Quarterly Outlook

September 2024

The FASB is set to launch a range of proposals, the SEC shares additional views on segment reporting, and PCAOB activity remains steady.

US GAAP

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Quarterly Outlook

September 2024

This quarter, the FASB is set to unveil seven proposals for public comment. The proposals cover a range of topics – many garnering broad interest. Among them, a new proposal that would introduce scope changes to Topic 815 (derivatives and hedging).

The SEC staff has shared additional views on applying Topic 280 (segments), including adopting ASU 2023-07 on segment reporting. In addition, the SEC's ongoing focus on cybersecurity disclosure is evident. The SEC staff has issued another statement and new Compliance and Disclosure Interpretations (C&DIs) on the SEC's new cybersecurity disclosure rules, emphasizing the importance of transparency in this critical area.

On sustainability, amendments to the California climate laws have progressed – signaling that companies should not delay moving forward with their preparation for adoption – and regulation and guidance from the European Union continues apace.

The PCAOB continues to be particularly active, with several developments garnering attention this quarter. Notably, the SEC has approved various PCAOB standard-setting and rulemaking actions, which the SEC chair has cited as 'wins for investors'. In addition, a Q2 proposal concerning firm- and engagement-level metrics has elicited considerable feedback from audit firms and other key stakeholders.

Our Quarterly Outlook summarizes these accounting and financial reporting developments and others potentially affecting your company in the current period or near term.

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1 Current quarter financial reporting matters

Sustainability reporting developments – California and EU in focus

The biggest news in Q3 is that amendments to the California climate laws have progressed – signaling that companies should not delay moving forward with their preparation for adoption – and there has been a continuing stream of regulation and guidance from the European Union.

US developments: California

Since the laws were originally signed in October 2023, there have been several rounds of proposed amendments.

Amendments to GHG emissions and climate risks disclosures almost final

As discussed in our Hot Topic, in June 2024, the Governor's administration proposed amendments to both SB-253 (GHG emissions) and SB-261 (climate risks) – most notably by proposing to defer the effective dates by two years (to 2028).

In late August, California legislators approved SB-219, which would amend the laws differently from the proposals made by the Governor's administration in June 2024. These proposals will become law unless vetoed by the Governor on or before September 30.

- SB-219 would maintain the 2026 effective date for reporting GHG emissions and climate risks – i.e. diverging from the Governor's proposed two-year delay.
- The date for CARB to adopt regulations would be deferred by only six months to July 1, 2025 – i.e. diverging from the Governor's proposed two-year delay.
- Consistent with the Governor's proposal, SB-219 would permit reporting at the consolidated parent company level for GHG emissions – i.e. extending the relief in SB-261.

Further proposed amendments to carbon offsets disclosures

Also discussed in our Hot Topic, in March 2024, AB-2331 would amend AB-1305 (carbon offsets). The original proposal would have deferred the effective date by one year (to January 1, 2025) and excluded renewable energy certificates (RECs), among other things.

In late August, California legislators further modified AB-2331 so that it would defer the effective date of AB-1305 to July 1, 2025 – i.e. a further six-month delay from the original proposal. The proposal to exclude RECs has also been withdrawn. The future of this proposal is currently uncertain because no vote was held in what was the final scheduled legislative session of the year.

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EU developments

Q&As on the Corporate Sustainability Reporting Directive (CSRD)

To support companies in scope of the CSRD, the European Commission (EC) has issued 90 frequently asked questions covering:

- which companies are in scope of the CSRD;
- details around the assurance of CSRD disclosures; and
- practical arrangements for publishing CSRD disclosures.

While the guidance is helpful, it is important for companies to continue to track the transposition of the CSRD into legislation in the countries where the group may be in scope. This will help to understand if there are country-specific issues to consider.

Applying European Sustainability Reporting Standards (ESRS)

The European Financial Reporting Advisory Group (EFRAG) continues to publish answers to questions submitted through its open Q&A platform. While the Q&As are not authoritative and do not cover content that is not already in the standards, they are helpful in providing clarity on aspects of ESRS that may be unclear.

