

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.



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 Al
- Enhancing IA's operational model
- Bias and transparency

Contact us

Michael A. Smith

US Internal Audit Solution Leader, KPMG LLP E: michaelasmith@kpmg.com

JP Font

Consumer & Retail Risk Services Solutions Leader, KPMG LLP E: jpfont@kpmq.com

Ivor O'Neill

Managing Director, Consumer & Retail. KPMG LLP

E: ioneill@kpmq.com

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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,
- Cost containment: Price balancing, cost control, Investment ROI, shrink, financial leakage
- Expectation risk: FP&A misses, impact of price escalation, merchandise planning, market

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

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- · On the CAE Agenda library

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