On the 2024 not-for-profit audit committee agenda

January 2024

In 2023, nearly two years removed from the unprecedented disruption of the pandemic, the U.S. not-for-profit (NFP) sector contended with increasing political polarization, a backlash against environmental, social, and governance (ESG) initiatives, and heightened scrutiny of mission relevance and outcomes. The sector enters 2024 confronting several other risks, including fundraising and revenue diversification pressures following three years of federal COVID funding, accelerating cybersecurity threats, hiring and retention challenges, lingering inflation, high interest rates, intensifying geopolitical instability, and growing regulatory burdens. Moreover, 2024 is widely considered the largest and potentially most consequential global election year in history and could further shape how these evolving issues impact NFPs—from federal funding and programmatic investments to digitization and use of artificial intelligence (AI). Once again, NFP boards and audit committees will need to refine—or possibly even redefine—their risk-driven agendas.

NFP audit committees can expect their organizations' financial reporting, compliance, risk, and internal control environments to be tested by an array of challenges in the year ahead. The magnitude, complexity, and velocity of many organizational risks—and often their unexpected interconnectedness—will require more holistic risk management, as well as effective oversight by the audit committee. In this volatile operating environment, demands from donors, grantors, and other stakeholders for appropriate action, disclosure, and transparency will only intensify.

Drawing on insights from our interactions with NFP audit committees and senior administrators, we've highlighted several issues to keep in mind as audit committees consider and carry out their 2024 agendas:

- **Keep a watchful eye on the organization's management of cybersecurity and data governance risks.**
- **Define the audit committee's oversight responsibilities for artificial intelligence (AI).**
- **Understand how the organization is managing ESG risks and potentially applicable regulations**
- **Monitor other emerging standards that could impact the organization.**
- **Stay focused on leadership and talent in finance and other functions.**
- **Help ensure internal audit is attentive to the organization's key risks and is a valuable resource for the audit committee.**
- **Sharpen the organization's focus on—and connectivity of—ethics, culture, and compliance.**

Keep a watchful eye on the organization's management of cybersecurity and data governance risks.

Our experience suggests that cybersecurity ranks at or near the top of the NFP audit committee agenda. This risk ranking is not surprising given several recent ransomware and other cyberattacks in the sector. In many of these cases, hackers effectively blackmail organizations by threatening to release sensitive data or not allowing them to regain control of data or networks unless ransom payments are made. Indeed, in prior *On the Not-for-Profit Audit Committee Agenda* publications, we have cited surveys indicating that cyberattacks across all industries are increasing and that education and research entities are attacked more frequently than any other industry. Cyber threats continue to proliferate, with cybercriminals using more sophisticated techniques and technologies, including AI. As NFPs work diligently to enhance their cybersecurity infrastructures, bad actors are moving more quickly.

When evaluating susceptibility to cyber threats at NFPs, some common themes emerge: (1) many NFPs, particularly those with sensitive research, patient, and other data, are high-value targets; (2) implementing entity-wide protective measures can be complicated, especially in the distributed environments of certain non-governmental organizations (NGOs) and federated entities, where an assortment of IT systems that are not fully up-to-date or patched may exist; (3) cyber spending, staffing, and board expertise in the sector continue to lag commercial industries; (4) numerous privacy and security regulations may need to be managed, such as the Health Insurance Portability and Accountability Act (HIPAA), National Institute of Standards and Technology (NIST) Cybersecurity Framework, and the European Union's (EU's) General Data Protection Regulation (GDPR); and (5) stakeholders accessing or working in a NFP's systems can be diverse and far-reaching—beyond employees, these may include members, researchers, patients, volunteers, or others.

While these users often make important financial and strategic contributions to the NFP's mission, their wide-ranging interests, technical expertise, and levels of security awareness can make implementing cybersecurity protocols challenging. To mitigate these issues, organizations must be willing to embrace cutting-edge security solutions, including security awareness training, across multiple platforms. While higher education-focused, a recent EDUCAUSE survey[1] indicated that although 90% of respondents mandate security awareness training for employees, training design and frequency vary, and only 38% say it is effective or very effective. Far fewer respondents indicated that students or other stakeholders are regularly trained or that individuals who fail phishing tests must undergo additional training. Respondents also noted that while training covers federal regulations such as HIPAA, the institutions' privacy and data governance policies are often excluded. In our experience, the broader NFP sector has similar struggles around training and security awareness.

