame, with some showing slight shadows and highlights that suggest a three-dimensional quality.

Thank you!

BDO Global Portal

Use in the scope of the SAP audit

Approx. 1700 delivered tasks for group audit and statutory audits

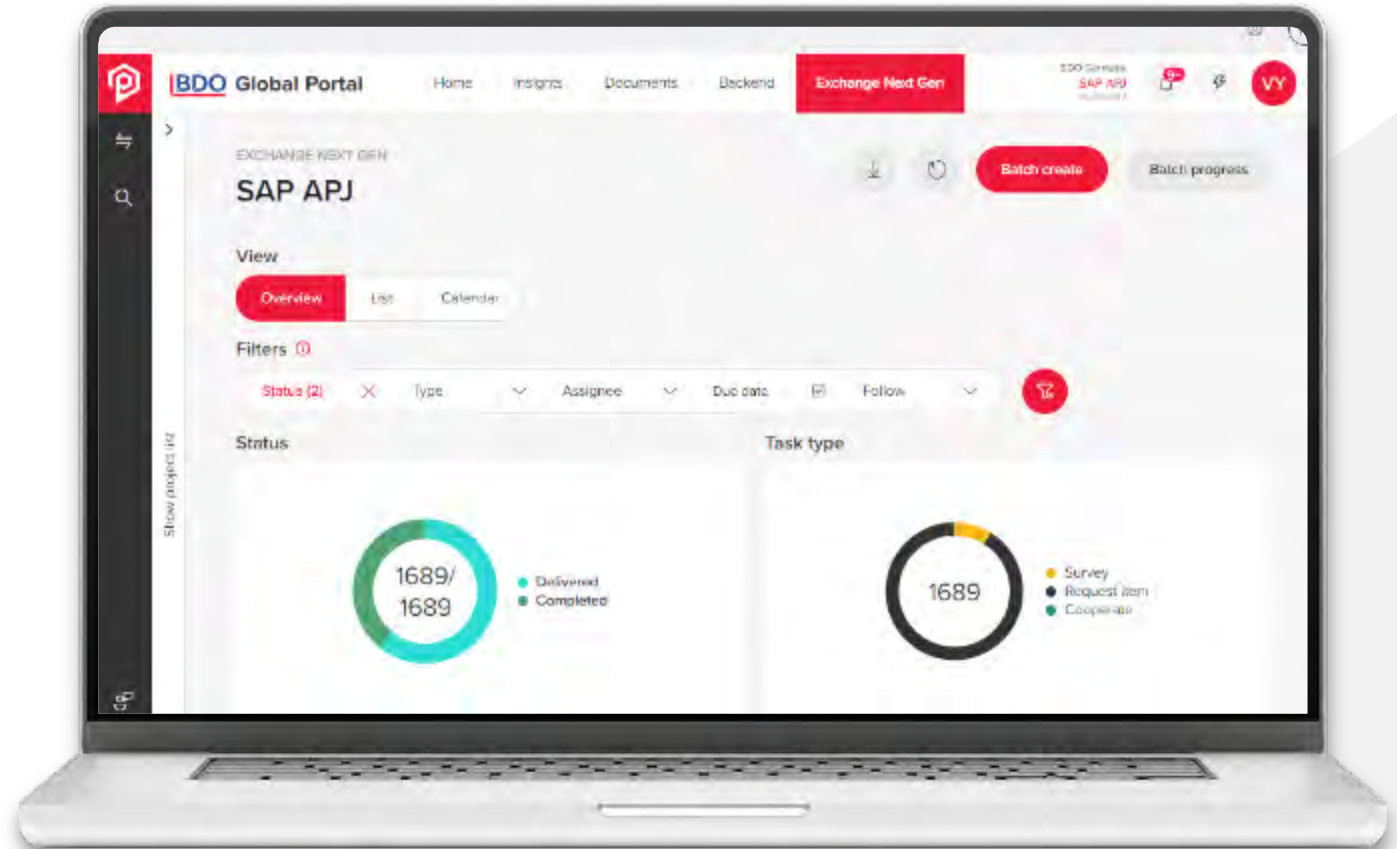
- ▶ Full transparency as tasks are assigned to individuals from BDO and SAP on group and local level
- ▶ Easy to track progress of the audit
- ▶ Secure data distribution through limited access rights and restricted access to single requests (e.g. for personal data)

