



On the CAE Agenda

Internal audit driving value in the consumer and retail sectors

KPMG LLP (KPMG) hosted the latest installment of the *On the CAE Agenda* KnowledgeCast series in November 2025. During this special consumer and retail edition of the KnowledgeCast, we polled over 700 professionals who hold various internal audit (IA) and risk positions at their respective companies.

Here's what we discovered...



Internal audit driving value in the consumer and retail sectors

Four key findings on navigating risk, resources, and the rise of AI

Our latest survey data reveals the complex landscape today's audit leaders must navigate. Four narratives in particular stand out and define the road ahead:

Nearly 1 in 3

cite economic volatility as the undisputed #1 risk, showing a clear shift in focus to external macroeconomic pressures.



Over 40%

see the most tangible value from AI in increased efficiency, highlighting its current role as a productivity engine.



Only 24%

function as end-to-end strategic partners in transformations, stalled by a "triple threat" of limited resources, outdated expectations, and a skills gap.



Over 50%

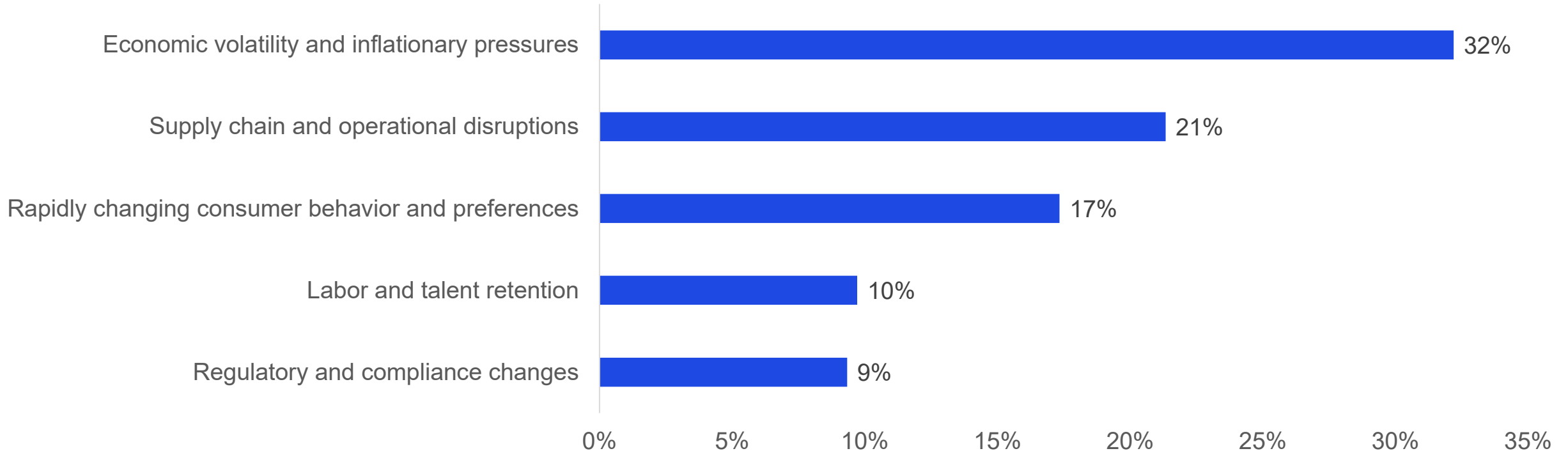
skills outside the traditional core now form a new majority (56%), led by Technology & Data (37%) and Business & Management (19%).



“*Internal audit’s job is to ensure the organization’s assets are used effectively. Yet, when it comes to transformations - the single biggest spend of those assets - we’re hardly ever involved.*”

—Ivor O’Neill, Managing Director, KPMG LLP

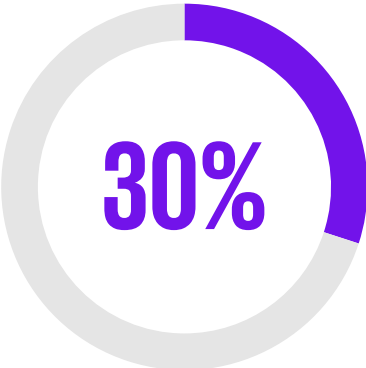
The most significant risks facing consumer and retail companies in 2026



