



2024 Global Financial Reporting and Valuation Conference

Modernizing Finance: The Journey Ahead

December 8-10 | Fontainebleau Miami Beach, Florida



Governance & Compliance: The CAO Agenda

2024 Global Financial Reporting and Valuation Conference

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December 8-10 | Fontainebleau Miami Beach, Florida

With you today



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Agenda

01

**Technology's impact on internal
controls and auditing**

02

**Practical examples of
analytical tools**

03

The benefits of automation

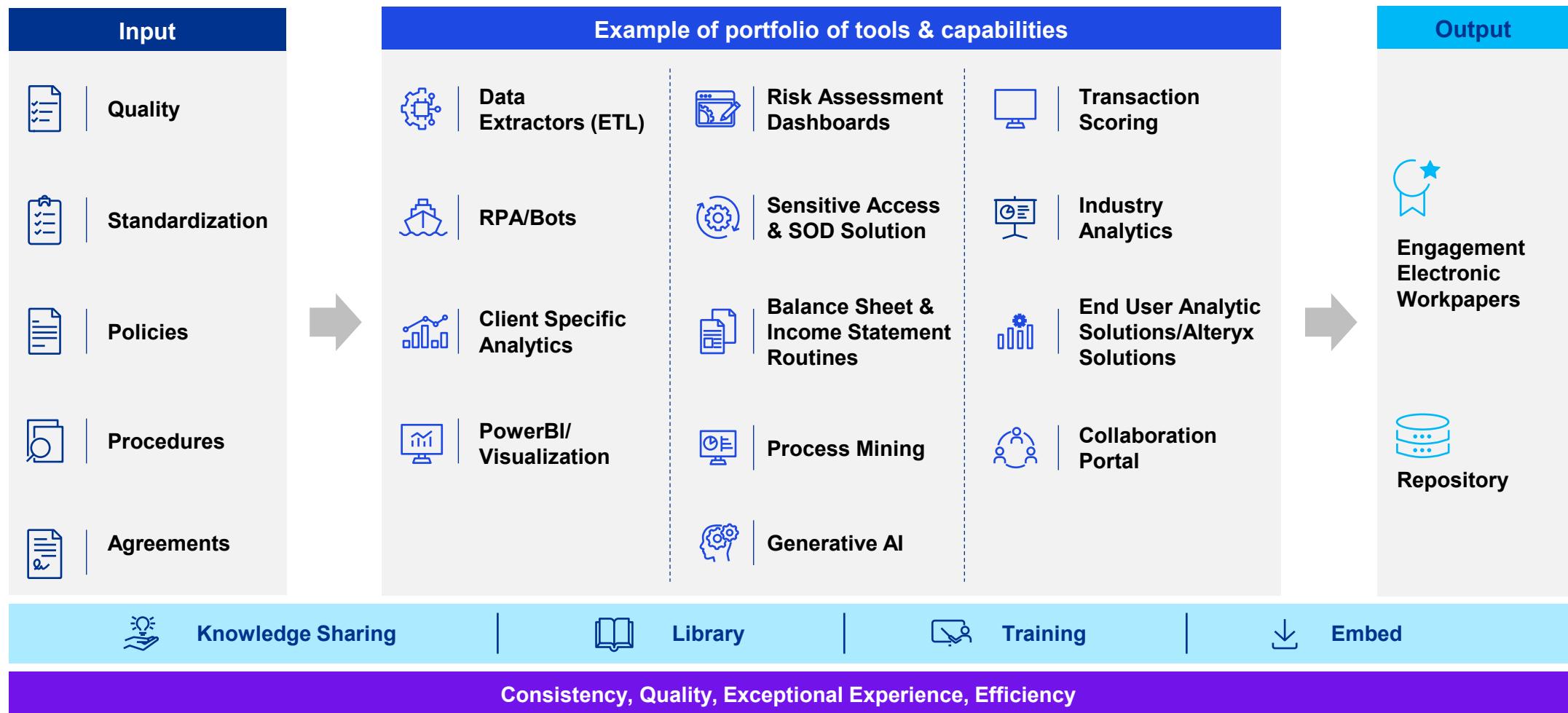
04

How to get started on your journey

01

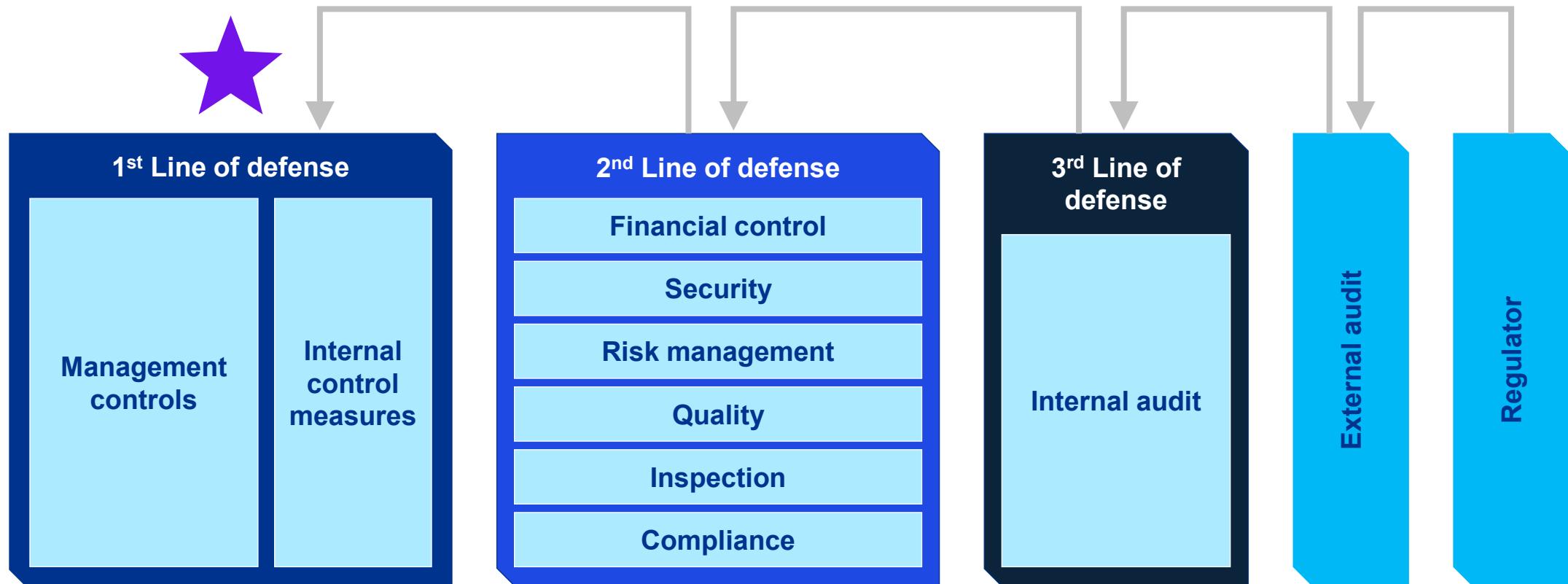
Technology's
impact on
internal controls
and auditing

The new digital auditor's technology toolbox



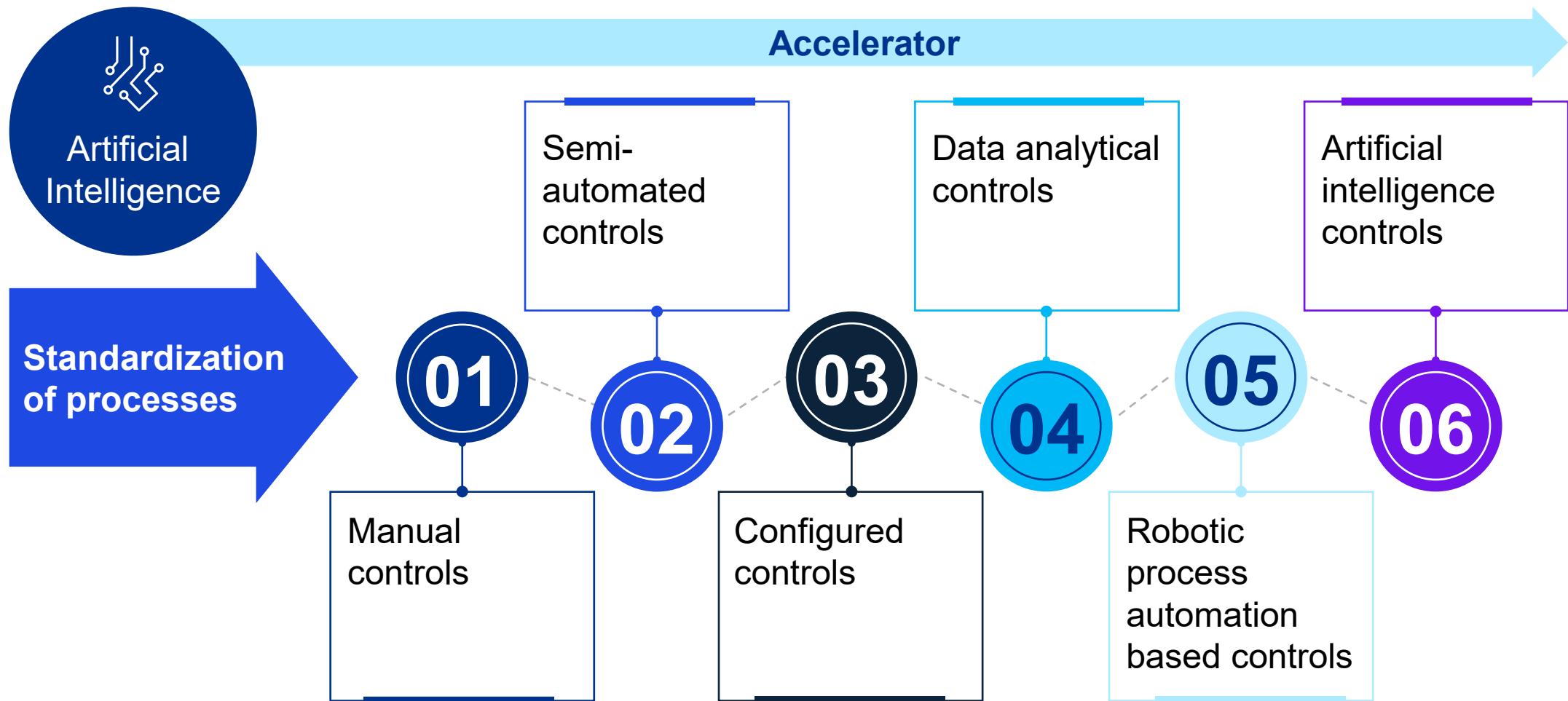
1

SOX function as a control's advisor and driver of change

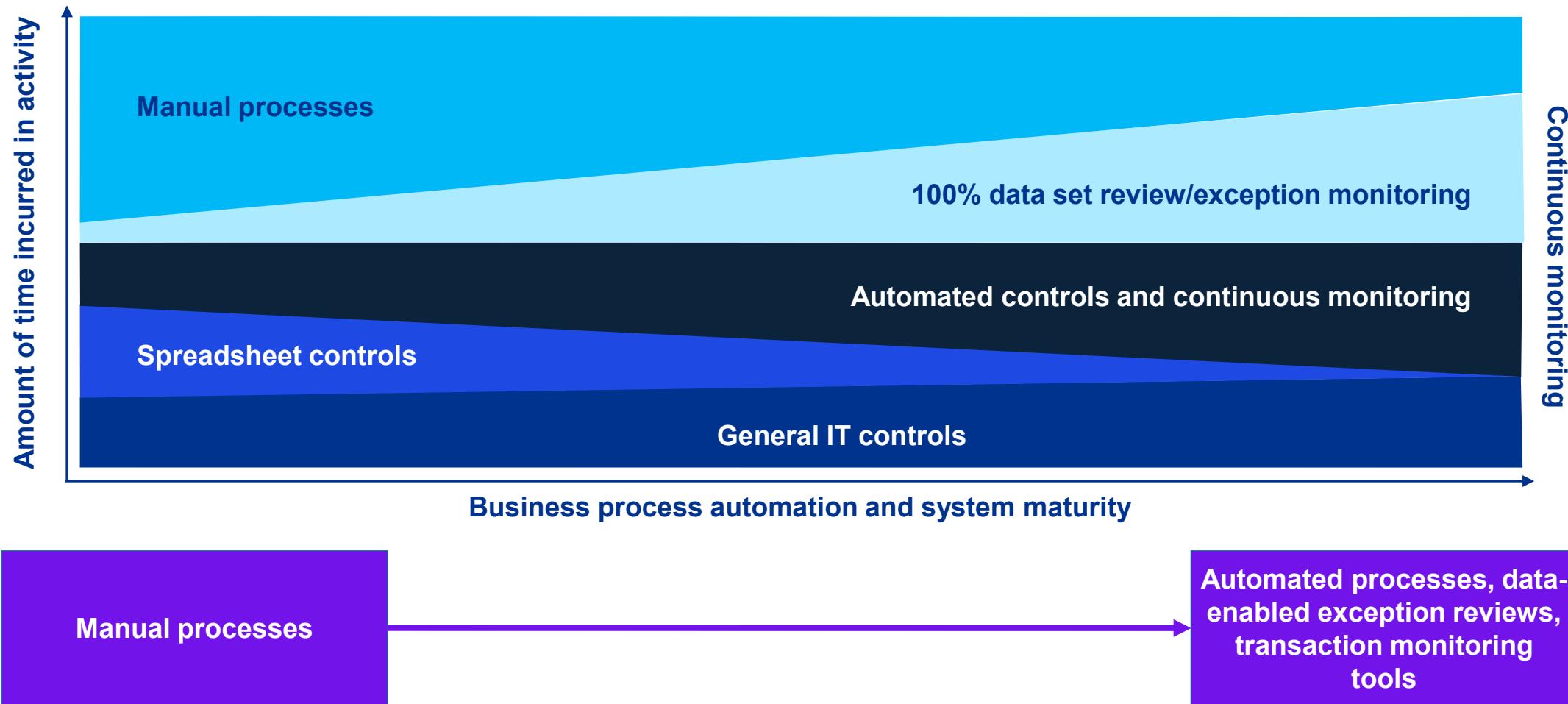


Adapted from ECIIA/FERMA Guidance on the 8th EU Company Law Directive, article 41

