



# Audit Committee of the Future

## Driving through the Era of Disruption

9 October 2019



# Agenda

01 2019 KPMG Audit Committee Survey - Key points

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02 Disrupting trends worth watching

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03 How does Audit Committee respond ?

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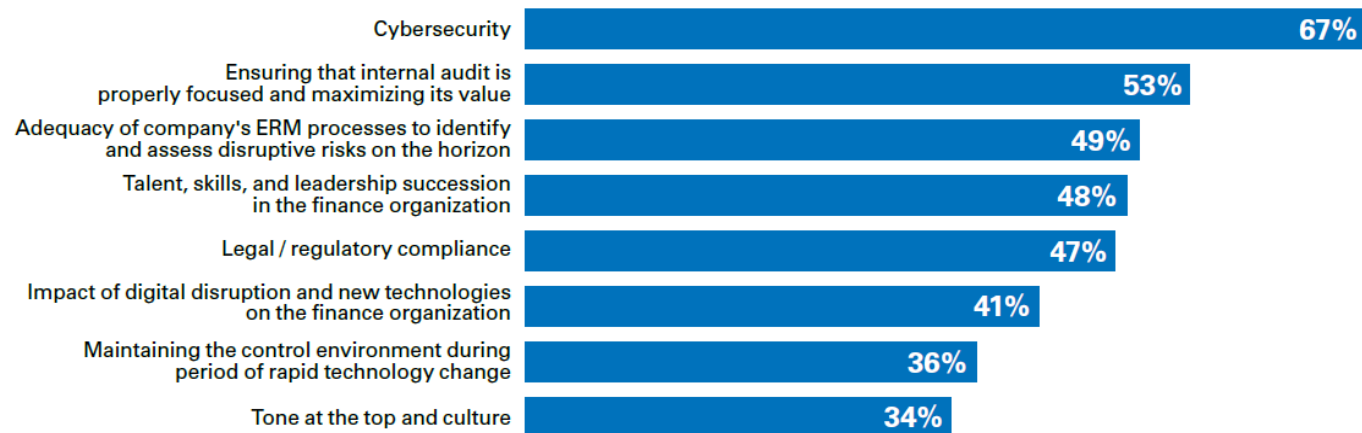
# 2019 KPMG Audit Committee Survey

# 2019 KPMG Audit Committee Survey

## Core oversight challenges



## Other top priorities



## Environmental, Social, Governance (ESG) – Perceptions

Part of normal regulatory compliance	49%
Increasingly important to stakeholders	31%
Impact on the Company's brand and identity	29%
Important to long-term performance	36%
Primary focus on emerging risks	24%

## Leverage Internal Audit – Value Creation to Organization

Flexible and responsive to changes	66%
Audit plan focusing on risks and control validations	65%
Audit plan validating risk management process	52%
Improvement in talent management	36%
Culture audit	24%



# 2019 KPMG Audit Committee Survey

## Gaps in managing cyber risk

Audit committees surveyed view these as the most significant gaps in their company's ability to manage cyber risk.





# Disruptive trends worth watching

# Data as key strategic asset

- 90% of World Data has been generated in the past 2 years.
- 2.7 Zettabytes of Data generated in prior year
- Data generated through modern devices e.g. mobile phone, computer, IOT and through stronger network
- The companies have more competitive through maximizing consumers' behavior and data
- Personal Data is protected by laws
- Data security breach draws public attentions

