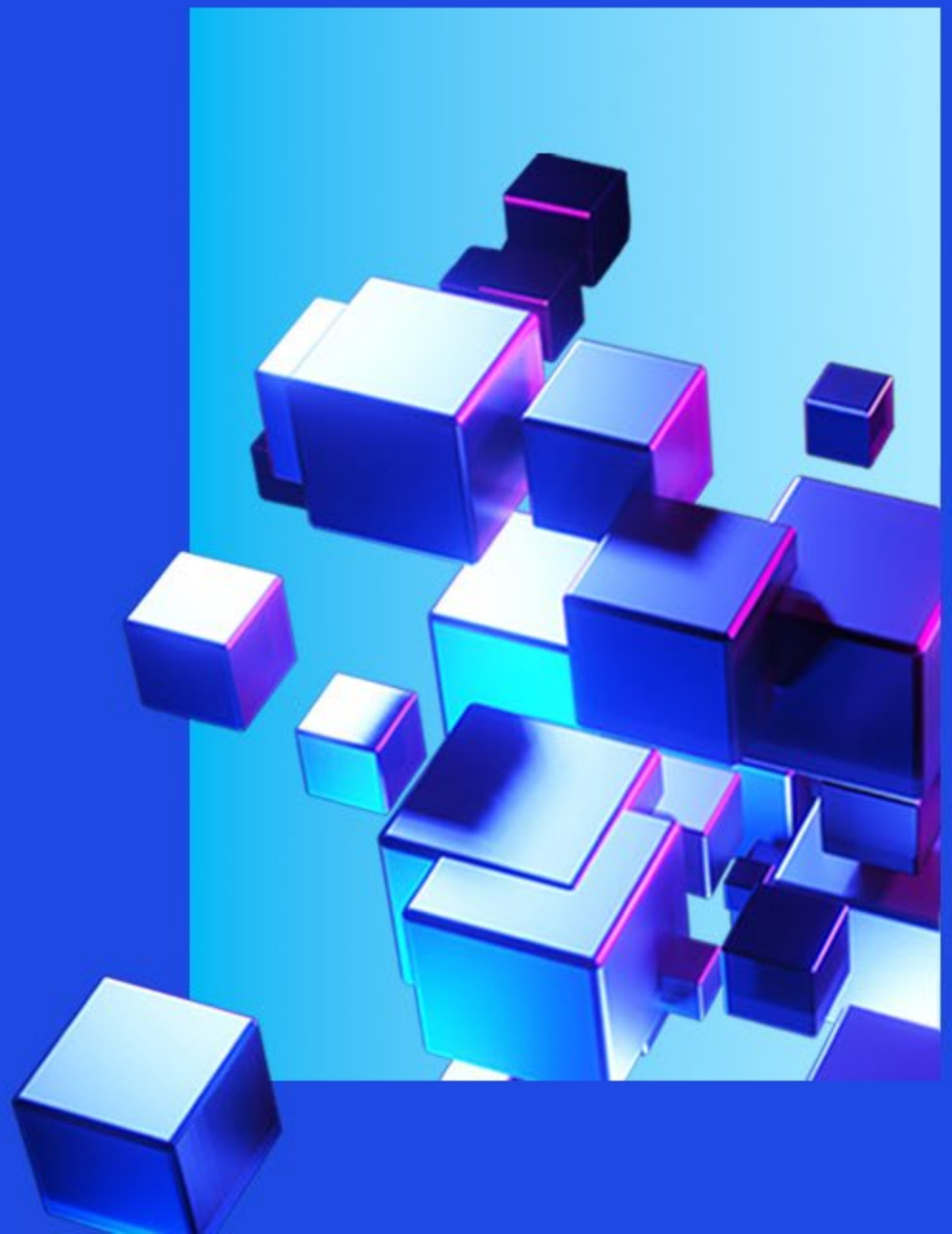
Real-world perspectives on ICFR trends, AI, and emerging technology

Insights from the September 2026 KPMG *Future of SOX* webcast



> ***Technology should not be its own separate pillar; it needs to be a part of your strategy.***

–Charles King

US AI and Technology for Internal Audit Solution Leader, KPMG LLP

Survey methodology

On September 24, 2026, KPMG hosted a virtual webcast on "The Evolving Landscape of SOX: Real-World Perspectives on ICFR Trends, AI, and Emerging Technology," as part of the *Future of SOX webcast* series. During the webcast, over 600 attendees participated in polling questions regarding their current perspectives on SOX, internal controls, internal audit priorities, and the adoption of AI and technology within assurance functions.

Industry distribution

As the webcast focused on evolving trends in SOX, ICFR, and internal audit functions, attendees from various sectors joined the webcast and responded to our polling questions.

