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Mission Controls: How CFOs can help add value, reduce risk in a cloud ERP transformation

By now, many CFOs have acquired sufficient familiarity with the cloud to grasp—and appreciate—a clear view of the technology's potential benefits. Simply put, moving to cloud services can reduce long-term operational costs.¹ Moreover, it can help finance offload the cumbersome task of making major technology upgrades every few years.

Freed from the need to devote resources to system upgrades or maintenance, finance chiefs can reallocate human capital more efficiently. Supporting technology teams, in turn, can be assigned higher-value activities. It's a compelling selling point. But even for finance leaders with experience in moving non-critical applications to a new virtual address—email, for example—the prospect of transferring finance operations introduces a catalog of complex challenges. Bear in mind that finance departments often host large datasets, have multiple dependencies, and operate under stringent security requirements. Mistakes in a

cloud enterprise resource planning (ERP) transition could potentially lead to service disruptions. Data could get lost, corrupted, or stolen. Such eventualities may have monetary consequences, including regulatory fines or litigation. They might also cause reputational damage.

Yet in a transformation of such size and scale, brimming with competing priorities, some teams might pay insufficient attention to implementing effectively designed controls. Others may make optimistic assumptions about how legacy controls will perform—around some aspects of financial reporting, for example—in a cloud environment, where AI-enhanced automation can support and streamline manual effort. Still others may treat controls as an afterthought, to be bolted-on post-migration. But without safeguards, new risks can develop during the migration to the cloud, potentially hindering an established go-live date. At that point, given the investment involved,

the CFO and others may have to engage in a difficult conversation with the audit committee and the board.

In this edition of *CFO Insights*, we'll examine the role CFOs can play to help ensure robust controls are integrated throughout the cloud implementation lifecycle. In addition, we'll look at what finance chiefs can do to make sure the framework for these controls aligns with the organization's business objectives and risk management priorities.

Making the switch

The growing number of companies preparing to migrate their finance operations to the cloud² can be traced, at least in part, to the decision by some ERP vendors to discontinue supporting their legacy platforms in 2027 and beyond.³ In addition, the Public Company Accounting Oversight Board (PCAOB) has increased its focus on internal controls over financial reporting (ICFR) over the past few years.⁴

The accelerated adoption of cloud-based ERPs coincides with a marketplace where C-suite executives may feel pressed to increase efficiency and agility, often by deploying new technologies. Some may also have mandates to reduce costs and streamline IT management. The two imperatives can be seen in the results from Deloitte's Q1 2026 North American *CFO Signals™* survey. In it, nearly half (49%) of surveyed finance chiefs indicate their organization's cost management efforts are being driven by pressure to invest in new technologies like AI and cloud.

Far from the usual upgrade, next generation ERP systems represent a step change in terms of capabilities, with businesses leveraging AI technology to maintain data integrity and simplify compliance. By shifting to a software as a service (SaaS) ERP, companies can access new database technologies and deploy sophisticated analytical tools. Shifting to a cloud-based ERP platform can enable CFOs to use real-time insights that can help improve decision-making.

The exact costs of trading up to the cloud vary widely, depending on factors like size, complexity, and the requirements of the business. In a recent survey of 300 CFOs and finance leaders, two-thirds of respondents report that the topic of cloud spending has risen to become a board-level concern.⁵ This kind of oversight suggests that the shift to cloud may be seen not only as a value driver, but also a strategic financial risk. Unlike a long-term investment in tangible on-premises assets, the cloud is treated as an operating expense, consisting of recurring payments that are fully deductible in the year they are incurred. Almost immediately, the transition can enhance cash flow and reduce maintenance costs.⁶ Equally important, it can enable faster scaling.

Outrunning the risks

Until recently, IT departments have typically managed ERP projects with minimal input from the business. But cloud ERP transformations tend to be different, with finance chiefs often heavily involved in the process. Indeed, coordination and collaboration between CFOs, CIOs, and other functional leaders—as well as board oversight—can make for better alignment between cloud ERP initiatives and broader business objectives.

This kind of managerial load-sharing can be key in ensuring successful transitions, serving to monitor progress toward a range of goals, including enhanced operational efficiency and strengthened risk management. A cloud ERP transformation can serve as an ideal opportunity to modernize controls for data mapping and validation, segregation of duties, and maintaining detailed audit trails. But it's up to CFOs and other executives to assume the responsibility for determining that robust internal controls remain integrated throughout the implementation life cycle, from planning to post-deployment.

