



The Future of SOX: Trends in ICOFR Programs

Organizations currently face a tremendous amount of change and transformation, through technological innovation, evolving regulatory standards, changes in 'ways of working' as well as the impact of the overall economy. As a result of this level of change, the way that a company manages their Internal Control over Financial Reporting (ICOFR), is experiencing a significant transformation. The traditional SOX testing function needs to evolve into a strategic, control advisor role with a proactive, futuristic, and efficient approach to adeptly navigate the intricacies of global regulations and advanced technological developments, thereby bolstering compliance and resilience.

In a webcast, *The Future of SOX: Trends in ICOFR Programs*, on March 21, 2024, KPMG specialists spotlighted technology adoption, strategy shifts, and regulatory navigation.

Key insights

- ✓ The SOX function needs to evolve into a more strategic advisory role compared to a traditional testing role.
- ✓ Technology should be used throughout the SOX program, but is most effective when used to drive efficiency into the execution of first line controls.
- ✓ More time should be spent on the risk assessment process, including the Test of Design phase.
- ✓ The focus on ESG reporting has highlighted the need to enhance processes and controls around all disclosures.
- ✓ As the number of IT applications continues to increase, a focus on data flow and relevant data elements is critical.

5 things SOX professionals need to do now

- 💡 Consider if your SOX team has the appropriate skills to be a controls advisor.
- 📈 Assist the first line as they embrace data analytics and automation in executing controls.
- 🕒 Do spend enough time in the Test of Design phase considering risks, and don't use the walkthrough to just confirm that the process still operates in the same way as the prior year.
- 📄 Look at all critical public disclosures and consider if there are policies in place and well-defined controls and documentation to support the information.
- 🔄 Spend time to truly understand data flows and not just process flows.

What's on the mind of SOX professionals

Statistics based on polling data from 1,795 attendees of our March 21, 2024 *The Future of SOX: Trends in ICOFR Programs* webcast.

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

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

30% of professionals say new changes have somewhat impacted their SOX program.

34% of professionals found new issues when external auditors used technology tools.

29% of professionals see business changes like growth and IT initiatives as the top impact on SOX in 2024.

16% of professionals reported moderate to heavy use of Gen AI or machine learning.

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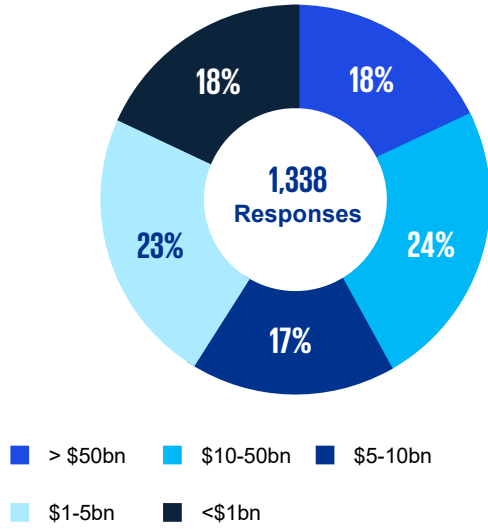
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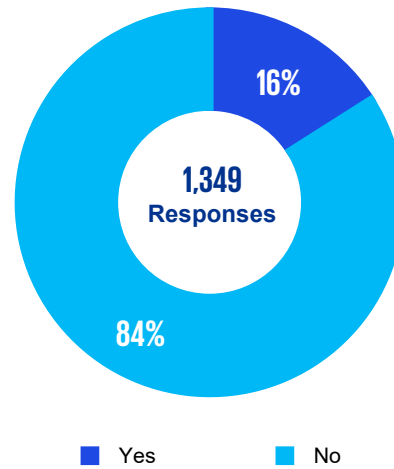
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Complete polling statistics

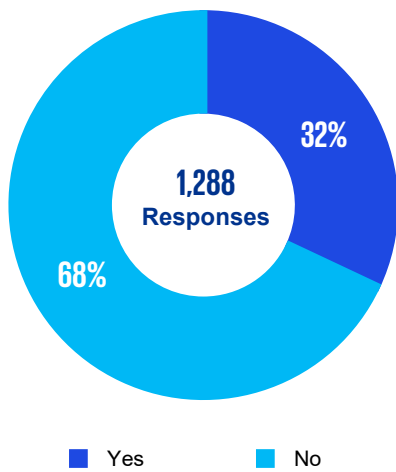
What is the size of your organization (revenue)?



