



The Future of SOX: Trends in ICOFR Programs

Managing the Completeness and Accuracy of Data (C&A) continues to be a challenging topic for management, internal control functions and external auditors. At the same time, the increasing use of cloud computing is requiring organizations to reconsider risks, and redesign internal controls to adapt to the new technology environments. In a webcast, *The Future of SOX: Trends in ICOFR Programs*, on July 11, 2024, KPMG experts detailed practical ways that companies can use to address C&A and cloud computing internal control risks.

Key insights

- ✓ Growing cloud adoption impacts SOX compliance, requiring nuanced controls for user access and change management
- ✓ The reliance on third-party services and data requires thorough due diligence and monitoring to ensure a full understanding of the allocation of responsibilities between the organization and third parties, as well as to fully understand data flows
- ✓ Completeness & Accuracy of data continues to be a challenging concept for many control owners to understand, and identifying an effective and efficient way to perform and document the execution of the procedures adds further complexity
- ✓ Control design and testing approaches need to be differentiated between standard, custom, ad hoc reports, and spreadsheet reports to ensure an efficient approach
- ✓ Identifying Relevant Data Elements (RDEs) within key reports is crucial to ensure an effective and efficient C&A approach

5 things SOX professionals need to do now



Evaluate your organization's use of public, private, and hybrid cloud models to identify specific SOX compliance challenges



When evaluating data completeness, consider the ingestion of data, then data integrity and manipulation, and finally data output and extraction



Prioritize continuous learning for your control owners and internal controls team on the latest SOX compliance trends, cloud security, and technological advancements



Establish clear protocols for verifying the accuracy and completeness of key reports, including a process for regular review and validation



Utilize governance, risk, and compliance (GRC) tools for effective risk management, controls monitoring, and compliance reporting

What's on the mind of SOX professionals

Statistics based on polling data from 2,082 attendees of our July 17, 2024 *The Future of SOX: Trends in ICOFR Programs* webcast.

Source: KPMG US, "Replay: The Future of SOX: Trends in ICOFR Programs" (July 2024)

For more insights on the future of SOX, visit us at [The Future of SOX insights](#).

36% of professionals identify centralized access controls and management services as top cloud features for SOX compliance.

38% of professionals view complexity as the main challenge to attaining or assessing cloud-based SOX compliance.

34% of professionals reveal that 50-75% of the SOX IT applications under audit are utilizing cloud computing.

32% of professionals find industry newsletters and updates useful for staying current with cloud updates affecting their SOX environment.

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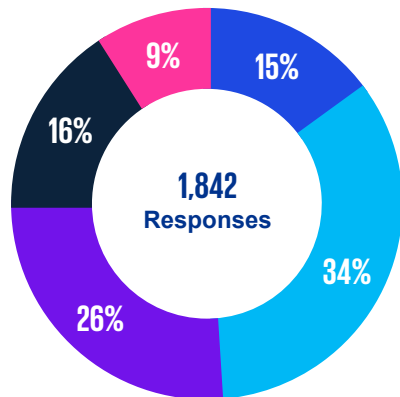


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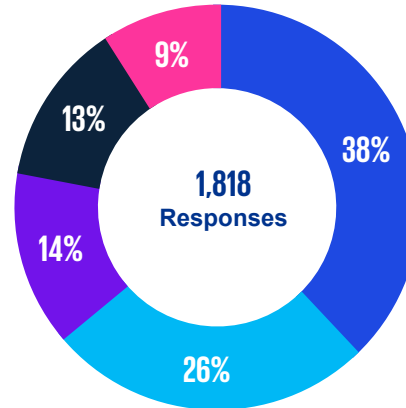
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What percent of the in-scope SOX IT Applications that you audit are leveraging Cloud Computing? – e.g., NetSuite (SaaS), Salesforce (PaaS), Custom applications (IaaS)



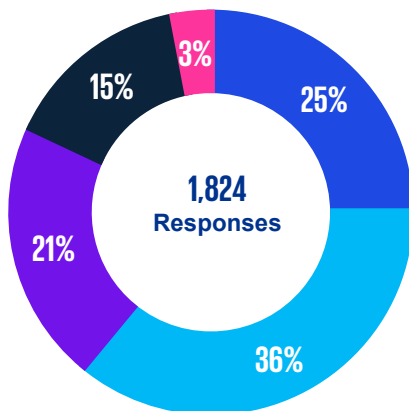
- 75-100%
- 50-75%
- 25-50%
- 0-25%
- None

What is the greatest challenge you face with respect to achieving or assessing SOX compliance of a Cloud Solution?



