



# AC Forum

Preparing for the new reality Key considerations for Audit Committees



# Shaping the New Reality

**Four phases that organizations will move through as they respond to COVID-19:**



The implementation of the New Reality requires alignment and possibly rethinking of the people as part of the business strategy.

- People strategy aligned to New Reality business priorities
- Human Resources function to lead the transformation across the organisation to promote collaboration, connectivity and new ways of working
- Leadership and teams aligned and equipped with the capabilities to drive the New Reality
- Agile ways of working
- Flexible blended digital learning journeys and the acceleration of automation

# 5 Top concerns and considerations



1. Financial Stress Testing



2. Liquidity, Financing and Financial reporting



3. Fraud Risk, Scams and Cyber



4. Supply Chain management



5. Customer Experiences and Behavior





$$\text{€}65M \div 12 = \text{€}4240PCM$$

# 1. Financial Stress Testing

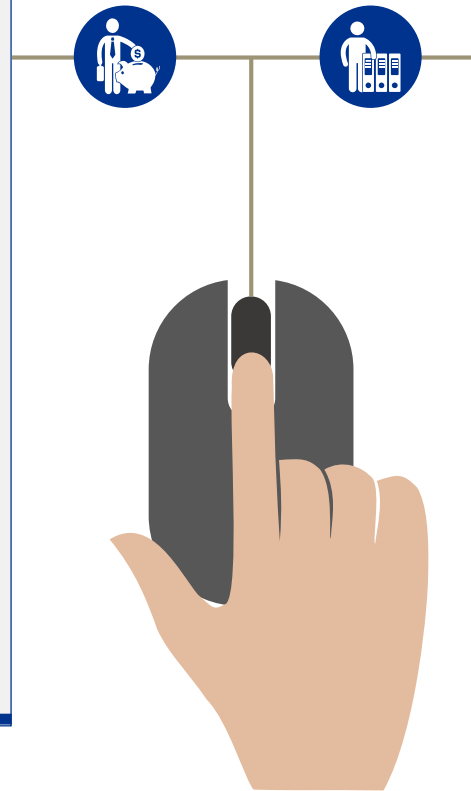


# 1. Financial stress behavior during the pandemic



## Challenges and concerns

- Short-term cash flow position – customer hoarding cash, supplier seeking faster payment, slow revenue generation, fixed costs maintained
- Cash preservation – timing and prioritization
- Financial institution and covenants – seeking additional funding and likelihood of financial covenant breach
- New government support measures



## Industry Insights

- Adapting a cash forecast taking into account the following:
  - Regular and constant revision with times
  - Resilience strategies and responding to priorities
- Allowing ease when engaging with creditors and funders



$$\text{€}65\text{M} \div 12 = \text{€}4240\text{PCM}$$

## 2. Liquidity, financing and Financial reporting

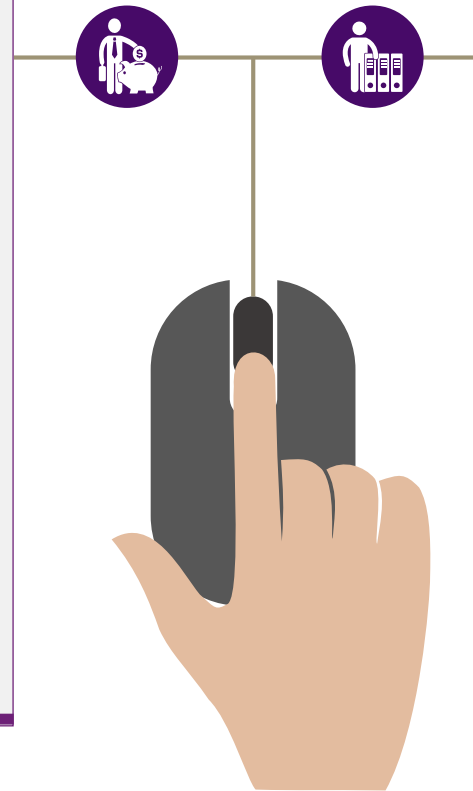


# 2.1 Liquidity and financing during the pandemic



## Challenges and concerns

- Uncertainty - demand and supply chain
- Inexperience management
- Government support - eligibility, accessibility and delivery
- Debt facilities – accessibility