Total industry breakdown of attendees:

- Technology, Media and Telecommunications: 377 (20.8%)
- Products: 674 (37.1%)
- Financial Services: 433 (23.8%)
- Government and Healthcare: 126 (6.9%)
- Asset Management and Private Equity: 145 (8.0%)
- Other: 61 (3.4%)

Respondent seniority

The seniority of the survey respondents, based on an analysis of their provided job titles, is outlined below from the most senior to other professional roles:

- C-level: 68 (3.7%)
- Partner / Principal: 15 (0.8%)
- Vice President: 196 (10.8%)
- Director: 376 (20.7%)
- Manager: 445 (24.5%)
- Associate / Analyst: 123 (6.8%)
- Other: 593 (32.7%)

Here is what our polling revealed….

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The evolving landscape of SOX: Technology, controls and new responsibilities

Inputs from over 600 audit and risk leaders in our September 2026 *Future of SOX* webcast highlight that organizations are modernizing SOX through upskilling, continuous risk assessment, AI readiness, remediation of recurring control deficiencies, and expanding governance responsibilities.

Tech skills take center stage

74% prioritize advanced analytics, automation or emerging technology capabilities when considering future SOX and internal audit upskilling needs.



Evidence quality remains under scrutiny

57% identify IPE completeness and accuracy or management review control precision as the areas requiring the most effort in interactions with external auditors.



AI readiness moves ahead of execution

60% are focused on workforce upskilling or developing governance and use-case roadmaps, while adoption of automated testing and continuous monitoring remains limited.



SOX expands and moves upstream

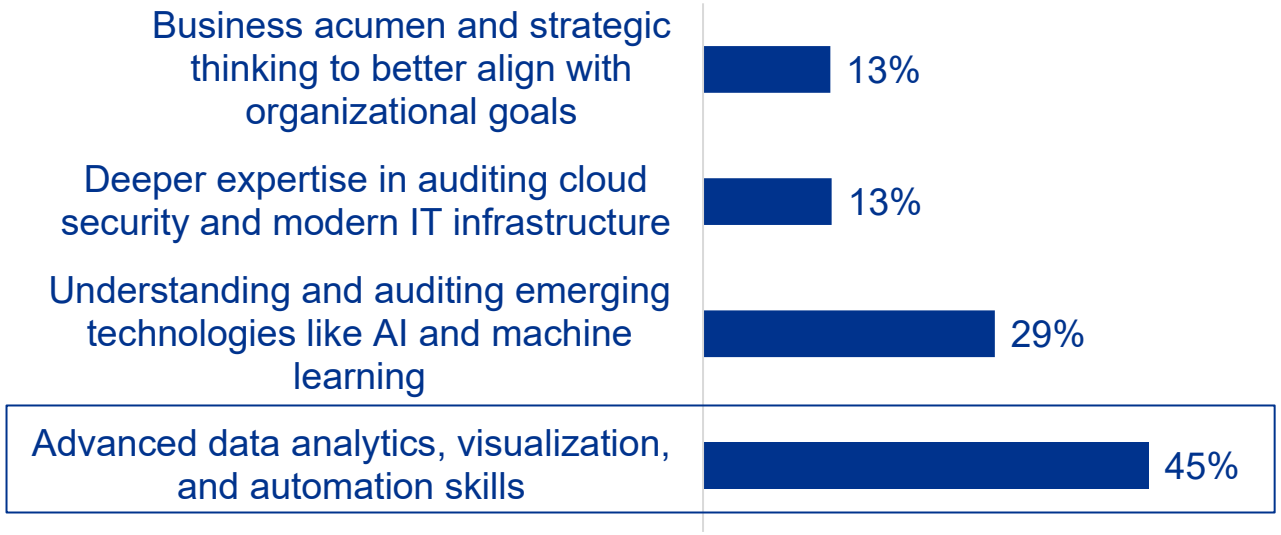
53% are moving the SOX function upstream by conducting readiness assessments or leading governance and disclosure-control design for emerging requirements.



Powering the next generation of SOX and internal audit

Nearly three-quarters of respondents prioritize analytics, automation and emerging technology capabilities, highlighting the need for SOX and internal audit teams to build practical digital skills as technology becomes more embedded across audit and control activities.

Looking ahead to the next 1-2 years, what is the top priority for upskilling your SOX/internal audit team to meet future demands?



> ***When it comes to SOX and internal audit, upskilling is highly critical at this moment. We are seeing generational differences in technology skills and AI usage. Upskilling, training teams, investing the time and adding value in this way will help organizations stand apart from their competitors and remain in the lead.***
>
> **– Subash Samuels**
> Principal, Internal Audit and Controls Services, KPMG LLP