1st line optimization

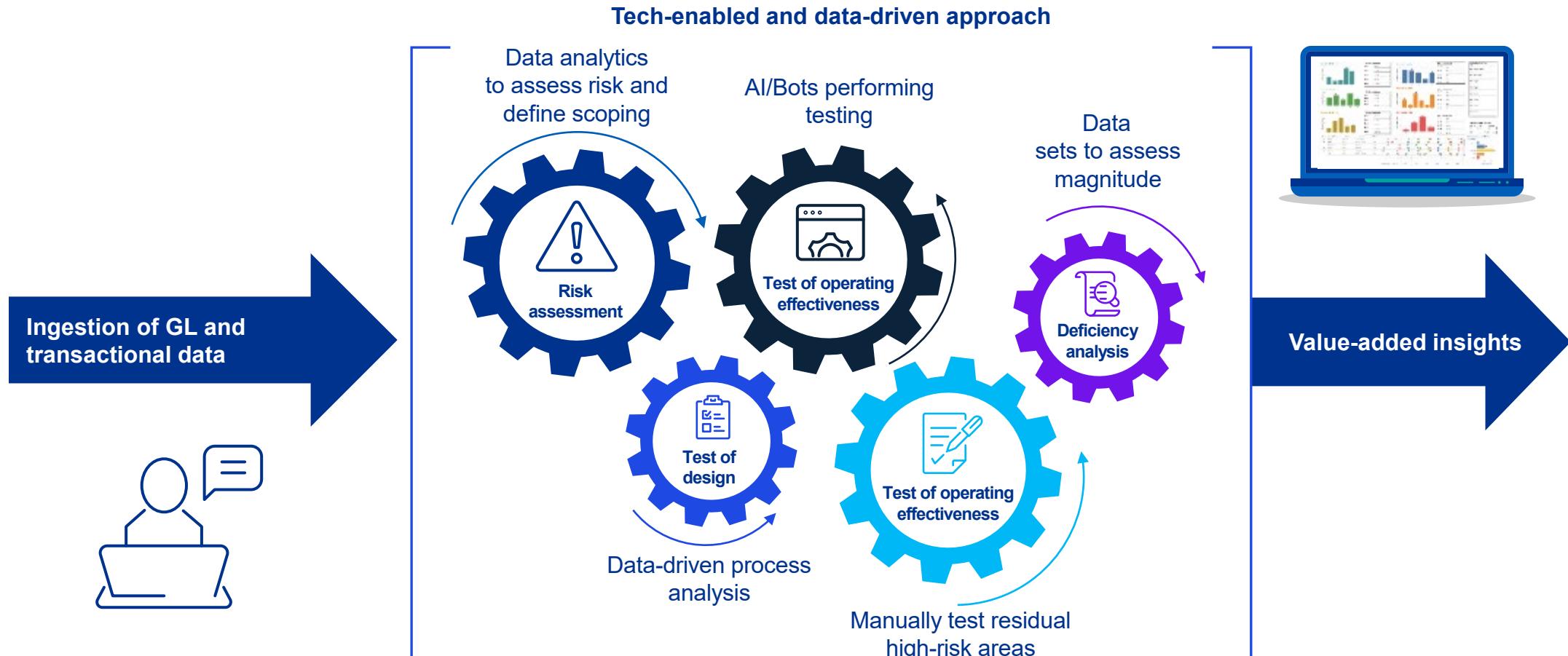


2 The future of controls execution and testing



2 The future of controls execution and testing

The enablement of automation in ICFR testing (2nd and 3rd line)



The benefits of data, analytics, and insights

Use of data analytics continues to be a powerful tool to help assess risk and provide insights to assist management decision-making on process improvements and control effectiveness.



Data Analytics and technology can enable:

Enterprise data is leveraged for risk insights and action

- Aggregating relevant enterprise information
- Automating the flow of information into insights

Audit coverage is broader than ever before, with risk appetite in mind

- Offering visibility to trends across an entire population
- Move from “sample-based” to “exception-based” testing and full population coverage
- Allowing internal audit to target its approach more meaningfully

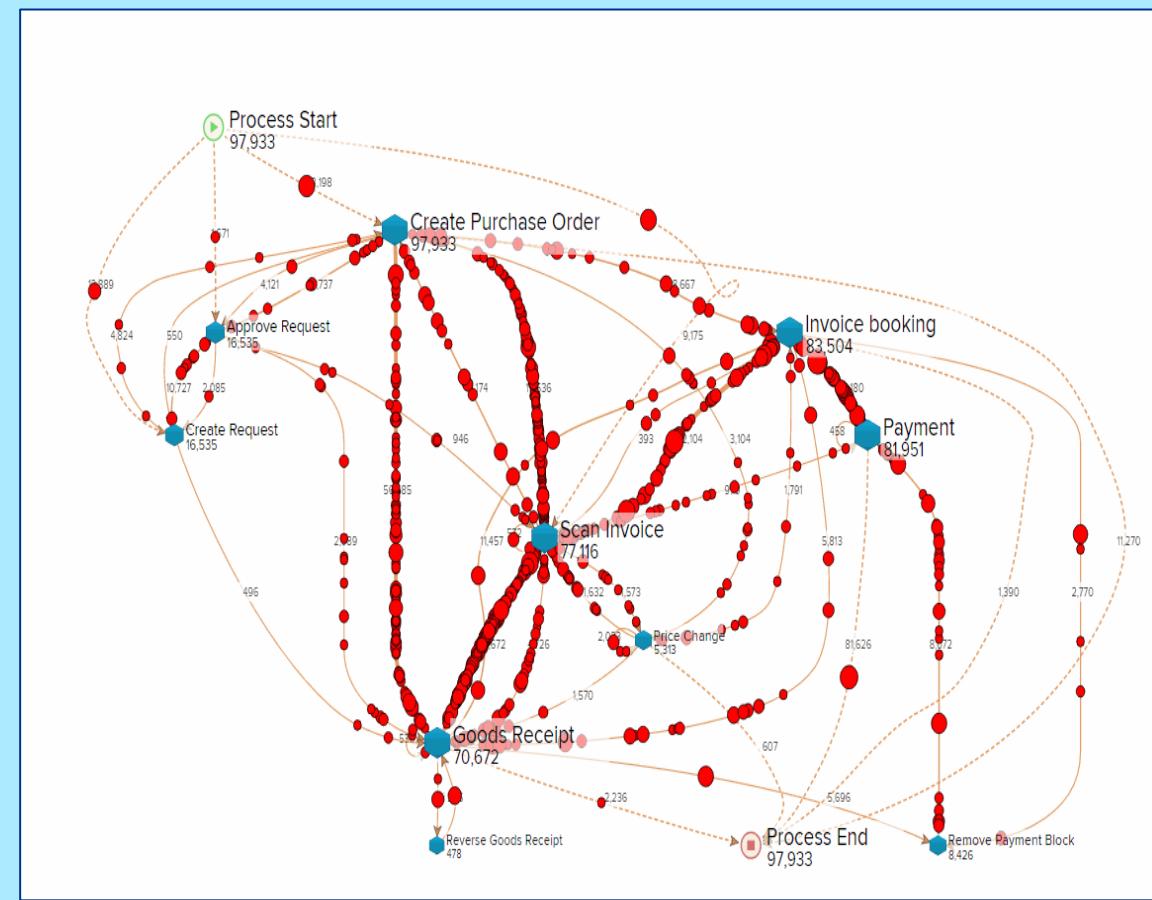
Data driven risk assessment enables smarter decision making

- Leverage risk to help make smarter business decisions with data-driven risk assessment, specific to technology risk domains
- Utilizing data science to better understand and make decisions about risk

Understanding of data flows

Dynamic, Ongoing and Fact Based

New approach is data driven and gives increased transparency



Process mining applications for Internal controls

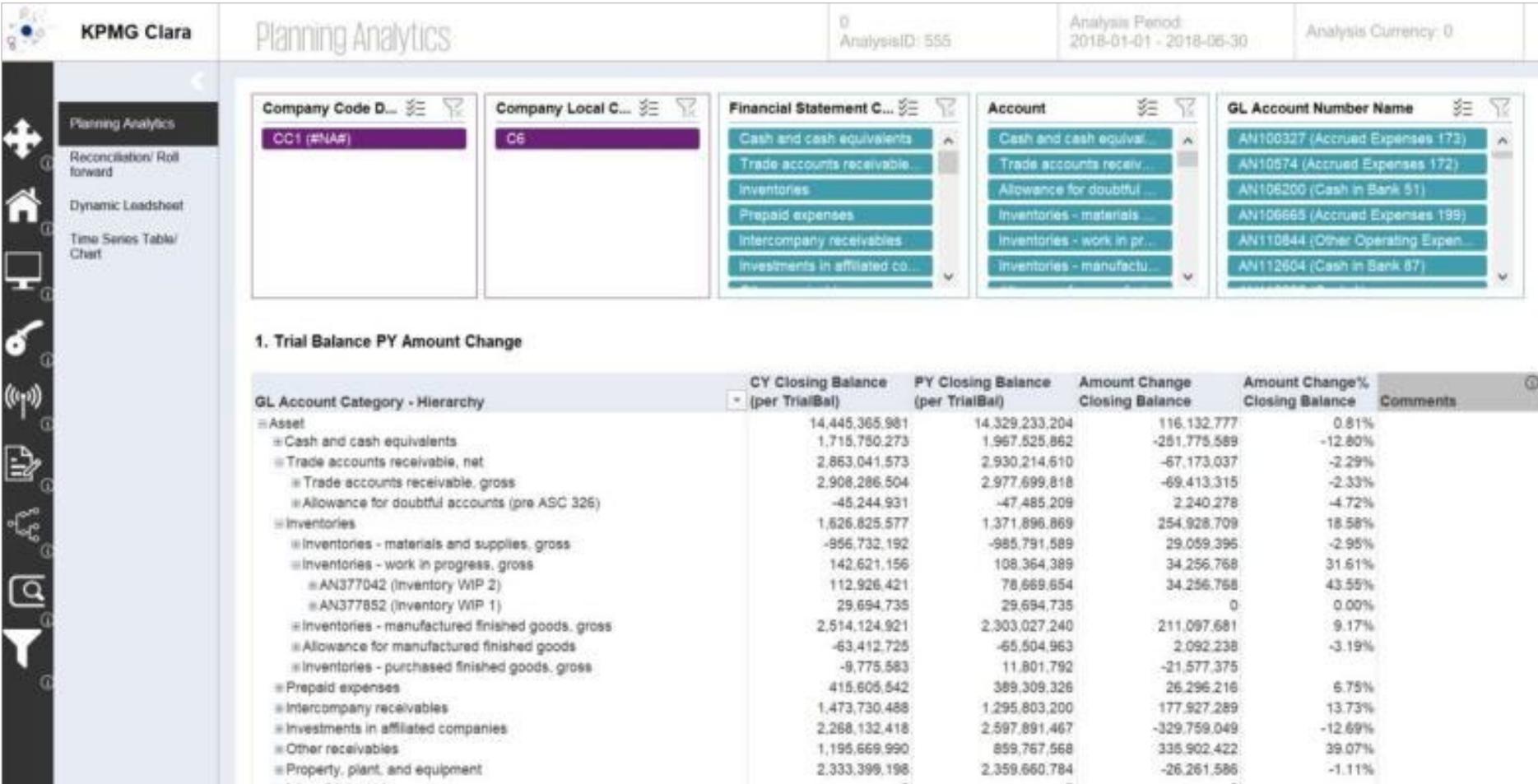
The figure displays six KPMG data visualization dashboards, each featuring a blue header with the KPMG logo and a white content area:

- Segregation of duties:** Shows an overview of segregation of duty analysis with a tree diagram, a pie chart of document types, and three donut charts for purchase orders, purchase order items, and net order value.
- Risk analytics:** Details the Cumulative Risk scoring approach, showing a flowchart with four steps: Flow scoring, Control scoring, Vendor scoring, and Final scoring, leading to a Risk Score of 10.
- Conformance checking:** Monitors processing document rank, net order value, and average change rate, with a line chart showing purchase order document time.
- Predictive analytics:** Displays Predictive Process Mining results, including a bar chart of process names and a pie chart of correctly predicted steps (92.89%) and steps with errors (57.14%).
- RPA analytics:** Shows RPA Scout data for creating PO item automation, including a table of RPA projects, a pie chart of success rate (75.30%), and a line chart of process times.

02

Practical examples of analytical tools

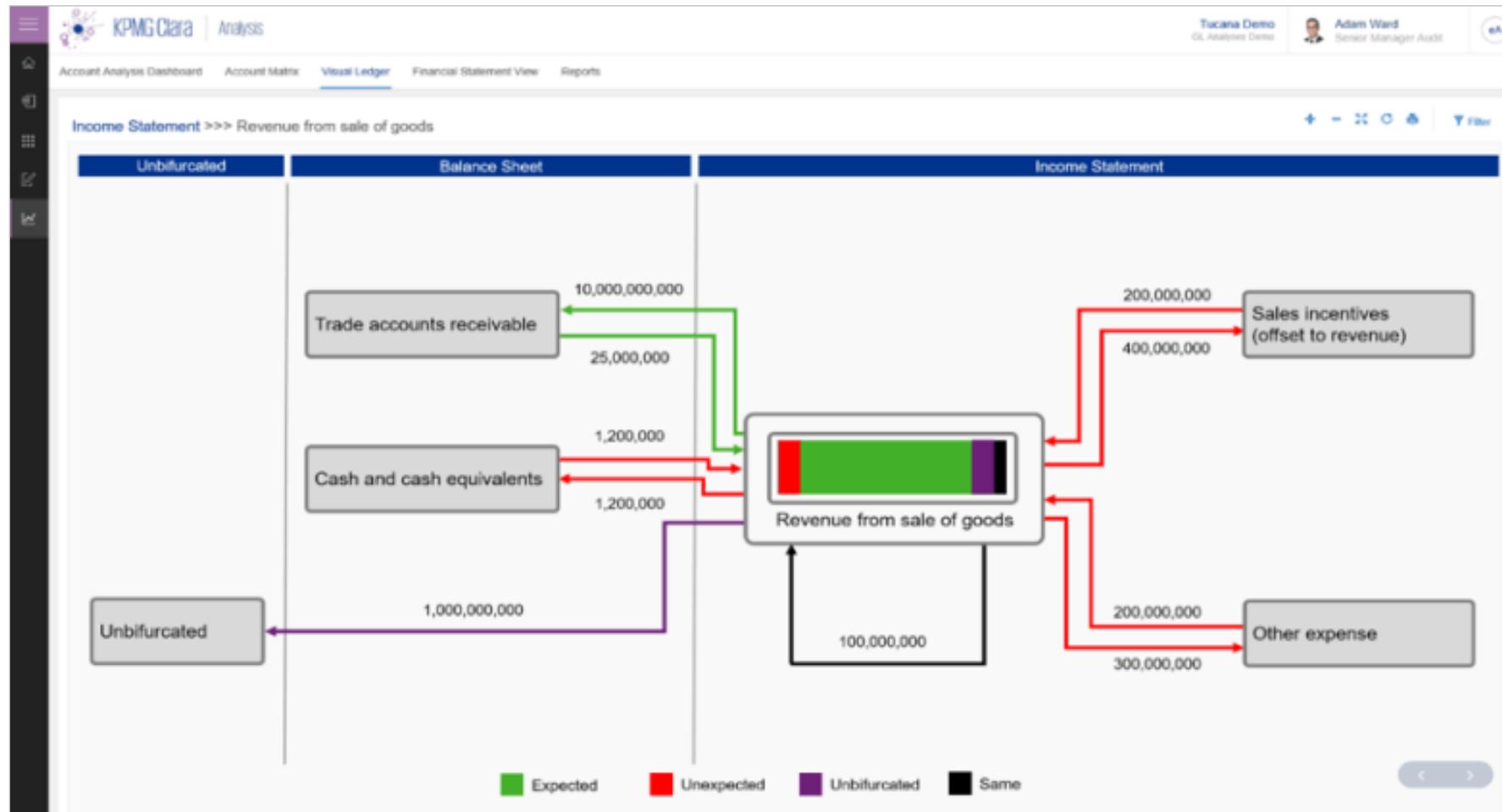
External auditor risk assessment analytics



The screenshot shows the KPMG Clara Planning Analytics interface. The top navigation bar includes the KPMG Clara logo, the title 'Planning Analytics', Analysis ID 555, Analysis Period 2018-01-01 - 2018-06-30, and Analysis Currency 0. The left sidebar contains icons for Planning Analytics, Reconciliation/Roll forward, Dynamic Leadsheet, Time Series Table/Chart, and other analytical tools. The main content area displays a report titled '1. Trial Balance PY Amount Change'. The report is organized into two main sections: 'GL Account Category - Hierarchy' on the left and a detailed table on the right. The table columns are CY Closing Balance (per TrialBal), PY Closing Balance (per TrialBal), Amount Change Closing Balance, Amount Change% Closing Balance, and Comments. The hierarchy on the left includes categories like Assets, Inventories, Prepaid expenses, and Property, plant, and equipment, with further sub-categories and specific account numbers listed in the table.