In addition, to support the first wave of companies in applying ESRS, the European Securities and Markets Authority (ESMA) has issued a statement highlighting:

- the guidance already available or under development that companies are expected to consider; and
- the key areas to assess when preparing sustainability statements under ESRS for the first time.

ESMA "strongly encourages issuers to consult the support material made available by EFRAG, which provide insights for practical use of the standards and illustrations." Key material issued by EFRAG to date includes its implementation guidance on materiality and the value chain.

EU Taxonomy

While the EU Taxonomy Regulation is not new, in our experience many US companies are overlooking the challenges of complying with the EU Taxonomy in preparing their first report under the CSRD.

The Regulation establishes a classification system that helps companies and investors identify 'environmentally sustainable' economic activities, classified under six environmental objectives defined by the EU to reorient capital flows toward sustainable investment. For each of the six environmental objectives, companies must disclose key performance indicators based on revenue, capital expenditure and operating expenditure.

For an overview of the requirements – including challenges and how to kick-start implementation – listen to our podcast and read our overview.

Corporate Sustainability Due Diligence Directive (CSDDD)

In July 2024, the CSDDD entered into force. It establishes corporate sustainability due diligence obligations – related to adverse environmental and human rights impacts – for

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companies operating in the EU, including non-EU companies with significant operations in the EU.

These new requirements – which include a climate transition plan that is compatible with limiting global warming to 1.5 degrees Celsius in line with the Paris Agreement – apply not only to the operations of the company, but also to the operations of subsidiaries and business partners in a company's chain of activities (i.e. its value chain).

Our Hot Topic explains the scope, key requirements and implications – as well as the link to the CSRD.

ESG resources to keep coming back to:

- Sustainability reporting for US financial reporting professionals: KPMG Financial Reporting View
- International sustainability reporting: KPMG ISSB sustainability reporting resource center
- European sustainability reporting: KPMG ESRS sustainability reporting resource center

Accounting for economic disruption

In recent years, the global economy has experienced a series of significant disruptions that have had far-reaching consequences. This includes a global pandemic, supply chain disruptions, natural disasters, market volatility and financial crises. These challenges have not only shaken economies and industries worldwide but have also had a profound effect on accounting and financial reporting practices.

During periods of economic disruption, it is crucial for companies to promptly identify potential financial statement impacts and consider the accounting and disclosure consequences. Regulators place a strong emphasis on high-quality financial reporting during these times and closely scrutinize the sufficiency and timeliness of related disclosures. Transparency becomes particularly important, especially when it comes to estimation uncertainties and the underlying basis for critical judgments used in financial reporting.

To assist companies in navigating turbulent times, KPMG has developed a comprehensive Handbook that provides guidance on how various balance sheet and income statement line items and disclosures can be affected by economic disruption. We strongly encourage companies to consult our guide when assessing the impact of economic disruption on their financial reporting so that they may proactively address the challenges posed by economic disruption, and effectively consider the related accounting and disclosure consequences.

Considerations for purchasers of income tax credits

Among other things, the Inflation Reduction Act of 2022 (IRA) introduced a number of new tax credits related to renewable energy and advanced manufacturing projects. Under the IRA, certain tax credits are eligible for bonus amounts whereby the amount of the credit that can be claimed is increased by a multiple of five if the taxpayer or eligible project satisfies 'prevailing wage and registered apprenticeship' requirements.

The IRA also allows entities to sell certain of these tax credits for cash. A buyer applies Topic 740 (income taxes) to the purchased credit and therefore:

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- recognizes it as an asset if it is more likely than not that the taxing authorities will sustain the credit on its technical merits; and
- measures it based on the largest amount that is greater than 50% likely of being realized.

As the market continues to develop and expand, tax credit buyers applying Topic 740 should be cognizant that there are many intricacies involved in demonstrating that a project is eligible for bonus amounts. These intricacies may have accounting implications when applying Topic 740 – i.e. uncertainties may affect recognition and/or measurement of the purchased tax credit.

KPMG resources: Handbook: Tax credits

SEC prioritizes cybersecurity disclosures

The SEC continues to emphasize and clarify the requirements for disclosing material cyber incidents on Form 8-K. In June, the SEC's Director of the Division of Corporation Finance released a second statement to clarify that the cybersecurity disclosure rules do not prohibit the sharing of additional information with relevant parties about material cybersecurity incidents, and to address concerns about violating Regulation FD.

