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Four focus areas in finance transformation for the audit committee

The role of the finance function is continuing to change at an exceptional pace. Modern finance is becoming continuous, with AI-enabled operations compressing cycle time, sharpening forecasting, and elevating decision-making. For leading companies, undertaking a finance transformation expands the finance function's ability to generate business insights, enable business decisions, and drive enterprise strategy.

Over the past few years, the traditional efficiency limits (e.g. cost reduction, improved processes) for even the leading finance functions have been reached. However, automation, generative models, and agentic systems are reshaping core cycles, forecasts, and decision-making, allowing finance functions to achieve expanded benefits. A finance transformation is no longer primarily focused on cost reduction but on speed to insight, quality of action, and trust.

The finance function is increasingly being viewed as a strategic business partner. Finance teams are tasked with providing transparency on how financial performance connects with broader business drivers such as climate risk, operational resilience, and stakeholder priorities. Finance teams also play a vital role in scenario planning and maintaining agility amid economic uncertainties, from shifting interest rates to geopolitical realignments. As a result, more organizations are undertaking finance transformation initiatives.

In many instances, the audit committee will oversee a finance transformation, since technological transformation is an area frequently under its remit. The audit committee is uniquely positioned to guide and oversee these transformation efforts, supporting alignment with strategic objectives and adherence to regulatory requirements as well as making sure the initiative is implemented effectively and responsibly, while safeguarding against potential risks such as data breaches and financial inaccuracies.

How finance transformations are evolving

58%

of CFOs report investing in AI and advanced analytics

65%

of CFOs report adjusting financial forecasts and budgets in response to current volatility

Source: PwC Pulse Survey, May 29, 2025: base of 678, CFO base of 83

Finance transformation initiatives aim to strategically redesign processes and operating models by focusing on automation and generative models to lower costs, improve quality and efficiency, and build the agility to adapt quickly to future challenges. The result is a finance function that generates business insights, enables business decisions, and drives enterprise strategy.

From our observation across the market, it's becoming likely that by 2035 the finance function will run on three connected pillars:

- **Autonomous execution** that makes core cycles like source-to-pay, order-to-cash, and record-to-report processes nearly invisible
- **Pre-emptive foresights** that treat forecasts as living simulations, adjusting to market shifts, climate scenarios, and customer behaviors
- **Value orchestrations** that place finance at the center of strategic choices such as pricing, supply chain design, and innovation

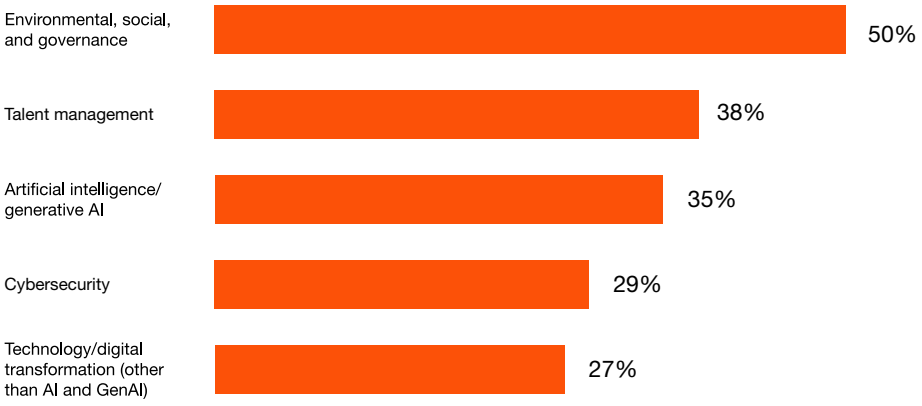
These are not distant concepts. Early versions exist today, and they point to a finance function designed for the future.

To accomplish this, finance leaders are standardizing processes, deploying automation to handle transactional and reporting requirements, and harnessing advanced analytics such as machine learning, predictive modeling, and GenAI. GenAI has moved from pilot to production for report generation, scenario modeling, forecasting, and audit analytics. Combined with redesigned processes and a modern platform, these capabilities can reduce cycle time and increase insight quality, enabling finance functions to be more agile, technology enabled, and aligned to business strategy. Nearly **58% of CFOs** report investing in AI and advanced analytics and 65% report adjusting financial forecasts and budgets in response to current volatility, a clear sign that adoption is already underway.

Alongside automation and GenAI, agentic AI is fast becoming a key intelligence layer within finance, with software agents being introduced to draft narratives, reconcile exceptions, test controls, and run scenario models. For low risk and narrow tasks, these agents can operate with monitoring and full audit trails. However, in higher risk, more complex areas, humans remain involved in detail. The result is a hybrid workforce that concentrates human energy on stewardship and strategy while using agents to deliver consistency and speed.