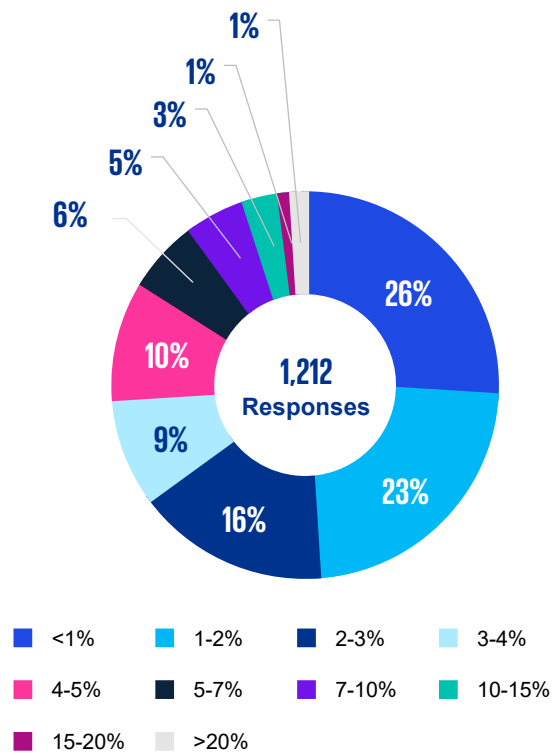
Did you have any material weaknesses for 2023?



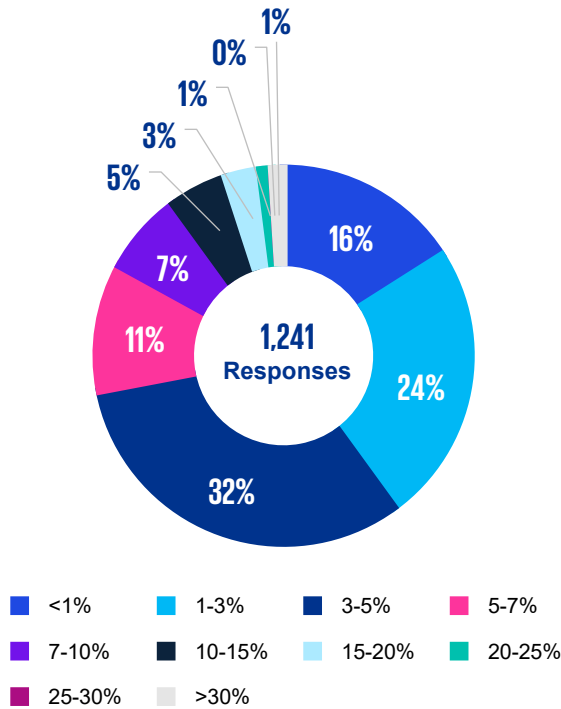
Did you have any significant deficiencies for 2023?



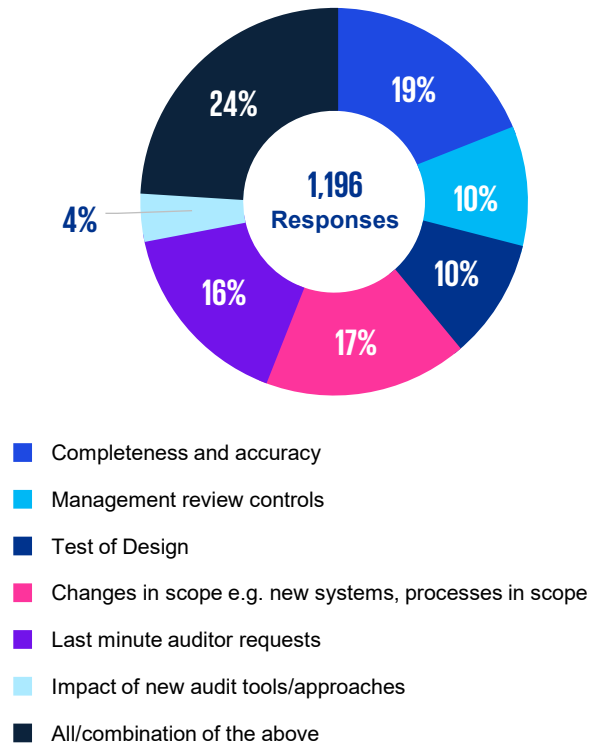
What rate of control deficiencies did you have at the end of the year?



What rate of control deficiencies did you have during the year (which may have been remediated as of year-end)?



What was your biggest SOX challenge for 2023?



Which of the following topics do you think will have the biggest impact on your SOX program in 2024:

