



Finance evolution

**Insights from Australian
CFOs and finance leaders
on the impact of COVID –
19 and their new reality.**

October 2020

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Foreword

The roles and responsibilities of CFOs and finance teams were already evolving before the global pandemic hit, but the challenges of COVID-19 have accelerated the pace of this change. Finance leaders are being asked to assist in ensuring business resilience in the short term, support commercial and operational recovery and drive the change required to adapt to the new business reality.

Between August and September this year, KPMG Australia surveyed over 70 finance executives to discover how COVID-19 had challenged their teams and businesses and how it's reshaping their roles into the future. We followed these surveys up with detailed interviews with 15 selected respondents to gather deeper insights into their new realities.

The CFO and finance teams moved fast when the restrictions first kicked in. They supported staff to work remotely while protecting cash flow and funding. They were tasked with supporting businesses with customers who were under financial duress and worked to resolve supply chain issues and contract variations.

Even though teams were dispersed, daily finance operations had to continue so new ways to ensure internal controls were still operating effectively had to be implemented. On top of this, boards and management required daily and real-time business forecast updates and scenario analysis. To meet these challenges, their roles and responsibilities extended far beyond their company's financial matters to focus on strategic support, risk mitigation and resilience across all facets of the business – and finance teams stepped up to the challenges that faced them.

The results of this survey and subsequent interviews highlight just how the role of CFOs and finance teams has changed since the pandemic started. While the health and wellbeing of their staff is a key priority, there is also more of a focus now on cost reduction and cash management across the business and a continued expectation that the finance team provides more forward-oriented insights and analysis for internal decision support and external reporting.

To achieve this, it is now becoming more apparent that CFOs are expected to be responsible for the quality of all business data, including Environmental, Social & Governance (ESG) and other non-financial data – financial rigour is being sought across other areas of the business that are critical to value and business success.

Finance leaders know that now, more than ever they need new or reskilled capabilities, alongside new technology and automation to meet these increasingly sophisticated information demands to better support business decision makers in their organisation's and the finance team's new reality.



Nicola Davis

National Partner-in Charge,
KPMG CFO Advisory



Peter Trace

Lead Partner, Finance Evolution,
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Summary of Key Insights

A top priority of CFOs and finance leaders is the health and wellbeing of their teams

60 per cent of CFOs and finance leaders said that since the start of the pandemic the health and wellbeing of their teams has been a top priority – and remains so.

Demands on finance teams seem set to grow further, by taking on strategic responsibilities and working to extract the benefits of new technology, in addition to BAU tasks. CFOs will have to pay even more attention to their team's mental health and wellbeing.

1

A broader, strategic role, supporting the whole business, though not all are ready for the step up

CFOs and finance teams have played a wider role than before and have been pivotal in supporting the organisation navigate through the COVID-19 crisis. Focus on costs has been combined with future-oriented activities such as scenario planning, increased management and board reporting.

Finance is now expected to continue to play a more significant role in modelling future risks and opportunities to support decisions; however, 23 per cent say they aren't ready.

2

Finance to lead post-crisis cost management and rationalisation of operations, starting in finance – yet only half say they are in a position to drive the necessary technology changes

Finance teams' initial priority on internal controls during remote working has moved on to supporting the organisation's recovery from the crisis. They are expected to do this through tight cost management and rationalisation of operations.

CFO's are focusing on simplification of finance systems and increased automation and digitisation, but already-stretched teams find they lack the capacity to get the full business benefits of the new technology while undertaking BAU activities and also filling their more strategic role.

3

Finance teams need to reskill to enable a 'headcount-lite' future, but many not prepared

The crisis has reinforced the importance of true business partners working closely with operating units to optimise business decision-making, but only 16 per cent feel very prepared and have the right skills in place.

Finance teams are expected to step up to their broader responsibilities while also facing reduced headcount. They will need new inter-personal, digital and data analytical skills to optimise benefits of working with new technologies and still provide the business support required. Almost 40 per cent of finance leaders said they were not prepared for this transformed 'headcount-lite' environment.

4

CFOs say they are responsible for the quality of all business data and performance reporting, not just financial, but one-third not in a position to do so

Over 80 percent of CFOs agree that they must take ownership of the quality, timeliness and depth of all business performance information and insight, not just financial information. Finance leaders accept they are responsible for the effectiveness of controls over all systems and processes underpinning internal reporting – but 27 per cent are not yet in a position to take on this role.

Over 75 per cent agreed that finance will support those accountable for managing and reporting ESG and other non-financial information reported externally, ensuring it is underpinned by the same rigour and disciplines as that applied to financial information. 45 per cent say they are not ready.

5



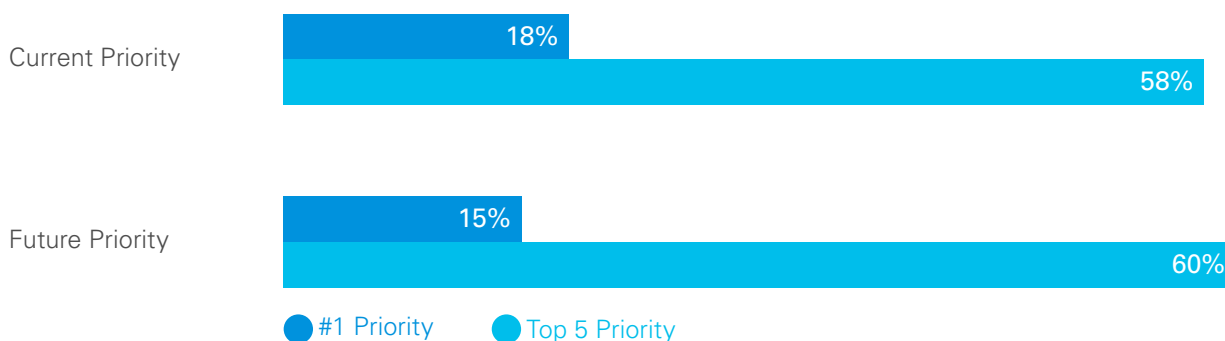
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1

SURVEY RESULTS

Finance staff health & wellbeing as a priority.