Organizations should ensure that security awareness programs are tailored to and deployed across stakeholder groups and incorporate means to measure and monitor effectiveness. Mapping the evolving requirements of multiple security and data governance frameworks to the organization's cybersecurity program—as well as educating and monitoring compliance of applicable stakeholders—is also essential.

NFPs can further enhance their cybersecurity protocols by:

- *Narrowing the scope of access to secure systems*. System access should be limited to those who truly need it.
- *Deploying, tailoring, testing, and refining baseline tactics*. This may mean more frequent vulnerability assessments and penetration testing, "red teaming" (which tests how the security team responds to various threats), and system backups, as well as refreshing incident response plans more regularly.
- *Developing a comprehensive response policy for ransomware*. Organizations should have a firm stance on whether to pay—or not pay—ransom before systems are compromised. Purchasing ransomware insurance, if possible, is key to preparation, as is identifying who will make the ultimate payment decision if a breach occurs.
- *Establishing minimum cybersecurity standards for all vendors and other third parties with whom the organization does business, and regularly monitoring them*. As a practical matter, those entities may also ask about the organization's cyber program.
- *Understanding third-party vendor risks associated with cloud-based systems that create new access points to sensitive data*. Such vendors generally require regular vulnerability assessments, and their internal controls should have independent assurance from auditors through service organization controls (SOC) reports (which should be reviewed by the organization).

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[1] EDUCAUSE *QuickPoll Results: Growing Needs and Opportunities for Security Awareness Training*, October 30, 2023.

The audit committee can help ensure the organization has a rigorous cybersecurity program by considering the following questions:

- Do we have clear insights into our cybersecurity program's current maturity, gaps, and threats, including whether the organization's most "valuable" assets are adequately protected? Does leadership have a prioritized view of additional investments needed? Measurement may be facilitated by guidance from, for example, the federal Cybersecurity and Infrastructure Security Agency (CISA) and the not-for-profit Center for Internet Security (CIS), who provide self-assessment tools such as *Stop Ransomware* and the *CIS Top 18 Critical Controls*, respectively.
- Do we have the appropriate leadership, talent, and bench strength to manage cyber risks? In the event of unexpected turnover or inability to fill key positions, what are the risks to the organization?
- Who reports on cyber to the audit committee and board? Is it a chief information security officer or similar position who speaks in business terms and understands that cyber is an enabler and risk?
- Do we regularly test our incident response plan? Does our plan include up-to-date escalation protocols that, among other things, specify when the board is informed of an incident? What is the frequency of penetration and red team testing, and is there a formal process to address findings? How often are data and systems backed up, and how accessible are the backups? Resilience is vital to restoring operations after an attack.
- Do we have a robust organization-wide data governance framework that makes clear how and what data is collected, stored, managed, and used, and who makes related decisions? How does our framework intersect with our AI governance policy?
- Is security, privacy, and data governance training for employees and other users regularly provided? Is training completion and effectiveness monitored and enforced? How is security awareness periodically assessed?
- Do security and privacy terms in agreements with third-party IT providers meet the organization's criteria for adequate protections? Does management regularly review SOC reports and evaluate the organization's complementary controls to flag possible issues? Do such vendors carry cyber insurance?
- How are we identifying changes to federal, foreign, and other regulations governing data security and privacy to ensure our cybersecurity program and data governance framework reflect the latest requirements?
- Do we understand the coverages, limits, and underwriting criteria of our cyber insurance policy?

Define the audit committee's oversight responsibilities for AI.

In just a few short years, AI has gone from being the purview of a select group of tech leaders to becoming nearly ubiquitous across finance teams. According to KPMG's 2023 AI in Financial Reporting survey, 65% of organizations across industries are already using AI in some aspects of their financial reporting, and 71% expect AI to become a core part of their reporting function within the next three years. Still, while business leaders are eager to explore the different capabilities that AI—and generative AI in particular—can bring to their organizations, many are taking a slow and steady approach to adoption. According to our survey, 37% of finance leaders are still in the planning stages of their generative AI journeys.