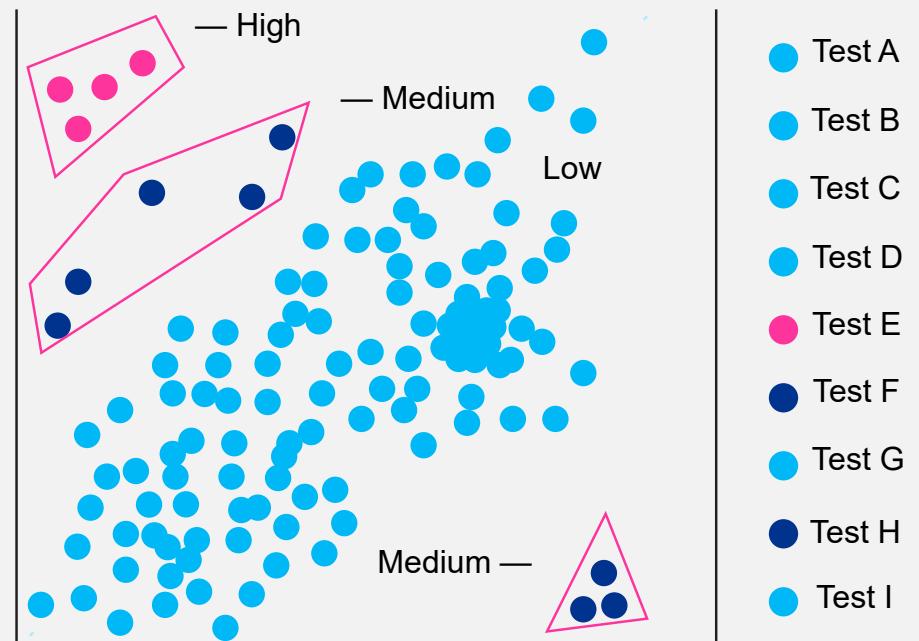
GL Account Category - Hierarchy	CY Closing Balance (per TrialBal)	PY Closing Balance (per TrialBal)	Amount Change Closing Balance	Amount Change% Closing Balance	Comments
Assets	14,445,365.981	14,329,233,204	116,132,777	0.81%	
Cash and cash equivalents	1,715,750,273	1,967,525,862	-251,775,589	-12.80%	
Trade accounts receivable, net	2,863,041,573	2,930,214,610	-67,173,037	-2.29%	
Trade accounts receivable, gross	2,908,286,504	2,977,699,818	-69,413,315	-2.33%	
Allowance for doubtful accounts (pre ASC 326)	-45,244,931	-47,485,209	2,240,278	-4.72%	
Inventories	1,626,825,577	1,371,896,869	254,928,709	18.58%	
Inventories - materials and supplies, gross	-956,732,192	-985,791,589	29,059,396	-2.95%	
Inventories - work in progress, gross	142,621,156	108,364,389	34,256,768	31.61%	
AN377042 (Inventory WIP 2)	112,926,421	78,669,654	34,256,768	43.55%	
AN377852 (Inventory WIP 1)	29,694,735	29,694,735	0	0.00%	
Inventories - manufactured finished goods, gross	2,514,124,921	2,303,027,240	211,097,681	9.17%	
Allowance for manufactured finished goods	-63,412,725	-65,504,963	2,092,238	-3.19%	
Inventories - purchased finished goods, gross	-9,775,583	11,801,792	-21,577,375		
Prepaid expenses	415,605,542	389,309,326	26,296,216	6.75%	
Intercompany receivables	1,473,730,488	1,295,803,200	177,927,289	13.73%	
Investments in affiliated companies	2,268,132,418	2,597,891,467	-329,759,049	-12.69%	
Other receivables	1,195,669,990	859,767,568	336,902,422	39.07%	
Property, plant, and equipment	2,333,399,198	2,359,660,784	-26,261,586	-1.11%	

Analyzing journal entries

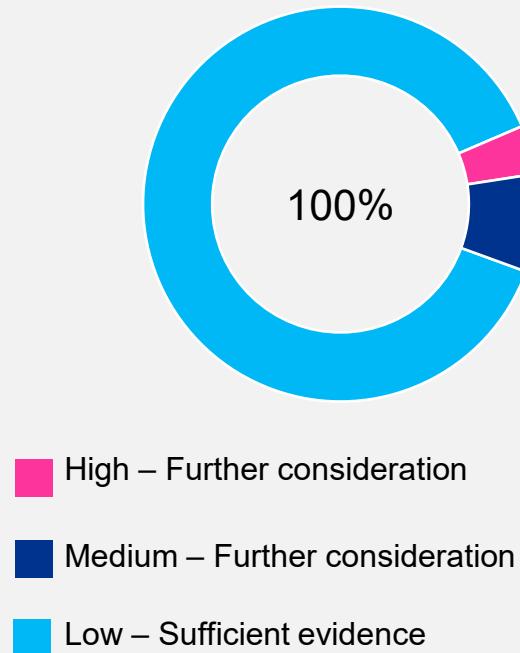


Transaction analysis

Not all transactions in a population have the same risk profile



Illustrative scoring profiles, actions, and insights



General IT risk assessment dashboard

File Home Insert Modeling View Help

Get data Refresh New visual More visuals New measure Sensitivity Publish

Access Management
This page summarizes the users that have been created or removed from Workday during the audit period. Engagement teams can filter for specific time periods, worker types or locations to identify possible trends about their client.

8 New Hires 2 Terminations

Select or drag fields to populate this visual

New Hires

Terminations

Date: 1/18/2020 to 10/21/2020

Worker Type: All

Location: All

Is rehire?: All

Name: All

Security Groups Assigned: All

New Hires by Date

Date	New Hires
Jan 2020	3
May 2020	1
Jun 2020	1
Jul 2020	2
Oct 2020	1

Summary of New Hires

Name	Worker Type	Job Title	Hire Date	Is rehire?	Location	Assigned Organization
Aayush Gupta	Employee	KPE443 - Procurement Manager	5/20/2020	0	Melbourne	Procurement AUS; Australia: IN Group AUS
Eun Kim	Employee	KPE432 - Head of Financial Planning & Analysis	1/18/2020	0	Melbourne	Financial Planning & Analysis AUS; Australia: IN Group AUS
Jerome Spalding	Employee	KPE403 - Billing Analyst	1/24/2020	0	Orlando (Headquarters)	Quote to Cash USA; IN Powered Holdings; Florida
Marcus Ibrahim	Employee	KPE_WM_920 - Financial Systems Lead	6/27/2020	0	Melbourne	Financial Systems & Operations AUS; Australia: IN Group AUS
Matilda Thompson	Employee	KPE_028 - CFO	1/26/2020	0	Melbourne	Chief Financial Officer AUS; IN Group AUS
Nardinder Jains	Employee	KPE_017 - Payments Analyst	7/30/2020	0	London (Canada Square)	United Kingdom; Source to Pay GBR; IN Casa UK
Percy Tyler	Employee	KPE432 - Head of Financial Planning & Analysis	7/29/2020	0	London (Canada Square)	Financial Planning & Analysis GBR; United Kingdom; IN Casa UK
Stephanie Lennon	Employee	KPE379 - Finance Director	10/21/2020	0	London (Canada Square)	United Kingdom; IN Casa UK; Group Accounting GBR

New Hires by Security Group

Security Group	New Hires
All Employees	8
All Users	8
Employee As Self	8
Initiator	8
Public Profile Access (Education)	8
Public Profile Access (Military Service)	8
Public Profile Access (Pronoun)	8
Public Profile Access (Sexual Orientation)	8
Role Maintainer	8

New Hires by Job Title

Job Title	New Hires
KPE432 - Head of Financial Planning & Analysis	2
KPE_017 - Payments Analyst	1
KPE_028 - CFO	1
KPE_WM_920 - Financial Systems Lead	1
KPE379 - Finance Director	1
KPE403 - Billing Analyst	1
KPE443 - Procurement Manager	1

