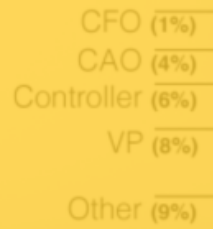


### Demographics

Most survey respondents are in mid-level positions

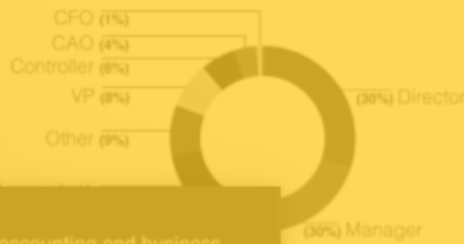


### Q: What framework do you use to report ESG?



### Demographics

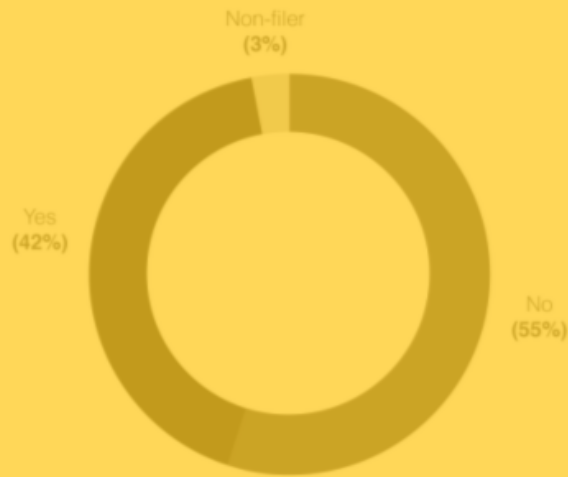
Most survey respondents are in mid-level positions



### Accountant

#### Received a comment letter

About 42% received a comment letter in the last three years



### Close to half hold advanced degrees in accounting and business



# SEC

## PRO GROUP

sponsored by **workiva**

# 2021

# BENCHMARK REPORT



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# Introduction

## Letter from SEC Pro Director Lauren Uyeno

Dear fellow members,

What a difference a year can make! This is the second year that the SEC Professionals Group surveyed members to gather hard data about how they are managing their external reporting function. The 2021 SEC Professionals Group Benchmark Report reflects a full year of operations during the COVID-19 pandemic.

I arrived as the new SEC Pro Group Director just in time to work through the survey data with the team. Through that process, I gained an intimate view of your professional contributions, challenges, and career aspirations in external reporting.

We took a deep dive into the human side of SEC reporting through this report. Survey questions probed for your level of job satisfaction, the professional and personal challenges you have faced working from home, the state of team morale, and your personal stress and anxiety. One of the report's most significant findings is how working remotely changed your relationship with work.

Access to unique and exclusive thought leadership like this report is just one example of the value this community creates for its members. From the beginning, local chapter meetings provided a forum for ongoing discussion and networking. When it became clear that we could no longer meet in person, the SEC Pro Group increased the amount of online resources and engagement with the community. Members continued to have exclusive access to industry experts, policy makers, and CPE credits through webinars, podcasts, updates from committees, and a steady stream of fresh, relevant content on our website.

Though it's no replacement for connecting in person, the SEC Pro Group website has evolved into a dynamic forum for members to continue to connect and engage with one another. This is a gated, members-only site where you can communicate quickly with peers from around the globe. Check out the website for timely news, member discussions, SEC updates, and job listings.

I look forward to hearing from you about the findings from the 2021 SEC Professionals Group Benchmark Report. Data is empowering. External reporting professionals who can make a data-driven case for the tools, technology, and resources that enable accurate financial reporting, strong disclosure processes, and compliance will create value across their entire organization.



To your continued success,

A handwritten signature in black ink that reads "Lauren Uyeno". The signature is fluid and cursive.

Lauren Uyeno  
Director  
The SEC Professionals Group

# Executive Summary

It's been more than a year since the COVID-19 pandemic sent most of us to our home offices. The pandemic has created historic circumstances that accelerated trends and created new challenges across the spectrum of SEC reporting. It will take more time before the long-term effects of the pandemic become clear. In the meantime, the 2021 SEC Professionals Group Benchmark Report captured important insights into the current issues and opportunities facing SEC reporting professionals.

The SEC Professionals Group and Workiva conducted the 2021 benchmark survey online between March 22 and April 23, 2021. Despite the timing and the circumstances, 420 SEC professionals responded to the survey, a 14% increase from the 2020 survey. Survey respondents represent various professional roles, levels of process maturity, and process complexity, and we are confident that their responses reflect a realistic perspective of the current state of SEC reporting.

## Key findings from the SEC Professionals Group 2021 Benchmark Report

### 1. Pandemic disruptions didn't derail financial reporting professionals.

SEC reporting teams were prepared with the tools and processes to effectively work in a dispersed, remote environment. Survey results suggest that performing SEC reporting, consolidation, and management reporting was manageable and that remote work was not an obstacle to executing SEC reporting. On average, 63% use cloud-based systems for financial reporting, and 98% of respondents use a specific tool for SEC reporting, which likely played a part in the successful transition to remote work. It's a testament to the skilled professionals in SEC reporting that, when enabled with the right tools, they can get the job done without skipping a beat.

**2. Companies won't wait for an SEC mandate to start ESG reporting.** 45% of survey respondents said they won't wait for a regulatory requirement to begin reporting ESG information. One-quarter of respondents currently report ESG data, and we expect this to accelerate—at warp speed. ESG has the potential to change the financial reporting profession, much like Sarbanes-Oxley. For those who are ready for this change, there will be opportunity for both companies and careers.

### 3. Women begin to earn less than men early in their careers.

This survey shed light on the salaries of accountants, analysts, and managers, and found that at the manager level, men earn more than women. There are not many sources for comparing the differences in the pay scale between men and women at every level of finance and accounting. The SEC Pro Group will continue to research industry pay scales in the 2022 benchmark survey.

### 4. Is there a correlation between manual processes and material weaknesses?

Interesting patterns emerged from this year's survey responses. Most errors that led to a material weakness were not in financial reporting, nor did they result in a financial restatement. Yet, respondents with control issues that led to material weaknesses reported they copied and pasted 51% of content for the most recent report from other documents. As a result, 100% of these respondents revised their processes as the first step toward remediation. 38% upgraded their technology, and 36% changed staff. Each of these responses suggests an intention to reduce manual processes. 35% did result in a restatement, which can incur considerable expenses in SEC fines, audit and legal fees, and reputational damage.

### 5. Working remotely contributes to job satisfaction.

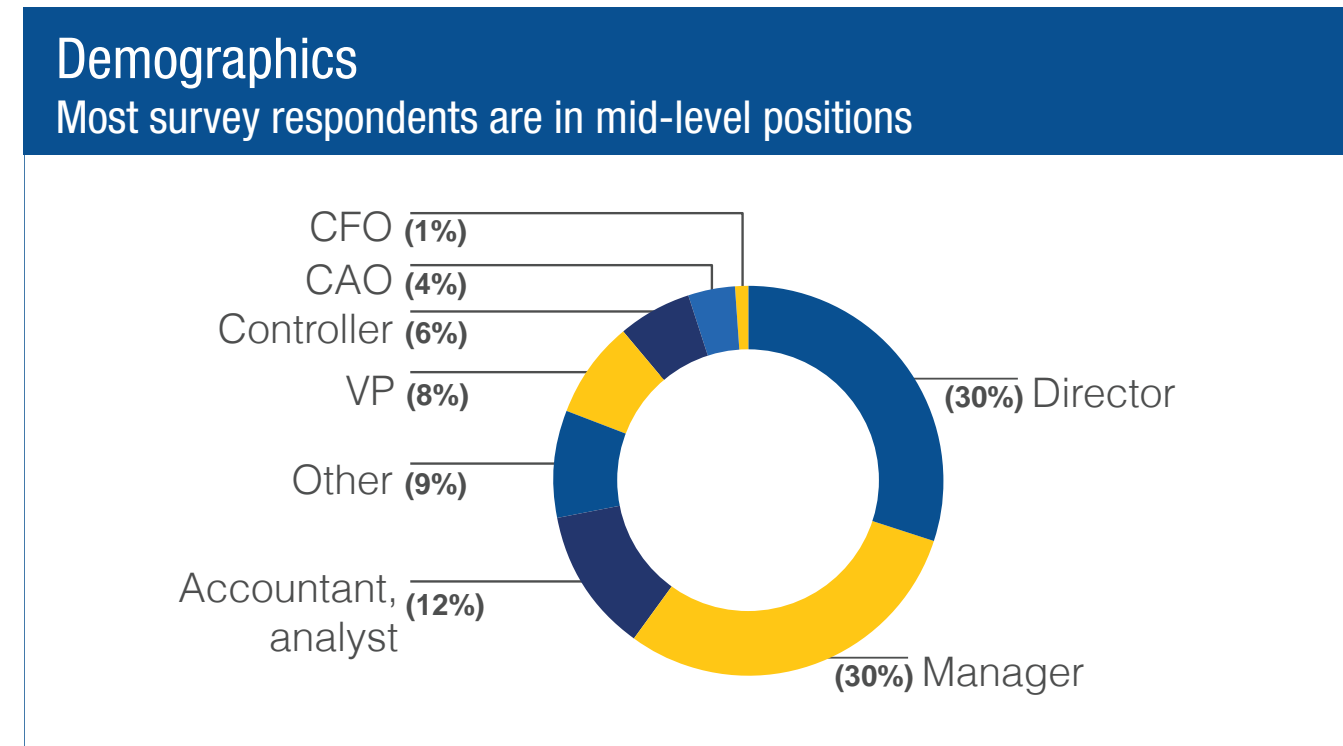
SEC filers are resilient and adaptable, characteristics that were highlighted during the pandemic. Remote work created moderate personal hurdles, such as feeling disconnected from coworkers. Yet, financial filers report strong levels of job satisfaction and a long-term commitment to the accounting and finance profession. Maintaining their remote work status is an option that SEC filers are intent on protecting: to consider a new job, 55% say it's very important or extremely important to be able to work remotely—so important that many (close to 25% of) external reporting professionals would consider a 10% pay cut in exchange for full-time remote work status. Financial reporting had the processes, technology, and relationships already in place before the pandemic. Remote work might have been the missing link to staying satisfied in a stressful job. We will watch to see how this trend develops and if returning to the office undermines high levels of job satisfaction.