Although its emergence in the NFP sector is limited to date, generative AI has tremendous potential to transform finance and other administrative processes at NFPs. According to Inside Higher Ed, several NFP universities—in part through funding from federal, state, and private grants—have made significant investments in AI to support research, education, and workforce initiatives, with some building large-scale AI centers.[2] And while generative AI is already being used by NFPs in various applications (for example, chatbots in IT support systems, fundraising portals, and patient care applications), its potential to enhance a wide range of tasks, processes, and services is growing rapidly.

Optimizing certain AI solutions requires a robust enterprise resource planning (ERP) system, as well as personnel with appropriate organizational knowledge and skillsets. Even larger NFPs with legacy information systems and siloed administrative staffing may lack the computing capacity—and skillsets—necessary to take advantage of all that AI has to offer. Many NFPs are currently replacing their finance, human capital management, and fundraising systems to transform core business processes. Such organizations may benefit from a more measured approach to AI adoption that considers how AI fits into their overall transformation strategy.

[2] Inside Higher Ed, *Risks and Rewards as Higher Ed Invests in an AI Future, September 5, 2023.*

Examples of how NFP administrative teams might leverage AI moving forward include:

- Filtering and combining data sets, e.g., transactions and payment methods, to identify trends.
- Further automating processes such as payroll, purchasing, and related user-support systems.
- Combing through large swaths of public data that provide market insights and competitive intelligence to support marketing, fundraising, and mission-based strategies.
- Analyzing anomalies to control budget variances, spot fraud, and facilitate internal audits.
- Developing dynamic budgeting and forecasting models to sensitize projections for any number of internal and external variables.

As noted in KPMG's *On the 2024 Board Agenda*, oversight of generative AI should be a priority for boards in 2024, including how to oversee generative AI at the full-board and committee levels. Handing over decision-making to a machine is no small undertaking. Any number of issues—from biased data to algorithmic errors—can result in the technology making mistakes that can affect an entity's analysis, revenue, forecasts, or even its reputation. But for leaders who make the effort to put the right controls in place around AI, the benefits can outweigh the risks.

The audit committee may end up overseeing the organization's compliance with the patchwork of differing laws and regulations currently governing generative AI, as well as the development and maintenance of related policies and internal controls. Some audit committees may have broader oversight responsibilities for generative AI, including overseeing various aspects of the NFP's governance structure for the development and use of the technology. How and when is a generative AI system or model—including a third-party model—developed and deployed, and who makes that decision? What generative AI risk management framework is used? Does the organization have the necessary generative AI–related talent and resources? How do we ensure our adoption of AI is ethically responsible and aligned with the organization's culture? Do we have clear AI governance and AI security policies? Have we determined how those should link to our data governance and cybersecurity programs?

Given how fluid the situation is—with generative AI gaining rapid momentum—the allocation of oversight responsibilities to the audit committee may need to be revisited.

Understand how the organization is managing ESG risks and potentially applicable regulations.

For many entities, ESG has become a board-level imperative, reflecting and aligning with the organization's mission, values, goals, and reputation. NFPs face increasing stakeholder demands—from donors and grantors to board members and user communities—for information about mission impacts, as well as on diversity, equity, and inclusion (DEI) initiatives and climate impacts. In 2023, several long-simmering threats that could impact some NFP missions and ESG priorities emerged against the backdrop of a more politically divided country, including anti-DEI legislation and further skepticism about climate change (and efforts to slow or reverse it). These and similar challenges are likely to continue in 2024, although the ESG reporting landscape is expanding beyond the realm of public companies to cover more entities and disclosures.

In our experience, while many NFPs do not have a formal ESG strategy or publish formal reports, most have long had ESG initiatives that often correlate directly to their public policy, health and welfare, and sustainability-focused missions for which impact reporting is common. Some are still inventorying existing ESG activities and considering how to develop a comprehensive ESG approach. At all stages, there is ample room for agreement and alignment on ESG definitions and a critical need for quantitative, reliable data. Still, the absence of a generally accepted ESG framework in a sector with extremely diverse charitable purposes and lack of consensus around key industry performance indicators—even among NFPs with similar missions—remain major obstacles to progress.