It's been an absolutely frenetic pace we have been running at. From a finance perspective we needed to make sure we could pivot and help adapt the department."

Gerard Gieseckam
CFO,
NSW Department of Education



It is difficult to gauge the temperature of the team without catching up with staff at all levels. Everyone's situation is different... I feel a responsibility as a leader to be more mindful of people's health and wellbeing."

Alexandra Bell,
CFO,
Challenger Funds Management

What we found:

A top priority of CFOs and finance leaders during COVID-19 is to protect the health and wellbeing of their staff. The majority (58 per cent) listed this as a top priority, with one in five considering it their number one priority. This is expected to remain a key priority over the next 6-12 months.

Staff health and wellbeing was initially a higher priority for the private sector than the public sector (65 per cent v 50 per cent), but this has now switched. Not surprisingly, health and wellbeing was a higher priority for respondents in Victoria (75 per cent v 58 per cent) than in other States and Territories.

Finance teams' workloads increased significantly throughout the crisis with greater cash-flow management activities, extended and more regular management reporting, increased market updates and in some cases, increased transactional processing as off-shore operations went off-line. Key BAU activities, mandatory year-end reporting and audit activities also had to be performed. During this extended period of increased workloads there was no reduction in the quality, rigour or timeliness of the work produced, but the sustainability of teams performing at this higher level is in question.

Why this matters?

Finance teams have played a critical role in keeping businesses operating throughout the crisis and this will continue. The leaders of these teams have been required to apply more time and energy into team engagement and staff check-in activities than before, and they acknowledge that managing the mental health and wellbeing of their teams will continue to require additional efforts.

The demands on finance leaders and their teams are not reducing therefore, unless stakeholder expectations are managed, resource models adjusted or new technologies to improve productivity are invested in – managing the health and wellbeing of employees will continue to be challenging.



Finance teams have responded well to the pandemic and established good support networks. But this is a marathon, not a sprint, they should now be looking to jettisoning the weight of non-critical activities so that everyone arrives at the finish line in good shape."

Emma Pratt
Partner,
KPMG CFO Advisory

What's next?

To continue to effectively manage teams' health and wellbeing through this pandemic, it is important to take a two-prong approach.


Supporting teams emotionally

- Maintain check-ins and support structures for all team members, respond to concerns raised.
- Provide and maintain wellbeing and resilience training support as part of organisational-wide activities.
- Review and manage leave to avoid fatigue and burn out for the entire team, including the CFO and finance leaders.

Tactically rationalise workloads

- Rationalise and remove any activities that are non-critical, this includes rebalancing the workload across the whole team to prevent bottlenecks and reduce stress at the individual level.
- Engage with key stakeholders to prioritise and rationalise management reporting to ensure that time is spent on the most critical information; be transparent as to the time and cost of producing certain reports and truly evaluate benefits of doing so.





A broader, strategic role, supporting the whole business, though not all are ready for the step up

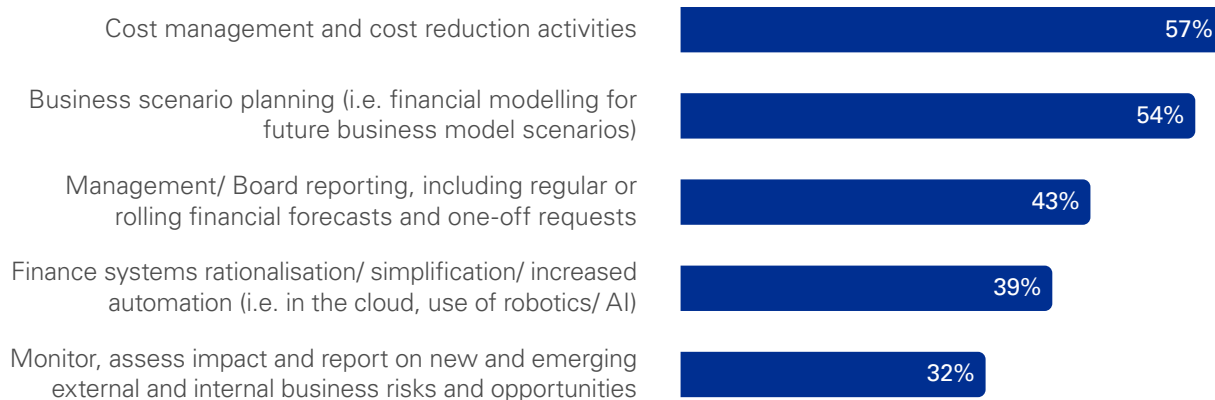
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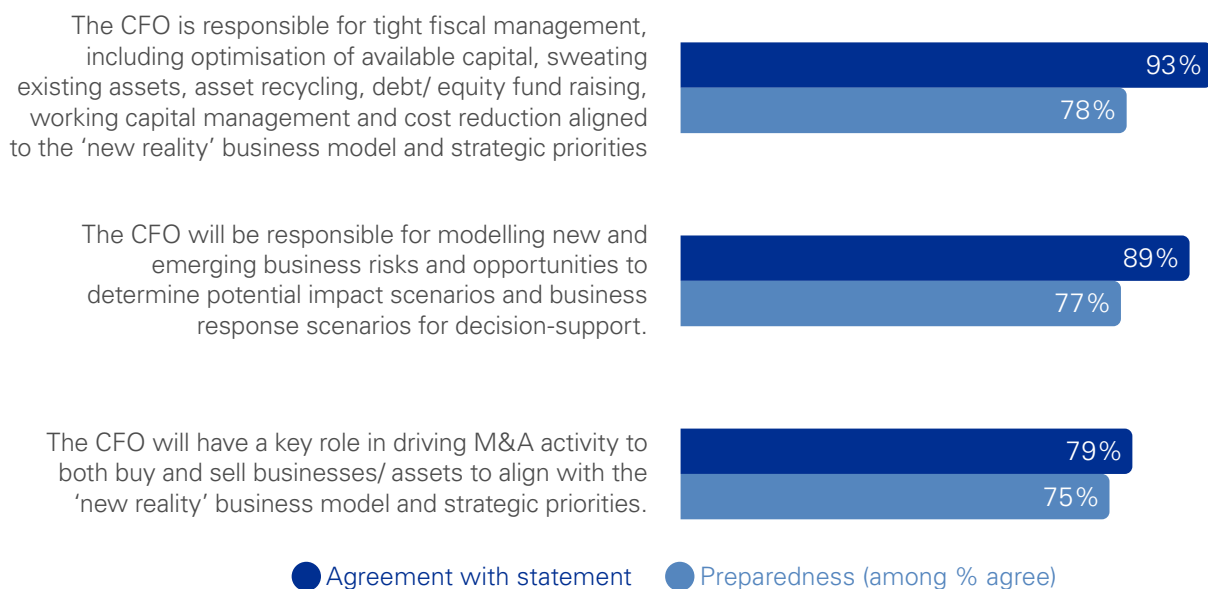
SURVEY RESULTS