While finance transformation can unlock significant value, it can be a disruptive and potentially costly undertaking if not planned and executed effectively. A transformation requires thoughtful strategic planning. It also needs an understanding of and adoption of new technologies, revised processes, an updated people strategy, cultural evolution, and established success metrics to meet and maintain desired performance outcomes. Transformation is often a multi-year process, during which the business landscape, business models, and technology will continue to evolve, underscoring the importance of appropriate audit committee oversight over the life of the transformation process.

Digital transformation is a top-five matter requiring more board attention



Q: Which of the following topics should your board spend increased time on over the next 12 months? (select all that apply)
Base: 520
Source: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite,* May 2025.

The changing business landscape

As the business landscape evolves and stakeholder demands increase, many organizations are moving away from isolated shared services models toward global business services models—blending shared services, centers of excellence, and strategic partnerships with automation, standardization, and the elimination of redundant activities.

Global business services model

The demand for automation, real-time information, and data-driven insights is expanding the range of technologies finance leaders use to deliver results. The shift in priorities toward AI and GenAI by CIOs suggests finance transformations will continue to evolve by incorporating these technologies for the benefit of the finance function and broader business strategies.

CIOs' top priorities for boards

Q: Which of the following topics should your board spend increased time on over the next 12 months? (select all that apply)
CIO base: 55
Source: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, May 2025.

What does this mean for audit committees? The audit committee should engage with management on how generative models are governed within the finance function and whether appropriate oversight structures are in place to manage risk, support accountability, and align use cases with enterprise policies. Finance transformations should embed structured governance for models and agents within existing management frameworks.

This approach supports clear ownership, documented purpose, full data lineage, and ongoing testing for drift and bias. Access should be role-based and include agents, and decision logs should record both human and machine reasoning. Together, these practices preserve accountability without slowing efficiency and provide internal stakeholders with the confidence to scale.

Getting from here to there

To achieve a successful finance transformation, executives should consider the right transformation methods/components, including a clear vision on the future state of the organization's operating model, effective design processes, and enabling technology that will drive value and aid in the business's long-term sustainability. However, transformation comes with challenges. The talent makeup of the finance function will need to adapt to new tools and processes, which could involve changing roles and/or require upskilling on emerging technologies. The project will also require a transformation leader who:

- Has a vision of what a modern finance function looks like
- Has the ability to identify critical gaps between the current state and that vision
- Can work cross functionally and partner across the organization to drive change
- Is open to new concepts and ways of operating
- Has trust in team members—and vice versa

Four key areas on which the audit committee will want to focus

01

Strategic plan

Understand how the finance function strategy fits into the big picture

02

Standardization and automation

Discuss the impact of technology and how finance processes are changing

03

Talent

Understand the talent and people strategy and how roles are evolving

04

Outcomes

Establish the expected benefits of the finance transformation and how to monitor performance

Strategic plan

Understand how the finance function strategy fits into the big picture

Once leaders decide to initiate a transformation project, it's important that they lay out a clear path forward, with a plan that links the project's vision to the company's overall business strategy. The plan should outline the business case for what should be prioritized and changed—and how the transformation will drive sustained value.

The plan should identify the project's overall objectives and goals as well as document how the finance function will get from its current state to the future state. As the transformation will likely be a multi-year effort, the plan should be flexible enough to change as the business continues to change, new applications are developed, and technologies evolve. Leaders and the audit committee should view the transformation plan as a cohesive strategy addressing the finance function's people, processes, and performance goals.

To achieve a successful transformation, the organization must build unique capabilities that enable it to deliver value in new ways. Business leaders should:

- Create a clear value story that links the enterprise and functional strategy to a comprehensive value creation plan
- Identify an operating model that supports the organization's strategy, growth, and value objectives
- Develop a holistic workforce strategy aligned to the organization's purpose and values, focused on proactive investment in upskilling and talent development
- Prioritize technology and a data strategy that is clearly linked to business outcomes and informed by frontline insights
- Define interim milestones and program outcomes to maintain momentum and support the long-term transformation strategy

Strategic plan
Questions the audit committee should ask

- How will the transformation benefit the finance organization as well as the company overall?
- What is the required investment for the transformation effort?
- What is the anticipated timeline to complete the transformation project?
- Who will lead the project, and what is the process for selecting the person?
- How does management identify risks to the company's financial reporting processes, and what mitigation plans will be in place?
- How has management considered the risks related to talent and culture?
- How does management plan to update the audit committee on the program's progress and implications?