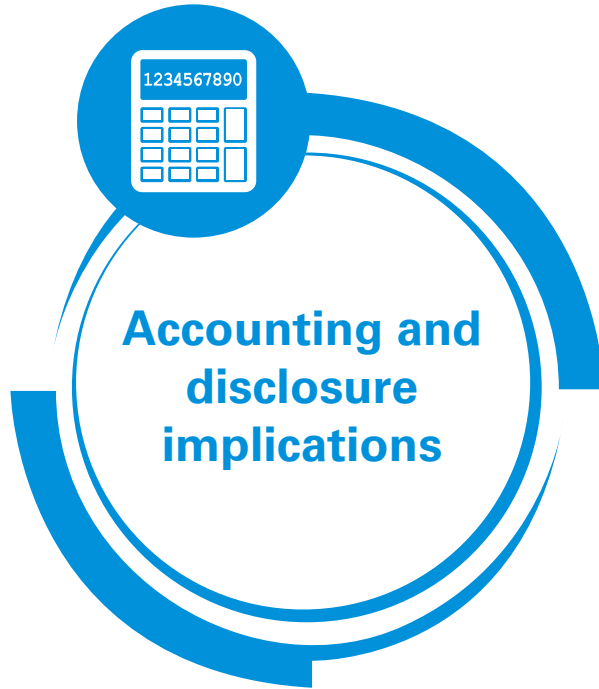
## Industry Insights

- Cost reduction – halting payments and cost cutting
- Drawing on available credit
- Financial access – financing strategies/options, debt facilities, funding schemes
- Engaging with tax authorities – tax payment holidays

# 2.2 Financial and reporting



What are the direct and indirect impacts of COVID-19?





# Have you considered...



Are assets being carried at appropriate amounts?



What are the relevant going concern considerations?



Are all liabilities fully recorded and properly presented?



What are the impacts on revenue-cycle accounting?



Impact of COVID-19



What are the impacts on key financial instruments?



How should government assistance be accounted for?



What is the impact on employee benefits?



Have changes been made to lease contracts?





$$€65M \div 12 = €4240PCM$$

### 3. Fraud Risk, Scams and Cyber



# Current and potential COVID-19 related fraud and scams



# The new reality for cyber security





# 4. Supply Chain management



# Questions for the Board... |



Supply base and supplier locations



Distribution locations and partners



Insourcing versus outsourcing approach



Manufacturing footprint



Procurement structure and approach



Labor shortage



Customer demand



Cost and time





# 5. Customer Experiences and Behavior



# Is my organization commercially resilient?



Changes in customer spending, values and behaviors



Adapt and pivot while reflecting on purpose, brand and strategies



Brand and customer strategy



Cost enterprise and growth





# Have you considered...



- Reviewing channel strategies
- Developing plans and solutions for the business



- Revaluating infrastructure investments
- Segmenting customers



- New digital marketing and communications platforms
- Engaging and responding directly