The extent to which NFPs will be subject to ESG disclosure requirements remains uncertain. Media reports have been dominated by the SEC's March 2022 climate reporting proposal, under which public companies would report direct and indirect emissions, including those generated through supply chains and affiliates. The proposal has met with resistance by registrants and lawmakers, and a final ruling has not yet been issued. While the SEC does not directly regulate NFPs, its oversight of public debt markets includes conduit offerings by NFP colleges, universities, and healthcare providers (although proposed rulemaking to date does not apply to such offerings). Nevertheless, some larger NFPs have begun including sustainability data in their offering documents, issuing reports on climate and DEI factors in their management of investments, and sharing ESG information with bond rating agencies (who consider ESG risks in ratings reports).

In addition, there are other complex and extensive climate and sustainability reporting laws—applying to both public and private entities—that require consideration:

- On October 7, 2023, the California Governor signed three disclosure laws that will shape climate reporting far beyond the state's borders:
  - Effective in 2026 (2025 data), the Climate Corporate Data Accountability Act (SB-253) mandates the disclosure of greenhouse gas emissions;
  - Effective on or before January 1, 2026, the Climate-Related Financial Risk Act (SB-261) mandates the disclosure of climate-related financial risks and measures adopted to reduce and adapt to such risks; and
  - Effective on January 1, 2024, the Voluntary Carbon Market Disclosures Act (AB-1305) introduces disclosure obligations related to voluntary carbon offsets and emissions reduction claims.

  The laws are based on whether an entity does business or operates in California—not whether it is physically present in the state—and meets specified revenue thresholds (SB-253 and SB-261). The California Air Resources Board has been tasked with developing and adopting regulations to implement SB-253 and SB-261.
- The EU's Corporate Sustainability Reporting Directive (CSRD) amends and significantly expands existing EU requirements for sustainability reporting and has considerable ESG reporting implications for U.S. companies with physical presence and revenue in the EU meeting certain criteria. Determining which entities are in the scope of the CSRD is complex.

There is much to resolve in terms of how these laws will be implemented. Moreover, it is currently unclear whether or how NFPs with activities in California or the EU could be impacted by or exempted from the requirements.

Oversight of an entity's ESG activities is a formidable undertaking for any board and its committees. In the corporate sector, the nominating or governance committee often takes the coordinating role, with the audit committee often overseeing internal controls, disclosure controls, and ESG disclosures. Although standards and practices affecting NFPs will continue to evolve—including as to the roles of governance and auditors in the process—audit committees should encourage management to inventory and assess the scope, quality, and consistency of ESG disclosures.

In the public sector, the focus is often on determining what data needs to be collected, processes for collecting the data and ensuring the data is reliable (including related controls). This evaluation should consider available methodologies and standards; how the organization is defining metrics; understanding expectations of creditors, donors, and other stakeholders; and the appropriateness of the ESG reporting framework(s) for the organization.

The audit committee should ask:

- Does the organization have an ESG or similar strategy, and who is responsible for its execution?
- How are material ESG risks identified? Are these risks appropriately reflected in the organization's enterprise risk management (ERM) profile?
- Does or should the organization utilize an ESG reporting framework? Do we have metrics to measure progress against stated goals, and how are they defined? Who within the organization is responsible for generating and tracking ESG data and ensuring its quality and conformity with applicable standards?
- How can (should) our ESG strategy tie into achieving and reporting on mission impacts evaluated by our stakeholders? How does our ESG story fit into our brand? Have we maximized opportunities to partner with corporate sponsors and other grantors to the extent our programs align with their ESG objectives?