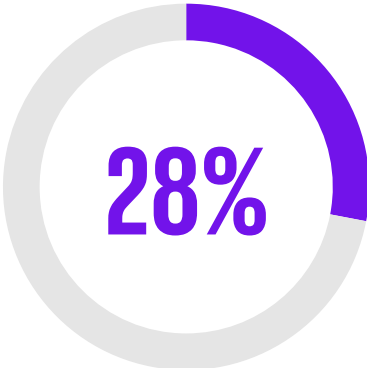
Additional risks under 5%:

Cost control (3%) | Tech/cyber risk (2%) | Execution risk (1%) | Transformation (1%) | External disruptions (1%) | Other (3%)

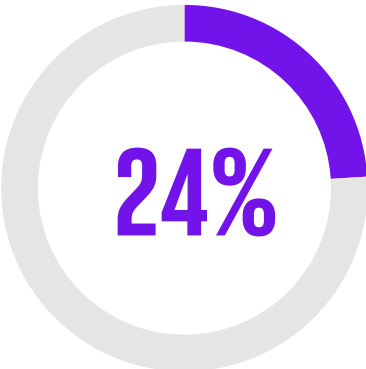
Internal audit's current role in major transformation initiatives within the organization



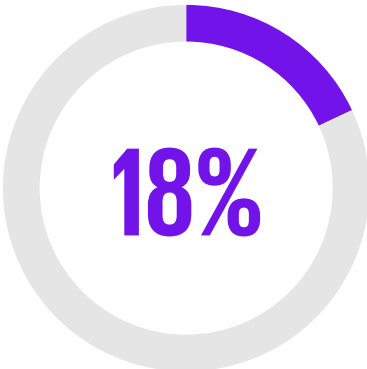
are actively involved in risk assessment during the planning stages



primarily focus on post-implementation reviews and compliance



serve as a key strategic partner and advisor throughout the entire project lifecycle



have limited or no involvement in transformation projects

Most successful internal audit processes using AI in consumer and retail

Audit plan development and risk assessment

28%

IA project planning

23%

Not using AI

14%

IA project delivery/fieldwork

12%

IA department administration

7%

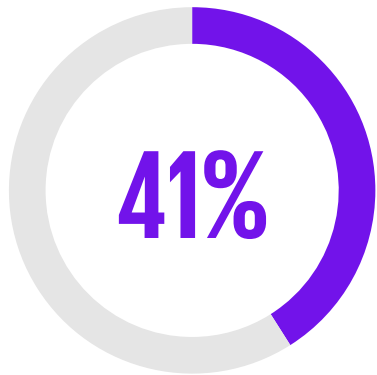
IA project reporting

12%

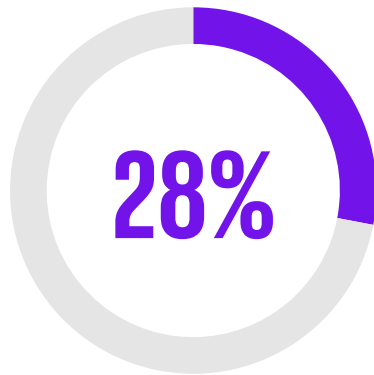
Other

4%

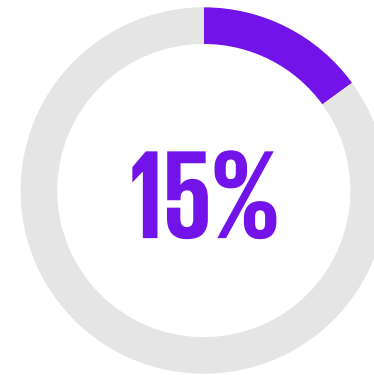
Tangible value seen from using AI in internal audit