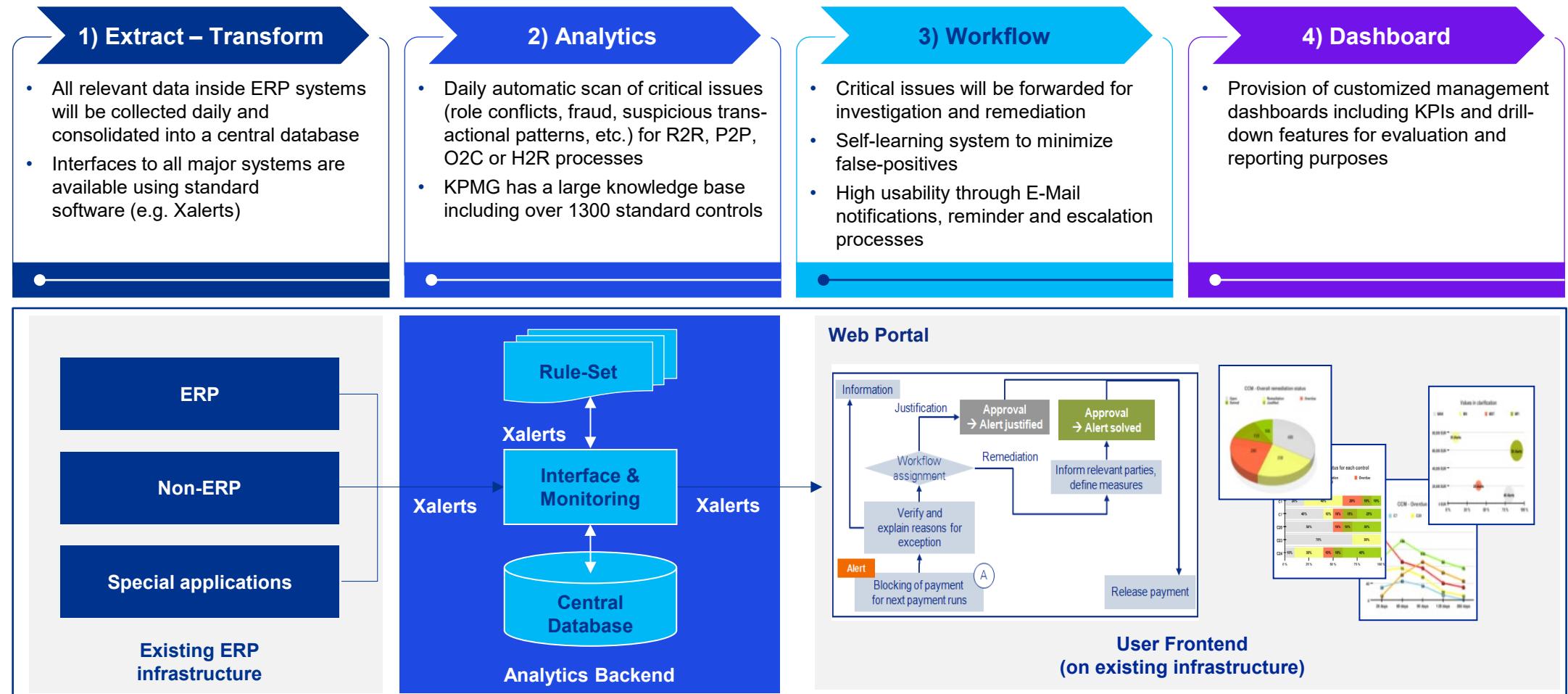
New Hire Details

Name	Worker Type	Hire Date	Security Groups Assigned
Aayush Gupta	Employee	5/20/2020	All Employees
Aayush Gupta	Employee	5/20/2020	All Managers' Managers
Aayush Gupta	Employee	5/20/2020	All Users
Aayush Gupta	Employee	5/20/2020	Any Organization Role (Leadership or Supporting)
Aayush Gupta	Employee	5/20/2020	Candidate Resume Attachments - View and Modify
Aayush Gupta	Employee	5/20/2020	Candidate Resume Attachments - View Only
Aayush Gupta	Employee	5/20/2020	Employee As Self
Aayush Gupta	Employee	5/20/2020	Initiator
Aayush Gupta	Employee	5/20/2020	Management Chain
Aayush Gupta	Employee	5/20/2020	Manager
Aayush Gupta	Employee	5/20/2020	Manager (Unconstrained)
Aayush Gupta	Employee	5/20/2020	Manager for Majority of Event
Aayush Gupta	Employee	5/20/2020	Manager's Manager
Aayush Gupta	Employee	5/20/2020	Primary Manager's Manager

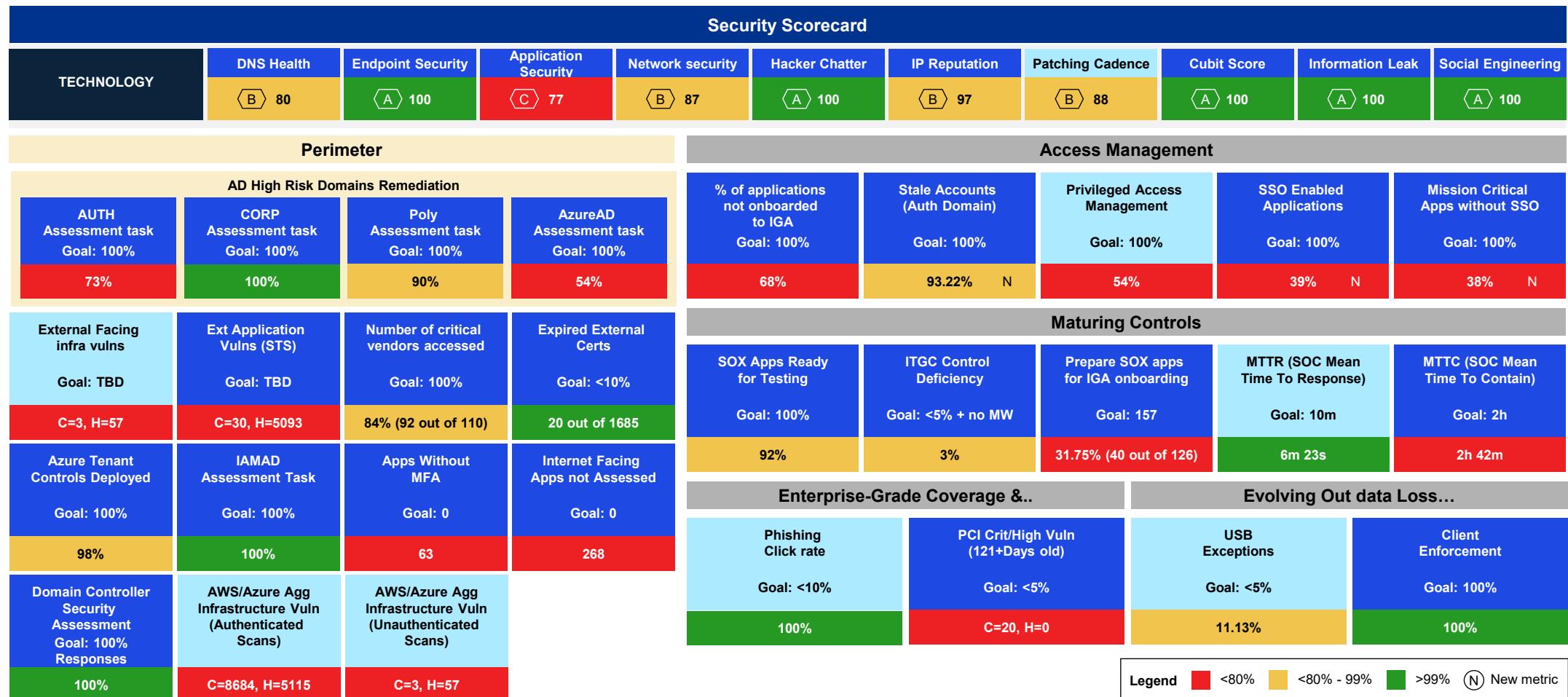
Cover Page Access Management Hires/Terminations Access Management - Security Changes Access Management - Active Users Privileged Access - Security Groups Computer Operations - Job Execution Comp +

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Continuous control monitoring