- Assessing short-term disruption on longer-term patterns



- Re-engineering customer journeys and processes

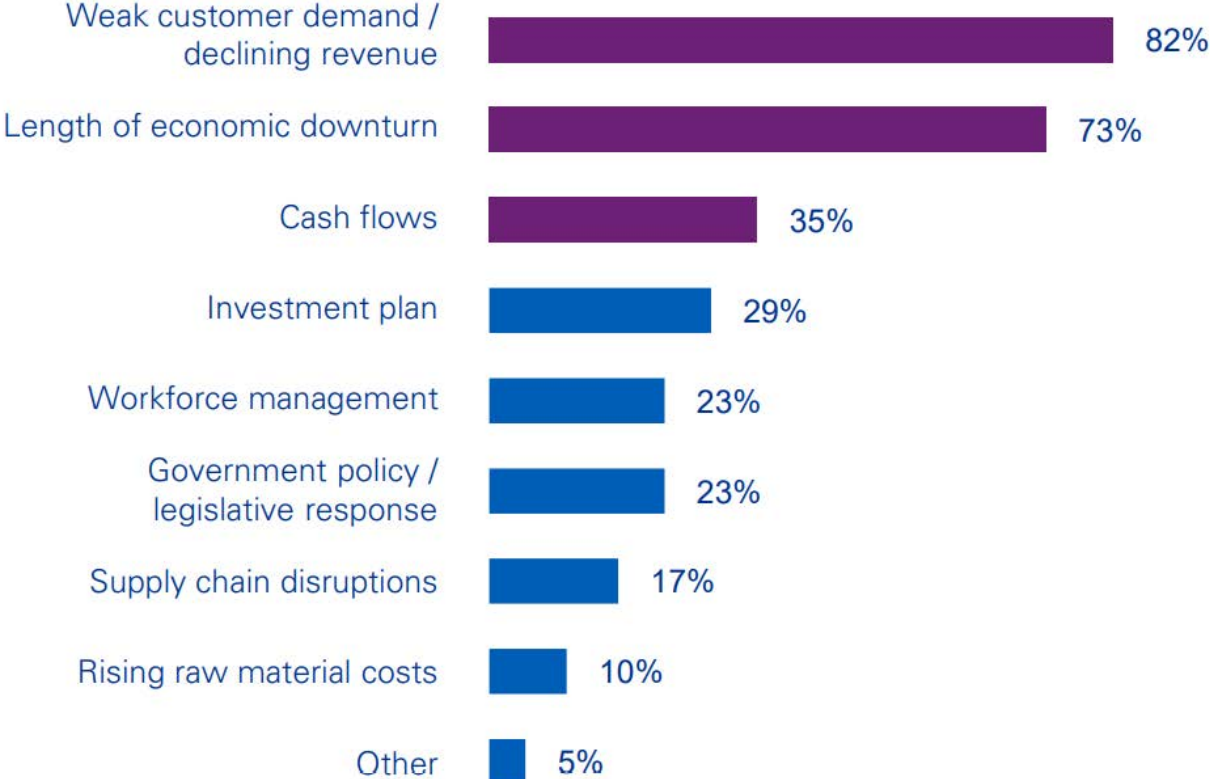


- Establishing and monitoring customer demand and behaviors



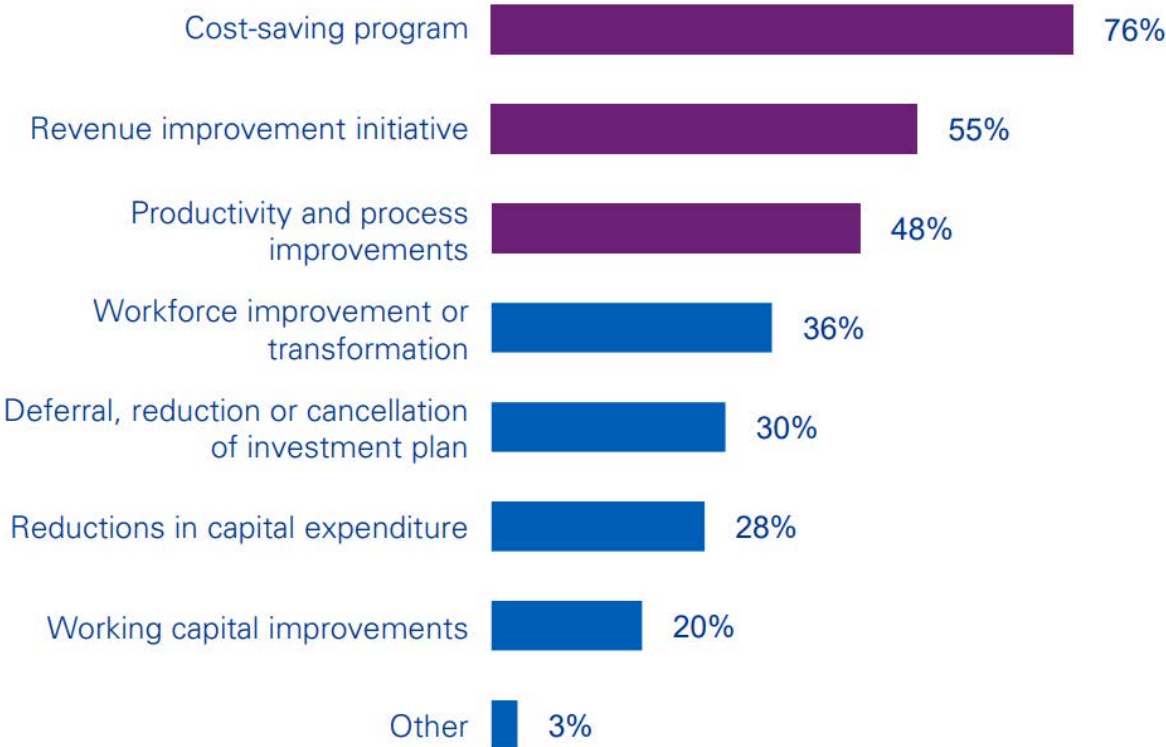
# Thailand C-Level Executive Pulse Survey: Business Sentiment during the COVID-19 Crisis

