



KPMG CFO real insights: C-Suite perspectives

Spotlight on CFOs and Internal Audit

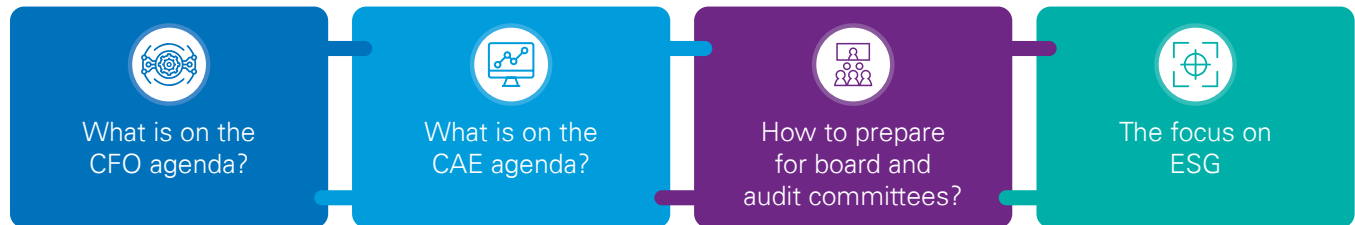
November 30, 2021

Webcast summary

Finance leaders face constant pressure to drive the business forward. To navigate the uncertain conditions and emerge as a leader, it is critical to collaborate with other functions.

The webcast emphasized the critical connection required between CFOs, Internal Audit (IA), and finance leaders to increase collaboration, improve risk and compliance, and enhance Environmental, Social, and Governance (ESG) metrics reporting.

The panelists discussed the following topics:



The future CFO agenda

CFOs have been focused on managing and navigating disruptions over the past years. To deal with these disruptions, leading finance organizations have developed an agenda including the six pillars to enable organizations to get to the future. These include:

- Extreme automation
- Data, analytics, and insights
- Organizational agility
- Modern workforce
- Strategy and value management
- Risk and compliance.

CFOs are entrusted with driving the organizational strategy. By organizing the portfolio of value management, understanding the strategic investments, and managing risk, they can help organizations achieve growth.



The future CAE agenda

Finance and audit committees are anchored into the enterprise and are not functional silos. As a result, collaboration is key to organizational success. Like the CFO, the CAE agenda is focused on organizing and navigating disruptions with risk management at its core.

Six dimensions of the CAE agenda are:

- Stakeholder engagement and trust
- Strategy and value management
- Digital acceleration
- Data, analytics, and insights
- New ways of working
- Operating model agility.

Leaders need to reflect on the alignment of the organizations core functions, how relevant the risk is, and how evolved the capability is.



Board/audit committee readiness

IA and finance need to communicate effectively with each other, their teams, and other parts of the organization to prepare for board/audit committee meetings.

Role of finance:

- Finance function needs to focus on driving transparency in financial reporting to present a collaborative strategy and execution plan.
- Coordinate with functions across the organization to present the best possible idea.
- CFOs' organization has become the data quality store, and it is imperative for organizations to leverage data to provide accurate forecasts and guidance.
- Finally, the finance function in collaboration with IA, plays a vital role in managing the key enterprise and operational risks and building strong investor relationships through standard metrics.

Role of IA

- Finance, assurance, and audit leaders need to partner with the front and middle office to build relations across the enterprise.
- Creating valuable insights from the data, that can be trusted.
- To focus on the right risks and opportunities.
- The board/audit committee is an oversight function with few touchpoints across the enterprise, so there is a need to facilitate dialog on questions the board/audit committee should be asking the management.



Focus on ESG

Key ESG measurement, reporting, and assurance

- Organizations across the maturity scale face a strong urge from all stakeholders to discuss their ESG point of view.
- Some organizations focus on their reporting strategy, some on embedding the reporting into the operating model. At the same time, few others are working towards measuring ESG reporting progress around their ESG story.
- With increasing attention from the SEC around ESG and sustainability reporting, there is a significant shift as CFOs and finance organizations are involved from a process and controls perspective.
- While the SEC may share guidelines around ESG reporting, organizations need to validate the completeness and accuracy of the disclosed data proactively.

Similarities in SOX and ESG journeys

- While there are many parallels between SOX and ESG, the latter is more challenging as there are no standard metrics and policies around ESG.
- Organizations need to make sure they have defined policies to make ESG reporting more consistent.
- Unlike SOX, ESG depends not only on the finance function but also on broader functions within the enterprise, making it comparatively complex to implement controls.

Potential considerations to ESG reporting production process

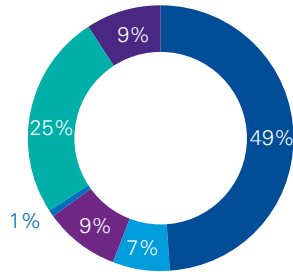
- The introduction of nonfinancial reporting into financial reporting processes can bring several challenges.
- Organizations need to work towards standardizing the data source and IT controls around ESG.

Closing comments

- CFOs are highly focused on ESG, its impact, and what would be required going forward.
- Since ESG will ultimately be the CFO's responsibility from a finance perspective, there is a need to integrate the technology components around ESG with the existing reporting mechanism to create a reporting suite.
- In the current scenario, there is an increasing opportunity for the finance, ERM, and audit functions to partner across the lines of defense to integrate and create a substantial impact.

Which of the following technology solutions are leveraged today or will be leveraged by finance for your company?

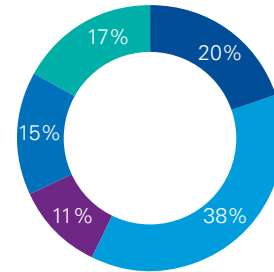
1322 Responses



- Single Cloud ERP/EPM platform
- Machine learning
- Artificial intelligence
- Blockchain
- All of the above
- None of the above

Which emerging risk is most impacting your organization?

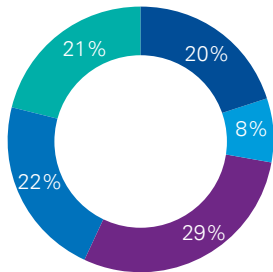
1322 Responses



- Digital transformation and large technology changes
- Cyber and data security
- ESG and emerging compliance needs
- Culture and workforce disruption
- Supply chain

What future KPIs would you most want to measure to demonstrate value to stakeholders?

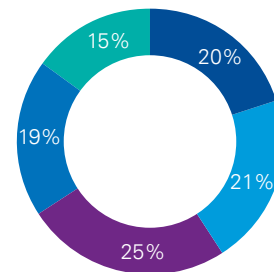
1222 Responses



- Team capabilities and skillsets
- IA approach and techniques
- Insights provided through audit efforts
- Better understanding of the business
- Continuous monitoring and auditing

What is your biggest concern when it comes to ESG reporting?

360 Responses



- Varied regulations
- Multiple data sources
- Inconsistent reporting
- Different standards
- System inabilities

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