The final cybersecurity disclosure rules, which became effective on September 5, 2023, require registrants to disclose (1) material cybersecurity incidents on Form 8-K Item 1.05, and (2) their processes for assessing and managing material risks from cybersecurity threats, including the role of management and board of directors' oversight, on Form 10-K. The SEC staff's first statement, issued in May, further emphasized the importance of disclosing material cybersecurity incidents under Item 1.05 of Form 8-K.

In addition, the SEC staff has issued new C&DIs to provide guidance on materiality determination and disclosure requirements for ransomware incidents involving cybersecurity attacks and ransomware payments.

US Court of Appeals overturns SEC's Private Fund Adviser Rule

On June 5, 2024, the US Court of Appeals for the Fifth Circuit unanimously overturned the entirety of the SEC's Private Fund Adviser Rule, which was adopted by the SEC on August 23, 2023, and applies to investment advisers to private funds. The court ruled in favor of six private equity and hedge fund groups that challenged the regulations, stating that the SEC exceeded its statutory authority in adopting the Rule.

The final rules had intended to protect those who directly or indirectly invest in private funds and address the SEC's primary concerns that it has observed in the industry, including lack of transparency, conflicts of interest and lack of governance mechanisms.

SEC approves new and amended PCAOB standards and rules

Between August and September, the SEC approved two new auditing standards that govern the auditor's role and responsibilities and set out enhanced requirements for quality control at audit firms.

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- AS 1000, *General Responsibilities of the Auditor in Conducting an Audit* enhances and consolidates existing standards on auditor responsibilities, emphasizing the need for due professional care, professional skepticism and competence in conducting an audit. It also clarifies the auditor's responsibility to evaluate whether the company's financial statements are 'presented fairly'.

  AS 1000 and the related amendments are generally effective for audits of financial statements for fiscal years beginning on or after December 15, 2024.

- QC 1000 replaces current quality control (QC) standards and will require audit firms to identify specific risks to audit quality and design a QC system that includes policies and procedures to mitigate these risks. Audit firms will also be required to conduct annual evaluations of their QC systems and report the results of their evaluation to the PCAOB on a new Form QC.

  QC 1000 is effective on December 15, 2025.

On August 20, 2024, the SEC also approved the PCAOB's amendment to Rule 3502, *Responsibility Not to Knowingly or Recklessly Contribute to Violations*, which governs the liability of an associated person of a registered public accounting firm who contributes to that firm's violations of the laws, rules and standards that the PCAOB enforces. The amendment changes the liability standard from recklessness to negligence, which represents a lower threshold when evaluating a departure from the standard of care. The amendment will become effective 60 days after SEC approval.

Finally, the SEC approved amendments to AS 1105, *Audit Evidence* and AS 2301, *The Auditor's Responses to the Risks of Material Misstatement,* which address auditors' use of technology-assisted analysis in audit procedures, commonly referred to as data analysis/analytics. These amendments clarify and strengthen requirements in areas such as evaluating the reliability of electronic information used in audit procedures, using audit evidence for multiple purposes, and performing tests of details over transactions and balances highlighted by technology-assisted analysis. The amendments are effective for audits of financial statements for fiscal years beginning on or after December 15, 2025.

Stakeholders react to the PCAOB proposal on firm and engagement metrics

On April 9, 2024, the PCAOB proposed amendments to its rules and reporting forms to require the reporting by audit firms of specified firm- and engagement-level metrics. The requirements would apply to firms that audit one or more issuers that qualify as an accelerated filer or large accelerated filer. The metrics outlined in the proposal relate to (1) audit effort and hour allocations, (2) auditor workload and retention, (3) auditor experience and (4) other performance and monitoring metrics. The comment period on the proposal closed on June 7, 2024. Unsurprisingly, the proposal has gained a lot of attention from audit firms and other key stakeholder groups.