Example continuous monitoring dashboard



03

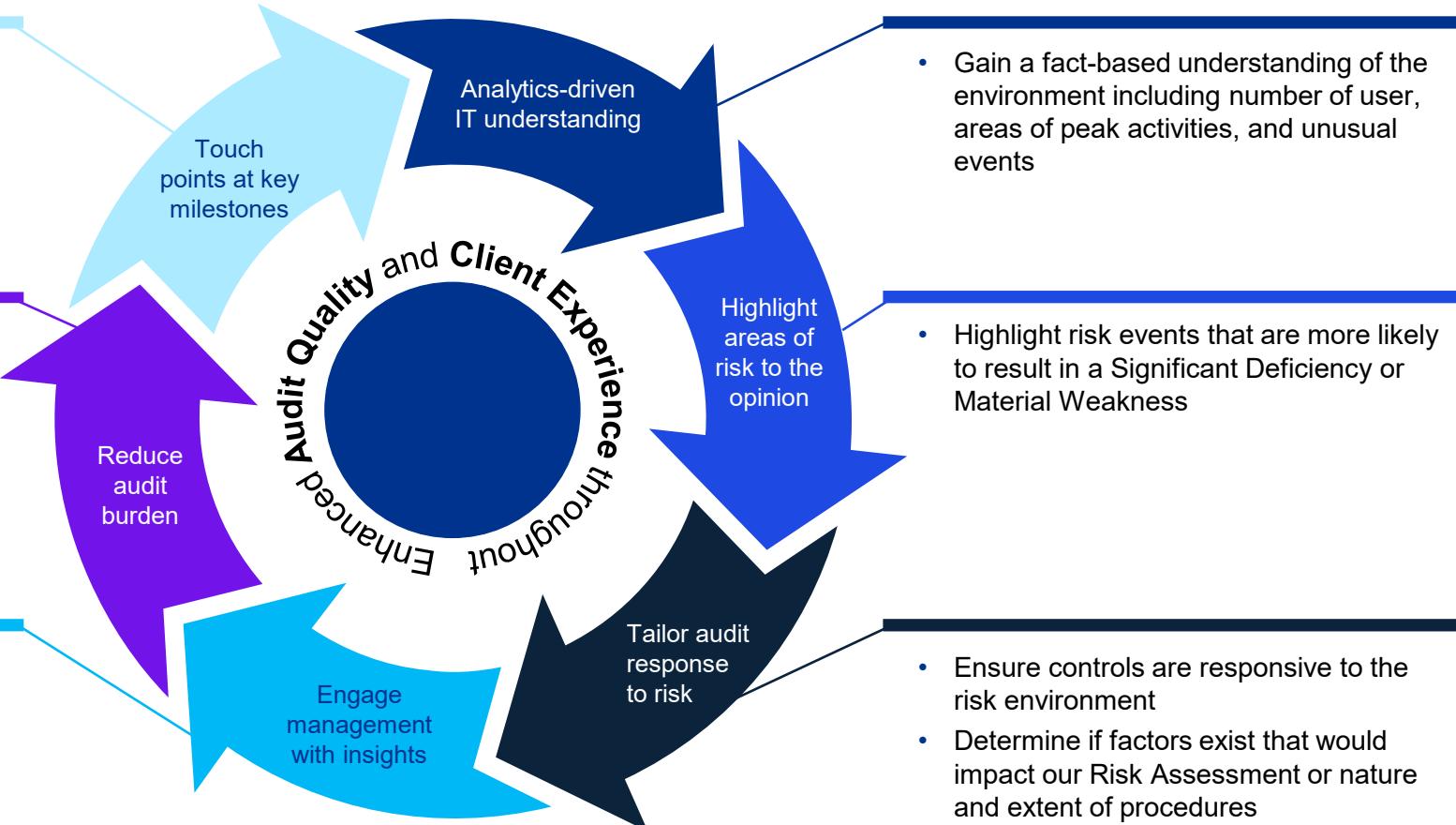
The benefits of automation

External auditor benefits and objectives of automation

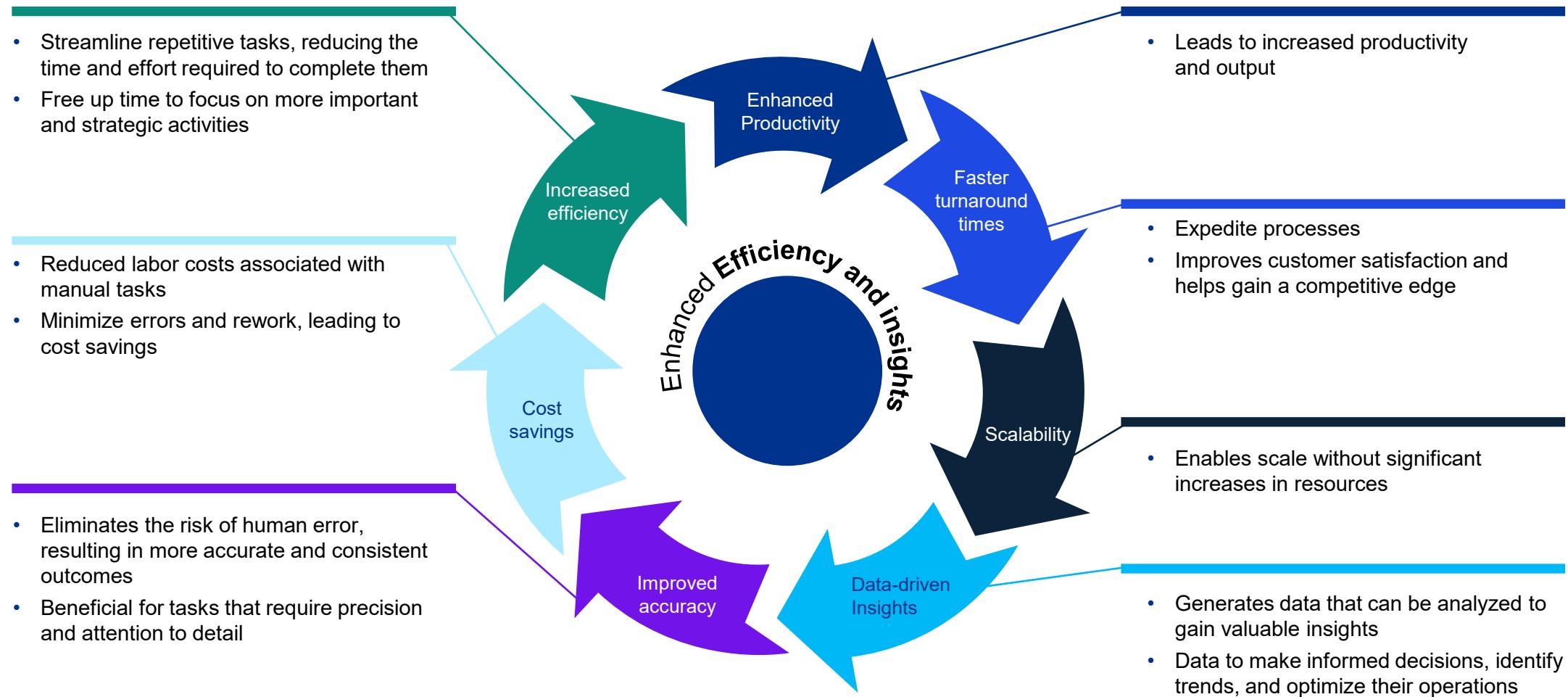
- Analyze the environment at key points in the audit cycle as needed in alignment with standard risks.
- Example: Pre-implementation, Audit Planning, Roll-forward

- Data is at our professional's finger-tips which will allow them to answer questions that would have historically required a follow-up
- PBCs manually obtained in the past are available to teams by default

- Engage with an informed understanding of the environment
- Eliminate the need to ask "introductory" questions



Company benefits and objectives of automation



How are organizations applying Gen AI to their F&A functions?