Requested Data/reports shared by BDO Central Data Extraction Team (30 FTE involved)

- ▶ Standard reports (Accounts Receivable/Accounts Payable/Balance Sheets)
- ▶ Supporting documents (Invoices/Contracts/Schedules)

Central information shared with BDO auditors

- ▶ SAPs process documentation
- ▶ Comfort Memos incl. Work Papers for centralized procedures performed by BDO Germany
- ▶ Audit Instructions
- ▶ Risk and control environment



19 components and projects in SAP APJ Portal

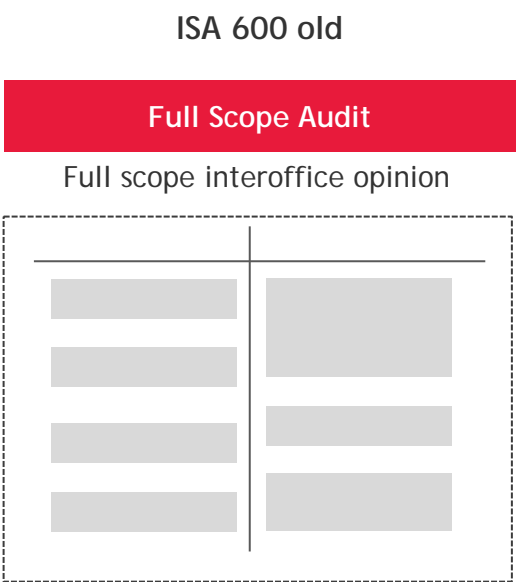


200+ active users (BDO and SAP)

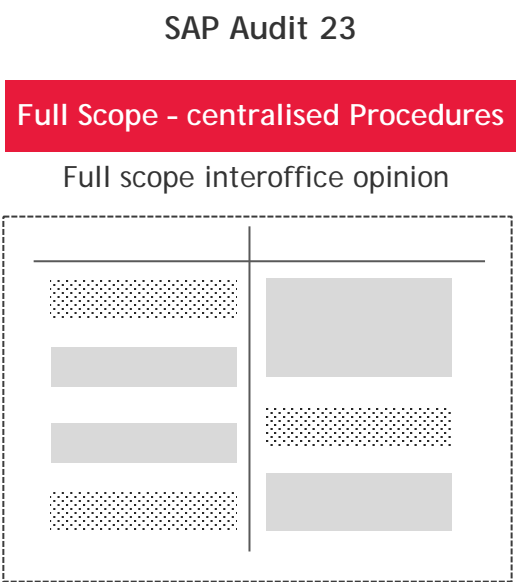
Challenges of the centralized audit

Changes in the direction and supervision of the engagement team and the review of its work

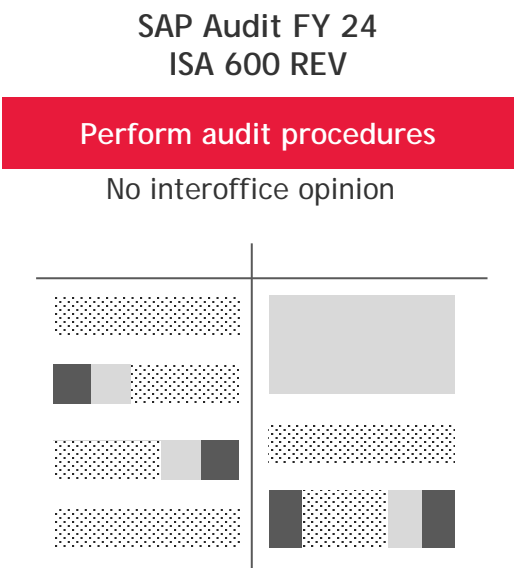
- Group Audit Approach 2024**
- a) For selected areas of the financial information of a component, the Group Audit Team (GAT) will perform relevant audit procedures centrally and at group level without the involvement of a Component Team.
 - b) For other selected parts of the financial information of a component, further audit procedures are performed decentralized by a Component Team or directly by the Group Audit Team.
 - c) For some other parts of the financial information of a component, the Group Audit Team may choose to completely refrain from performing or instructing any further audit procedures.