The reality is that while cloud ERP systems can offer increased operational efficiency, they can also introduce considerable third-party risks. One of those exposures: an external vendor (the cloud provider) almost always assumes some measure of control over the data and infrastructure. This, along with other factors, increases the need for up-to-date, effectively designed internal controls.⁷

As a result of this newfound reliance, key responsibilities may be outside the finance function's direct purview—calling for a higher standard for oversight, security, and compliance. Often in partnership with CIOs, CFOs should make sure they

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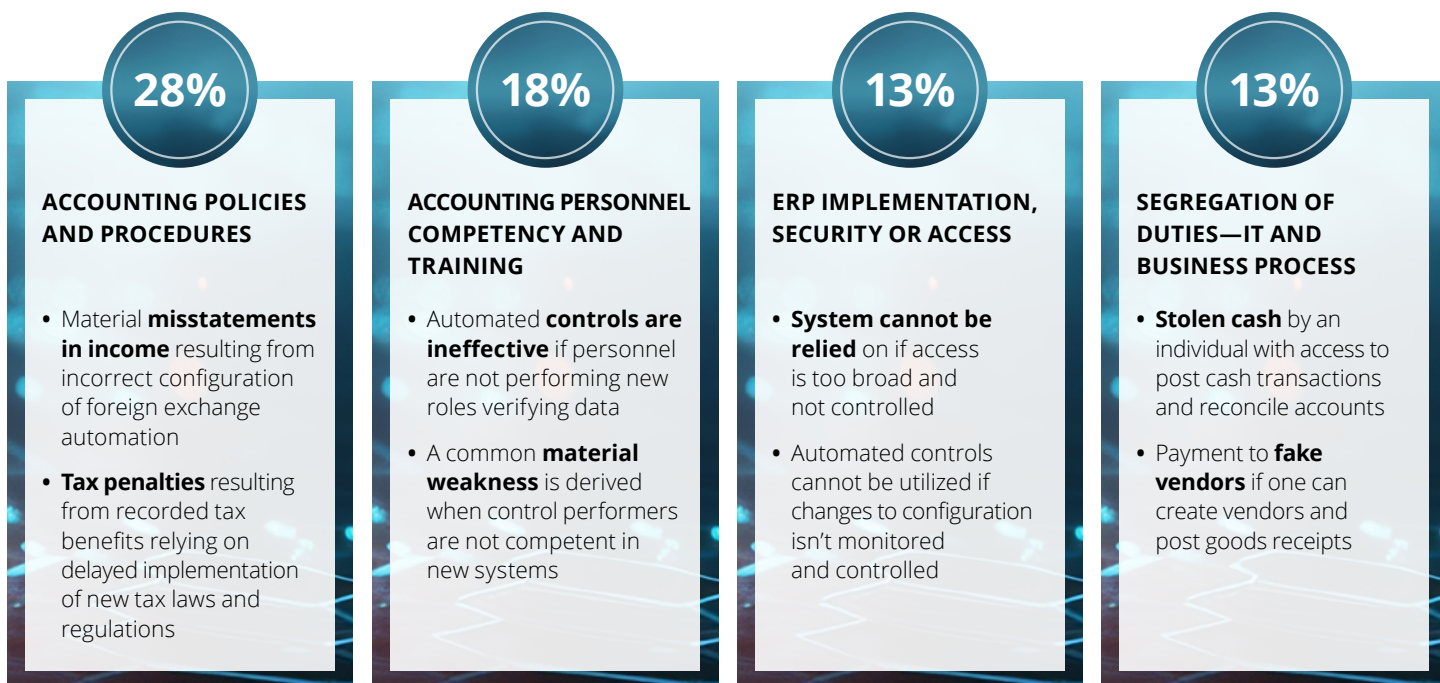
The cloud provider may control the implementation of software updates or patches, but CFOs may want to make sure their companies can access a roadmap detailing the schedule for future changes, as well as receiving notifications ahead of time regarding specific implementations.

communicate clearly, defining the division of control responsibilities. (To look at the consequences of misalignment, see “[How CFOs can realize value from an ERP implementation](#),” *CFO Insights*, July 17, 2025.) While a third party may take over most of the infrastructure, companies may want to retain ownership over certain technical upgrades, reviewing any changes that are pushed through the system. The cloud provider may control the implementation of software updates or patches, but CFOs may want to make sure their companies can access a roadmap detailing the schedule for future changes, as well as receiving notifications ahead of time regarding specific implementations. Similarly, companies may want to ensure that any contract includes detailed documentation about security practices, a halfway measure before moving to a shared public cloud. An organization’s ultimate destination might be a multi-tenant SaaS set up, an arrangement that can provide cost savings, increased ease of use, and enable greater scalability.

In addition, CFOs should think through how the shift to a third-party vendor impacts their control environment. The exercise will help them determine what contractual requirements they may need to support their ability to certify the effectiveness of ICFR. In addition to conducting an annual assessment of ICFR, CFOs should also ensure that controls undergo regular evaluations. Any material weakness unearthed in the internal control structure should be reported externally—regardless of whether the data is managed by a cloud provider (see Figure 1).