# Demographics and Company Profile

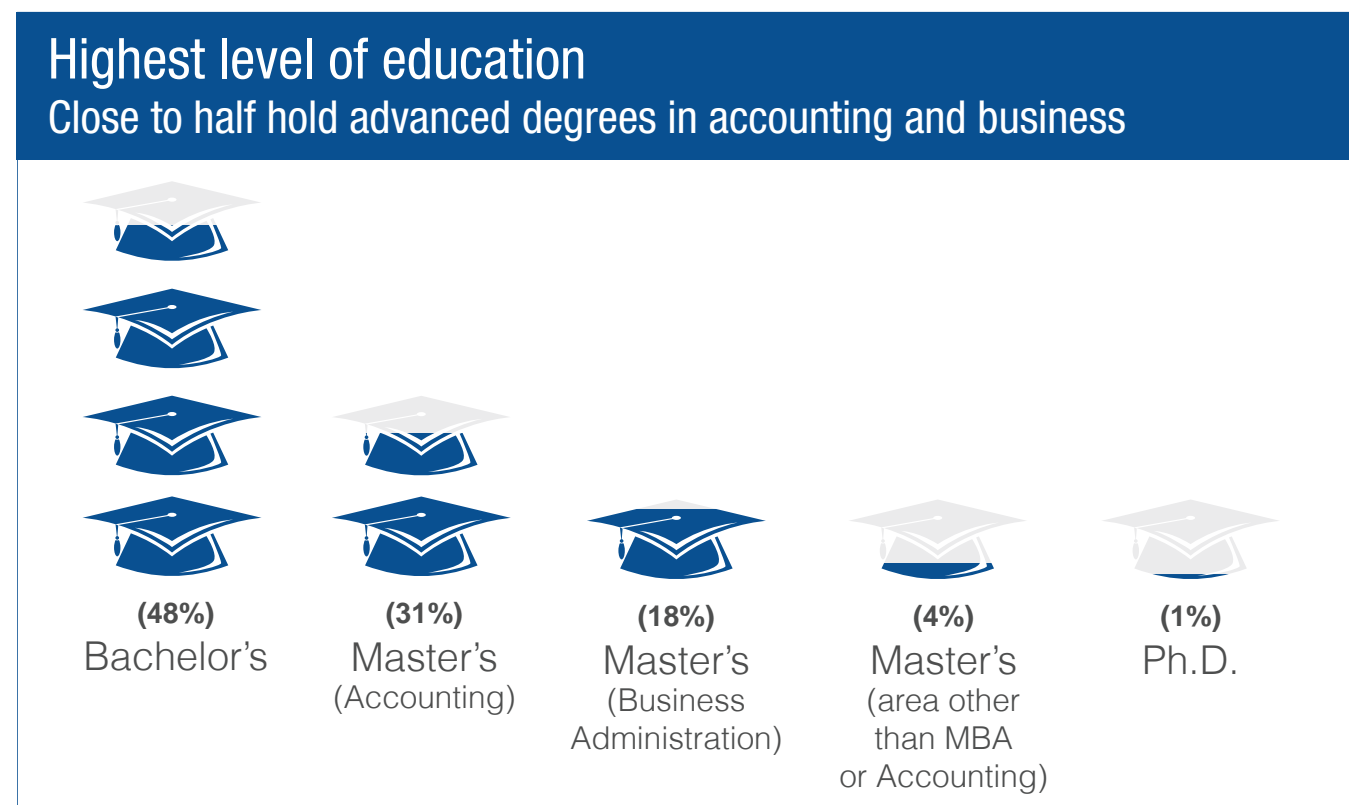
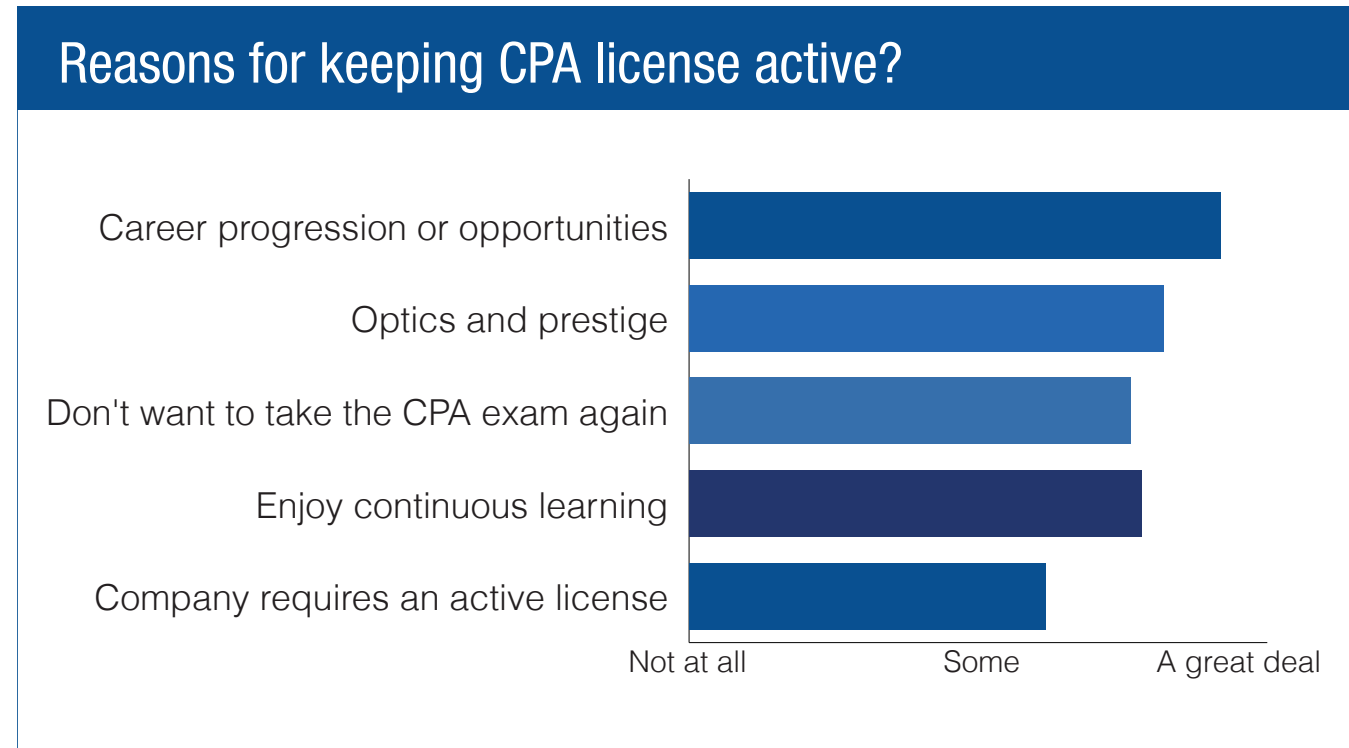
## About the survey respondents

Overall, most of the survey respondents are mid-level career professionals who reflect the composition of the SEC Professionals Group. They are predominately directors and managers and have primary responsibility for overseeing financial reporting and accounting. Other departments represented in the survey include legal and investor relations, which are closely aligned with the financial reporting process.

75% of respondents hold an active CPA license to support their career progression and career opportunities. Other top reasons to maintain an active license include the prestige and to avoid retaking the exam.