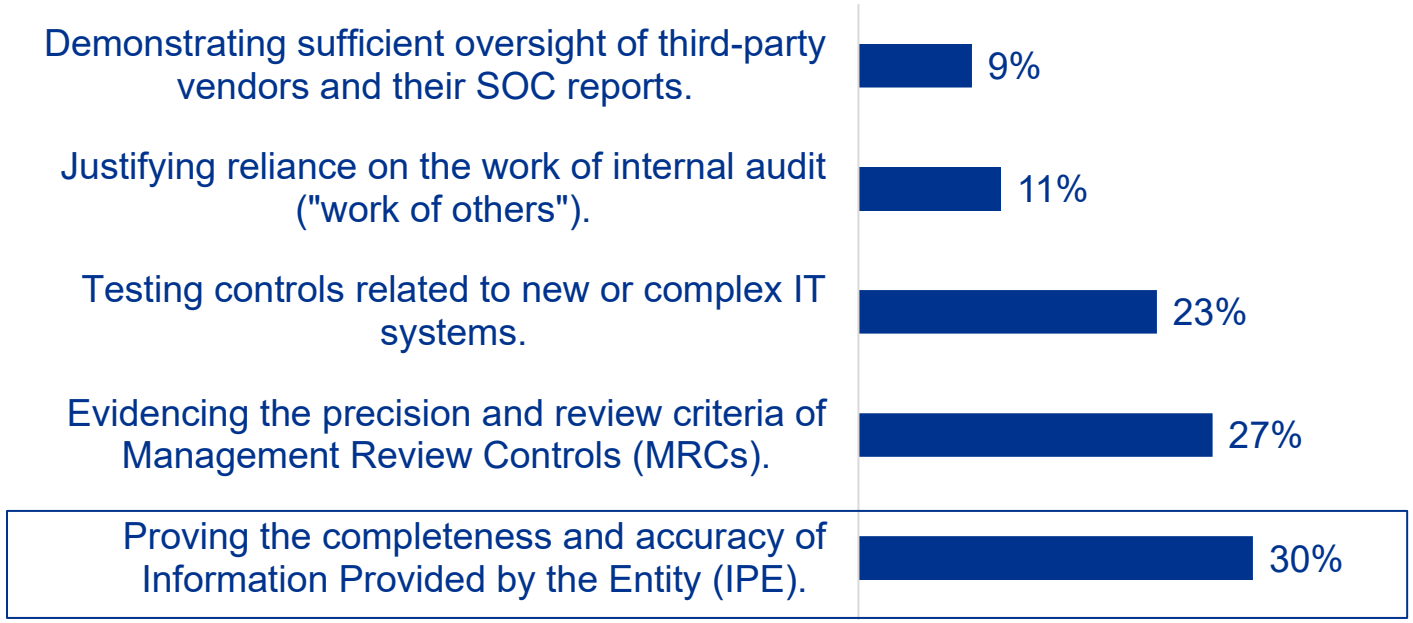


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Getting the evidence right remains a persistent SOX challenge

External audit friction is concentrated around proving the completeness and accuracy of IPE and demonstrating sufficient precision in management review controls, highlighting the continued importance of clear criteria, reliable data and defensible review documentation.

Which area currently creates the most significant friction or requires the most increased effort in your interactions with external auditors?



> ***For the last 10 years, we have continued to discuss Management Review Controls and IPE because they remain extensive focal points for inspections and continue to arise despite efforts to address them. Precision, level of detail and appropriate thresholds remain important, particularly when working with the external auditor.***