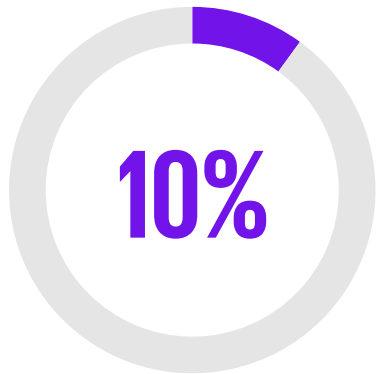
Increased
efficiency/
time savings



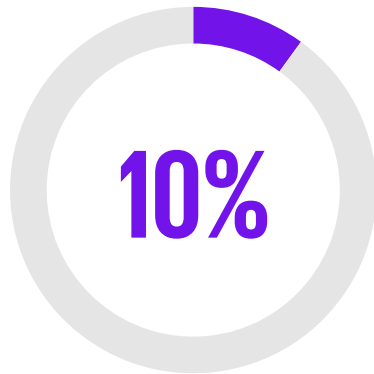
New or faster
insights



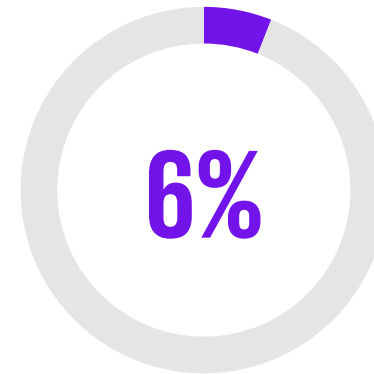
No
measurable
return yet



More accurate
outcomes



Repeatable routines
(i.e. continuous
auditing)



Higher degree
of assurance

The primary barrier preventing internal audit teams from taking on a more significant advisory role

Limited resources and budget constraints

32%

Stakeholder expectations still favor traditional assurance

29%

Lack of specific skills or expertise within the team

26%

Insufficient buy-in from senior leadership or the board

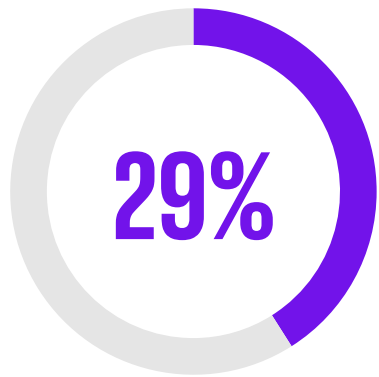
6%

Concerns over maintaining independence and objectivity

6%

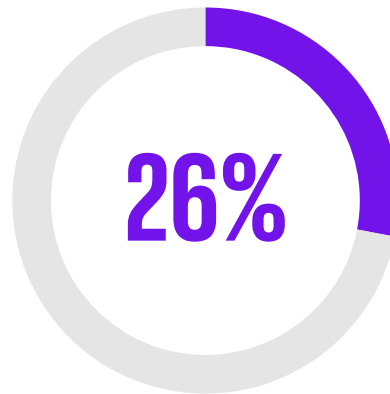


The organization's primary strategy for upskilling the internal audit team to meet future demands



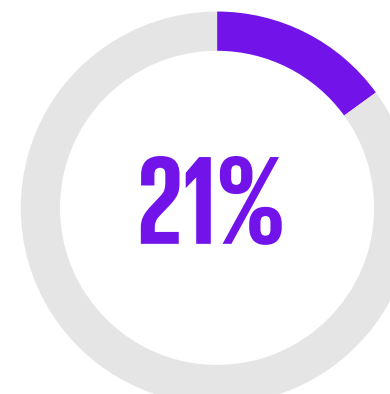
29%

investing heavily in training and certification programs



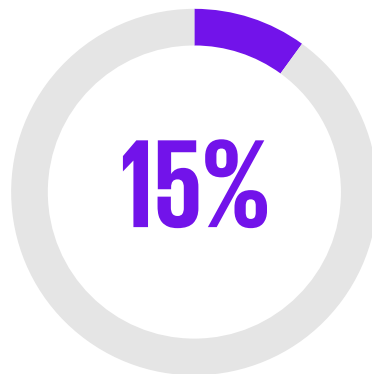
26%

hiring external talent with specialized skills



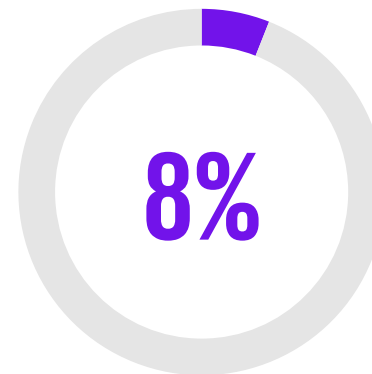
21%

co-sourcing with third-party firms for specific expertise



15%

have not yet formalized a strategy



8%

implementing rotational programs with other business units

The most essential knowledge area or skill for your team to maximize its impact over the next 12–18 months*