## British Airways faces record £183m fine for data breach

**Hundreds of millions of Facebook user records were exposed on Amazon cloud server**

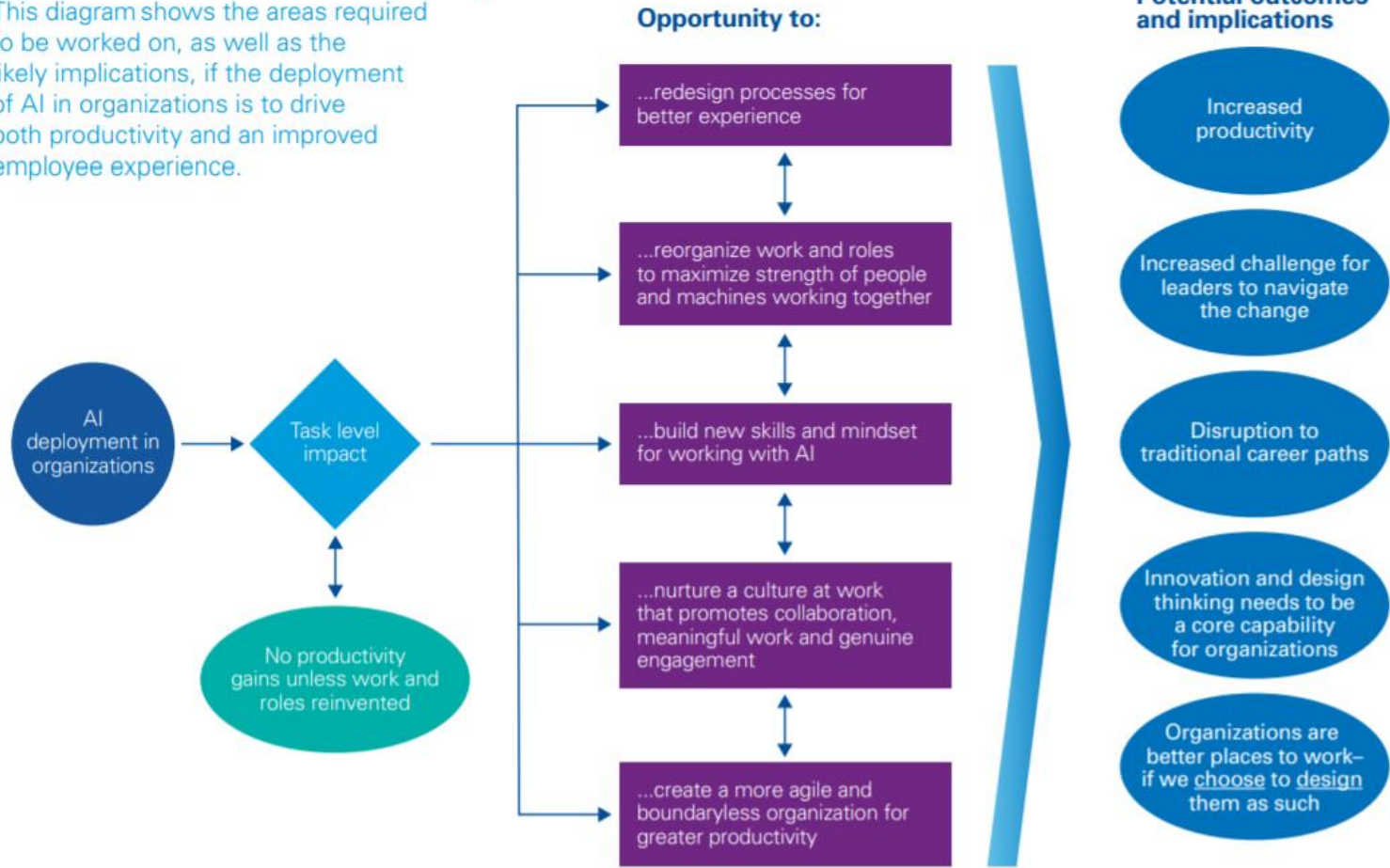
**Thailand enacted its Personal Data Protection Act (PDPA)**, which was published in the Government Gazette on 27 May 2019.