1. What are the **top three pressing concerns** for your company in the **next 12 months**?



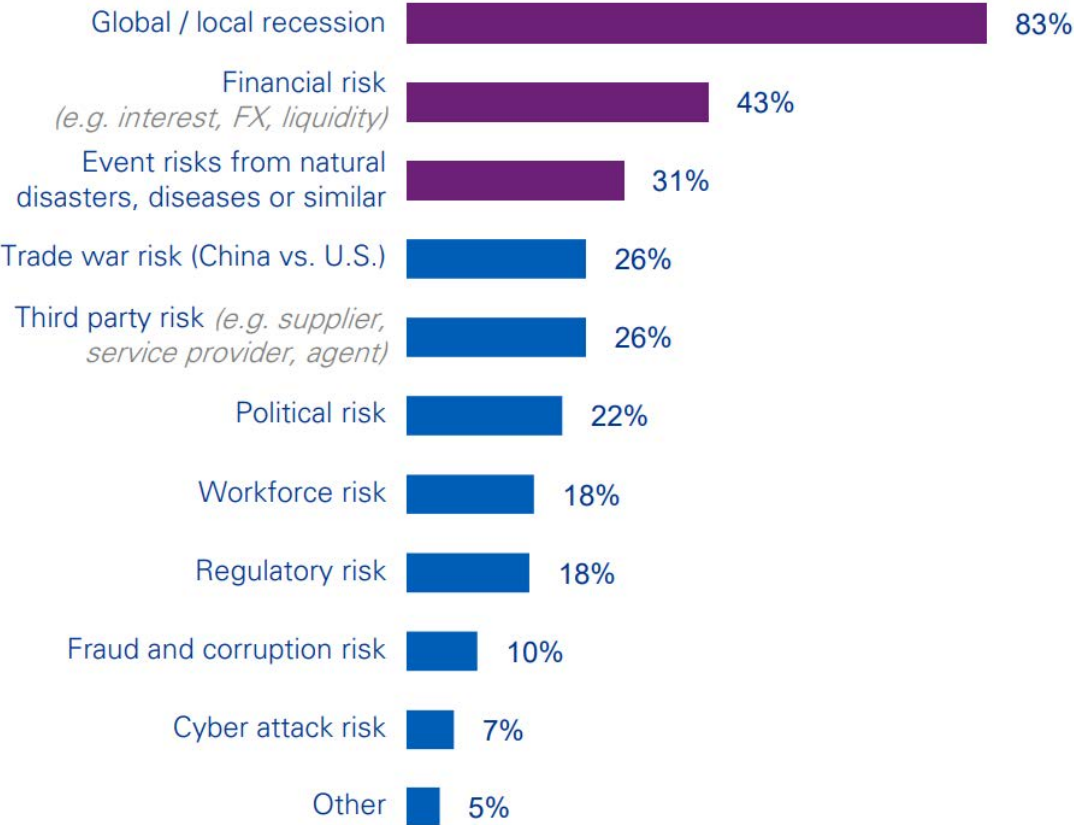
# Thailand C-Level Executive Pulse Survey: Business Sentiment during the COVID-19 Crisis

2. What are the **top three actions** that your company is taking to counter the effects of a **slowdown in economic growth**?



# Thailand C-Level Executive Pulse Survey: Business Sentiment during the COVID-19 Crisis

3. What do you see as the **top three risks** to your company in the **next 12 months**?





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