Feedback received from audit firms, investors and audit committees was broadly consistent, highlighting general support for public disclosure of certain firm-level metrics and private communication to audit committees of engagement-level information that could be used to facilitate two-way dialogue between the audit committee and the auditor on audit quality. Concerns raised by commenters included considerations around risk of misuse, misunderstanding and misinterpretation, lack of comparability, and potential for unintended

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consequences, along with insufficient economic analysis to support the need for the new reporting requirements.

The PCAOB is performing an analysis of the comment letters received. A timeline and extent of any further actions related to the proposal will depend on the Board's consideration of the feedback received and the extent of any changes to the proposal that the PCAOB may be considering.

KPMG resources: Hot Topic

Additional audit developments of interest to audit committees

PCAOB shares observations on use of Generative AI

In a recent Spotlight, the PCAOB provided insights from its outreach to audit firms and companies regarding integration of generative Artificial Intelligence (GenAI) in audits and financial reporting. Among other things, the Spotlight discussed:

- how auditors and preparers currently use GenAI;
- potential areas where GenAI tools may assist audit engagement teams in planning and performing audits in the future;
- the importance of appropriate oversight over the development, integration and use of GenAI tools; and
- limitations on and risks related to the use of GenAI, including questions around the auditability of certain GenAI created input.

PCAOB shares perspectives from conversations with audit committees

In a recent Spotlight, the PCAOB shared its observations and takeaways from the conversations it held with audit committee chairs in connection with 2023 inspections, focusing on areas such as:

- economic environment affecting the audit; and
- audit workforce, including availability of resources, effects of working in remote and hybrid environments and use of technology.

The Spotlight also highlighted other topics that audit committees spent significant time discussing with their auditors, including how audit committees are monitoring their auditors' quality control systems and independence.

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2 New standards and guidance

Segment reporting: Adopting ASU 2023-07; Recent SEC staff views

ASU 2023-07: Key changes

ASU 2023-07 enhances segment reporting under Topic 280 (segment reporting) by significantly expanding the breadth and frequency of segment disclosures. ASU 2023-07 includes the following key changes and disclosure requirements for public companies.

- **Significant segment expenses**. Disclose significant segment expenses regularly provided to the chief operating decision maker (CODM) and included within each reported measure of segment profit or loss.
- **Other segment items.** Disclose the amount and composition of other segment items by reportable segment. This amount reconciles segment revenue less significant expenses, and each reported measure of segment profit or loss.
- **Use of the measure(s) of segment profit or loss.** Disclose how the CODM uses the reported measure(s) of a segment's profit or loss in assessing segment performance and deciding how to allocate resources.
- **Title and position of the CODM.** Disclose the title and position of the CODM.
- **Interim disclosures.** Disclose all reportable segment profit or loss and assets disclosures currently required annually by Topic 280, as well as those introduced by the ASU.
- **Multiple measures of segment profit or loss.** When the CODM uses more than one measure of a segment's profit or loss to allocate resources and assess segment performance, the ASU permits multiple measures to be reported, as long as the measure most consistent with how corresponding amounts in the consolidated financial statements are measured is also reported (the required measure).
- **Single reportable segment entities.** The ASU clarifies single reportable segment entities must apply Topic 280 in its entirety.

ASU 2023-07 is effective as follows.

Effective for:	Public business entities
Annual periods in fiscal years beginning after…	December 15, 2023
Interim periods in fiscal years beginning after…	December 15, 2024
Early adoption?	Yes

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Recent SEC staff views

At the 2023 AICPA & CIMA Conference on Current SEC and PCAOB Developments and more recently, the SEC staff shared its views on applying Topic 280, including adopting ASU 2023-07.

Segment revenue

The SEC staff has indicated that because revenue from external customers is a specified amount defined in Topic 606 (revenue recognition), the disclosure of revenues from external customers under Topic 280 should generally align with the defined amounts in Topic 606.

Significant segment expenses

The ASU does not require a significant segment expense to be calculated under US GAAP. However, the SEC staff noted that other requirements may apply when an entity discloses such an expense, to avoid the information from being misleading.

Meaning of regularly provided

The SEC staff has indicated that financial information reviewed by (or provided to) the CODM quarterly would be considered 'regularly' reviewed (or provided). However, regularly could be less frequent than quarterly depending on the facts and circumstances.