# Artificial Intelligence

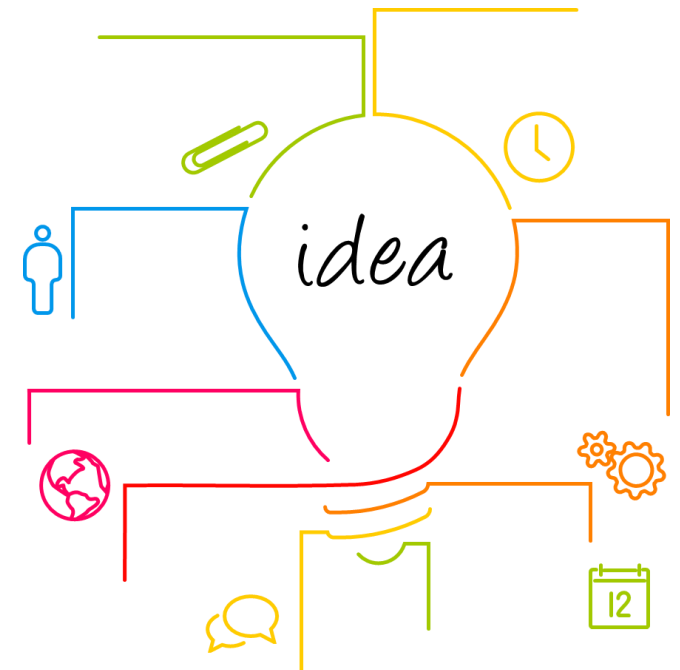
## The reinvention of work imperative<sup>8</sup>

This diagram shows the areas required to be worked on, as well as the likely implications, if the deployment of AI in organizations is to drive both productivity and an improved employee experience.



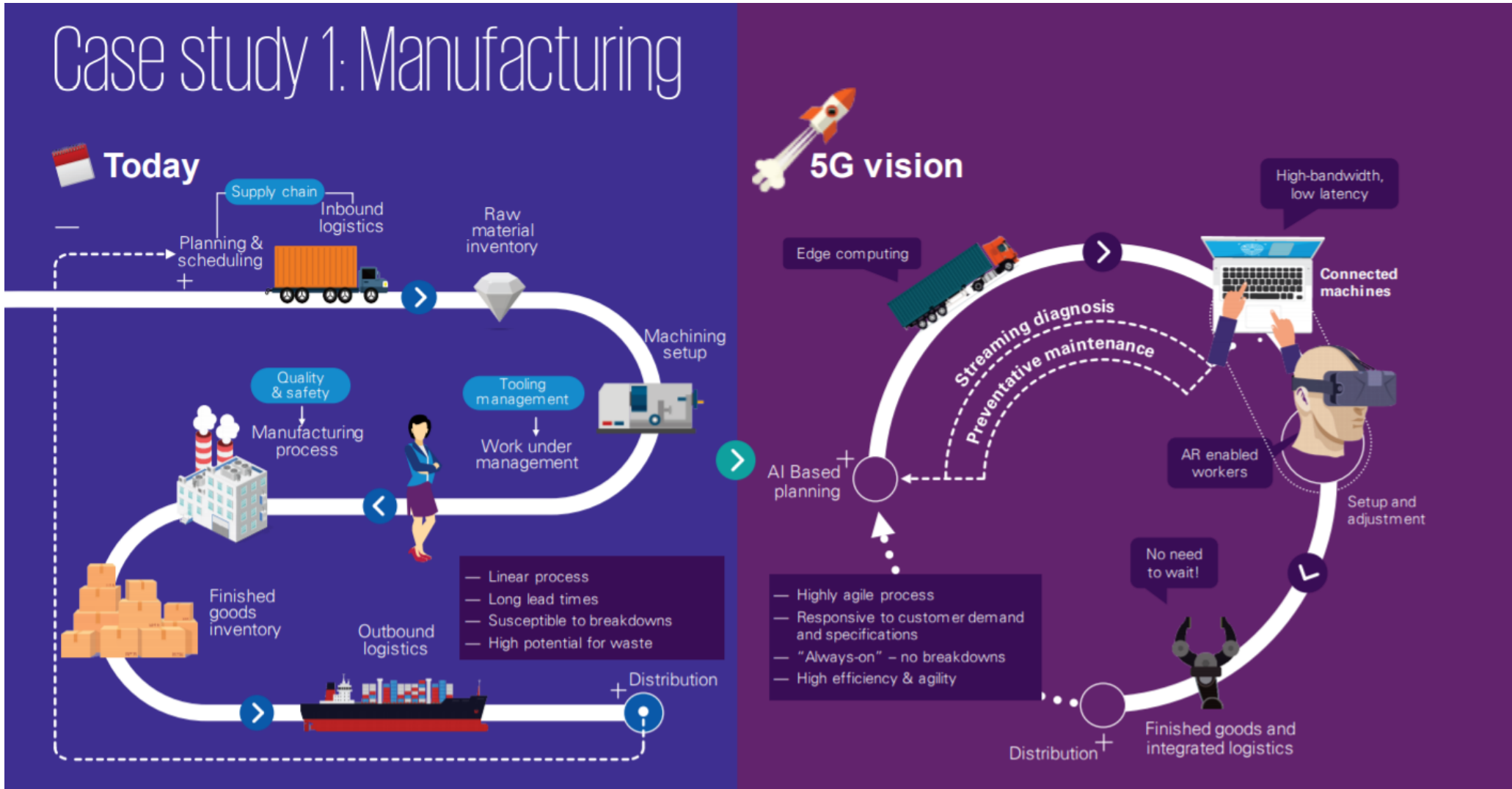
60% of HR executives say AI will eliminate more jobs than it creates.<sup>1</sup>