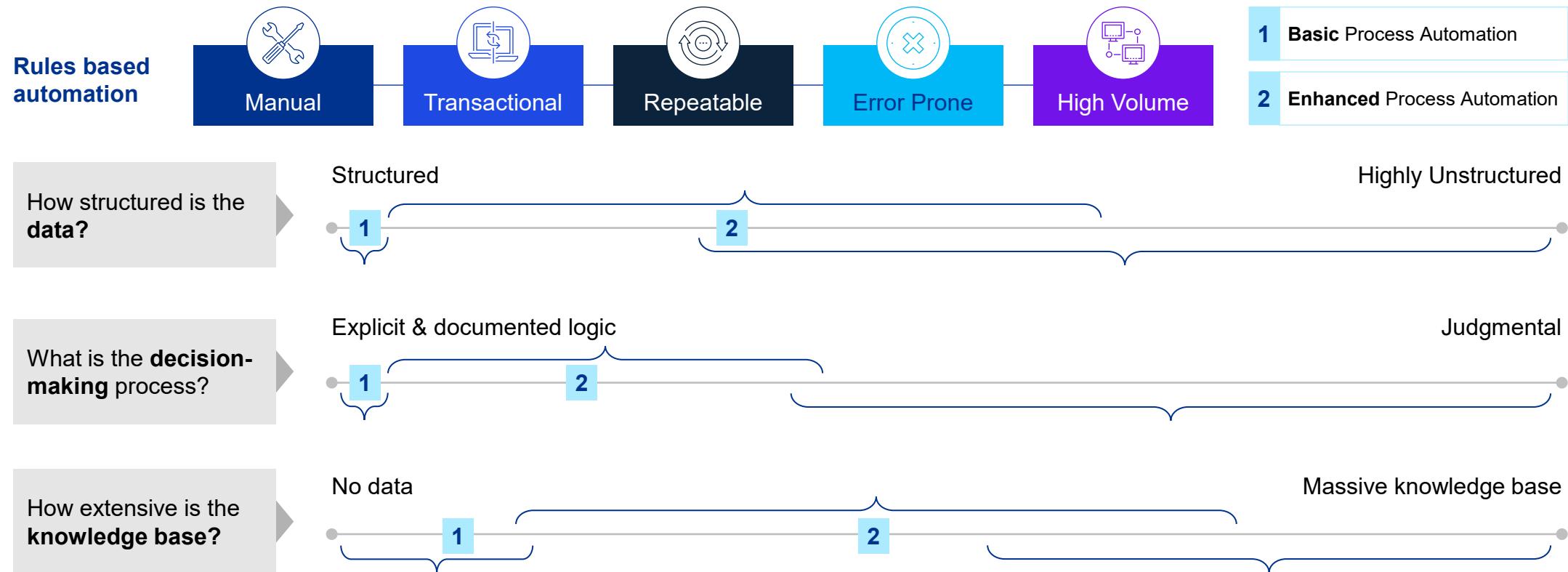
Financial Planning & Analysis	Accounting & Bookkeeping	Compliance & Risks	Fraud & Crime	Publish & Advise
<p>Plan</p> <p>Analyze</p> <ul style="list-style-type: none"> • Create a first pass narration of company performance • Assist in calculating and analyzing financial metrics • Improve forecast accuracy with challenger models • Identify trends or patterns of financial performance. • Run hassle-free simulations or optimizations 	<p>Transact</p> <p>Account</p> <ul style="list-style-type: none"> • Process documents to extract and record key information • Uncover patterns that can be used to optimize financial operations and forecasting (e.g., analyzing aging of AR, delinquency) • Automatically maintain the general ledger (e.g., such as recording transactions and reconciling accounts) 	<p>Control</p> <p>Comply</p> <ul style="list-style-type: none"> • Scan for new upcoming regulations • Assist in compliance with financial regulations and reporting requirements • Improve speed and accuracy in identifying potential areas of non-compliance • Create realistic and accurate synthetic data to simulate scenarios 	<p>Detect</p> <p>Secure</p> <ul style="list-style-type: none"> • Analyze financial data to identify anomalies and flag potential fraud or errors • Identify transactions that may be in violation of anti-money laundering regulations or other financial regulations • Identify financial risks related to market fluctuations, credit risk, liquidity risk, interest rate risk, and operational risk 	<p>Report</p> <p>Advise</p> <ul style="list-style-type: none"> • Assist in generating financial and analysts reports • Provide financial education, helping understand key financial concepts • Analyze peer comparison data from central repositories to assess a company's performance relative to its peers <p>GenAI use cases being applied today</p> <p>GenAI targeted use cases</p>
<p>Planning, Budgeting, & Forecasting</p> <p>Balance Sheet Effectiveness</p> <p>Procure-to-Pay Optimization</p>	<p>Revenue & Margin Optimization</p> <p>Spend Patterns Observations T&E & Fraud Augmented Surveillance</p>	<p>Intelligent Collections (AR/AP)</p> <p>Treasury & Cash Active Mgmt. Cash, O&M, Capital Forecasting</p>	<p>Profitability Optimization</p> <p>Period Close Automation</p> <p>Tax Planning & Reporting</p>	

04

How to get started on your journey

How to get started: Identify and prioritize opportunities for automation

Good candidates for automation are the control processes and test procedures which have fairly structured data and involve low to no judgement. True benefits of automation are realized when the process is high volume, transactional and repeatable.



Select automation use cases overview

Illustrative use cases for control performance

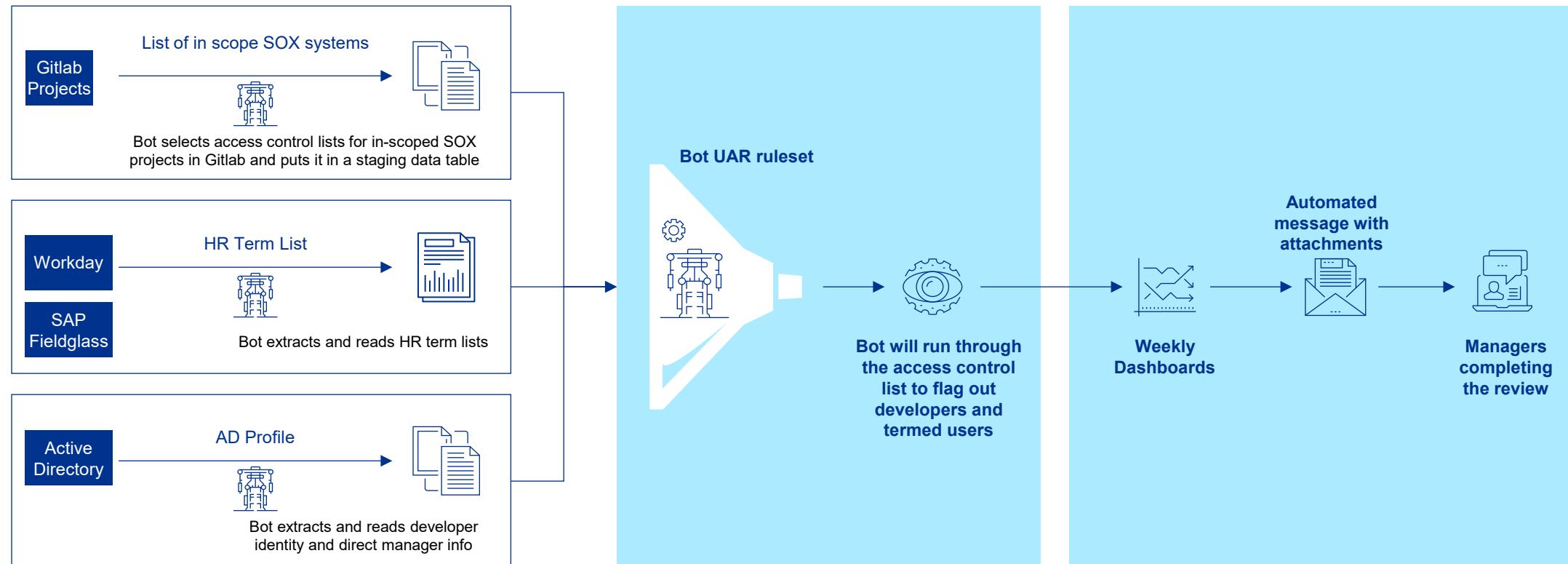
-  **Use case 1 - RPA:** Generating UAR artifacts to perform reviews
-  **Use case 2 - AI:** Risk based identification and review of User Access
-  **Use case 3 - RPA:** ERP critical user access / SOD review
-  **Use case 4 - AI:** Risk based identification and review of high-risk changes
-  **Use case 5 - RPA:** Monitoring of environment for cloud system additions

Use cases for validation and monitoring

-  **Use case A - RPA:** Legacy Change Management using information from ticketing system
-  **Use case B - RPA:** Agile SDLC Monitoring Automation
-  **Use case C - RPA:** Monitoring for vulnerability management

UAR automation - GitLab: Illustrative process flow

On a quarterly basis, a review of users who have SOX relevant GitLab project level access is performed to ensure that access is restricted to those who are appropriate based on their job responsibilities. An automated workflow enhances this process by pulling change data from GitLab analyzing against SOX requirements. The workflow will continually monitor changes and assure segregation of duties to then sent to managers for verification.



What
questions
do you have?

Thank you!



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