– Subash Samuels
Principal, Internal Audit and Controls Services, KPMG LLP

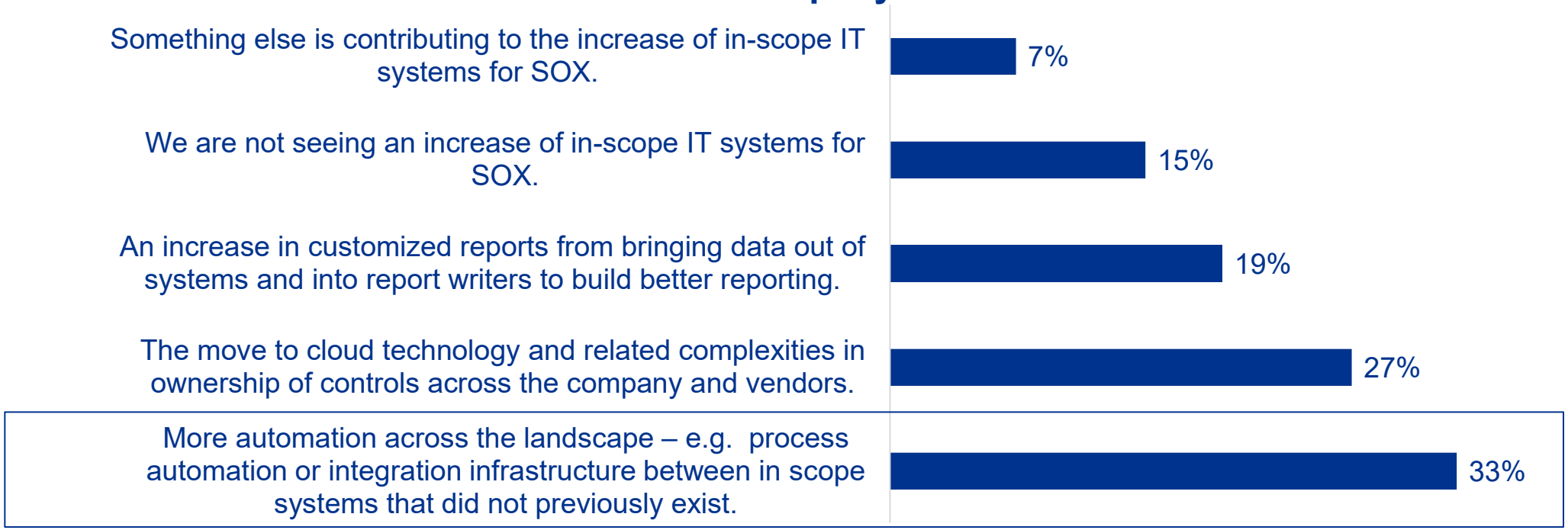


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Connected technology is expanding the SOX perimeter

Automation, system integrations and cloud adoption are expanding the number of technology components relevant to SOX, increasing dependencies across systems and adding complexity to control ownership between organizations and third-party providers.

What is driving the increase of in-scope IT systems for SOX in your company?



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Building the foundation for AI-enabled SOX

With most organizations focused on workforce upskilling, AI governance and use-case planning, SOX/ICFR functions are building the capabilities and frameworks needed for AI adoption, while fewer have progressed to automated testing and continuous monitoring.

How is your organization currently leveraging or planning to leverage GenAI and automation tools within your SOX/ICFR program?

We're starting with upskilling our current team on data analytics/AI literacy.	36%
We're actively using AI/automation for automated testing, evidence gathering, or documentation.	17%
We are implementing continuous, real-time risk and control monitoring across the enterprise.	11%
We're in the research and exploration phase; developing governance and use-case roadmaps.	24%
We are partnering with the business as they adopt AI in operational processes to ensure the impact on controls is considered.	13%

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Key takeaways: Hot topics and emerging trends in SOX

Six key insights from our CAE panel webcast featuring heads of internal audit from Pennymac, Yelp, and Herbalife. ✓ Whitepaper tags show where our ***Future of SOX 2030*** point of view includes a related perspective on each takeaway.

1 Right-Size the Program: Quality over Control Count

- **Rationalize continuously,** not once a year; no target count, just the optimal mix of precision and coverage.
- Control counts are flat or rising with M&A and new revenue; favor **high-coverage, high-quality controls** over small manual ones.
- Standardize control language, frequency and timing across shared service centers.

✓ **Whitepaper:** Intro (p.5) & Phase 1 Controls Clean-Up (p.16)

2 Dynamic, Risk-Based Scoping & Oversight

- Blend **quantitative** (revenue, inventory, materiality) and **qualitative** (prior deficiencies, fraud, change) factors.
- "North Star" goal – get invited to the table for new initiatives to ensure risk and controls are adequately considered.
- Keep **fraud risk assessment continuous**; adjust the test plan in-year as the business changes.
- Third parties: link SOC 1 reports to controls; assign clear CUEC and bridge-letter owners.

✓ **Whitepaper:** Proactive Risk (p.15) & Third-Party Risk (p.14)

3 Embed Automated Controls in the Process

- **CI/CD auto-deploy gates:** verify code was approved by someone other than the developer, addressing SoD risk.
- **Embedded controls** proved more effective than manual review, since systems check more attributes than a human.
- Partner early with engineering on new system implementations or upgrades so controls are built in.

✓ **Whitepaper:** POV 2: Embedded & Autonomous Controls (p.8)

4 100% Testing Is the New Normal

- AI can test millions of lines of code or full populations in hours, reducing reliance on sampling.
- External auditors signal more full-population substantive testing if proposed ICFR rule changes advance.
- **Push monitoring to the first line:** hand AI-built tests (e.g., privileged access) to control owners to fix issues before testing.

✓ **Whitepaper:** POV 3: Full-Population Testing (pp.9–10)

5 External Auditor Partnership & Reliance

- **"Soft reliance":** share documentation and align sample sizes in non-reliance areas (e.g., revenue) to drive efficiency between management and the auditor.
- Align early on MRC/IPE precision, thresholds and evidence; choose what to challenge carefully on judgment areas.

✓ **Whitepaper:** POV 5: Beyond External Auditor Reliance (p.12)

6 "Adapt or Die" Culture Drives AI Adoption

- Leaders set the tone at the top; hire and develop for curiosity and agility, and expect pivots along the way.
- Hands-on training at the keyboard builds muscle memory; staff doing the work should shape the solution.
- **Quick wins:** AI for process research, meeting transcripts for narratives and narrative-to-flowchart generation.

✓ **Whitepaper:** Phase 1 Talent & Phase 3 Agility (pp.16–17)

Panel's Parting Advice

Refresh the playbook. Revisit the full ICFR program every couple of years as the environment shifts.