Multiple measures of segment profit or loss

The SEC staff has identified guardrails registrants should adhere to when disclosing multiple profit or loss measures for each reportable segment. Although the ASU permits additional measures to be disclosed alongside the required measure, these additional measures are not expressly required by the ASU and might be determined using principles other than US GAAP.

The SEC staff noted that even though its regulations prohibit the inclusion of non-GAAP financial measures in the notes to the financial statements, it will not object to additional non-GAAP measures of profit or loss being included in the notes to the financial statements if they:

- are regularly reviewed and used by the CODM to allocate resources and assess segment performance; and
- comply with the requirements under both Topic 280 and the SEC's non-GAAP financial measures rules and regulations (Reg G and Reg S-K Item 10(e)).

However, the staff clarified that the required disclosures for non-GAAP financial measures are not required to be provided in the notes to the financial statements. They can appear in another section of the filing that includes the additional measure of segment profitability (such as MD&A) and the notes do not need to reference the other section indicating where the required disclosures are located.

Further, the SEC staff believes it would be acceptable for an entity to disclose different measures of segment profit or loss for different reportable segments if the CODM uses those measures to assess performance and allocate resources.

Single reportable segment entities

When a single reportable segment entity is managed on a consolidated basis, the SEC staff expects the required measure of segment profit or loss to be consolidated net income. A

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measure other than consolidated net income can be disclosed but only as a voluntarily disclosed measure, subject to the guidance explained above for multiple measures of segment profit or loss.

The SEC staff has acknowledged that there may be circumstances where an entity is organized as a single operating (and reportable) segment but not managed on a consolidated basis. An entity should consider the guidance in Codification paragraphs 280-10-55-15D and 280-10-50-4 to determine whether it is managed on a consolidated basis. However, the SEC staff stated that the mere exclusion of a corporate headquarters or certain functional department from a measure of profit or loss reviewed by the CODM is not determinative as to whether an entity is managed on a consolidated basis.

For KPMG's observations and guidance on the above matters, please refer to our recent Hot Topic: Segment reporting – Important SEC clarifications and to KPMG Handbook: Segment reporting (post ASU 2023-07), specifically sections 4 (Identify and aggregate operating segments) and 6 (Segment disclosure requirements).

Next steps

Companies should not underestimate the time and effort it will take to implement the ASU's numerous requirements. To prepare for change, we recommend that management:

- review and understand the new requirements under ASU 2023-07;
- determine which of the new requirements will impact the entity's segment disclosures;
- take a fresh look at the CODM package to identify which information is regularly provided and is significant;
- update processes and controls for the new required disclosures;
- prepare draft segment disclosures based on the ASU's requirements;
- consider whether to disclose additional measures of profit or loss and ensure such disclosure would comply with the SEC staff's guidance on including additional measures in the financial statements; and
- discuss draft segment disclosures with the auditors and other internal stakeholders.

KPMG resources: Handbook: Segment reporting (post-ASU 2023-07), Podcast, Webcast and Hot Topic

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3 Projects and agenda priorities

FASB inches closer to a final DISE standard

The FASB has reached a pivotal moment in its project on disaggregation of income statement expenses (DISE), with its due process nearing completion. In June, the Board held its final meeting to redeliberate key issues, addressing outstanding items and instructing its staff to prepare a final ASU for a vote by written ballot.

Key decisions made during the June meeting relate mostly to simplifying the disaggregation of inventory expenses, and include:

- **Purchases of inventory:** The Board reaffirmed its decision to replace the 'inventory and manufacturing expense' category with 'purchases of inventory' as a prescribed natural expense category. This change eliminates the previously proposed second table that would have required a rollforward of inventory and manufacturing expenses. Purchases of inventory will include only amounts recognized under Topic 330 (Inventory) and related industry subtopics.

- **Relevant expense captions:** The Board clarified that an entity may disaggregate any relevant expense caption that contains prescribed categories recognized under Topic 330 on either a costs-incurred or expenses-incurred basis. If an entity changes its basis of presentation for that disclosure between reporting periods, recasting prior periods will be required unless impractical.