Current Priorities (Top 5)



SURVEY RESULTS

Finance's New Reality



What we found:

From the very beginning of the COVID-19 crisis, finance leaders played a critical role in helping the business navigate through various challenges. Almost 60 per cent noted their top priorities over the past six months were cost management and reduction activities, closely followed by forward-focussed support activities including scenario planning and increased management and board reporting. These activities were essential in supporting business leaders make the best decisions possible, in the face of enormous uncertainty and disruption.

When interviewed, many finance leaders commented that during the crisis, both internal and external stakeholders turned to them to provide guidance on what the challenges meant for the organisation now, and into the future.

As the crisis continues, finance leaders have had to look forward, and it's now believed that the broader, pivotal role finance adopted will continue. Almost all respondents (93 per cent) acknowledged the responsibility of ensuring tight fiscal management across the organisation and aligning working capital management and cost reduction activities to new business models and strategic priorities will continue to be a responsibility of the finance team.

Almost 90 per cent agreed they will also play a significant role in determining the impacts of current and emerging risks and opportunities on the business' ability to implement strategy – for example through modelling impact scenarios and analysis to develop deep insights to support key business decisions.

Similarly, most (79 per cent) will play a key role in driving M&A activity as organisations seek to pivot models and strategies to best fit the new business reality. This was more prevalent in private companies (95 per cent) than public ones (50 per cent).

In our interviews, finance leaders confirmed that as we move out of the crisis finding ways to increase business efficiency and support business growth will be even more important responsibilities for CFOs and their teams.

While there is common agreement as to the broader strategic and future-focused role that finance is now required to play, almost 25 per cent do not feel ready to do this on an on-going basis. This is largely attributed to not having the right technology and tools in place. Teams that have new or upgraded ERP systems and streamlined processes report being ready – however, for those working with legacy technology, systems and processes, the additional requirements are an added burden that still has to be “crunched through excel” by the team.



Real focus is on growth and supporting growth. How does the back-office team support that growth? The way I have been thinking about it is turning the back office into a competitive advantage. An enabler to growth, not holding it back. Business needs to move at a certain speed and finance needs to make sure systems are ready to support these needs – to make sure finance can always say ‘yes’. If tomorrow we need to provide services in a new country, we need everything in place, so we are able to pay people in that country.”

Kevin Levine
CFO,
Appen



I see the finance team continuing to evolve from ‘here is your report’ to being front and centre in driving strategy and informing what investment is required and where value lies. Finance needs to not simply budget and report but to help shape strategy and drive the execution of that strategy across the business.”

Racheal Kellaway
Deputy CFO,
Bank of Queensland

Why this matters?

The pandemic further highlighted the critical role that CFOs and finance teams play. They are trusted to provide immediate guidance on an organisation's financial resilience as well as detailed analysis and scenario planning to manage emerging business and financial risks. Finance teams have been critical in determining the optimal pathway through, and now out of, the crisis.

As organisations move into the recovery phase and beyond, the CFO and finance teams' expanded roles will remain business critical. They will be tasked with more vigilant fiscal management, while also supporting recovery and restructuring in line with the post-COVID-19 business model and strategy. The future will no longer be business as usual for finance teams. They will need to understand strategic priorities, be across emerging risks and opportunities, and able to analyse data and model scenarios to provide insightful information. For example, a finance lens over proposed acquisitions, investments and disposals will increase in importance given current financial position, commitments and known/expected future risks and opportunities. The impact, risk and timing of transactions, and expected business benefits, will continue to need rigorous financial scrutiny.

In order to provide more strategic and future-oriented business support, many finance teams will require agility and new skillsets supported by quality tools and upgraded technology.

What's next?

In order to continue to perform this strategic role, CFOs and finance leaders will need to prioritise finance activities and re-assess team capabilities.