62% of CEOs said they believe AI will create more jobs than it eliminates.<sup>3</sup>





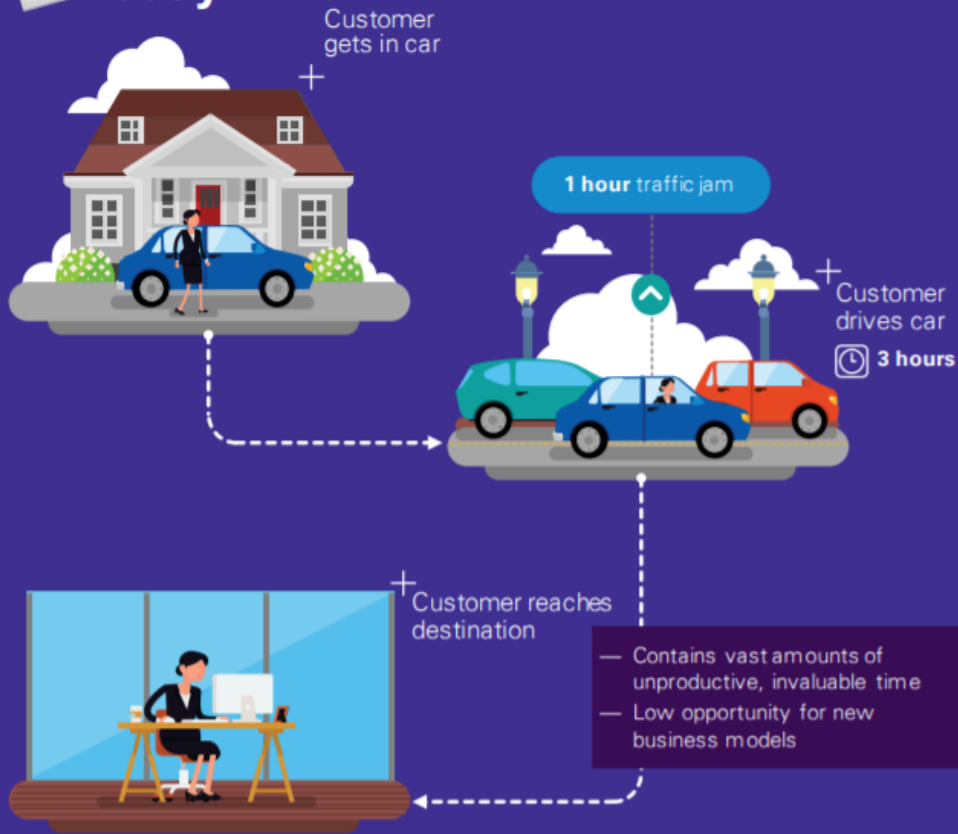
# 5G Future



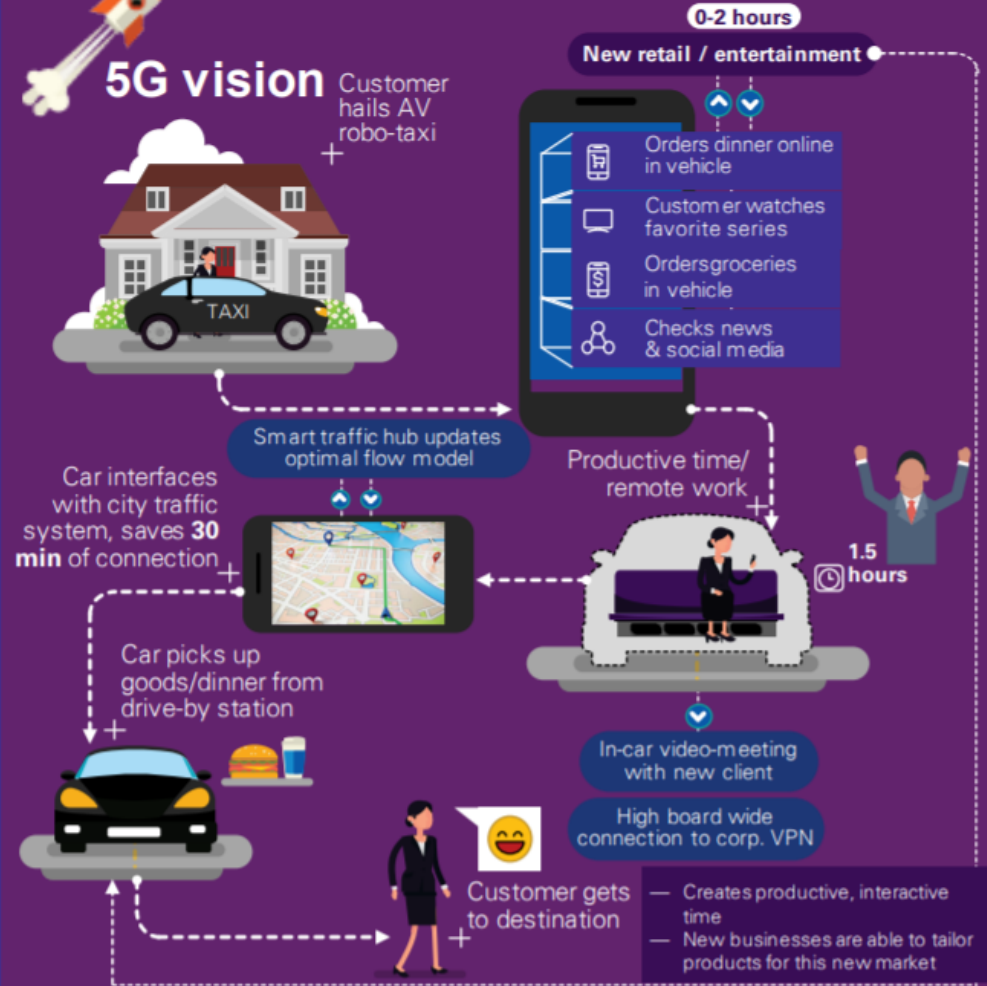
# 5G Future

## Case study 3: Mobility

**Today**



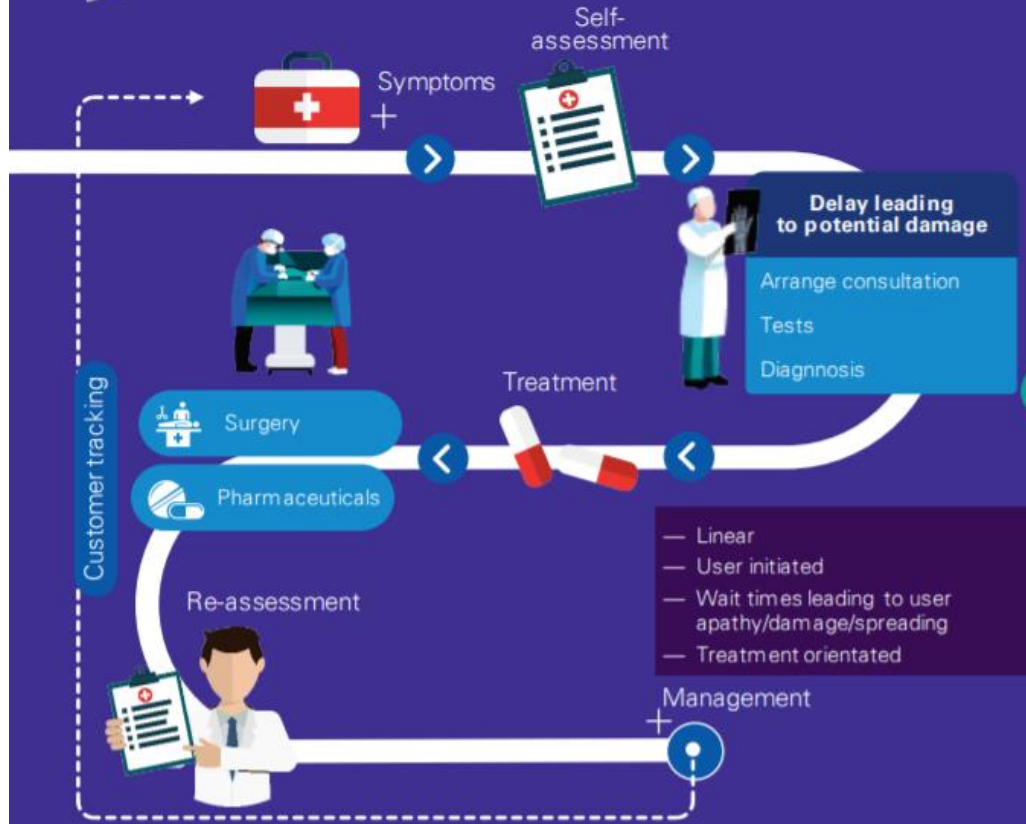
**5G vision**



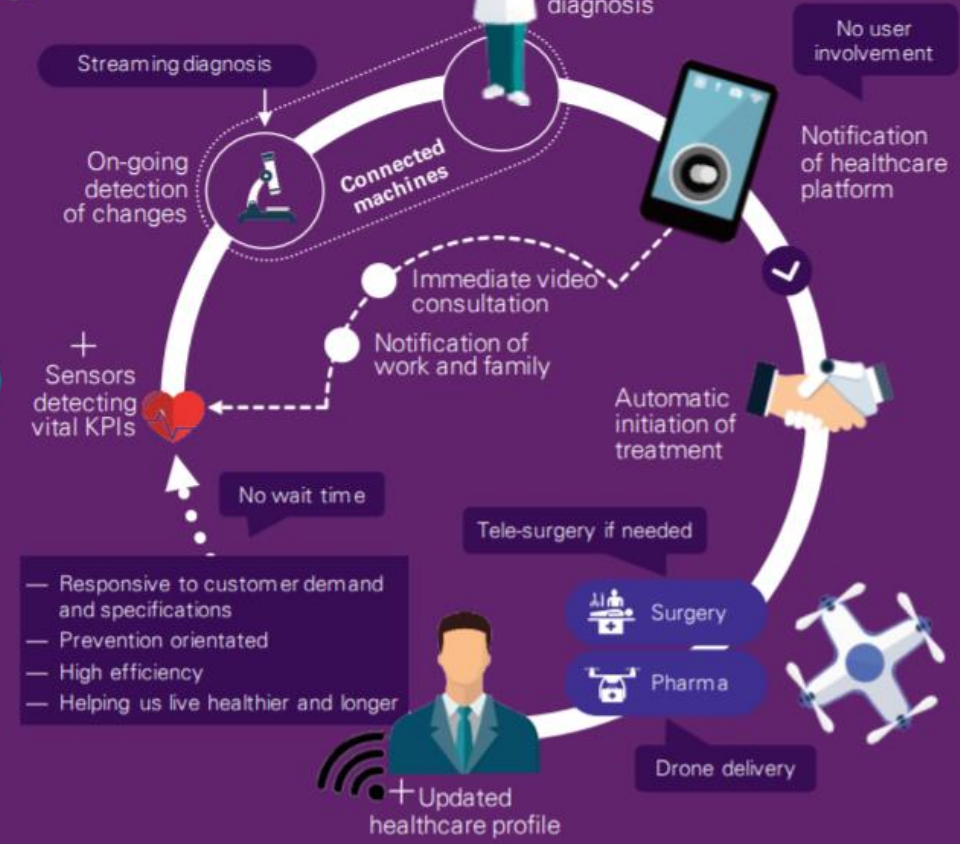
