

Board support

10 areas that boards will be focusing on during Covid-19



In the new reality, what can the CFO and finance teams do to cater to their board’s information needs?

The top 10 areas that boards are likely to focus on over the short to medium term, and the ways in which CFOs and their finance teams can prepare for the future, are summarized as follows:

Board focus area	Finance action
 Finance and balance sheet resilience	<ul style="list-style-type: none"> — Prepare an ‘expected case’ cashflow model (worst case, best case, key assumptions) — Prepare daily cash flow management and rolling cash flow forecasts — Calculate and present solvency ratios linked to warning triggers — Provide regular briefings on what is being done to: <ul style="list-style-type: none"> – Preserve cash and tighten working capital practices – Retire aged/redundant assets (including leases) and sell/close non-strategic businesses and business activities – Identify available government stimulus financing opportunities – Confirm what debt facilities are available and assess counterparty risk/other threats to confirmed funding – Consider need/cost/timing of a potential equity raising
 Internal controls resilience and assurance	<ul style="list-style-type: none"> — Confirm internal controls over key financial systems, and check processes have been operating effectively throughout the period of remote working. Report any known weaknesses or breaches, the business impact and rectification activities undertaken — Prepare a board verification matrix identifying all disclosures in the organization’s periodic corporate reports, and how the integrity of each disclosure is being ‘verified’ for board discussion
 Finance team resilience	<ul style="list-style-type: none"> — Confirm “wellness” of the finance team, after an intense period of Covid-19 response activity; and adequacy of resourcing to run BAU and deliver more one-off and regular financial and business decision-support information — Confirm that ‘first-response’ changes implemented at lock down have now been effectively embedded into business-as-usual operations and are working effectively — Confirm regulatory, tax, funding and other compliance activities have been fully addressed during the crisis
 Shareholder resilience	<ul style="list-style-type: none"> — Obtain and report shareholder feedback on the organization’s responses to Covid-19 and their future expectations — Determine short to medium term dividend and pay-back options available for consideration
 Flexible ‘recovery’ planning, budgeting and forecasting	<ul style="list-style-type: none"> — Build a rolling quarterly (monthly) planning, budgeting and forecasting model with: <ul style="list-style-type: none"> – a ‘locked-in’ quarterly budget and performance targets (financial and non-financial) – a more flexible annual plan and forecast with ‘no regret’ investment decisions and other ‘more flexible future investments’, linked to current performance and longer-term performance targets – a high-level three-year plan, supporting the organization’s strategic aspirations and performance targets — Provide regular reports on the current quarter’s performance compared to the budget, providing insight on variances arising and the consequential impact on the annual plan, future investment and longer-term strategy
 Future business model, emerging risks and opportunities – scenario planning	<ul style="list-style-type: none"> — Prepare a robust and flexible financial model to support business scenario analysis and decisions on potential responses to future business risks, opportunities and business models — Working with risk, IT, HR, procurement and other areas of the business, identify the range of expected and potential future business risks, opportunities and recovery actions for: <ul style="list-style-type: none"> – External change – potential impact of geo-political events, mega-trends, government stimulus, new regulations, tax changes, increased competition, emerging technology – Business change – simplified operations, headcount reduction, staff retraining, new products/services (customer priorities), diversified supply chain, on-shoring business critical services/supplies, asset recycling, accelerated technology/digitization/ robotics (e-commerce and business operations)

Board focus area	Finance action
 Future finance team – operating model	<ul style="list-style-type: none"> — Define and align the required finance roles to support the new business models — Retrain and reposition finance staff dislodged by the new business model, accelerated technological change, digitization and other operational changes — Optimize the required finance and business restructuring outcomes — Establish creative incentive arrangements to motivate or attract finance leaders and talent
 Future external reporting and communications	<ul style="list-style-type: none"> — Given the increasing demand for a greater degree of external reporting (governance and non-financial risks such as climate, Covid-19, culture), develop the future corporate reporting strategy — Define the content of required reports and online disclosures to address legal, regulatory and good practice stakeholder information needs
 Governance, trust, reputation and brand	<ul style="list-style-type: none"> — Working with risk, HR, sustainability and other areas of the business, develop and implement a plan to ensure that the organization has applied and tested the operation of all the required changes — Review and enhance the process to capture and report all breaches of legislation, regulation, industry codes, organizational policies (code of conduct, health and safety, including Covid-19 requirements) with an explanation of the cause and impact of material breaches, as well as identification of whom the responsibility lies with, and remediation actions taken — Report on the organization's readiness for increased tax audit activity or other regulatory audits, and the results of any pre-work to mitigate potential exposure
 Mergers and acquisitions	<ul style="list-style-type: none"> — Working with strategy and risk, re-perform the 'business defense strategy' and underlying valuation modelling, using new business model and strategy assumptions, to ensure it is ready and supportable to protect the organization from a hostile bid — Undertake research and desktop due diligence to identify potential targets for acquisition in key markets and/or with key resources or products/services that fit with the revised business model and strategy. — Present this work early on to determine preferred targets and approach

How can we assist your organization?



For practical and hands-on support in preparing for the increased demands on the finance function by the board and other stakeholders, please contact the team below.



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