Under extant ISA 600 the reader of a group audit opinion could rely on the fact that all components of individual financial significance were subject to a full scope audit.



For the group audit of SAP in FY 2023 the Component Teams issued a full scope opinion but excluded risk assessment as well as centralized audit procedures.









Acknowledging the revised emphasis of ISA 600 only specified areas will be subject to audit procedures on component level. There will be no interoffice opinion.

Centralized audit of revenue contracts



Revenue Audit recap 2023

Central Revenue Audit

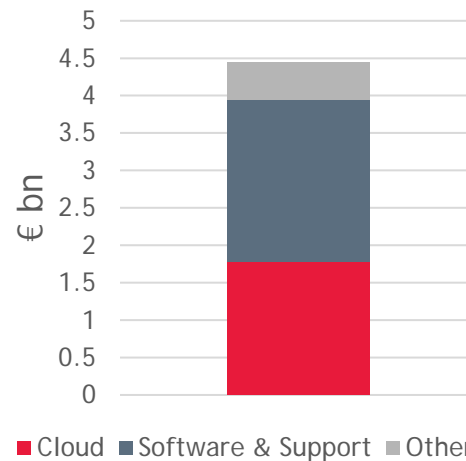
-  Central Review of the Revenue Recognition Guideline & Accounting Memos
-  Global Revenue Processes and Controls
-  Centralized Procedures
-  Review of other non-standard and/or complex contracts (e.g. C2C, PCTA)
-  Quarterly significant Cloud and Software revenue contract reviews (selection based on thresholds)
-  Audit of Current Cloud Backlog (CCB)



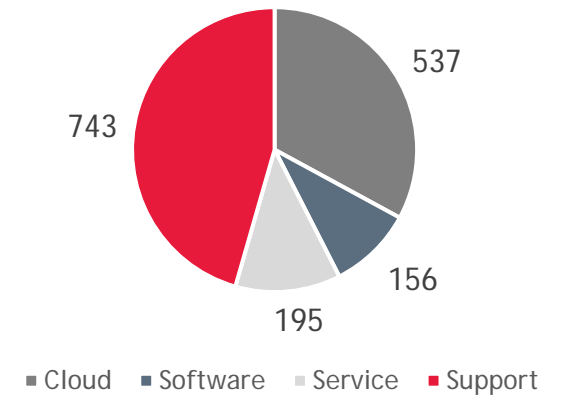
Local Revenue Audit

-  Accounts Receivable, Contract Asset and Contract Liability Testing
-  Local revenue contract testing

APJ Revenue 2023





No. of Revenue Samples APJ
(group scope entities)



Centralized audit of revenue contracts

Revenue Audit outlook 2024

Central Revenue Audit

-  Central revenue contract testing for significant components
-  Central AR/CA/CL testing for significant components
- ▶ Procedures performed and component materiality or alternatively local materiality to utilize evidence for statutory audit

Local Revenue Audit



Determines level of reliance on group audit procedures



Responsible for data extraction necessary to support statutory audit procedures

Jan - June

July

Interim Testing Phase 1

August

September

October

Interim Testing Phase 2

November

December

January

Year End Update Testing

- ▶ Testing will cover 6 months period January to June

- ▶ Testing will cover 3 months period July to September
- ▶ Rollforward of samples from interim testing phase 1

- ▶ Testing will cover 3 months period October to December
- ▶ Rollforward of samples from interim testing phases 1 and 2



BDO AG
Wirtschaftsprüfungsgesellschaft

WP Dr. Jens Freiberg
Member of the Executive Board
Tel: +49 151 58833588
E-Mail: jens.freiberg@bdo.de



This presentation has been carefully prepared, but it has been prepared in general terms and should be seen as broad guidance only. The presentation content cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact BDO LLP to discuss these matters in the context of your particular circumstances. BDO LLP, its partners, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

BDO LLP (UEN: T10LL0001F) is an accounting Limited Liability Partnership registered in Singapore under Limited Liability Partnerships Act (2005). BDO LLP is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