- Critically assessing the quality, speed and frequency of current forecasting available within the business. This would include assessing whether financial modelling capabilities, business forecasting and dashboarding tools are in place.
- Re-defining business leaders' information requirements on strategic performance, emerging risks and opportunities, and assessing the adequacy of available resources (including financial resources). It is critical to include more forward-looking indicators so that finance teams are spending enough time looking forward 'through the windscreen' and not always looking backwards through the 'rear-view mirror'.
- Working more closely with the risk team, if not already part of finance, to identify and assess emerging risks and opportunities that should be incorporated in scenario modelling to inform decision making.

- Reviewing the finance operating model to ensure the right resources are focused on decision support activities and not just on getting the numbers right. This will include recruiting/retraining staff with stronger financial and economic modelling skills and training in soft skills, so they are more effective in working with the business.
- Embedding/maintaining strong investment governance in the organisation. This includes increased controls over investment proposals, milestone reviews and discretionary spend to rigorously align spend with strategic priorities.



It is important the the CFO periodically reviews the operating model and capability mix of the finance team to ensure it is fit for purpose, and aligned to the needs of the organisation. Pivoting to a new structure and investing in new capability, can be challenging but can unlock real value for the business."

Nicola Davis
National Partner
in Charge,
KPMG CFO Advisory



Finance to lead post-crisis cost management and rationalisation of operations, starting in finance – yet only half say they are in a position to drive the necessary technology changes

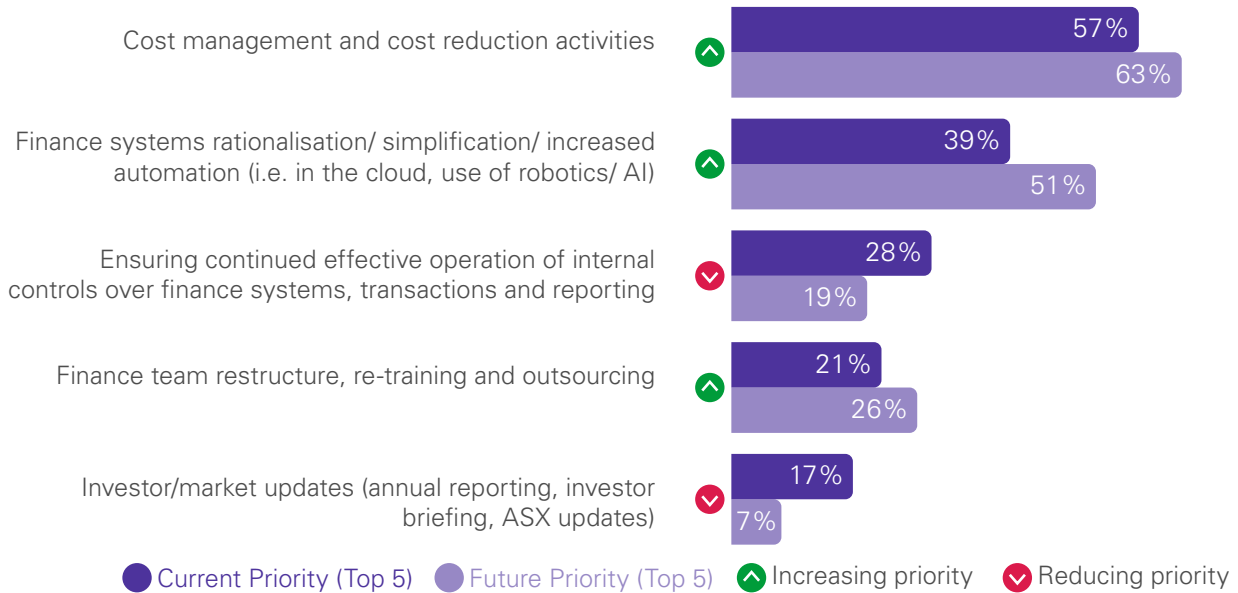
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CFO's are focusing on simplification of finance systems and increased automation and digitisation, but already-stretched teams find they lack the capacity to get the full business benefits of the new technology while undertaking BAU activities and also filling their more strategic role.

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SURVEY RESULTS

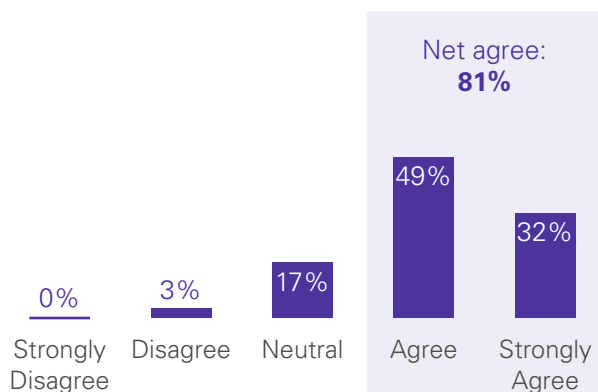
Areas of biggest shift between current and future priorities



SURVEY RESULTS

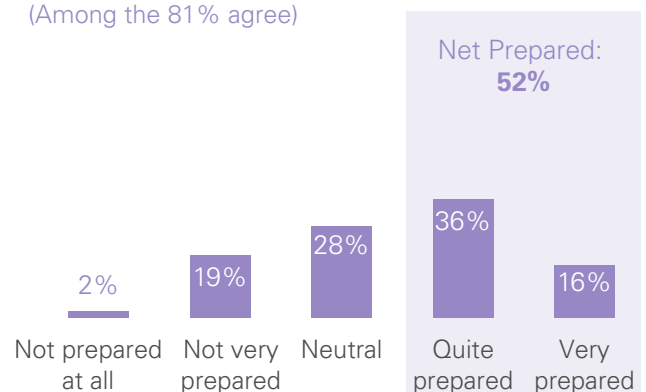
Finance operations will be 'asset-lite', preferring to move towards cloud-based and digital 'everything'. Digital commerce will be the norm.