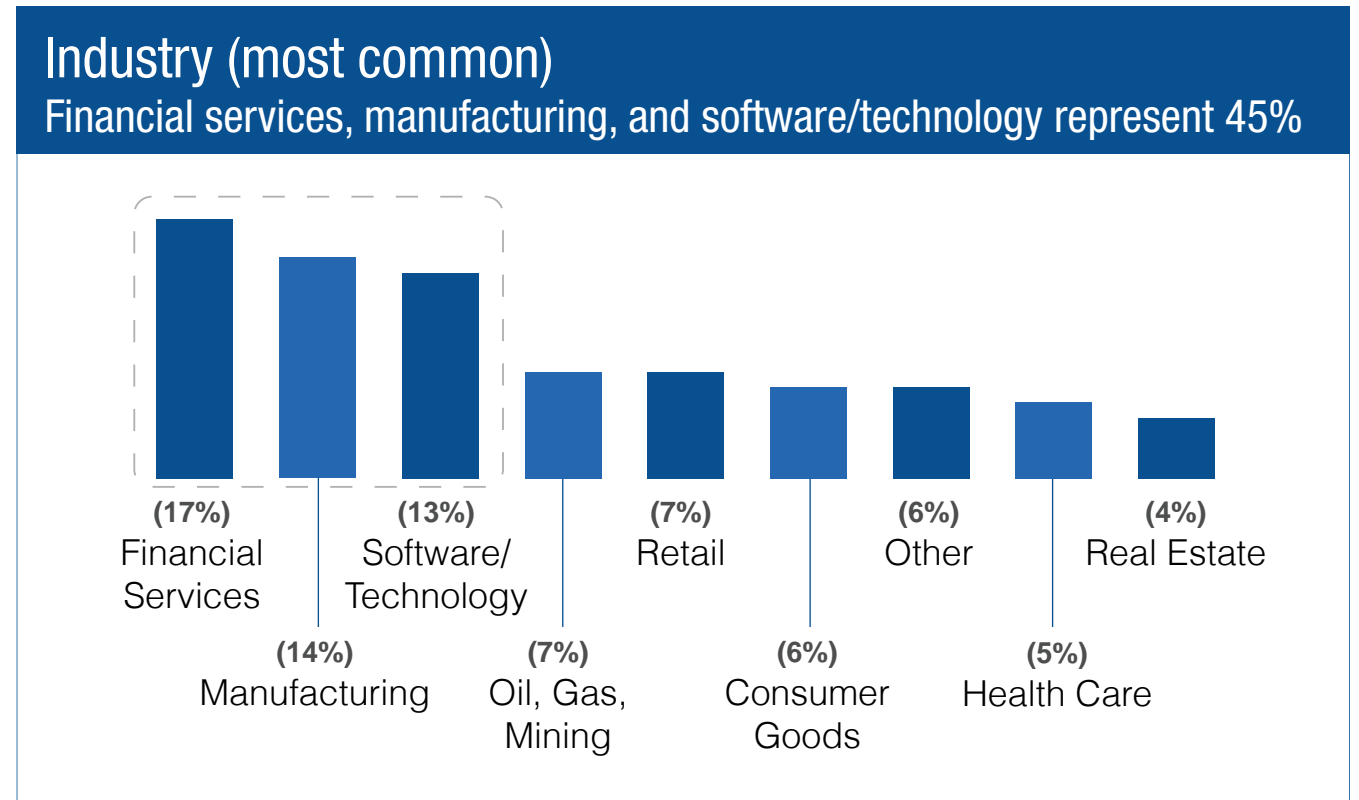
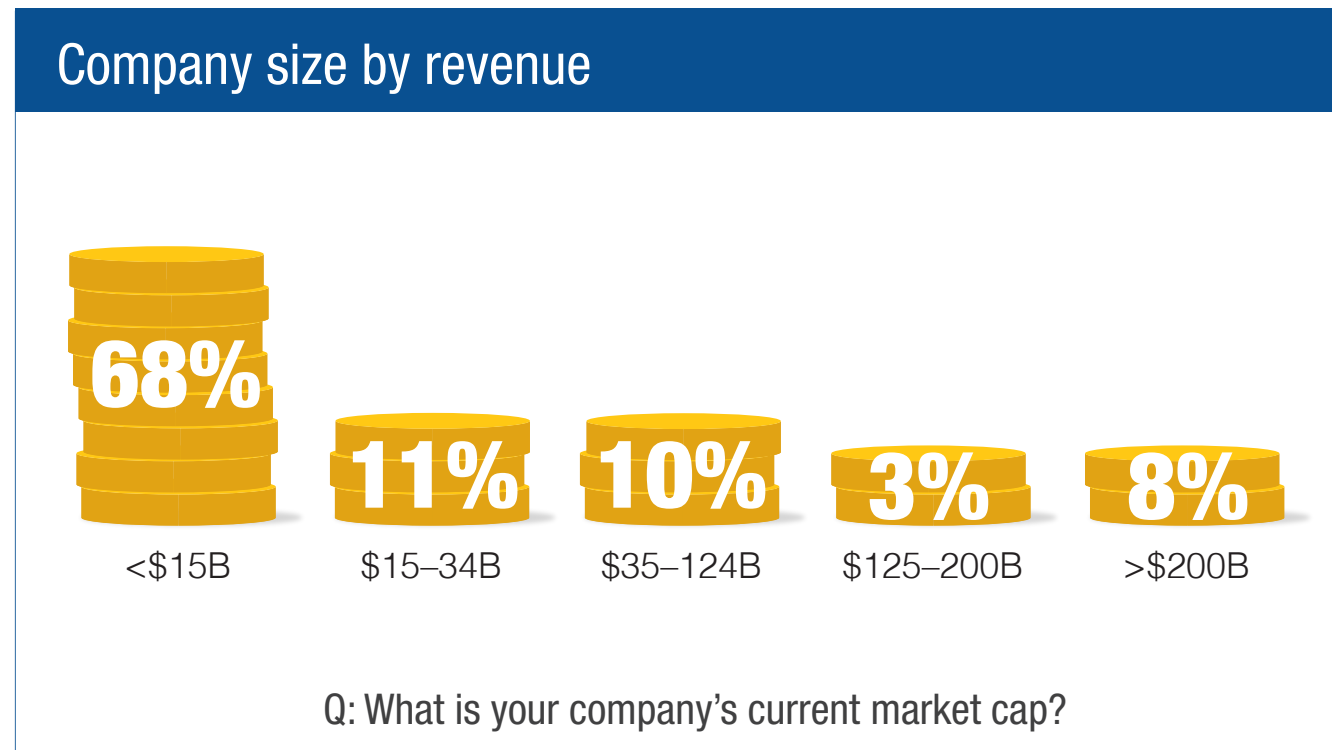
48% hold a bachelor's degree as their highest level of education, and the remainder hold advanced degrees. 30% hold a Master of Accounting, and 18% hold a Master of Business Administration. Fewer than 5% hold a non-business master's or doctoral degree.



# Demographics and Company Profile

## About the survey respondents

The three predominant industries represented are financial services, manufacturing, and software and computer technology. Companies are categorized by their market capitalization to indicate the size and scope of the finance and accounting function. Market cap for 68% is less than \$15 billion, which places them outside the 500 largest U.S. companies measured by market cap. The remainder are among the 500 largest U.S. companies measured by market cap. Companies generate roughly 25% of their revenue from international operations.



# Reporting Process Practices and Timing

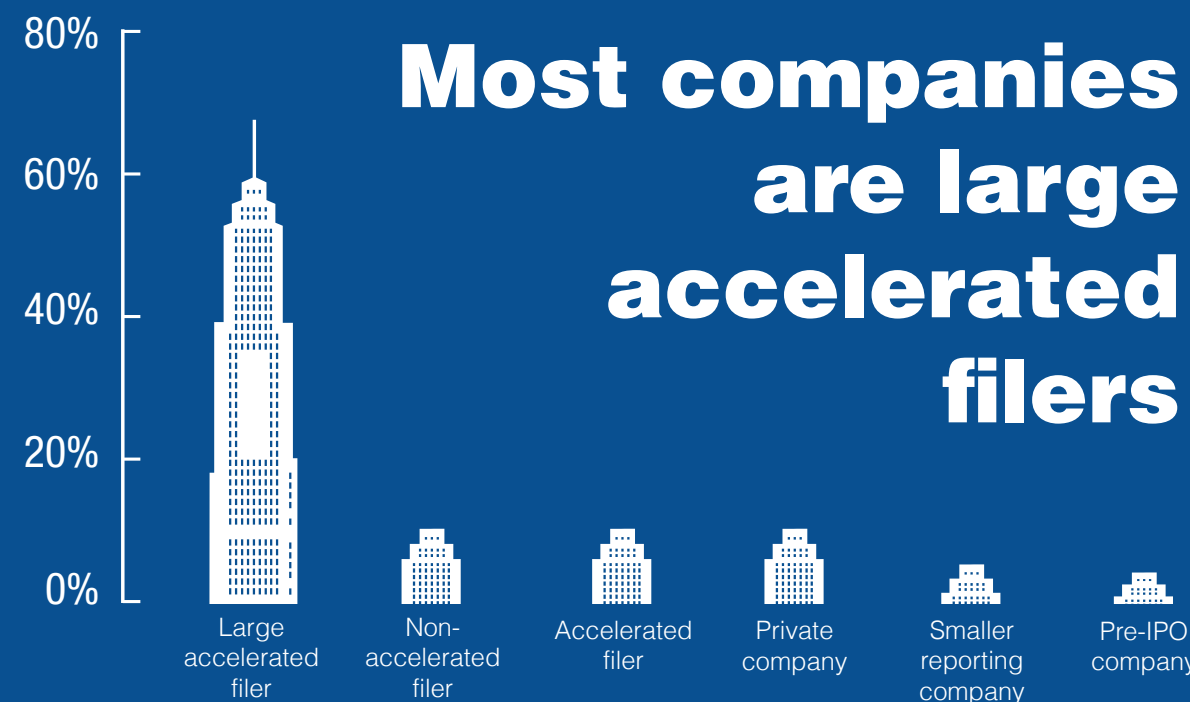
## SEC personnel and staffing

Large accelerated filers represent about 68% of survey respondents, which reflects the SEC Pro Group membership. There was a slight uptick in the non-accelerated filer category, which could reflect the SEC's 2020 amendment to redefine filer status. Between 8% of respondents are private companies, which also make up a small, but important component of the SEC Pro Group. About 5% of respondents are smaller reporting companies, and about 4% are pre-IPO companies.

The average SEC reporting team is between three and four full-time employees. We do find it a bit surprising that team size has remained constant given the dramatic increase in the demands on SEC reporting in the last year.

Additionally, members spend just 60% of their time on SEC reporting, a response that is consistent with other surveys conducted by the SEC Pro Group. In addition to the primary activities of SEC reporting—the 10-K, 10-Q, 8-K, and audit committee—members also are responsible for a wide range of adjacent accounting practices. 80% are responsible for researching technical accounting matters, 58% for analyzing stock-based compensation, and 51% for XBRL tagging.

Larger companies with more resources and larger teams are more likely to assign a specialist to cover these additional responsibilities.