- Have we tapped board members with ESG experience or other ESG experts to help us think through our strategy and framework?
- As the organization's reputation is on the line, understand where ESG information is currently disclosed—e.g., annual reports, the organization's website, etc. Do such disclosures have consistency to the extent they appear in multiple communication channels? What policies and procedures are in place to ensure the quality of data used? Are such disclosures reviewed with the same rigor as financial results? Do (or should) we obtain assurance from internal or external auditors about our ESG data to provide our stakeholders with a greater level of comfort? Who are the stakeholders accessing such information, and what mechanisms exist for them to ask questions and provide feedback about our results?
- How are we keeping pace with leading practices around reporting mission outcomes and ESG risks, as well as the plethora of regulations that could require us to make ESG disclosures in the future?
- Clarify the role of the audit committee in overseeing the organization's reporting of ESG risks and activities, particularly the scope and quality of ESG disclosures. How are the full board and other committees involved in overseeing ESG initiatives?

Monitor other emerging standards that could impact the organization.

Accounting for credit losses. The Financial Accounting Standards Board's (FASB's) Accounting Standards Update (ASU) 2016-13—*Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, is effective for private entities—including NFPs—for fiscal years beginning after December 15, 2022 (fiscal 2023 for NFPs reporting on a calendar-year basis). While certain instruments are excluded from the scope of the ASU—such as receivables from donors and federal research sponsors accounted for as contributions under FASB Topic 958, as well as loans and receivables between entities under common control—the ASU applies to most financial assets measured at amortized cost, such as patient care accounts receivable, loans and notes receivable, as well as programmatic loans made by NFPs.

Under existing standards, a credit loss is recognized when it is probable it has been incurred (generally after inception of the asset). By contrast, the ASU requires—generally upon inception of the asset—recognition of losses expected over the contractual term of the asset, even if the risk of loss is currently remote. Accordingly, an entity's process for determining expected losses in accordance with the ASU considers not only historical information, but also current economic conditions and reasonable and supportable forecasts about future conditions (with reversion to historical loss information for future periods beyond those that can be reasonably forecast).

Accounting for crypto assets. Crypto assets have gradually gained acceptance in the NFP sector, particularly as a mode for donor payments and as investments. NFPs may already reflect such assets held directly—or indirectly through underlying investment funds—at fair value in their financial statements. FASB's Accounting Standards Update (ASU) 2023-08, *Accounting for and Disclosure of Crypto Assets*, introduces Subtopic 350-60, which addresses accounting and disclosure requirements for certain crypto assets. The guidance is effective for all entities in fiscal years beginning after December 15, 2024 (fiscal 2025 for NFPs reporting on a calendar-year basis). Under the ASU, holdings of crypto assets that are within the scope of the ASU, such as bitcoin and ether, are measured at fair value and subject to certain presentation and disclosure requirements.

- Under Topic 958, in-scope crypto assets may qualify to be presented as part of investments in the organization's statement of financial position and related investment return in the statement of activities, subject to certain disclosures. However, in-scope crypto assets cannot be combined with other intangible assets and related changes therein if the organization reports such line

items in the statements of financial position and activities, respectively. The ASU does not address classification of fair value changes of in-scope crypto assets in the statement of activities. Accordingly, NFPs that present an intermediate measure of operations may present such changes within operating or nonoperating activities depending on the NFP's policy and consistent with whether such changes are presented as part of investment return.

- In the statement of cash flows, cash receipts from the near-immediate liquidation of donated crypto assets are classified as financing activities if donor-restricted for long-term investment or capital purposes, or as operating activities if no such donor restrictions are imposed.
- Required disclosures for each significant crypto asset holding include name, cost basis and method used, fair value, and number of units and, subject to certain exceptions, information about changes in such holdings during the year. Additional disclosures are also required for holdings subject to contractual sale restrictions as of the statement of financial position date. For holdings that are not individually significant, aggregate cost basis and fair value information can be presented.

Stay focused on leadership and talent in finance and other functions.

Recruitment and retention remain top risks for many NFP organizations. At some NFPs, budget constraints, in-person staffing models, and an aging demographic in senior roles contribute to these risks. While market pressures have abated somewhat, in 2024 NFP leaders may be contending with talent shortages in certain finance, IT, risk, compliance, and internal audit roles just as they refocus on strategies to transform the organization's business processes. The audit committee can help ensure that finance and administrative executives have the leadership, talent, and bench strength to support those strategies while maintaining their core operating responsibilities.