Agreement



Preparedness

(Among the 81% agree)



What we found:

Priorities of finance leaders have shifted since the start of the crisis. Initial work to ensure that internal controls operated effectively as staff adapted to remote working, as well as providing updates to investors and other external stakeholders has become less of a priority. Now they are focused on cementing business recovery through cost management and cost reduction activities across the organisation, leading the way through finance systems rationalisation and simplification to then restructuring of the team.

The majority of finance leaders (81 per cent) agree that finance operations are moving to become asset lite through adoption of new technology, digitisation and cloud-based solutions. However, the level of preparedness varies, 21 per cent of respondents are not ready for this move and only 16 per cent reported being very prepared. This is particularly the case in larger teams where only 7 per cent of respondents in teams of more than 60 people feel very prepared versus 24 per cent in smaller teams.

Finance leaders regard the move towards digital everything as inevitable – in fact they see it as an enabler to provide more strategic and timely financial advice and support throughout the business. Some noted the challenges of obtaining investment funding and also offered words of caution against implementing every new solution versus truly evaluating technology that is the right fit, and the organisation's capacity to extract meaningful business benefits from the solutions.

Why this matters?

Over the next 6-12 months, cost management will become an even more important focus for businesses as they look to make sustainable changes to their operating models. Finance is expected to lead the way and drive efficiencies by investing in technology, process improvement and new skillsets.

An increase in the adoption of technology, digitisation and cloud-based solutions to support finance teams is a top of mind priority. Given the level of investment required, there is a clear mandate to ensure technology changes deliver real business value, meaning finance will need to scrutinise all technology business cases, validate expected benefits and then closely monitor implementation to ensure those benefits are realised.

Many know that new technology is available, or under development, but are concerned that the return on investment is not yet there as illustrated in the reported levels of preparedness. They understand that signing up to new technology is one thing but extracting the business benefits through the use of all of its functionality is another, especially when teams are already stretched completing their day-to-day activities. Currently, many do not have the resources and bandwidth to drive the required technology change while also delivering on their expanded strategic and future-focussed remit.



From an organisational perspective we need to be driving efficiencies across the business. That requires a deep understanding of how the business functions and where opportunity lies. When top line growth isn't there, back office teams need to be even more cost conscious and take the lead."

Racheal Kellaway
Deputy CFO,
Bank of Queensland



People look to technology to provide an advantage. To that end, we are embracing AI, bots etc. to do repetitive tasks. You can suffer from a lack of time to kick yourself forward in that area and so it's time to take advantage. We've got to make the time to do that. There are pressures on all parts of the business to reduce cost, the business will be looking to finance to help drive that."

Peter White
CFO,
Woods Bagot

What's next?

While finance leaders may not currently have the right resources for major technology change, they can start to take preparatory steps.

- Benchmark the finance function to understand where it stands relative to peers. This can help to quickly identify potential hot spots.
- Complete a diagnostic review to identify opportunities to free up capacity through the removal or delay of non-critical activities and potentially revisiting delegations to free up more experienced staff.
- Clean up the finance house so it's ready to adopt new technologies and extract process and broader business benefits as they become online and more cost effective. This includes:
 - Reviewing and rationalising the Chart of Accounts (CoA) and establishing a CoA governance and change framework.
 - Simplifying and rationalising finance processes.
 - Critically reviewing reconciliations and resolving long outstanding and tolerated issues. Consider the opportunity to use automated reconciliation tools here.
 - Assessing the control environment to ensure it is, and continues to be, fit for purpose. Critically consider the balance between preventative and detective controls and automated versus manual controls. Consider whether critical controls are really masking/correcting poor processes within the organisation.
 - Reviewing current finance systems assets (hardware, software, other) for functionality that is under-utilised and could provide benefits, then undertake actions required to switch that capability on.
 - Working with the team to establish a culture of continuous improvement. It is important that savings from these improvements are harvested and invested and not just replaced with other activities.
 - Identifying and monitoring for developments in technology and services, and then acquiring and implementing low-cost technology or third-party solutions that will simplify complex and/or time-consuming activities, (e.g. PowerBI or Tableau to enhance internal business reporting) or low-cost reporting tools to automate routine finance tasks such as the preparation of the annual financial report.



The development and adoption of technology continues to move at a rapid pace, even during a pandemic but it may not be the time to take the investment leap. However, now is the time to improve and simplify your finance processes so that you can implement quickly and capitalise on the benefits when the time is right."

Matt King
Partner,
KPMG CFO Advisory

Finance teams need to reskill to enable a 'headcount-lite' future, but many not prepared

The crisis has reinforced the importance of true business partners working closely with operating units to optimise business decision-making, but only 16% feel very prepared and have the right skills in place.

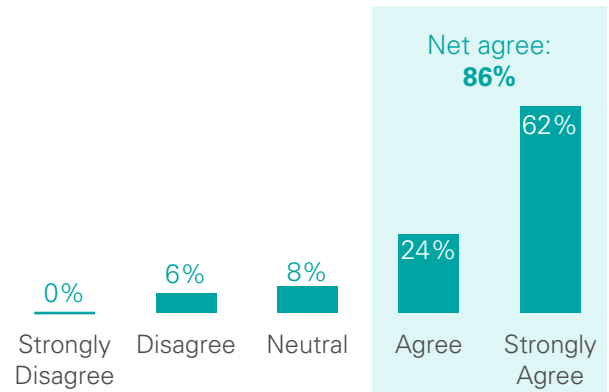
Finance teams are expected to step up to their broader responsibilities while also facing reduced headcount. They will need new inter-personal, digital and data analytical skills to optimise benefits of working with new technologies and still provide the business support required. Almost 40 per cent of Finance leaders said they were not prepared for this transformed 'headcount-lite' environment.