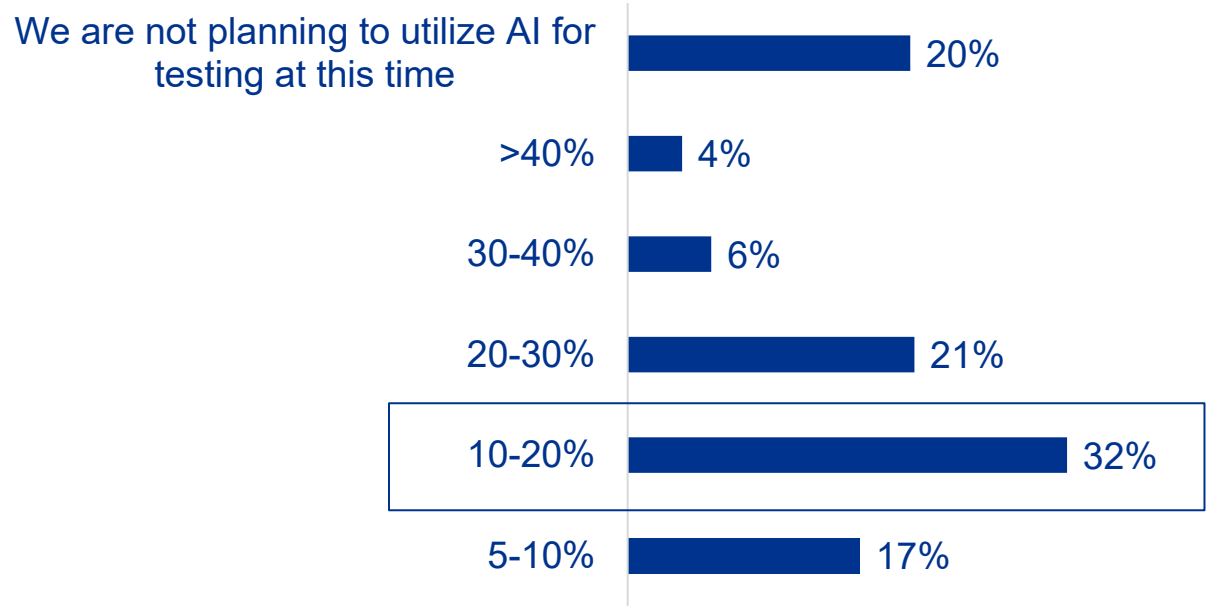
Get ahead of 100% testing. Help control owners design monitoring over every transaction before auditors do.

Plan early. Align with management and external auditors up front to clear issues before year-end.

AI testing gains traction, but expectations remain grounded

AI-enabled testing is expected to deliver practical efficiency gains, but realizing broader benefits will require teams to integrate new tools into existing workflows and redirect capacity toward higher-value activities.

If you are implementing AI testing strategies in your controls function, what is your expected efficiency gain in your team's effort hours?



> ***We may be swapping the focus of our time rather than changing the overall level of effort. We may spend less time testing or writing reports, but those efficiency gains may still require people to build and maintain the solutions behind them.***



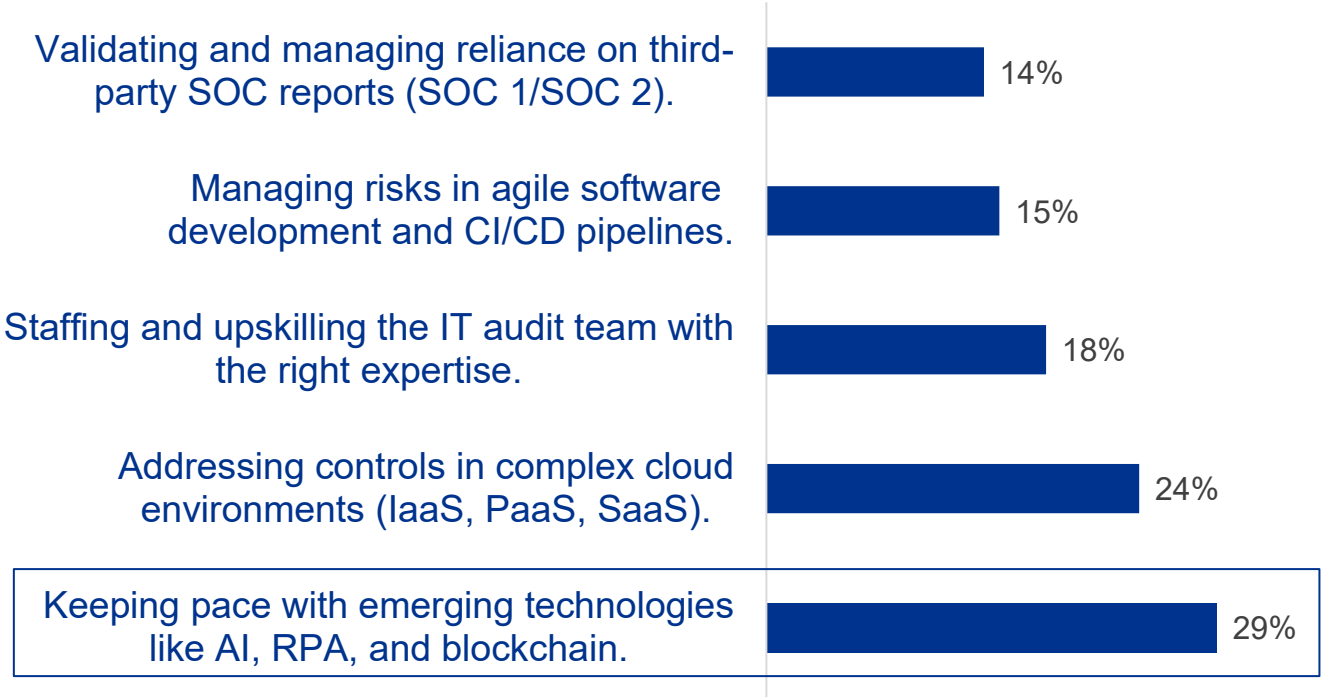
– Charles King
US AI and Technology for Internal Audit Solution Leader, KPMG LLP