**The average SEC team size is between three and four full-time employees**

### Key responsibilities of SEC reporting teams

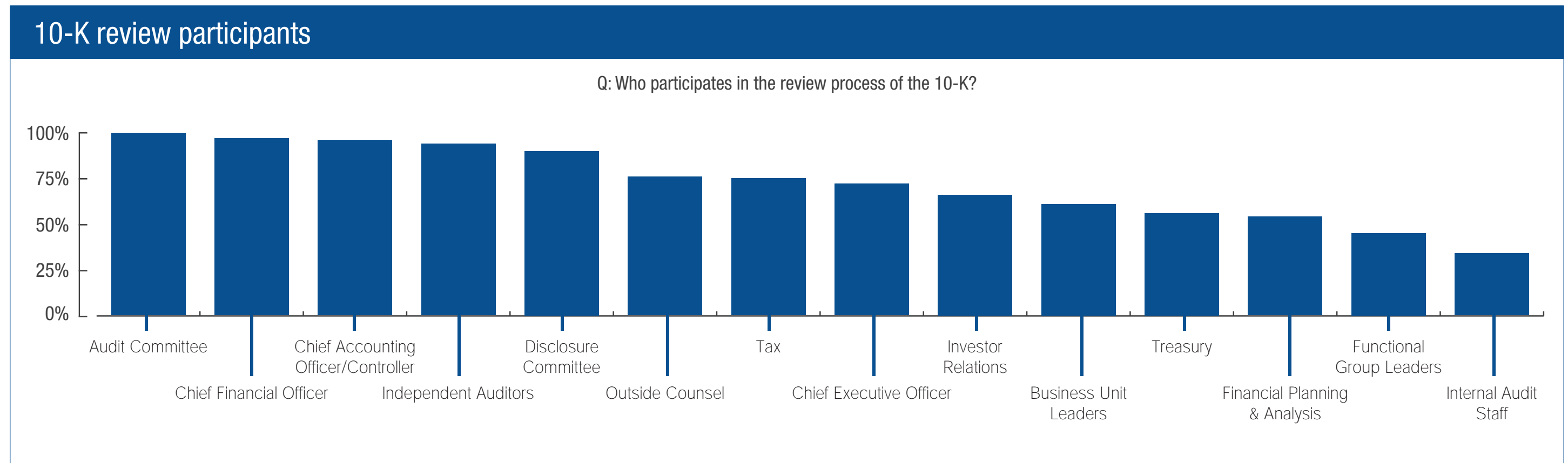
	SEC team	In house (but not SEC team)	Outsourced
10-K, 10-Q	98%	1%	1%
Technical accounting research	80%	19%	1%
8-K	70%	29%	1%
Stock-based compensation	58%	41%	1%
XBRL	51%	1%	48%
Audit committee and/or board of directors packages	43%	57%	0%
Consolidation	34%	66%	0%
Proxy	29%	68%	3%
Internal management reporting	25%	75%	0%
Earnings call	23%	76%	1%
Close accounting	21%	79%	0%
SOX/internal controls	14%	80%	6%

# Reporting Process Practices and Timing

## SEC personnel and staffing

The biggest surprise about the 10-K review team is who doesn't participate. About 25% of survey respondents said their CEOs do not participate in the 10-K review process, a revelation that stunned us. This is a puzzling result given that these executives are personally responsible for the accuracy, truthfulness, and controls that govern the development of the content in the 10-K and other SEC filings.

We assume that key executives are reviewing financial statements, disclosures, and the results of financial controls reports before the full SEC document review process begins. This also emphasizes the importance of disclosure committees and the sub-certification process as an intermediary between key executives and the document production and review process.



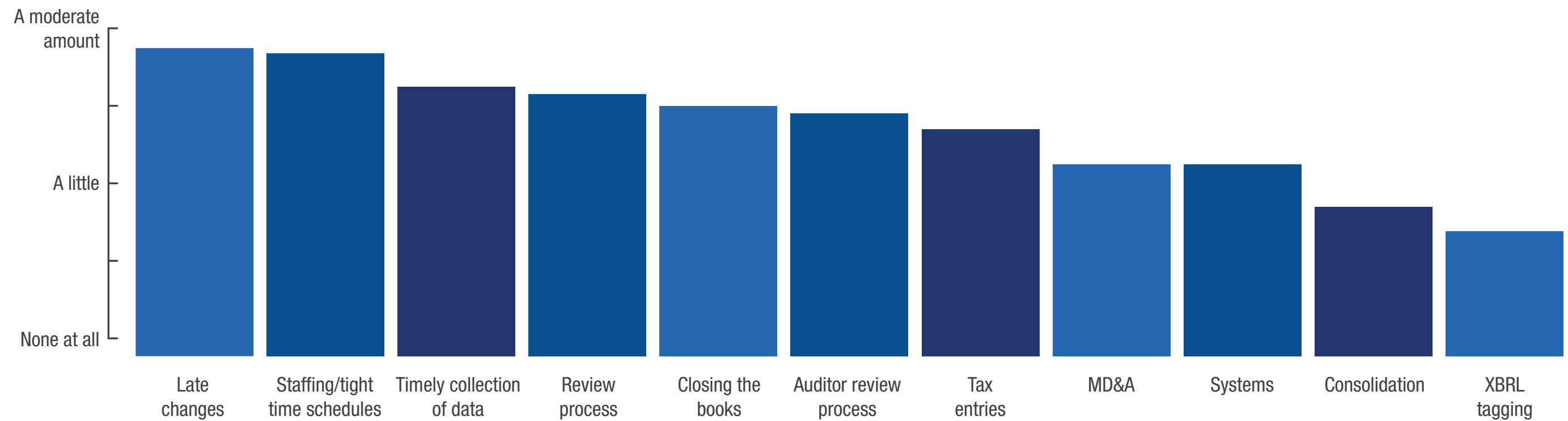


# Reporting Process Practices and Timing

## SEC personnel and staffing

### Bottlenecks

What activities would you consider a bottleneck in your process?



It comes as no surprise that late changes and staffing constraints with tight deadlines are the top bottlenecks. The pandemic could exacerbate bottlenecks as workers can no longer visit a colleague's desk to resolve questions. With 50% saying it's difficult to find qualified candidates, many find themselves short staffed as they work against tight deadlines. This reinforces the value of SEC reporting as a high-value skill set that is in high demand, which is always a plus for career success.

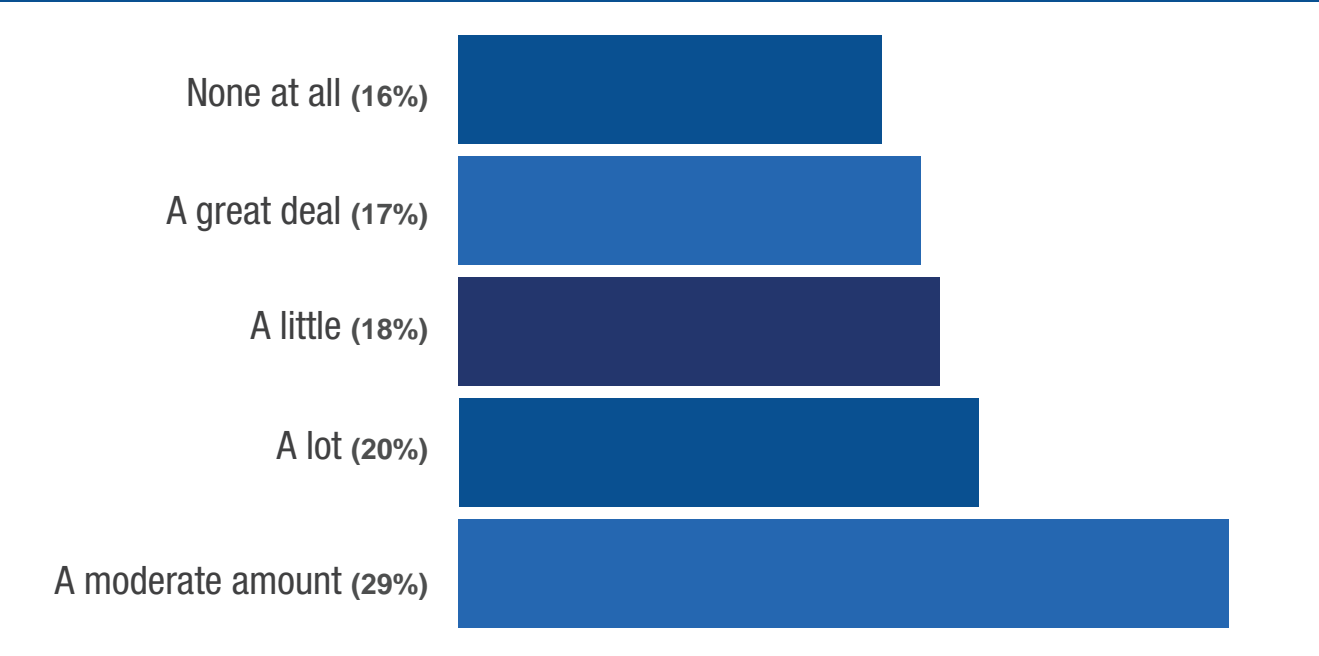
# Reporting Process Practices and Timing

## SEC personnel and staffing

There is somewhat of an art and science to the timing of earnings releases. About 80% report that peer earnings release timing has some impact on their own earnings schedule. Eight of the 12 industries identified report they are influenced by their peers at least moderately to a great deal. Indeed, many companies try to avoid releasing on the same day as a peer to avoid overloading investors with news. Transportation, warehouse and logistics, real estate, and travel, lodging, and leisure are impacted a “great deal” by the timing of their peers' earnings releases.