4

SURVEY RESULTS

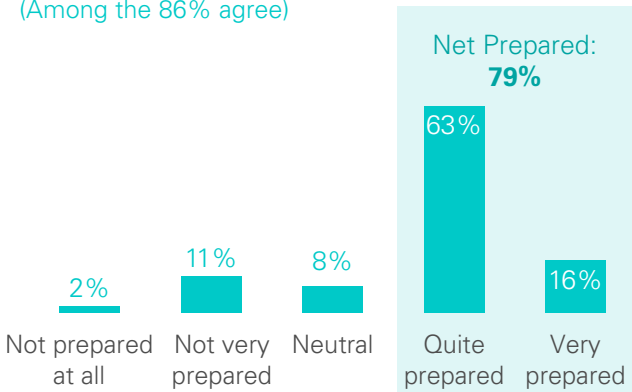
The finance team will include more business partners working closely with the operating units, requiring increased interpersonal and developed EQ skills.

Agreement



Preparedness

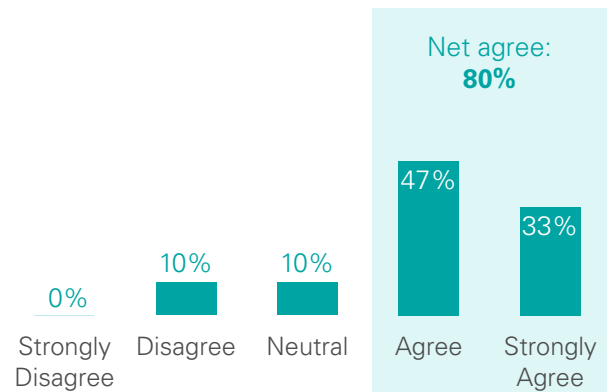
(Among the 86% agree)



SURVEY RESULTS

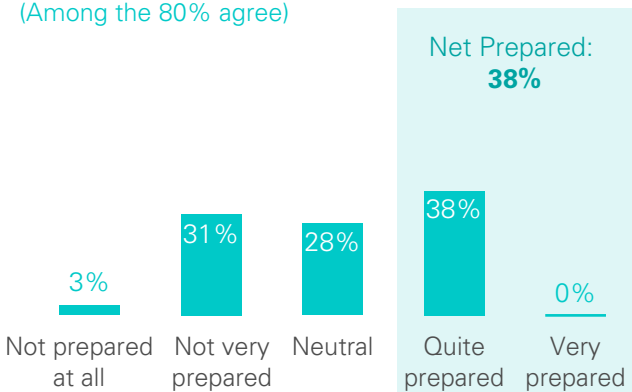
The finance team will be 'headcount-lite' and require different skills including: enhanced technology, digital and modelling skills; deep analytical skills; as well as data governance, process and controls excellence.

Agreement



Preparedness

(Among the 80% agree)



What we found:

Almost all finance leaders (86 per cent) agreed that their teams will include more business partners working closely with operating units and that the effectiveness of these business partners is dependent upon the quality of their EQ skills. However, over 10 per cent are concerned that they do not have the right business partnering model and skills currently in place. Finance leaders in the public sector were more inclined to note the importance of effective business partnering than those in the private sector, they also felt the least prepared.

Business partners that not only have business and technical accounting abilities, but also are team players with strong interpersonal and communications skills are desired. Business partners are seen as a key enabler to better support the business in the effective implementation of group-wide strategy and management of risk at the operating unit level.

It is not only increased interpersonal and EQ skills that are required across finance, we also found that finance teams are moving towards being headcount lite and acknowledge that this will require different skills to continue to operate effectively (80 per cent agree). It is clear that this is an area where finance leaders feel the least prepared, with only 38 per cent stating they are quite prepared and a further 31 per cent not very prepared.

Automation and AI are considered a replacement for many entry level, repetitive roles and tasks, yet many organisations are only at the early stages of adoption and are not yet technologically mature enough to replace or augment the human roles. Further, interviewees expressed challenges developing the right combination of broader digital and analytical skills in their teams.



The finance business partner must be a catalyst for change, have strong communication skills, build relationships and truly understand the business and its strategy. With these foundations the business partner can influence decision making and support the identification and management of risks and opportunities to drive stronger financial performance. It's a partnership role and it starts with the finance business partner having a seat at the table."

Ben Doctor
General Manager,
Corporate Finance,
NBNC0



Finance needs to be in a good place to see all the connectors objectively. A lot of people talk about business partnering, but that notion has changed a lot. A business partner needs to be technically competent, very sharp at connecting things, and seeing how things will play out in the market."

Linda Fox
CFO,
Colonial First State

Why this matters?

Business partnering is not a new term, and future business partners will further support operating unit leaders when making important decisions by offering strong financial skills as well as a clear understanding of the proposed decision in the context of the company's overall strategic priorities, available resources and relevant risks. To do this effectively they must build trusted relationships in the business, as well as within group finance to maintain strategic alignment in a fast-changing environment. A key enabler of this will be the development of stronger communication, analysis and questioning skills by finance people of the future.

Finance transformation extends beyond cost savings and will be key in enabling finance to take this more strategic role. They will need enhanced technology, digital and modelling skills, as well as data governance, process and controls excellence. When transaction processing and basic analysis and reporting is automated, finance teams will be able to focus on deep analysis, scenario modelling, forensic investigations and preparation of robust and insightful reports to support strategic decision makers. This requires an investment in the development/possible hiring of new skills and capabilities that are already in high demand and short supply.

What's next?

While finance leaders may not currently have the right skillsets in place, they can start to take preparatory steps.