Standardization and automation

Discuss the impact of technology and how finance processes are changing

Standardization and automation are two key drivers to unlocking a finance transformation's value. Process standardization provides a vital contribution to improving productivity and reducing costs; effective process automation increases the efficiency of business operations across an organization and is a major step toward digital transformation.

With automation, transactions can be processed in real time, and manual reconciliations can be reduced or eliminated. The finance function can settle accounts daily and shorten closings and consolidation cycles. Automation helps reduce the risk of human error and helps to keep data more consistent and systems more secure. Automation can embed compliance into internal processes, allowing business rules to be applied consistently; this helps reduce errors and helps prevent fraudulent or other inappropriate activities. Automation can also improve management reporting, billing, tax accounting, and compliance.

Tech leaders are focused on upskilling

95%

of tech leaders prioritize development and upskilling

Source: PwC Pulse Survey, June 2025

Automation helps reduce the time needed for key processes and workforce tasks. Ideally, the finance team will be able to use its time analyzing data and reporting, rather than performing routine tasks such as data entry and preparing reconciliations. Many organizations now widely use digital management reporting or dashboarding, and a significant portion have already implemented technologies such as robotic process automation, process mining, and data automation. These maturing technologies help organizations standardize classic finance tasks like external reporting, internal planning and control, payments processing, and monitoring credit limits.

The audit committee needs to understand significant changes to the finance function's processes and how leadership is managing the associated risks. Amid ongoing change, it must maintain a sharp focus on the organization's internal controls. Maintaining controls for the financial reporting process is necessary for financial statement reliability and compliance with related rules.

As automation becomes more intelligent and embedded—through tools such as AI-driven forecasting, process mining, and GenAI applications—organizations must modernize their internal control environments. This includes implementing automated control monitoring, maintaining audit trails for bot-generated activities, and addressing new technology governance challenges such as version control of models, real-time application programming interfaces (API) integrations, and continuous change management for cloud-native platforms.

Standardization and automation
Questions the audit committee should ask

- How is automation likely to change the finance function's processes and controls, and how will the organization manage the associated risks?
- How will management maintain controls for the financial reporting process that are necessary for financial statement reliability and compliance with related rules?
- What measures has management taken to improve the quality and availability of the data used in new AI-based automation such as data lakes and data warehousing?
- How has management implemented governance, validation, and monitoring protocols for AI/ML models and GenAI applications used in forecasting, reporting, and compliance?
- What processes and controls have been built into and around automation software or bots?
- How are new processes likely to change data collection, storage, use of information, and reporting?
- How will privacy and security protections be managed throughout the transition process?
- How will standardization be leveraged for key processes, such as payments processing and monitoring credit limits?
- What is the company's finance technology architecture strategy?
- What safeguards are in place to confirm the accuracy of AI-generated audit evidence?
- What is management's process for integrating continuous control monitoring techniques into automated and API-enabled finance processes?
- How is internal audit involved in the evaluation of the design and effectiveness of any internal control changes?
- What risks might the external auditor be focused on relating to the company's transformation plan?

Talent

Understand the talent and people strategy and how roles are evolving

As new technology, automation, and digitally enabled processes are incorporated into the finance function, the workforce behind it should also evolve. Intelligent automation doesn't eliminate the need for finance employees: Finance will still need people with experience and business skills to analyze, make judgments, and perform business processes and controls. However, the finance workforce of the future needs to be 'digitally fit,' and the talent strategy should evolve to emphasize augmenting and upskilling, with effective collaboration to build a culture of curiosity and continuous improvement.

Talent is the single greatest risk identified by executives

Top risks for executives:

18%
Talent

13%
Supply chain

12%
AI

Q: What is the single greatest risk that keeps you up at night as an executive? (select only one)
Base: 520
Source: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, May 2025.

With increased emphasis on upskilling and new ways of working, CFOs are considering what talent the organization needs to survive and thrive. Building tomorrow's workforce means anticipating the right mix of skills for the future, building a cultural foundation for continuous growth, and delivering modern, citizen-led upskilling programs to enable employee-driven innovation. Data analytics, data science, coding, and visual design are expected to be in-demand skills now and going forward.