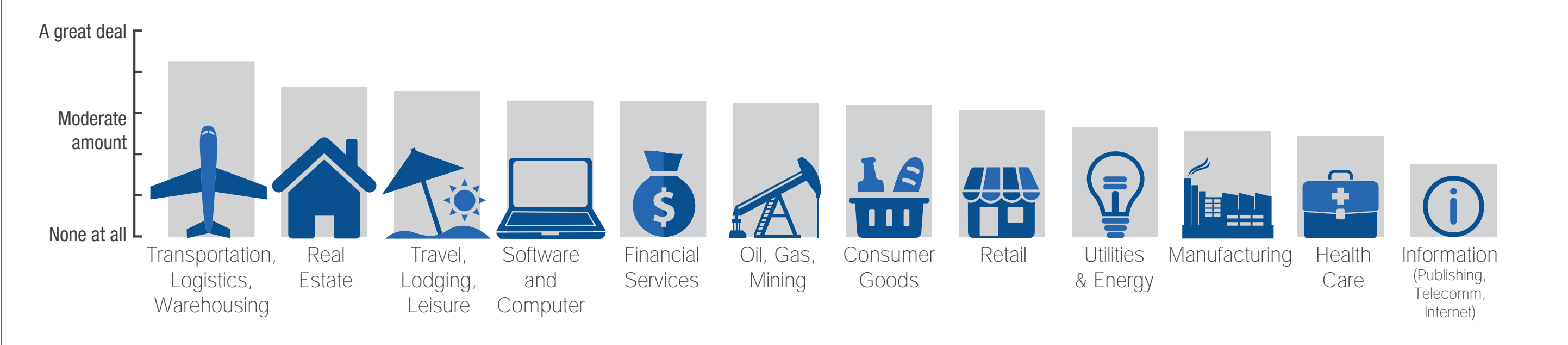
### Peer earnings release timing impact

Peers have a moderate impact on companies' earnings release timing



### Peer earnings release timing impact, by industry

How peer earnings release timing impacts companies by industry



# Reporting Process Practices and Timing

## SEC personnel and staffing

It is commonplace for U.S. corporations to use non-GAAP reporting extensively in public communication documents, which is reflected in this survey response. In fact, it's expected by securities analysts who need non-GAAP data to develop their financial models, earnings estimates, and market action recommendations. Companies that don't develop and provide non-GAAP information risk losing Wall Street following.

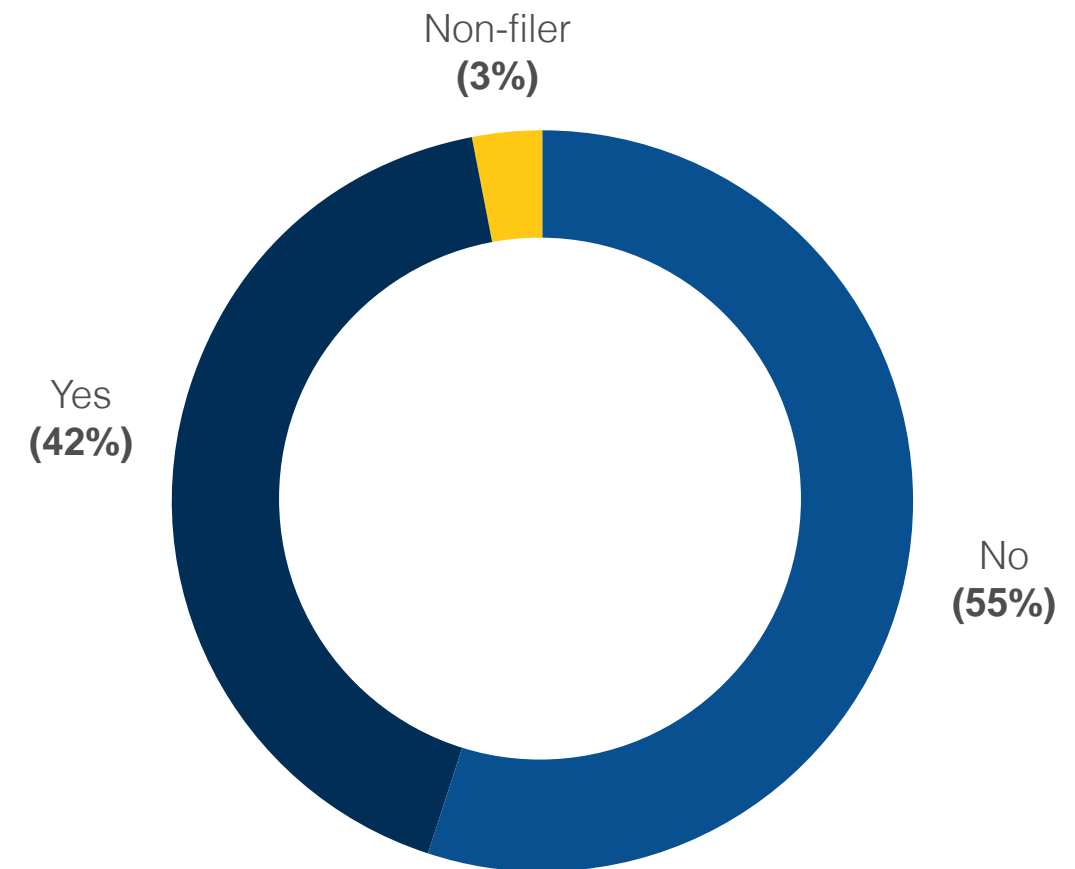


Likewise, there is an expectation that companies will provide some measure of forward-looking guidance, which also is reflected in this response. Three-quarters of companies issue forward-looking guidance. Some of these companies provide guidance for up to a full year. A few even provide guidance beyond four quarters. We thought we might see a shift in earnings guidance as a result of the COVID-19 pandemic, but these responses are consistent with the 2020 benchmark report and what we see in the market.

Though these practices add risk to the reporting process, most respondents perceive a little to a normal amount of risk. Reporting outside of SEC and GAAP guardrails presents a tricky risk-reward, but companies that use connected data and collaboration technology with automatic audit trails reduce the risk of error-creep. Also, this again emphasizes the importance of the disclosure review committee.

42% of respondents have received a comment letter from the SEC in the last three years. It's not entirely surprising, given that Section 408 of the Sarbanes-Oxley Act requires the SEC to review public filers at least once every three years.

### Received a comment letter in the last three years



# Trends in Deficiencies and Material Weaknesses

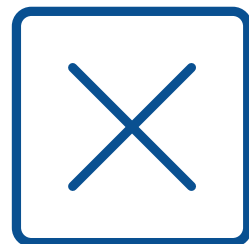
Is there a correlation between manual processes and significant deficiencies and material weaknesses?

No one wants a material weakness, which can incur considerable expenses in SEC fines, audit and legal fees, and reputational damage. Yet, interesting insights emerged from these survey responses.

First, 23% of respondents experienced control failures that led to significant deficiencies or material weaknesses. Respondents with control issues averaged three significant deficiencies and two material weaknesses. This average is consistent with the findings in the *SEC Pro Group's Material Weakness Survey* published in January 2020.

Financial reporting matters were involved in 37% of control failures. The average size of error as a percentage of revenue was 8%. For 35% of respondents, control failures resulted in a restatement.

Here's where it gets interesting. Respondents that experienced control failures reported that on average 51% of the content in their most recent SEC report was copy and pasted from a previous document. The reality is that some copy-and-paste is necessary, but too much opens the door to manual process errors. In fact, 100% of respondents revised their processes as the first step toward remediation, 38% upgraded their technology, and 36% changed staff. These remediation responses seem to suggest that process change and technology are the solutions for reducing the manual errors that create significant deficiencies.



**3**

Respondents with control issues averaged three significant deficiencies.



**2**

Respondents with control issues averaged two material weaknesses.



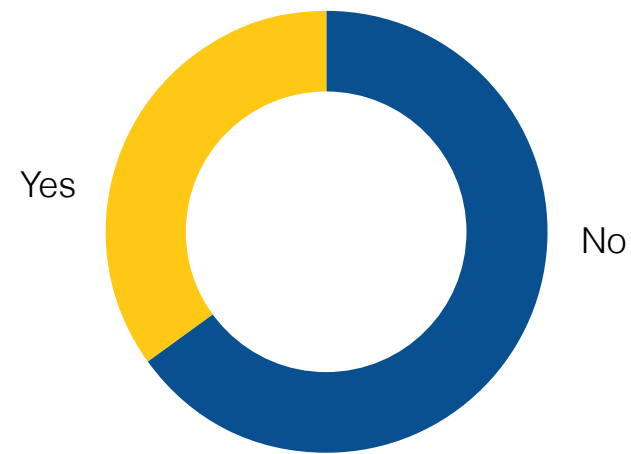
**51%**

On average, 51% of data was copied and pasted from another separate document or spreadsheet.

# Trends in Deficiencies and Material Weaknesses

## Restatement

Did the material weakness lead to a restatement?



Another telling insight is that the majority of material weaknesses did not involve financial reporting, which operates some of the most robust processes in a company. More than 60% of respondents use cloud-based systems that capture and connect data across documents. Many SEC Pro Group members who have participated in webinars and blog posts have talked about their internal initiatives to expand the use of connected technology beyond accounting and finance.

We'll be watching closely to see if this is a trend with legs.