Core audit skills (42%)

- Audit methodologies (17%)
- Reporting results (9%)
- Compliance (6%)
- Risk management (6%)
- Fraud (4%)

Technology and data skills (37%)

- Data analysis and AI (15%)
- Cybersecurity (8%)
- Artificial intelligence (8%)
- ERP technologies (3%)
- Operational technologies (3%)

Business and management skills (19%)

- Project management (6%)
- Finance and accounting (6%)
- Professional communications (5%)
- Supply chain management (1%)
- Sales and marketing (1%)

*Respondents could select more than one option

Practical advice: Top actions to consider



Glyn Smith
Chief Audit Executive,
Performance Food Group



Right-size AI initiatives based on your culture



Assurance sets the stage. Value steals the show



Engage executives on macro-economic levers



Ivor O'Neill
Managing Director, Consumer & Retail,
KPMG LLP



Review upcoming capital investments for transformations and get involved early



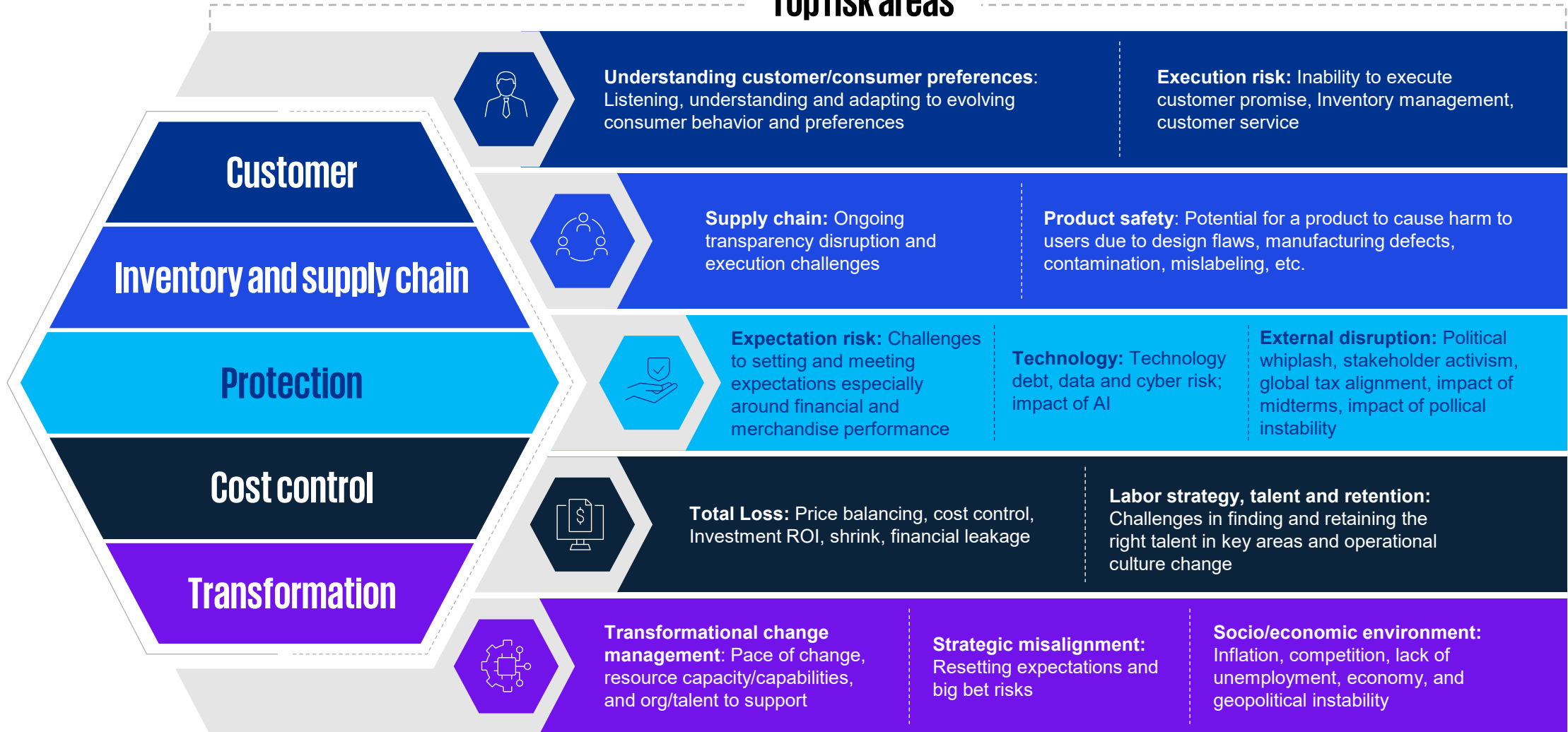
Prioritize quick wins with analytics and AI