- Assess the skills, relationships and effectiveness of current business partners in driving the business and finance strategy at the operating unit.
- Refine the roles, responsibilities and success measures for future business partners to build trusted relationships and drive more effective involvement in business decision making.
- Re-train and/or replace business partners to more effectively deliver, including a greater emphasis on the softer, influencing skills within finance staff.
- Through the CEO and COO, work with the operating unit leaders to optimise the input of business partners to important decision making.
- Identify quick wins for automation (i.e. labour intensive transactional processes, manual work-arounds, basic analytics). Engage the current team in developing the technology specifications and subsequent implementation in order to identify those that can handle change, and build their confidence in working with new technology while realising cost and/or efficiency gains.
- Establish self-service dash boarding and increase use of data analytics tools. It is important that these tools don't just consider financial information but effectively integrate critical non-financial data.



Gone are the days of finance sitting quietly in the back room processing transactions and building spreadsheets. Finance staff need to be integrated into the business with both strong technological and analytical skills, as well as softer skills to help influence and direct."

Michael Day
Partner,
KPMG CFO Advisory



CFOs say they are responsible for the quality of all business data and performance reporting, not just financial, but one-third not in a position to do so

Over 80 percent of CFOs agree that they must take ownership of the quality, timeliness and depth of all business performance information and insight, not just financial information. Finance leaders accept they are responsible for the effectiveness of controls over all systems and processes underpinning internal reporting – but 27 per cent are not yet in a position to take on this role.

Over 75 per cent agreed that finance will support those accountable for managing and reporting ESG and other non-financial information reported externally, ensuring it is underpinned by the same rigour and disciplines as that applied to financial information. 45 per cent say they are not ready.

5

SURVEY RESULTS

Finance's New Reality

The CFO is responsible for the quality, timeliness and depth of all material business performance information and insight provided to the Board and Executive as well as for establishing data quality practices across the organisation



The CFO is responsible for ensuring the effective design and continued operation of systems, processes and controls underpinning internal and external business reporting (finance and non-financial information) (first line of defence)



Finance will support those accountable for managing and reporting on the broader suite of non-financial business disclosures



● Agreement with statement ● Preparedness (among % agree)



Some teams feel very passionate about certain metrics being their own. Marketing might feel stats around website clicks or sales initiatives would be theirs rather than finance. However, so many things drive a financial outcome that even if finance doesn't own the reporting of those metrics we have a responsibility as they are likely to have a financial consequence. Finance would at least be part of the process in ensuring the data is of the quality to be included as a metric."

Alexandra Bell
CFO,
Challenger Funds Management



The role of data and who owns data assets across the organisation is an area where finance needs to heavily engage. Finance have traditionally had good disciplines around quality and governance which is required when the pace of change is moving quite fast.... you need to finely balance control and agility when undertaking data analytics."

Racheal Kellaway
Deputy CFO,
Bank of Queensland

What we found:

Responsibility for the quality, timeliness and depth of all material business performance information and insight laid with the CFO (85 per cent agree), as did establishing data quality practices across the organisation – but a third (33 per cent) reported not feeling ready to do this. Additionally, 76 per cent are of the view that finance will support those accountable for managing and reporting on the key non-financial information to ensure its quality. However, a little under half of respondents (45 per cent) do not yet feel prepared to deliver on this responsibility.

Similarly, 92 per cent agree that the CFO is responsible for ensuring the effective design and continued operation of systems, processes and controls underpinning all internal and external business reporting, but over a quarter (27 per cent) are concerned they do not currently have the right systems, processes and controls in place to do so.

Finance leaders believe finance is a natural owner and/or gatekeeper for all externally reported data.

Why this matters?

Finance is considered the gold standard when it comes to designing and implementing strong systems, processes and controls over the measurement and reporting of financial data. As capital markets, regulators and other stakeholders increasingly require ESG and other non-financial information, it is clear that the CFO will have an increased role in ensuring the effectiveness of quality systems and controls over processes used to capture, measure and report non-financial data, as well as ensuring its reliability and auditability. This will also further enhance the quality of business performance reporting to meet the more strategic and forward-oriented role.

As the CFO becomes more responsible for the quality of all business data, the finance operating model will likely change to include new CFO direct and/or indirect functional reporting lines (i.e. data, risk, sustainability). Legacy technology systems and a lack of integration present challenges to delivering on the CFO's expanded and more strategic data capture, management and reporting responsibilities.

Many organisations currently have disaggregated ownership of non-financial data and the underlying systems, processes and controls. Owners are often subject matter experts in the management of that area of the business (e.g. HR manager with expertise in managing the people side of the organisation);

but not in defining business metrics, developing bases of preparation and implementing robust systems and processes with adequate controls to ensure the completeness and accuracy of the data captured and reported in a manner suitable for independent third party review.

As certain non-financial information is critical to business decision making as well as internal and external reporting, finance teams need to be more hands-on to ensure the data captured and reported is robust. In many instances, they do not have a clear mandate, or the resources, to take ownership of all business data or to at least actively support those who are accountable to ensure data quality across the business. This needs to be addressed.



Previously non-financial data was managed in its own sphere and systems. We have been trying to utilise the SAP architecture as much as possible, so that it is all integrated as opposed to pulling it all together from various systems and parts of the group."

Lachlan Harris
Group Controller,
Santos

What's next?

In order to increase the quality of critical data, the following actions should be taken.