**On average  
the error was  
8.3%  
(in percentage of annual revenue)**

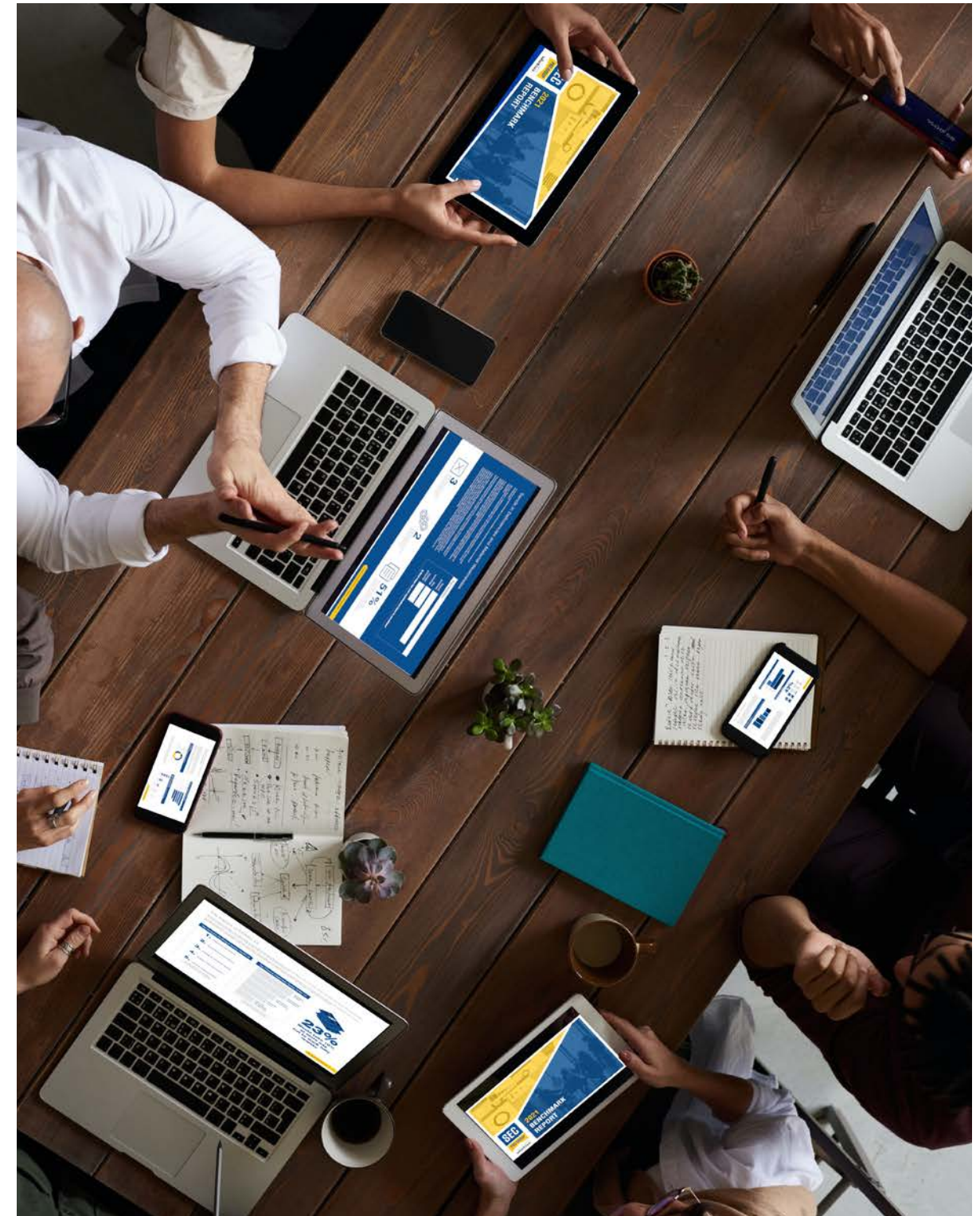
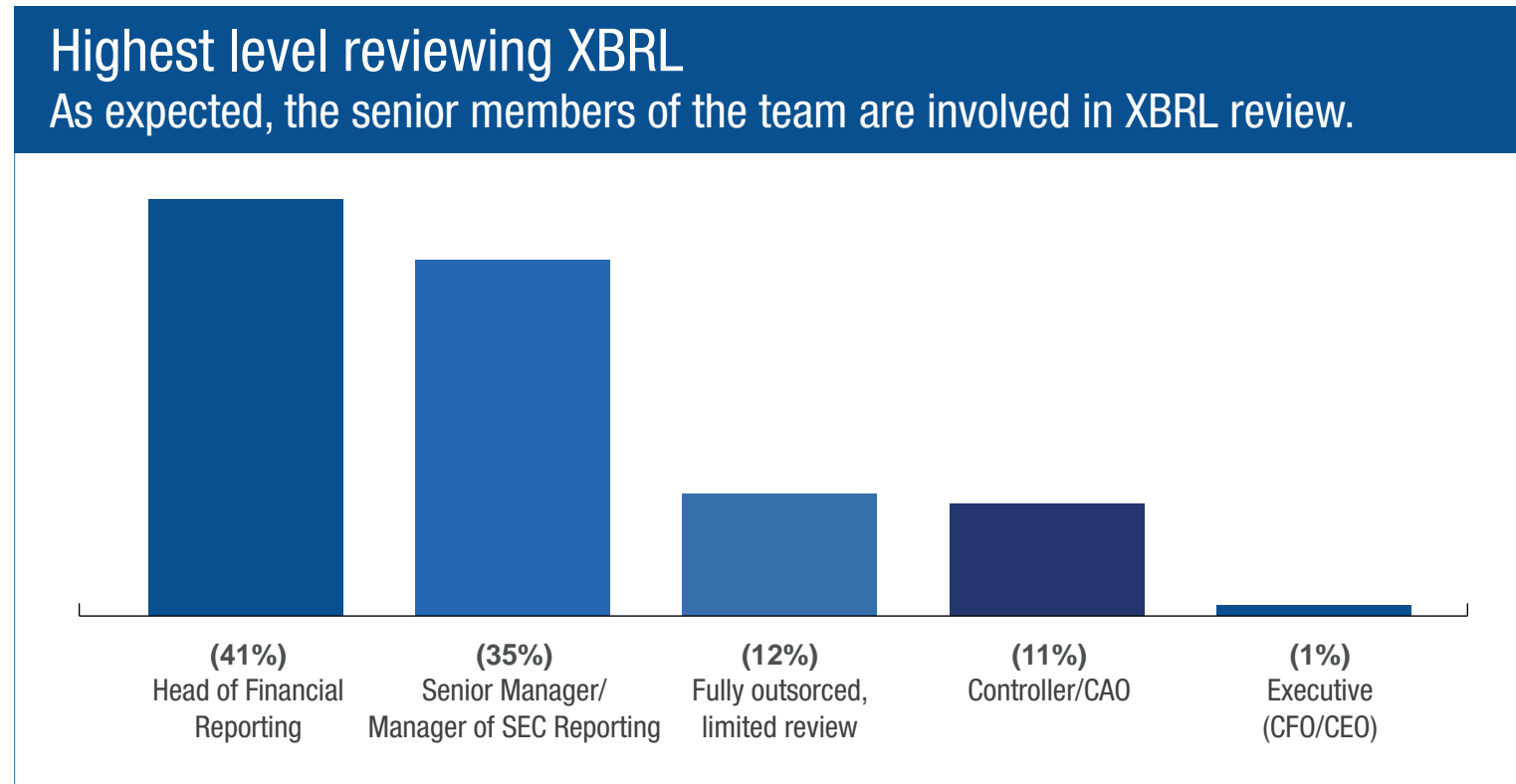
## Financial reporting matter

Did the material weakness have to do with a financial reporting matter?



# The XBRL Process

As we expected, the majority of XBRL review is performed by senior members on the SEC reporting team. The controller, CAO, or executive review may be additional management coverage for smaller SEC reporting teams. One consistent practice is that 48% outsource XBRL review.

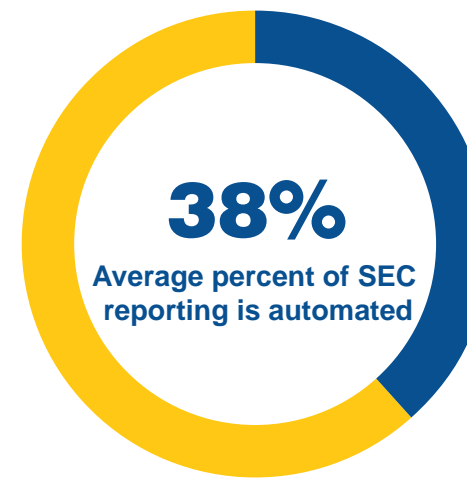
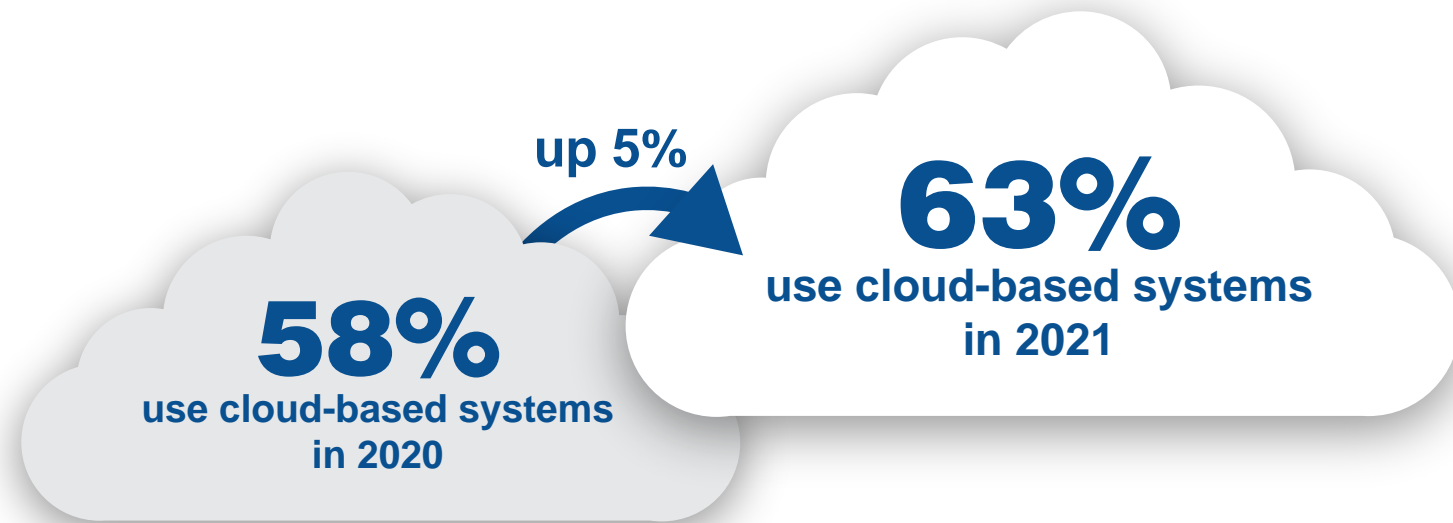
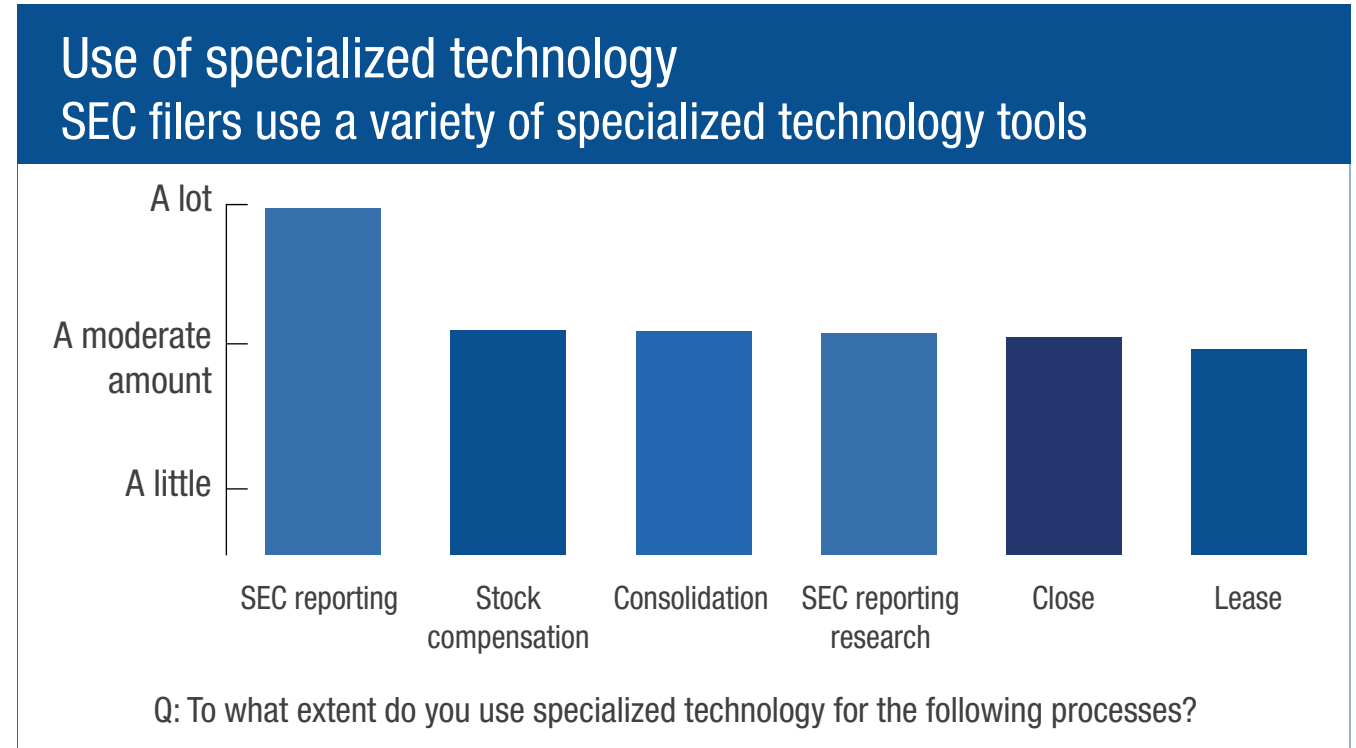