Audit core revenue-driving processes

Top consumer and retail risks

Top risk areas



On the CAE Agenda Q3/Q4, 2025 – Consumer and Retail

The role and focus of internal audit (IA) in the consumer and retail sectors are ever evolving. This installment of the KPMG *On the CAE Agenda* series provides quick insights into what IA leaders within the consumer and retail industries may be hearing, doing, and discussing with their stakeholders across the core elements of their business agendas during the second half of 2025.



Hot topics in IA and key focus areas for consumer and retail

- **Socio-economic environment:** Inflation, competition, lack of unemployment, economic uncertainty, and geopolitical instability ongoing
- **Understanding customer/consumer preferences:** Listening, understanding, and adapting to evolving customer/consumer behavior and preferences
- **Labor strategy, talent, and retention:** Challenges in finding and retaining the right talent in key areas and operational culture change
- **Transformational change management:** Pace of change, resource capacity/capabilities, and org/talent to support
- **Product safety:** Impact of product recalls, and brand and reputation damage
- **Execution risk:** Inability to execute customer promise, Inventory management, customer service
- **Strategic misalignment:** Resetting expectations and big bet risks
- **Technology:** Technology debt, data and cyber risk, impact of artificial intelligence (AI) and third-party exposure
- **Supply chain:** Ongoing transparency disruption and execution challenges
- **External disruption:** Compliance changes, stakeholder activism, global tax alignment, expanded tariffs
- **Cost containment:** Price balancing, cost control, Investment ROI, shrink, financial leakage
- **Expectation risk:** FP&A misses, impact of price escalation, merchandise planning, market expectation setting

Spotlight on:

Data, analytics, and insights

- Adoption/use of AI technologies in IA
- Data-driven enterprise and IA risk assessment
- Need for more specialized or mature capabilities around technology, data, and insights
- IA's role in the company's data quality and governance journey
- Risks of agentic AI
- Enhancing IA's operational model
- Bias and transparency

Operating model agility: IA's role in cost containment

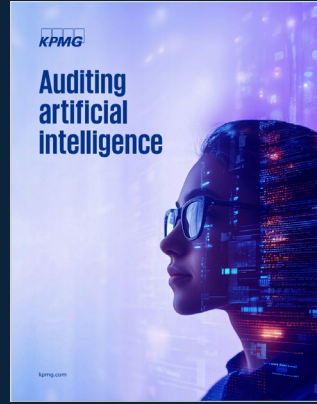
- Continuously adapt audit plans to prioritize emerging risks in procurement and cost-saving opportunities using real-time data and analytics
- Employ agile auditing techniques to review inventory management systems and operational processes, especially regarding manufacture, distribution, and held for sale
- Use technology to automate compliance checks and establish proactive controls, allowing for swift identification and reduction of discrepancies and shrinkage
- Use iterative assessment approaches to review investments for ROI, adapting evaluation criteria as projects evolve to ensure benefits are realized efficiently
- Implement adaptive expense control: Use flexible, technology-driven auditing processes around expense management, with the ability to rapidly address and correct noncompliance or excessive spending

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- [KPMG Future of Internal Audit](#)
- [On the CAE Agenda library](#)

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Explore more by reading our recently-published thought leadership



For more internal audit insights, visit our thought leadership webpage:

[The KPMG Future of Internal Audit](#)

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