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IT controls race to keep pace with technology change

As emerging technologies and complex cloud environments reshape IT operations, organizations often need to continuously adapt their control frameworks and build the specialized expertise required to manage new risks.

What is the most significant challenge your organization faces when managing IT general controls (ITGCs) in today's technology landscape?



> ***It's also about: what we are doing to get our people to use it? How are we embedding this into our methodology so it becomes our way of working? Do I need to change anything about our requirements or the documentation that we're producing now that we have this new tool? You learn so many lessons along the way that even if you end up rebuilding that solution a year from now, you're a better function.***
>
> **– Charles King**
> US AI and Technology for Internal Audit Solution Leader, KPMG LLP

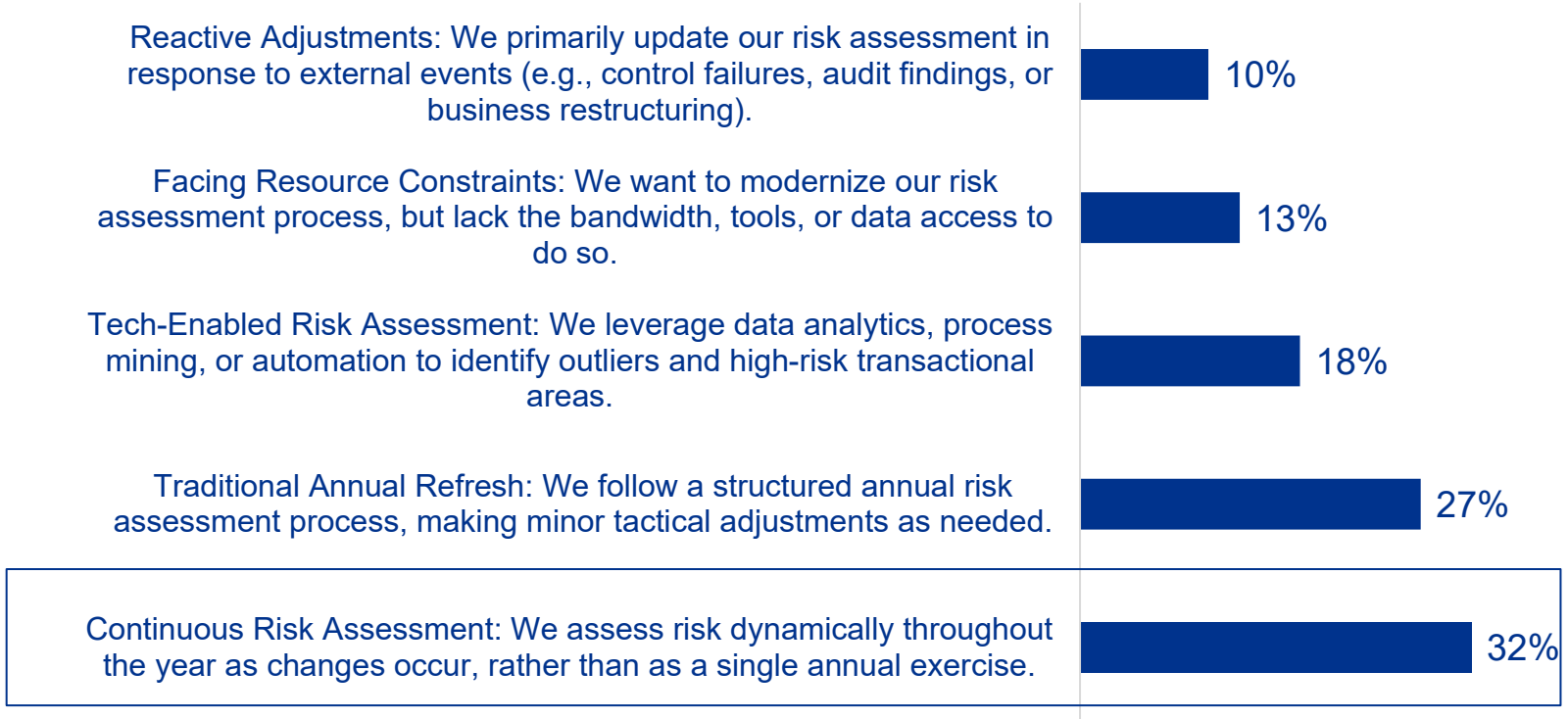


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From annual exercise to always-on risk assessment

SOX/ICFR risk assessment is becoming more responsive to business and technology change, but annual refreshes and limited technology adoption continue slowing the shift toward dynamic, data-enabled risk assessment.

How is your organization evolving its SOX/ICFR risk assessment process to keep pace with rapid business and technological changes?



> ***The risk dynamic shifts very quickly within organizations. I think businesses and key executives are looking to internal audit to be that stakeholder, that set of hands that helps advise and guide and consider risk in key decisions.***



– Charles King
US AI and Technology for Internal Audit Solution Leader, KPMG LLP

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Key takeaways: Digital, AI, and technology in SOX and Internal Audit

Six key insights from our conversation with the chief audit executives of ArcelorMittal and Salesforce on turning AI, agents, GRC platforms, and analytics into audit outcomes.

✓ Whitepaper tags show where our ***Future of SOX 2030*** point of view includes a related perspective on each takeaway.

1 Strategy First, Technology Second

- Technology should not be a stand-alone pillar; start with the objective, then pick the tool.
- Use a holistic framework: Purpose, outcomes, governance, talent, methodology, technology and quality.