# 5G Future

## Case study 2: Healthcare

### Current



### 5G vision



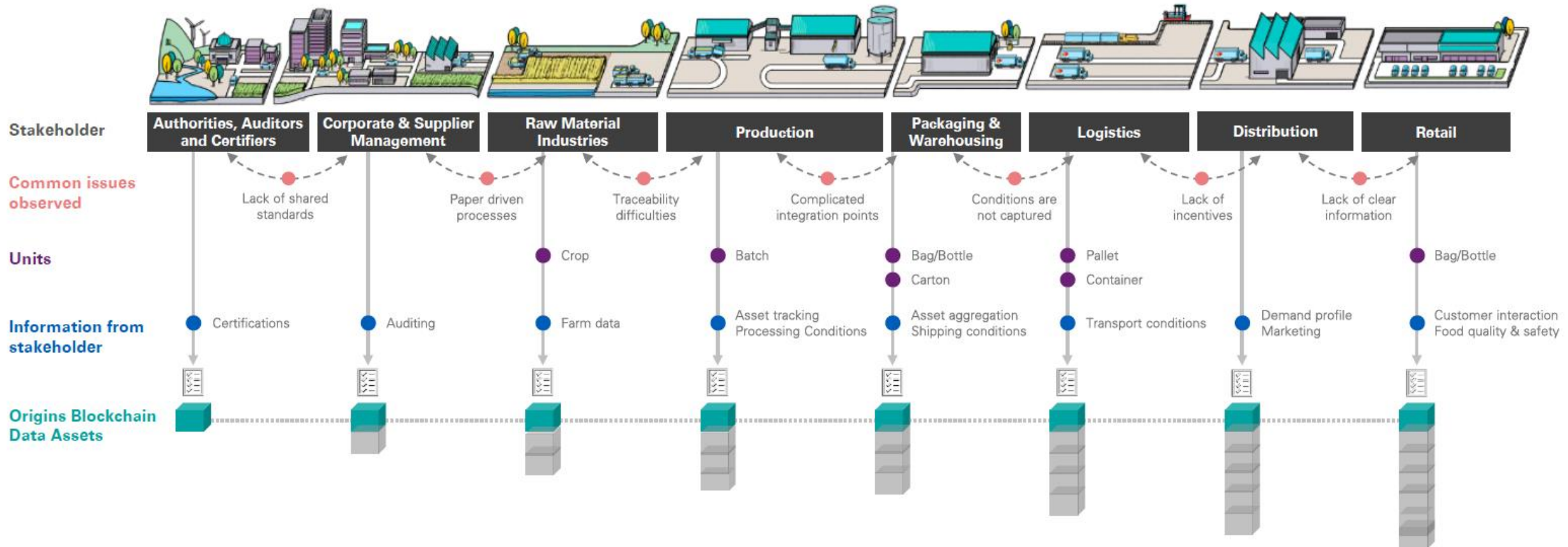
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# Blockchain



# Blockchain

KPMG Origins provides an **infrastructure of trust** which enables supply chain stakeholders to collaborate with confidence  
 Industry Example: **Agri Sector**





# How does Audit Committee respond?

# Audit Committee responses

- Encourage the Company to adopt risk cultures in all aspects
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- Revisit the risk management process ensuring that emerging risks, fraud risks and change in businesses are addressed properly in the risk management process
- Advise the Management to keep up-to-date those disruptions and actions to be taken
- Encourage the workforce of the Company to effectively adopt those trends
- Maximize the use of data analytics
- Ensure the effectiveness of IT and cyber security audit
- Encourage the Management to maximize technology in its risk management process, control monitoring and reporting



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