- **Practical expedient**: The Board introduced a second practical expedient, allowing entities that present costs of purchases or costs of materials on the income statement – where *substantially all* of that expense caption comprises amounts recognized under Topic 330 – to qualitatively describe the composition of that expense caption instead of further disaggregating it.

- **Transition:** The amendments will require prospective application, with an option for retrospective application.

- **Effective date**: The new requirements will be effective for annual periods in fiscal years beginning after December 15, 2026 (e.g. the 2027 Form 10-K for calendar year-end entities), with interim period reporting required immediately after.

Stay tuned for a KPMG Defining Issues publication, accessible on KPMG Financial Reporting View, which will provide a summary of the new standard following the release of the final ASU.

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FASB proposes to revise the scope of derivative accounting

The proposed ASU would exclude from derivative accounting (Topic 815) contracts that are not exchange traded with underlyings that are based on operations or activities of one of the parties to the contract. Contracts based on certain underlyings, such as market rates or indexes, would not qualify for the proposed scope exception. As a result of the proposal, more contracts and embedded features would be excluded from the scope of Topic 815. Companies would then be required to determine how to account for such contracts.

In addition, the proposal further clarifies that the revenue guidance in Topic 606 (revenue recognition) would apply when a share-based payment is consideration from a customer in exchange for the transfer of goods or services. Under the noncash consideration guidance in Topic 606, a share-based payment is measured at fair value at contract inception and recognized as an asset when the right to receive or retain the share-based payment is no longer contingent on the satisfaction of a performance obligation. Companies would only apply the guidance on derivatives (Topic 815) and equity securities (Topic 321) once the share-based payment is recognized as an asset under Topic 606.

The comment period ends October 21.

KPMG resources: Project web page

June PCC/SBAC meeting

The Private Company Council (PCC) and Small Business Advisory Committee (SBAC) jointly met in June and discussed PCC agenda prioritization, as well as certain FASB projects of interest to private companies. Key highlights are summarized below.

- **PCC agenda priorities.** The PCC discussed its agenda priorities – specifically two areas that the PCC is considering for additional research: (1) credit losses – short-term trade accounts receivable and contract assets, and (2) debt modifications and extinguishments.
  - Generally, neither PCC nor SBAC members have observed a significant financial statement effect from applying Topic 326 (credit losses) to short-term trade accounts receivables and contract assets. They did, however, observe certain ongoing costs to implement the guidance.
  - SBAC members supported simplifying guidance on debt modifications and extinguishments, but others did not have a preference for the accounting treatment (modification versus extinguishment) if the transaction and terms of the refinanced debt are disclosed.
- **Accounting for and disclosure of software costs.** PCC and SBAC members generally supported the Board's tentative decisions on this project, but some observed that certain judgments related to evaluating the 'probable to complete' recognition threshold may be challenging to audit and emphasized the importance of illustrative examples of this evaluation. Members from both groups also discussed the accounting for maintenance and enhancement costs and presentation in the statement of cash flows.
- **Accounting alternatives and changes in accounting principles.** The PCC and SBAC members discussed what circumstances and factors the Board should consider when determining whether to provide accounting alternatives in US GAAP, including options and practical expedients. Members who make capital allocation decisions emphasized

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consistent financial reporting within a company and comparability among companies. They also suggested requiring companies to disclose all accounting alternatives and changes in accounting principles in a single note to the financial statements to improve transparency and accessibility of information about accounting changes. Some PCC and SBAC members observed the importance of striking a balance between providing comparable financial information and information that reflects the economics of a company's business. Both groups also discussed preferability assessments under Topic 250 (accounting changes and error corrections).

In addition, PCC and SBAC members expressed general support for the Board's tentative decisions on two projects: derivative scope refinements (now a proposed ASU) and the accounting for government grants.