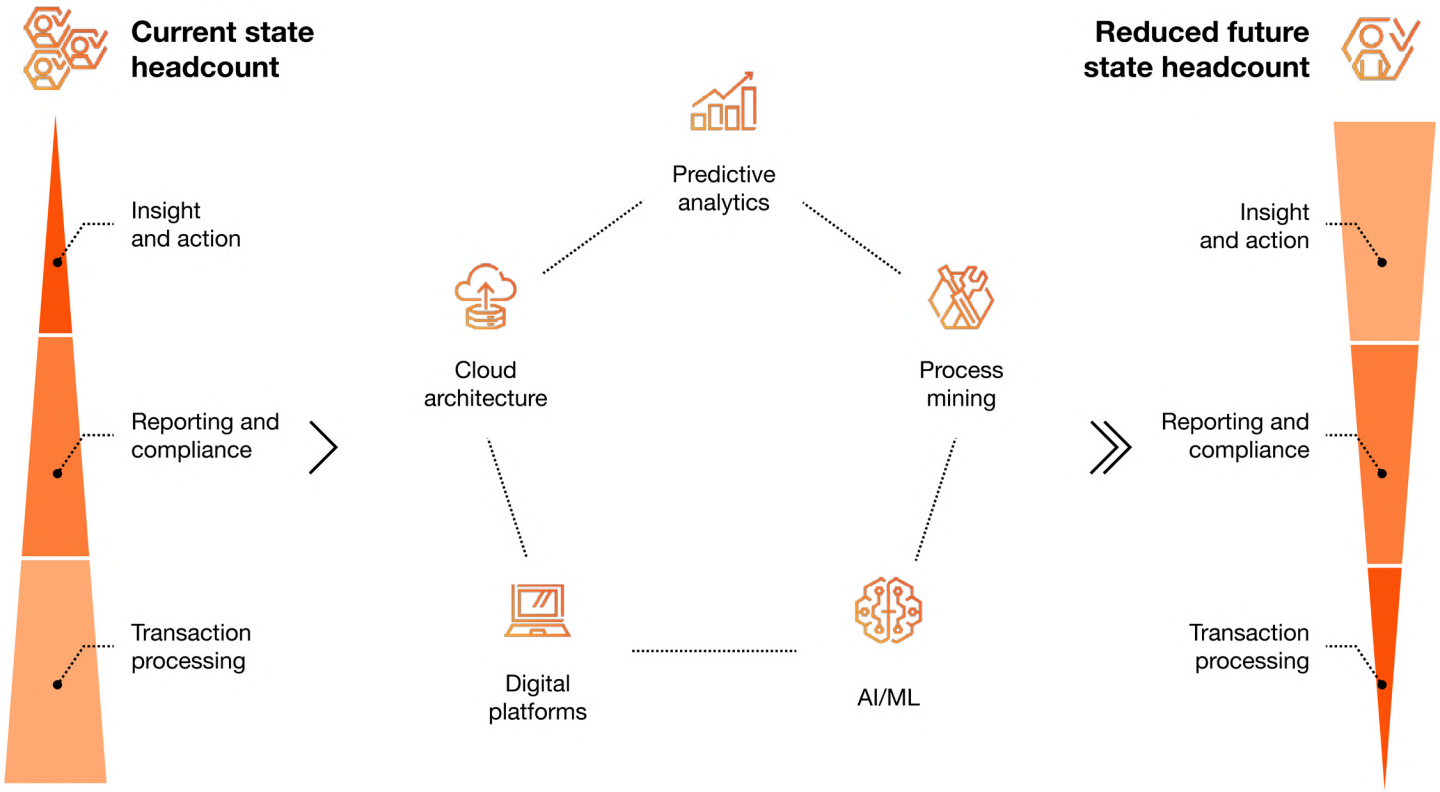
As emerging technologies reshape the finance function, new cross-functional roles are becoming essential to bridge finance activities with the rest of the organization. These include:

- **Finance AI translator** bridges the gap between finance users and data science teams
- **Automation governance lead** oversees control, risk, and compliance alignment with automation tools
- **Citizen developer** leverages low-code/no-code platforms to create or modify digital workflows securely

The audit committee should understand how management is identifying, sourcing, and upskilling talent in these specialized areas to support responsible innovation.

As the workforce evolves, the finance function's traditional pyramid structure will turn upside down, with employee hours shifting from gathering information and manipulating spreadsheets to analyzing data, testing scenarios, and providing strategic insights. The overall workforce may likely be smaller, with technology and automation displacing many lower-level, transaction-processing positions that make up the bulk of finance's headcount—the base of today's pyramid. Finance teams are expected to include more people with varied skill sets dedicated to insight and analysis than in the past.

The changing shape of the finance function



The finance function of the future will require a blend of new skills and capabilities. New roles are emerging, and there will be new ways of working as well. We expect finance functions to rely on workflow automation tools, digital social hubs, and interactive workplaces that allow for more collaboration and group problem-solving.