- **Litmus test:** A good strategy tells you what to say no to; better, faster and cheaper at once is rarely realistic.

✓ **Whitepaper:** AI Strategy (p.16) & Measurable Outcomes (p.17)

2 People Make or Break It

- Guardrails define what teams should and should not do; skepticism and judgment keep outputs trustworthy.
- **Hackathons and a "play" mindset** build skills fast; treat each team member as an entrepreneur.
- Let people experiment and make mistakes; confidence grows with use across both junior and experienced staff.

✓ **Whitepaper:** New Skillset (p.13) & Organizational Agility (p.17)

3 From Prompt Library to Agents

- Consider mapping each methodology step to a prompt to build agents step by step.
- A global, team-built library standardizes methodology and compliance across regions.
- **Prompts are seeds for agents:** Add proprietary data, build skills, connect to GRC, then orchestrate actions.

✓ **Whitepaper:** Phase 3 Redesign for AI-Enabled Capacity (p.17)

4 Build Momentum Now; Run It Like a Product

- Don't wait for the "perfect" platform. Rollout, enablement and methodology lessons carry forward even if you re-platform.
- Expect backlogs; product-manager roles and asset custodians help build and maintain assets.
- **Don't let perfect be the enemy of good:** Keep delivering core audits while innovating.

✓ **Whitepaper:** Call to Action (p.16) & Conclusion (p.18)

5 Converge on a Common Platform

- **One source of truth**: A shared GRC platform across SOX, IA, compliance and ERM cuts duplicate controls and testing, and gives leaders one view of risk.
- Build audit workflows and evidence collection into tools the business already uses, so AI can draw insights from both structured data and day-to-day communications.
- **Build once, reuse everywhere**: Turn proven prompts and AI skills into shared building blocks.

✓ **Whitepaper:** Automating Evidence (p. 10) & Enterprise AI (p.17)

6 Beginner's Mind and Human in the Loop

- **Start from first principles:** Don't just wrap AI around a laundry list of legacy tasks; some steps may not be needed at all.
- **Fail fast and restart**: Early builds become blueprints for the next level.
- **Reimagine what review layers are truly needed**: The review of the future should have AI quality assurance built in, plus targeted human review.

✓ **Whitepaper:** Human-in-the-Loop (p.14) & Phase 3 (p.17)

Beyond the Tech

Emerging risk radar. Digitalization, AI, quantum computing, geopolitics and trust top the CAE agenda.