# The Use of Technology in SEC Reporting

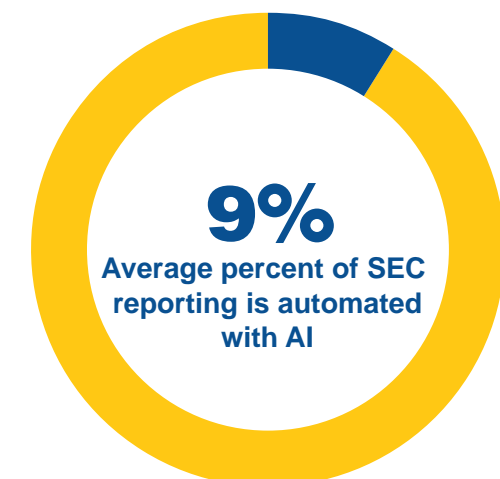
There's no question that the right tools were largely in place for SEC reporting professionals to effectively transition to working from home. When the pandemic started, 58% of respondents already were using cloud-based systems for accounting and finance, which surely contributed to their successful transition to remote work. During the year, there was a slight uptick to 63% of respondents using the cloud.

SEC filing teams use specialized external reporting technology a lot, which is consistent with previous research. They use slightly more than a moderate amount of specialized technology for stock compensation, financial consolidation, SEC reporting research, financial close, and lease accounting. They use slightly less than a moderate amount of specialized technology for SOX, technical accounting research, tax, treasury, internal management reporting, and dashboards and data visualization.

Members report that on average 38% of the SEC process is automated, which could reflect the automation features that are included in the more advanced specialized SEC reporting systems. It was not a surprise that only 9% of the SEC filing process is automated by artificial intelligence technology. AI adoption is in the very early stages in accounting and finance.



Process Automation



Process Automation with AI

# The Impact of COVID-19

Despite the negative impact of COVID-19 on many companies' performance, pandemic disruptions didn't derail financial reporting professionals. SEC reporting teams were prepared with the tools and processes to effectively work in a dispersed, remote environment. We're confident that this anchored their productivity while working remotely, but it is somewhat surprising how little investment was made in technology during the last year.

Respondents reported that COVID had little impact on their major functional responsibilities. Nearly all functions were rated as neither easy nor difficult to perform (only AP was rated as somewhat difficult), and remote work was not an obstacle to executing SEC reporting. On a personal note, respondents reported a moderately challenging level of stress and workload, while caring for children and working remotely were slightly challenging.

One-third of survey respondents reported negative financial performance at their company because of the COVID-19 pandemic, yet the impact varied across industries. Not surprisingly, consumer goods, retail, and telecom publishing reported a somewhat positive financial impact from the pandemic. Oil and gas, automotive, travel and lodging, and transportation and logistics reported a somewhat or extremely negative impact on their financial performance.

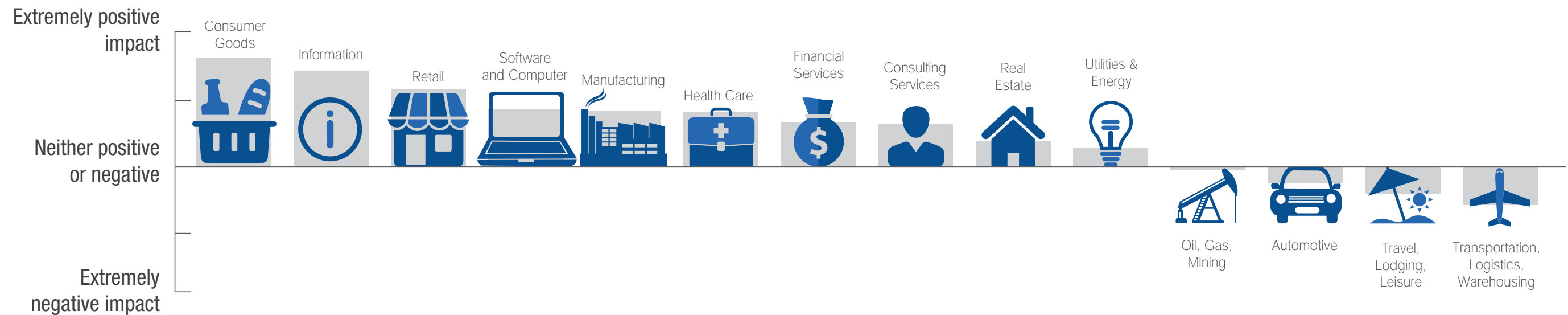
## COVID-19 impact on results

How have your company's results been impacted by COVID?

Negative

Positive

## COVID-19 impact on results, by industry





# The Impact of COVID-19

We were somewhat surprised by how little companies have added technology to their tech stack during the pandemic. This may indicate that the cloud-based technology investments accounting and finance departments made in the last few years were the right tool for remote work circumstances.

To address getting work done during the pandemic, 81% upgraded to their current technology, and 70% purchased new technology. 69% went into their offices a little bit to complete tasks, while 31% added a small amount of headcount—likely replacement staff—and 30% used a small amount of outsourcing.

## Top company challenges during COVID-19

- 1. Impact on operations**
- 2. Decreased revenue/profit**
- 3. Changing consumer habits**
- 4. Supply chain disruptions**
- 5. Internal Communication**

Q: What area(s) has your company found challenging during the pandemic?