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4 Recommended reading and CPE opportunities

Midyear observations on the board agenda

Approaching midyear, business leaders are bullish on growth and the opportunities ahead. At the same time, the macro forces of GenAI, climate change, a multipolar geopolitical landscape and the erosion of trust and healthy public discourse are sobering the outlook, prompting deeper boardroom conversations about risk and strategy, talent and what the future will look like for the company, corporate America and the country. KPMG BLC Leader and Audit Partner **John Rodi**, KPMG BLC Executive Director **David A. Brown** and KPMG BLC Senior Advisor **Patrick A. Lee** share observations and insights – based on their ongoing work with directors and recent conversations with business leaders and luminaries at the 2024 KPMG Board Leadership Conference – that may be helpful as boards calibrate their agendas for the second half of 2024. Read the article.

Opinion: Finance leaders need to move quickly to prep for the 'tax trifecta'

Changes – maybe dramatic ones – are coming in the world of tax policy. With a US presidential election, the US' continued non-alignment with the global minimum tax, and trillions of dollars' worth of expiring provisions from the 2017 Tax Cuts and Jobs Act nearing, companies need to be vigilant and proactive in planning for the impending 'tax trifecta'. KPMG US Vice Chair – Tax **Rema Serafi** discusses how companies must take a proactive approach to scenario planning and prepare to adapt given the myriad of tax policy shifts on the horizon. For example, by integrating advanced data analytics tools, businesses can model various tax scenarios and their potential impacts on financial performance. Real-time monitoring systems are crucial for staying updated on legislative changes and for quickly adjusting strategies. Read the article.

In the age of AI, the role of the CAIO will be indispensable (and here's why)

AI underwent a paradigm shift in November 2022, pivoting from a technology advancing in the background to a frontstage disruptor. Fast forward to now and we've already reached the next phase of GenAI, with consumers embracing the technology and organizations beginning to invest at-scale. KPMG US Vice Chair – AI and Digital Innovation **Steve Chase** discusses how the sheer magnitude and ubiquity of how GenAI will change the way we work and live requires a new visionary that balances technical understanding with business acumen, strategic foresight and innovation. Read the article.

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AI, data centers, and energy use: The path to sustainability

Thanks in part to skyrocketing AI, data center usage is booming – and so is energy consumption. This could spell risks for energy, tech, data and companies alike. This also creates a significant opportunity for data and tech companies to decarbonize, build trust and reduce their long-term costs. Several estimates indicate that data centers make up about 2% of global greenhouse gas (GHG) emissions – on par with the entire aviation industry. KPMG Global and US TMT Leader **Mark Gibson** and KPMG US Energy Leader **Angie Gildea** discuss how massive increases in data centers would put incredible strains on an electricity grid that is already grappling with increased power needs from things like plug-in hybrids, electric vehicles, and a resurgence in US manufacturing. Read the article.

Boost employee retention by focusing on culture

Companies must work to build a culture that prioritizes empathy, authenticity, trust and a genuine commitment to employee well-being. By fostering an environment where employees are encouraged to be proactive culture ambassadors, companies can transform the workplace into a space that supports professional growth and personal well-being. KPMG US Managing Partner Stephen Penn discusses how this encourages employees to become ‘culture champions’ – active participants who are shaping a firm’s future, sharing insights with leadership on what’s working and what isn’t and enlisting other employees to engage in culture-forward efforts. Read the article (page 14).

Upcoming CPE opportunities

KPMG Executive Education is hosting the **34th Annual Accounting & Financial Reporting Symposium** in Las Vegas December 4-5. KPMG and industry thought leaders will share insights on FASB and SEC developments, audit committee issues, federal tax policy, the economy and technical accounting hot topics. Discounts are available. Find out more information here.

KPMG Executive Education’s in-depth seminars are also open for registration. The Public Seminars catalog contains descriptions of all live virtual and in-person courses. Please visit our website to see all course dates offered or contact us-kpmglearning@kpmg.com for more information.

KPMG Financial Reporting View (FRV) offers additional CPE opportunities, including registration information for upcoming Financial Reporting webcasts. The webcasts feature KPMG professionals discussing current and future accounting and financial reporting matters, and guidance for implementing new regulatory requirements and accounting standards.

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Our detailed discussion and analysis on topical issues that are of significant importance to accounting and financial reporting professionals.

ASU effective dates table

Our ASU effective dates table has moved to our Financial Reporting View website to provide real time access.

Financial Reporting Podcasts

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