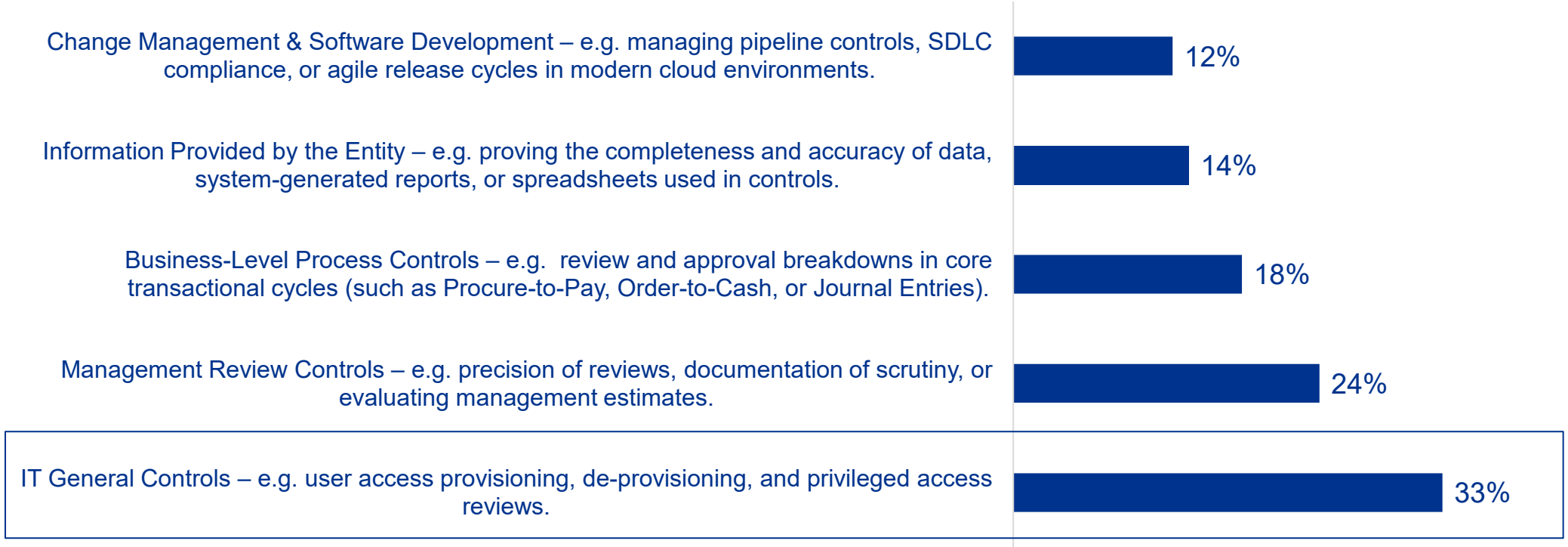
Earn the seat at the table. Move conversations beyond controls toward business outcomes and seeing around corners.

Stay open-minded. Models improve almost daily; keep building while staying ready to pivot.

ITGCs remain at the center of control remediation

Recurring issues in IT General Controls and Management Review Controls highlight continued difficulty in operating access controls, documenting review precision and applying control requirements consistently.

In which control area has your organization experienced the most significant or recurring control deficiencies (or near-misses) so far this year that you're working to remediate?

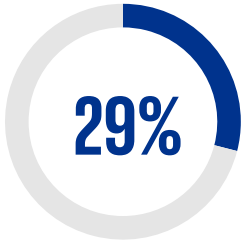


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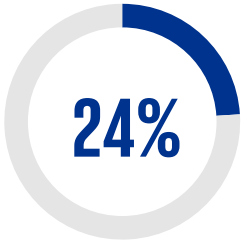
Expanding the SOX playbook beyond financial reporting

SOX and internal control functions are beginning to extend their capabilities into non-financial reporting, with readiness assessments and governance design emerging as key steps toward more structured involvement.

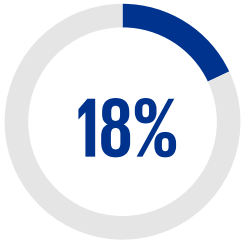
How is your internal control / SOX function preparing for expanded reporting requirements (e.g., SEC cybersecurity disclosure rules, ESG / climate disclosures)?



Performing preliminary readiness assessments and gap analyses alongside business owners.



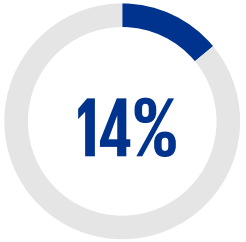
Leading the design and implementation of governance frameworks and disclosure controls.



Providing advisory and assurance support upon request from the sustainability/cyber teams.



Monitoring regulatory updates, but formal internal control involvement has not yet begun.



Non-financial reporting controls are managed entirely outside our SOX/ICFR team.

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Practical advice: Top actions to consider



Charles King on AI and technology

Strategy before technology

Start with what you want to accomplish, then determine the right tool.

Make progress now

Do not wait for the technology landscape to stabilize. Build, deploy and learn along the way.

Keep people at the center

Pair tech-enabled outputs with established review processes, human insight and strong storytelling.



Subash Samuels on SOX

Upskill for the future

Build practical technology and AI capabilities across SOX and Internal Audit teams.

Make collaboration a priority

Strengthen governance and collaboration to navigate complex control and audit matters.

Keep the fundamentals strong

Maintain attention on IPE quality, management review control precision, and appropriate thresholds.

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Internal audit's role in AI transformation

Discover the potential that AI can shape the future of internal audit

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