



Is your Internal Audit function ready for IFRS 17?

KPMG Risk Consulting
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The commencement of IFRS 17 in 2021 will represent a significant change in terms of the presentation and interpretation of financial statements for many insurance companies. Given its scale, significance and complexity, IFRS 17 implementation is more than just an accounting change. As programme delivery is fast approaching, it is paramount that Internal Audit functions are proactive in providing assurance over how the programme is governed, managed and executed.

During this final stretch of preparations, Internal Audit functions can use KPMG's IFRS 17 Assurance Framework as a blueprint and checklist to provide programme assurance and to opine on their organisation's IFRS 17 implementation readiness. This framework is founded in KPMG's extensive experience on advising our clients on IFRS 17 implementation. Through this work, we understand the extent of changes required and the importance of proper process and controls in place for ongoing compliance. KPMG has identified four key layers to focus Internal Audit's work on the programme's key risks/ areas when providing assurance:



Overall Programme: given the scale of the programme, providing assurance over how the overall programme is governed, managed and executed



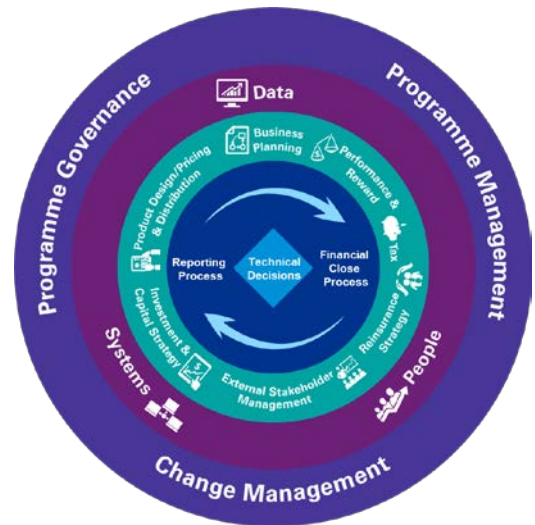
Programme Enablers: assurance over how changes to systems, data requirements and people across the business have been considered in the programme



Wider Business Impacts: assurance over how the impacts of IFRS 17 on the wider business have been considered in the development of the programme



Core Process and Controls: assurance over the core financial reporting and close process and controls and governance behind key technical decisions



IFRS 17 Programme Assurance Framework

Key success factors for Internal Audit



Presence, as observers, at key programme governance meetings, such as the steering committee to understand the overall programme status



Working with the key stakeholders to develop a plan to provide regular ongoing assurance throughout the remaining programme lifecycle



Providing assurance over the design of the core financial reporting and close process and controls before programme goes live

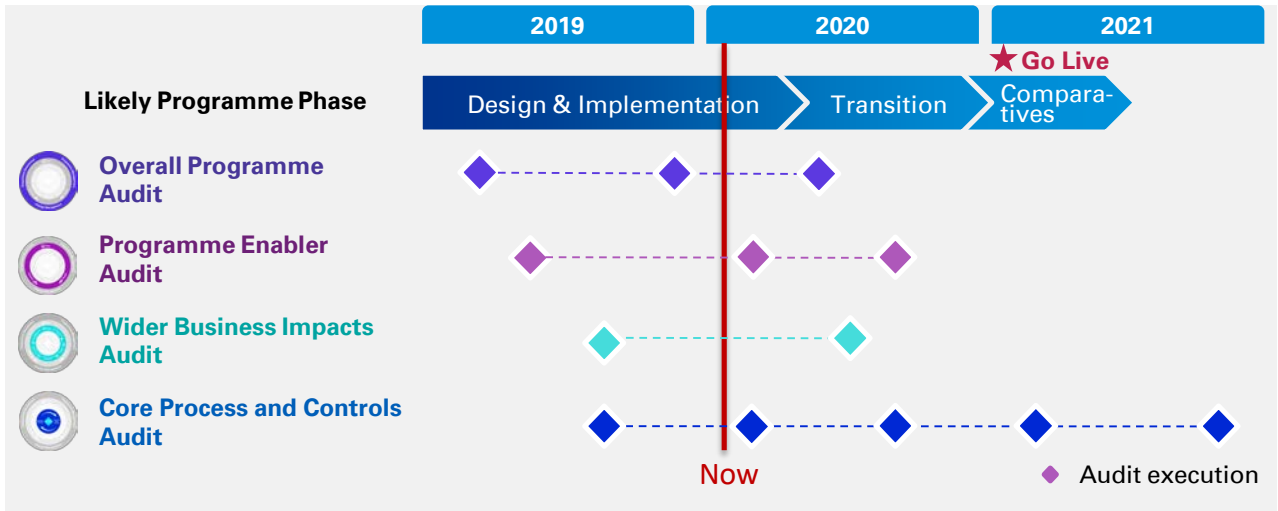


Access to expertise beyond core accounting knowledge into areas such as project management, technology, systems and actuarial

Scoping the IFRS 17 Audits

The scope of work undertaken by Internal Audit will change over time as the methodology is established, the solution is designed and implemented, and fully integrated into the business.

In this final stretch of preparations, all four layers of assurance require attention – regardless of the level of coverage Internal Audit might have provided in earlier programme phases. We recommend to cover the current state of overall programme governance at the beginning of the Transition phase. The wider business impact of IFRS17 should also be a focus point of audits during this phase. While a review of the programme enablers continues to generate insights, Internal Audit’s focus will have to shift to core process and control assurance. The proposed audit sequence, including ongoing assurance coverage after going live is also visualised below :

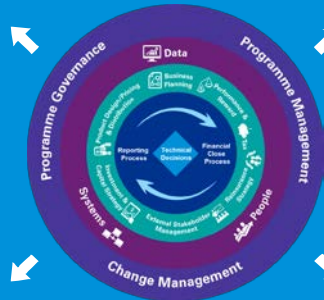


How KPMG can help

KPMG’s insurance internal audit professionals can support your internal audit team in a number of ways:

Work with your Internal Audit team to develop an audit plan to provide assurance over each aspect of the remaining IFRS 17 programme

Deliver training to your Internal Audit teams to help them successfully execute on IFRS 17-related assurance activities – programme assurance and auditing the ‘new Finance’ after 2021



Deliver the end-to-end IFRS 17 programme assurance as a strategic sourcing partner to your Internal Audit team

Quality Assurance over the coverage of assurance activities undertaken by your Internal Audit team in relation to the IFRS 17 programme

Contact us for more information



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