As finance empowers its talent with digital skills and incorporates new ways of working, the audit committee should confirm the function is maintaining its core competency of delivering quality financial information. Innovation notwithstanding, technical accounting and finance knowledge are as important as ever, especially as the volume of standards and regulations continues to increase.

Talent
Questions the audit committee should ask

- What is the finance team's talent strategy, and how is headcount expected to change in the short and long term?
- What is management's process for identifying and filling new digital governance roles (e.g. AI translator, automation lead) to manage GenAI, low-code development, and finance analytics?
- How are leaders structuring the finance function to gain effectiveness and cost optimization with minimal disruption?
- What new skills and capabilities are needed in the workforce to meet immediate and emerging business challenges?
- How is management aiming to motivate and inspire employees through culture, communications, engagement, and leadership?
- How does management plan to fill skills gaps (e.g. upskilling, hiring)? If through hiring, where will the talent be sourced and at what cost?
- How is the organization supporting upskilling of employees interacting with automation and GenAI tools?

Outcomes

Establish the expected benefits of the finance transformation and how to monitor performance

The transformation process, even in a single function, can be very challenging for leaders and employees throughout an organization. To help make a transformation successful, leaders should engage in effective implementation methods, involve the right people, put forward a clear vision on the future state of its operating model, and employ the right technologies to drive value. Transformation leaders must also think through efficient approaches to working with the audit committee and/or the board.

Sustained outcomes happen when leaders and teams bring together a strategy clearly linked to value and differentiating capabilities as well as an operating model that will support the strategy. An organization should establish an end goal and a vision for success after discussions with key finance stakeholders. The audit committee should engage with management to understand KPIs and success metrics upfront, requesting consistent status updates to monitor effectiveness and measure impact during and after the transformation project's implementation.

Outcomes
Questions the audit committee should ask

- How will management monitor and evaluate whether the transformation project is achieving the objectives, goals, and metrics outlined in the strategic plan?
- How will management evaluate the project's return on investment?
- What is the plan for keeping the external auditor updated on the project's implications and status?
- How will management evaluate the success of the transformation within and outside of the finance function?
- How does management plan to leverage learnings from the transformation to benefit other areas of the company?
- How will the finance team confirm that the external auditor is refreshing its audit approach to consider changes in the control environment?
- What is management's process for evaluating vendor lock-in (being tied to a single vendor) or interoperability (ability to work smoothly with other systems or software) risks associated with the finance system architecture?
- What is management's process for confirming that different software systems connect properly, that data is shared instantly and accurately, and that the overall system is built in a flexible way that allows adding or swapping parts easily?

What finance transformation means for the external audit

A transformed finance function will directly impact the external audit. Finance should keep the auditors updated so they can change the audit approach to align with the company's transformation. For example, streamlined financial systems and processes may affect risk assessments, in-scope systems, and the related audit plans.

With the rise of GenAI, cloud ERPs, and API-enabled automation, external auditors' approaches are also evolving. They are employing AI-driven analytics and automation to improve risk identification, detect anomalies earlier, and gain deeper insights from full population datasets. The audit committee should confirm that management keeps external auditors informed of the transformation's progress and that the audit plan reflects the new risk and control landscape. The audit team should also be expected to demonstrate digital fluency, including awareness of technology-driven changes in data flow, control design, and documentation standards.

Conclusion

A finance transformation offers an opportunity to enhance efficiency and effectiveness while lowering operational costs, improving data quality, generating richer insights, strengthening risk management, and increasing agility to meet future business needs. The volatile geopolitical and macroeconomic environments, along with rapidly evolving AI-based technologies, make finance transformation an appealing investment for many companies, allowing them to be more flexible with business operations, take advantage of lower-cost operating environments, and enhance their ability to pivot in the future.

However, as with many large, integrated projects, there are risks that leaders must manage throughout and after the implementation. It is imperative for the audit committee to be well informed about the overall strategy of the project, how it will impact processes and people, and the anticipated benefits.

The audit committee should confirm that the transformation doesn't compromise the finance function's ability to maintain reporting integrity—finance's core responsibility. At the same time, the committee will want to understand how the function's processes will change, how internal controls will be maintained, what system implementation risks exist, how the workforce will be impacted, and how the external audit may be affected.

To effectively oversee a finance transformation, the audit committee should expect management to provide timely and transparent status updates on how operations are impacted, how costs are being managed, and how project benefits can be leveraged throughout the broader organization.

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