To help monitor and guide the organization's progress, we suggest the audit committee consider the following questions:

- Although changes to modes of working (i.e., remote, hybrid, and in-person) have largely stabilized, competition for talent in some functions and regions remains challenging, especially at NFPs limited by traditional compensation structures. While bolstering recruitment and retention efforts may result in higher costs—which could add financial strain to the organization—employee workloads and morale, as well as internal controls, could be adversely impacted if vacant positions are not filled. Does the audit committee understand how the organization is managing these challenges, particularly as to specialized roles in IT, compliance, and other areas?
- Do we have the appropriate infrastructure to monitor and manage the tax, compliance, culture, and cybersecurity ramifications of remote work arrangements?
- Are finance and internal audit functions attracting, developing, and retaining the talent and skills we need to match their increasingly sophisticated digitization and other transformational strategies?
- Do our chief business officer, chief compliance officer, chief audit executive, and chief information security officer have the appropriate internal authority and stature, organizational structures, resources, and succession planning to be effective moving forward?

Help ensure internal audit is attentive to the organization's key risks and is a valuable resource for the audit committee.

Internal audit can and should be a valuable resource for the audit committee and a critical voice throughout the organization on risk and control matters. This requires focusing not only on financial reporting, compliance, and technology risks, but also key strategic, operational, and reputational risks and controls. Just as the audit committee is grappling with increasingly weighty and rapidly changing agendas, the scope and urgency of internal audit's areas of focus are growing. Is internal audit's annual plan risk-based and flexible, and does it adjust to changing business and risk conditions? Internal audit must be able to effectively pivot to address unanticipated issues and risks as well as ongoing organizational risks highlighted in the audit plan.

The audit committee should work with the chief audit executive and chief risk officer to help identify those risks that pose the greatest threats to the organization's reputation, strategy, and operations, including culture and tone at the top; cybersecurity, data governance, and IT enhancement; emergent uses for AI, including generative AI, in administrative and programmatic processes; workforce and wellness issues; research compliance and conflict risks; international activities; third-party risks; and the integrity of data available to the public and regulatory bodies. Financial and nonfinancial data can vary by type of NFP but may include, for example, data included in indirect cost proposals, creditor requests, the IRS Form 990, and reports on mission impacts. Whether or not the NFP has an internal audit function, audit committees should understand the controls that management has in place to verify the scope, accuracy, and consistency of such data.

Expect the latest internal audit plan to reflect these emerging issues and reaffirm that the plan can adjust to changing conditions. Mapping internal audit's areas of focus to the organization's business processes and risks, how does the current plan compare to last year's plan? What has changed or is expected to change in the organization's operating, data, and related control environments? What is internal audit doing to be a valued business advisor to other departments?

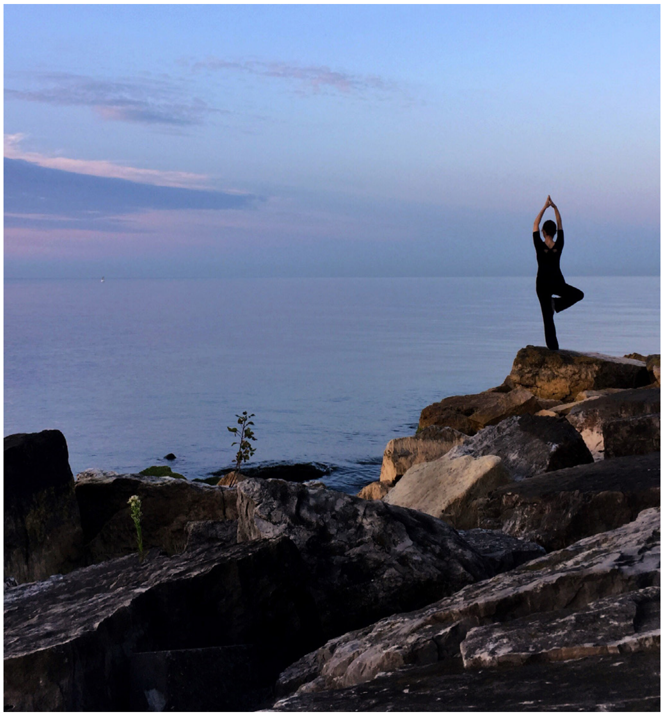
Set clear expectations, and ask whether internal audit has the resources, skills, and expertise to succeed. Clarify internal audit's role in connection with the ERM program—which is not to manage risk, but to help the organization assess the adequacy of its risk management processes. Does internal audit have the talent it needs in IT and other focus areas? Recognize that internal audit is not immune to talent pressures. In addition, help the chief audit executive think through the impacts of new technologies, including AI—such as generative routines and dashboards used for risk assessment and real-time auditing—on internal audit's workload and effectiveness.