It’s worth noting that material weaknesses related to general information technology controls, a subset of internal controls, have increased significantly every year since 2021.⁸ To help avoid regulatory noncompliance, finance leaders should consider identifying and investing in areas of potential risk.

Figure 1. Acquired Deficiencies: Leading Causes of Material Weaknesses in 2024



Source: Deloitte & Touche LLP, based on SEC annual reports filed between 1/1/24 and 10/19/24.

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Cloud-bound CFOs

Integrating control design from the outset of the cloud ERP transformation can help. Incorporating control design before a transition commences can mitigate risks—such as data security—before the software development cycle. In addition, controls can be reviewed during each phase of development: requirements-gathering, design, development, testing, deployment, and stabilization. During the cutover to the new cloud ERP platform, controls can verify that data is transferred accurately and completely.

CFOs often serve with CIOs as co-leaders of a governance committee, where they set overall objectives, review budget/financing considerations, and assess the ultimate objectives of the cloud ERP transformation. A key question finance executives should be asking is about the scope of controls that will be covered (for more questions, see box, “Cloud judgment: Questions about migrating finance to the cloud”). That group usually reports to the board. A more tactical steering committee, which encompasses compliance and controls, may also report up to the governance team.

Once at the implementation stage, adopting modern controls can enhance the organization’s readiness across the ERP environment, streamline compliance, and increase the effectiveness of risk mitigation. Prioritizing controls throughout the cloud ERP implementation can help lay a strong foundation for secure, reliable, and scalable business operations. Even after a cloud ERP system goes live, the need for effective controls continues; ongoing financial and risk management controls can play a crucial role, and the integration of AI technology and other accelerators can enhance accounting and financial reporting.

Quality controls: the payoff

Migrating finance to the cloud can unlock broader financial and strategic advantages across the business. With increasing budget flexibility, CFOs can direct investments into AI and other digital

initiatives, spurring growth. Other outcomes may include increased profitability, improved budgeting, and forecasting.

But managing migration can be a long and complex undertaking, often necessitating coordination and connection among various stakeholders—and clear guidance from top leadership—to meet set milestones and budgets.

These long and complex projects typically involve various stakeholders, which makes careful coordination and effective communication important for staying within the planned timelines and budgets. Issues with data quality, insufficient testing, and data migration can delay go-live schedules. And problems that disrupt launch can be especially costly to fix.

Still, the prospect of migrating the finance function to the cloud probably holds instant appeal for many CFOs. Why? Most likely, their interest can be traced to its potential benefits.

Prioritizing controls throughout the cloud ERP implementation can help lay a strong foundation for secure, reliable, and scalable business operations.



Cloud judgment: Questions about migrating finance to the cloud

Business is a key stakeholder to a system implementation. To be truly “ready” from a controls standpoint, some critical questions should be addressed during the planning phase.



What is the scope of controls that will be covered?

- Only **automated** controls? Or also **manual** controls?
- Only **financial** controls? Or also **operational** and **regulatory**?
- What about **IT general controls, system development life cycle controls, segregation of duties, cybersecurity, and privacy**?
- What are we looking to get out of this implementation for controls (**compliance/assurance**, improving **tech-enabled controls**, enhancing **GRC/automation** capabilities)?



Are we clear on the roles and responsibilities within the company as they relate to controls?

- Process owners
- Control owners
- Compliance teams (e.g., SOX, ISO, NIST, GDPR)
- Internal audit
- External audit



Have we thoroughly considered what we need for controls throughout the implementation life cycle?

- Blueprint/design, build, test, cutover, post go-live
- What is the level of **testing documentation** we require for each type of control?
- What is the **level of configuration validation** that we require during the testing phases and in production?
- What is the **level of training** that we require for control owners?



What deliverables as they relate to controls do each of our stakeholders need?

- **Risk and Control Matrix**
- **Process flows** with risks/controls mapped in
- **Narratives**
- Control **test procedures** and **test evidence**
- Baselining **documentation** for key reports and IT Application Controls

End notes

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3. "Harnessing internal controls to mitigate risk and enhance value in cloud-based ERP finance transformations," Deloitte Development LLC, 2025.
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7. "The importance of effective internal controls for cloud digital transformation in financial services," *The Pulse Blog*, Deloitte Development LLC, January 29, 2026.
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Contacts

Laura Bellinger

Partner, Audit & Assurance
Deloitte & Touche LLP
lbelling@deloitte.com

Jesse Jett

Partner, Audit & Assurance
Deloitte & Touche LLP
jjett@deloitte.com

David Rains

Principal, Audit & Assurance
Deloitte & Touche LLP
drains@deloitte.com

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Deloitte CFO Insights are developed by Josh Hyatt, Editor, CFO Insights, CFO Program; and John Goff, Senior Manager, CFO Program, both Deloitte LLP.

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