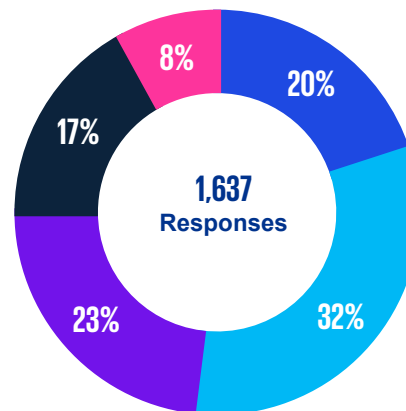
- Complexity (resulting in significant level of effort and/or resource demands)
- Lack of skills/expertise
- High or continuously increasing cost of achieving SOX compliance
- Other
- No significant challenges

What is the most helpful Cloud feature with respect to achieving or assessing SOX compliance of a Cloud Solution?



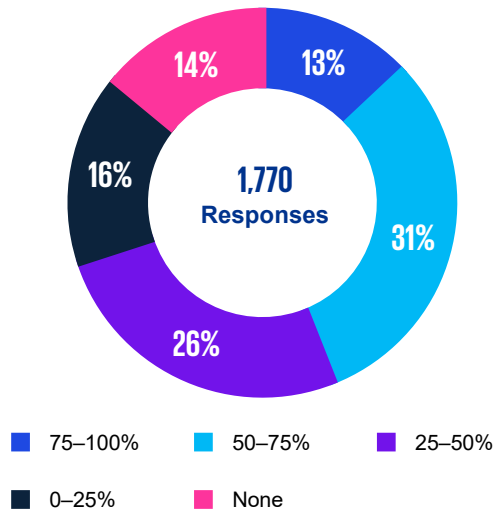
- Log availability – almost every activity can be recorded and be available for analysis
- Centralized Access Controls and Identity Management Services
- Automated Compliance Reporting
- Other
- No helpful features

How do you keep up-to-date with new Cloud features and developments that impact your SOX environment?

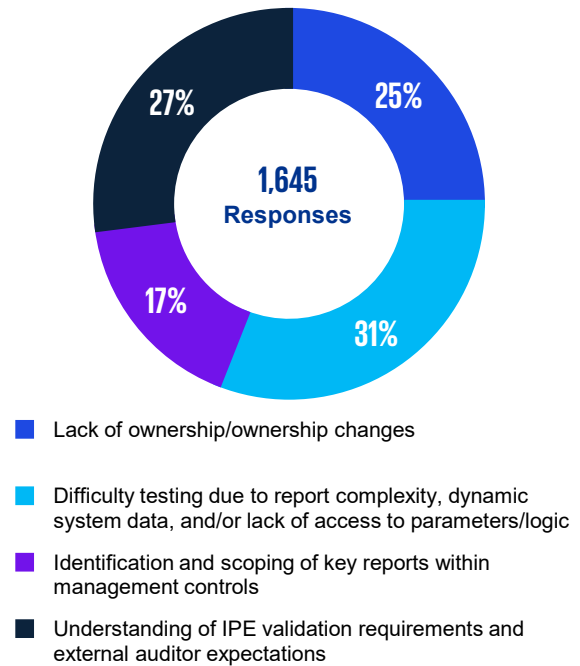


- Regular Meetings with Public Cloud Service Representatives: Engaging directly with representatives from cloud service providers to receive updates and guidance
- Subscribing to Industry Newsletters and Updates: Staying informed through industry-specific publications, newsletters, and updates that cover the latest in cloud technology compliance
- Collaborating with SOX Compliance Cloud Consultants: Working with external consultants or advisors who specialize in cloud technology and SOX compliance to receive tailored advice
- Other
- This is not critical – limited/no cloud adoption

What percent of your key reports are currently benchmarked?



What are your most common IPE (Information Prepared by the Entity) challenges?



How are issues with IPE logic currently being identified in your organization?