Sharpen the institution's focus on—and connectivity of—ethics, culture, and compliance.

In the current NFP environment, reputational costs of an ethics or compliance failure are higher than ever, particularly given the increased fraud risk due to employee financial hardship and pressures on management to meet budgetary targets—and increased vulnerability to cyberattacks. Fundamental to an effective compliance program is the right tone at the top and culture throughout the organization, including its commitment to stated values, ethics, and legal and regulatory compliance. Reinforcement of these imperatives is especially critical at large, multinational NFPs, where implementation of enterprise-wide policies and procedures may be complicated by cultural and other operational differences.

With the radical transparency enabled by social media, the organization's culture and values, commitment to integrity and legal compliance, and brand reputation are on full display. The audit committee should closely monitor the tone at the top and culture throughout the organization with a sharp focus on behaviors (not just results) and yellow flags, considering the following:

- Is senior management sensitive to ongoing pressures on employees in the hybrid work environment, employee health and safety, productivity, engagement and morale, and normalizing work-from-home arrangements?



- As we've learned, leadership and communication are key, and understanding, transparency, and empathy are more important than ever. Does the organization's culture make it safe for people to do the right thing? It can be helpful for board members to get out into the field and meet employees and other constituents to get a better feel for the culture.
- Help ensure that regulatory compliance and monitoring programs remain up to date, cover all vendors in the global supply chain, and clearly communicate expectations for high ethical standards. Does the organization have a clear and current code of conduct, and are annual acknowledgments or certifications of the code required for employees and potentially others involved with the organization (e.g., volunteers)?
- Focus on the effectiveness of the organization's whistleblower reporting channels and investigation processes. Are all available reporting channels clearly and regularly communicated to the community to ensure awareness and use? Does the community utilize those channels? Does the audit committee receive regular information about whistleblower complaints, understand how such complaints are resolved, and receive data that enables the committee to understand trends? What is the process to filter complaints that are ultimately reported to the audit committee?

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The KPMG Board Leadership Center (BLC) champions outstanding corporate governance to drive long-term value and enhance stakeholder confidence. Through an array of insights, perspectives, and programs, the BLC—which includes the KPMG Audit Committee Institute (ACI) and close collaboration with other leading trustee and director organizations—promotes continuous education and improvement of public- and private-entity governance. BLC engages with board members and business leaders on the critical issues driving board agendas—from strategy, risk, talent, and ESG to data governance, audit quality, proxy trends, and more. Learn more at kpmg.com/us/blc.

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As part of the BLC, the ACI provides audit committee and board members with practical insights, resources, and peer-exchange opportunities focused on strengthening oversight of financial reporting and audit quality and the array of challenges facing boards and businesses today—from risk management and emerging technologies to strategy, talent, and global compliance. Learn more at kpmg.com/us/aci.

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Contact us

The KPMG HERON Audit practice

David Gagnon
U.S. Sector Leader
E: dgagnon@kpmg.com

Rosemary Meyer
Deputy U.S. Sector Leader
E: rameyer@kpmg.com

Regional leaders

Renee Bourget-Place
Northeast
E: rbourgetplace@kpmg.com

Joseph Giordano
Metro New York and New Jersey
E: jagiordano@kpmg.com

Rosemary Meyer
Midatlantic
E: rameyer@kpmg.com

Jennifer Hall
Southeast
E: jchall@kpmg.com

Cathy Baumann
Midwest
E: cbaumann@kpmg.com

Drew Corrigan
Pacific Northwest
E: dcorrigan@kpmg.com

Christopher Ray
West
E: cray@kpmg.com

Susan Warren
Southwest
E: swarren@kpmg.com

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