- Establish strong data governance frameworks that clearly establish roles and responsibilities (such as data owner, data producer, data consumer, data steward, etc) as well as effective governance principles.
- Establish a clear reporting strategy and rationalise non-essential internal and external reporting to free up capacity.
- Define and standardise non-financial information, both historic and forward looking, required by key internal and external stakeholders, and determine a source of truth for the data.
- Based on the reporting strategy, determine which data has a greater impact on the business (not just financial, but regulatory, reputational, etc) and which data has the greater likelihood for error. This identifies which data to focus on first.
- Establish a roadmap to implement appropriate data quality practices (such as establishing data quality metrics, assessing risks and controls, identifying the source of truth and clear definitions) for critical data.
- Remediate poor quality critical data and implement improved data quality practices.



Establishing and maintaining good quality and reliable data is a journey, and like all journeys it is important that there is proper planning and preparation. Clear governance, frameworks and action plans are a must to start this journey."

Peter Trace

Lead Partner Finance Evolution,
KPMG CFO Advisory

Methodology and acknowledgements

The survey questions explore:

The changing role and priorities of the CFO and finance team to ensure financial resilience, support business recovery and implement change to address the new business reality.

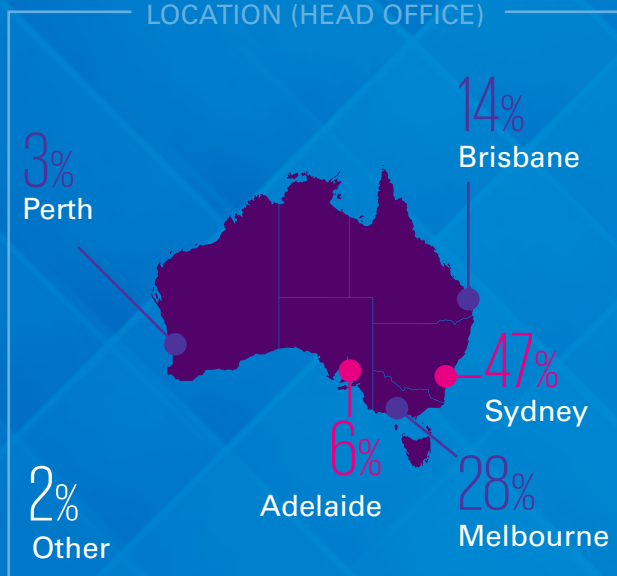
These were developed by KPMG CFO Advisory business leaders supported by the KPMG Customer Intelligence Team. The survey was run in August - September 2020.

The findings of the survey were then followed up by the same team through interviews with a selected group of survey respondents to gain further insights to enrich the report's findings.

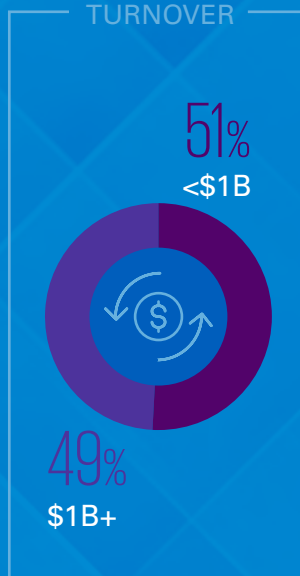
KPMG would like to thank all those who contributed to the survey, but in particular those busy executives that consented to be interviewed.

Breakdown of Survey Respondents

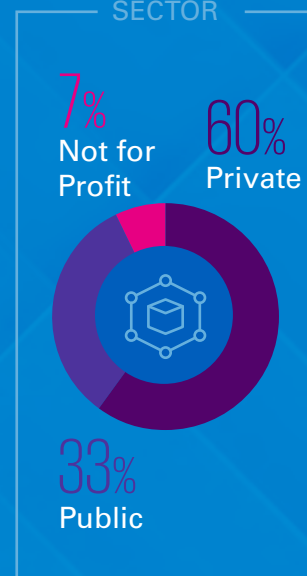
LOCATION (HEAD OFFICE)



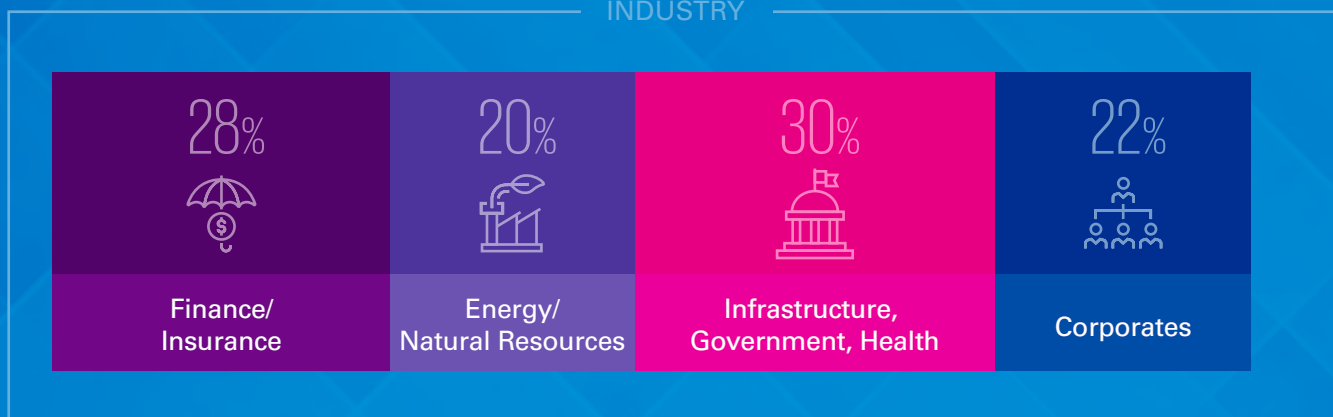
TURNOVER



SECTOR



INDUSTRY





For practical and hands-on support in preparing for the increased demands on the CFO and finance, please contact KPMG's CFO Advisory practice.



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