## Top personal challenges during COVID-19



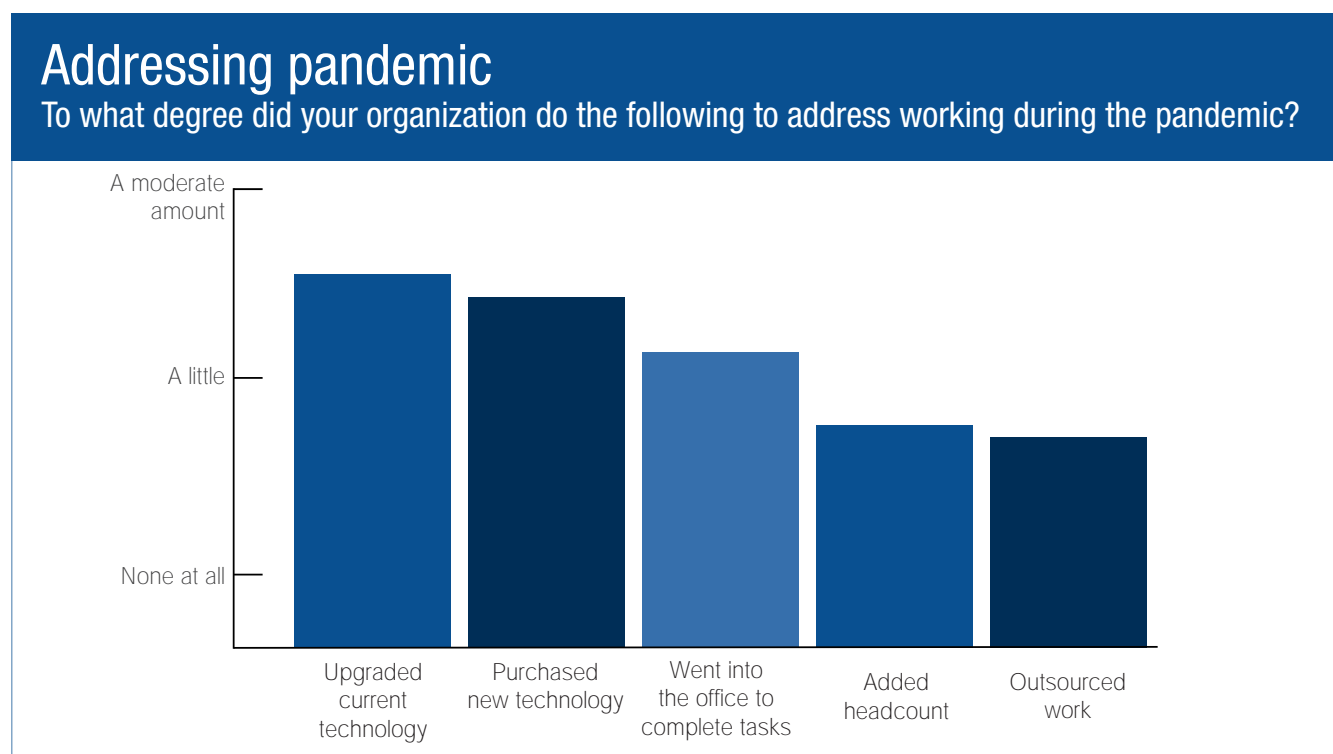
Q: Personally, what have you found challenging during the pandemic?



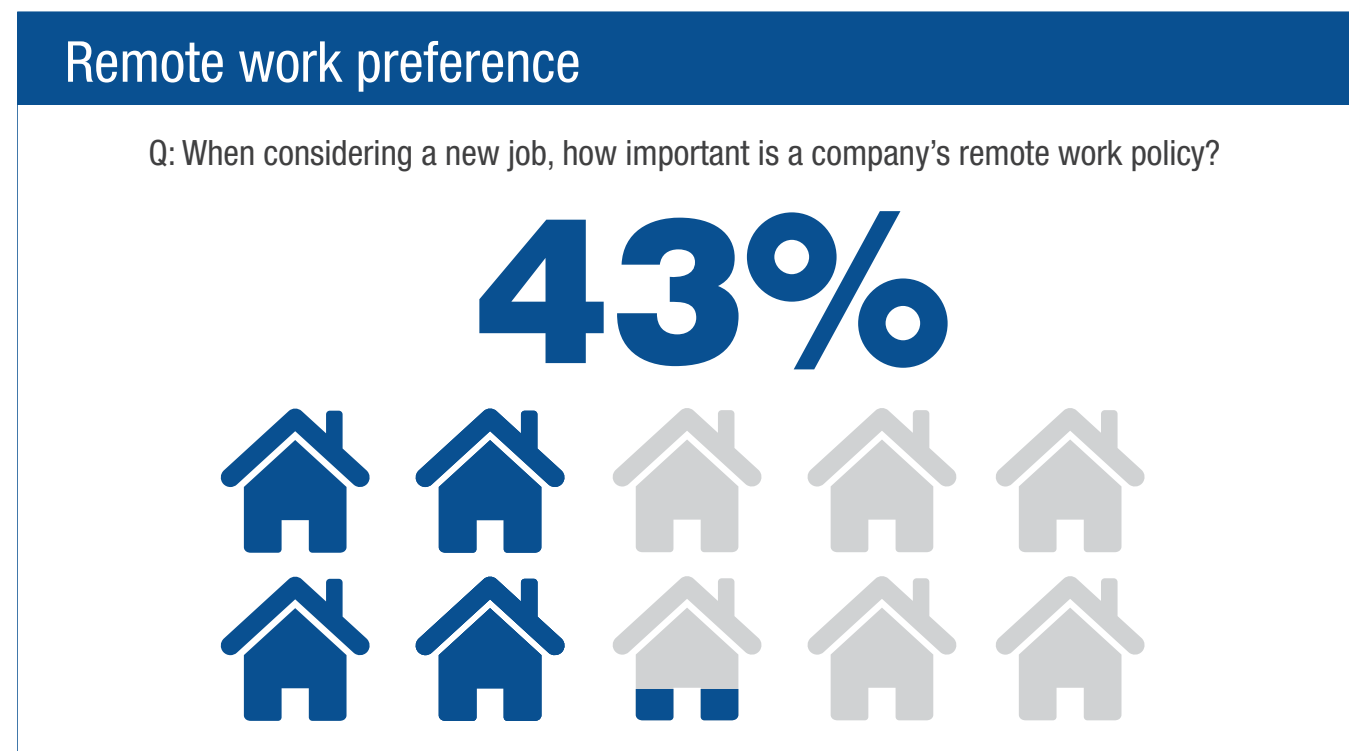
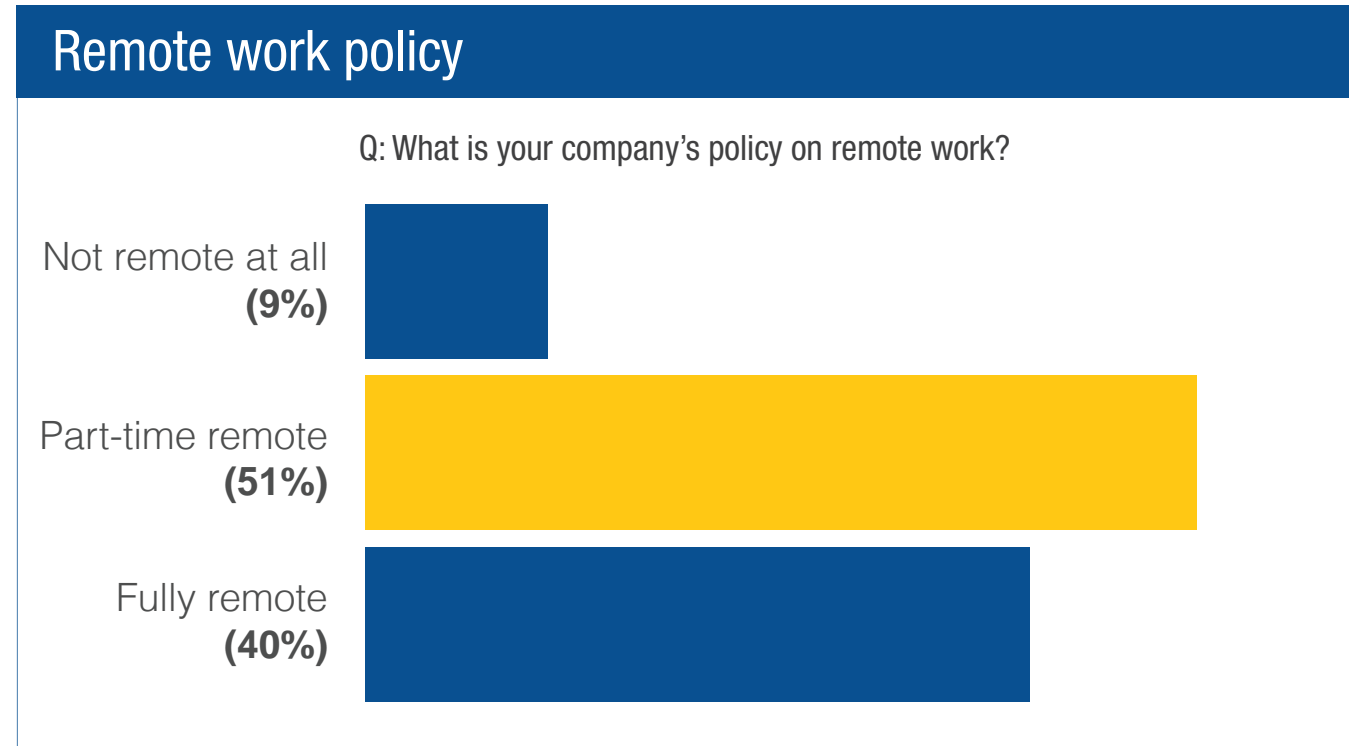
**23%**  
**would take 10% or more pay cut to work fully remote**

# The Impact of COVID-19

23% of people in financial reporting would take up to a 10% pay cut for full-time remote status. To us this says that SEC filers will change jobs to protect their remote work status—even if it means a slight cut in salary. It may come as a surprise, but the majority of respondents already offer some kind of remote work option: between 40% of respondents have a full-time remote work policy, and 51% report a part-time remote work policy. In the minority are the 9% of respondents that report no remote work policy.



This result begs the question: what is the pain point that would drive someone in financial reporting to take a pay cut for full-time remote work status? We've gleaned a few insights from Pro Group sponsors in the staffing and recruiting industry. Staying home for a year has given people the chance to reassess what they want and need from their jobs. Generally, people want more control over their lives and more flexibility from their employers. We are convinced that remote work was a key contributor to increased job satisfaction. The technology was in place to support high professional performance and still be present for dinner with the family.



# Hiring Trends

More respondents report they are likely to hire new incremental staff or contractors than are planning to reduce staff. Half said that it is difficult to find qualified candidates.

The news here is that soft skills are in demand. In fact, they are ranked more important than technical skills, followed by years of experience and the ability to use technology tools. Certifications and level of education are considered even less important.

It certainly makes sense that soft skills are important hiring criteria. Working remotely and communicating through digital technology mean that self-awareness and effective communication skills are more important than ever.



**50%**  
**think it's difficult  
to find qualified  
candidates**

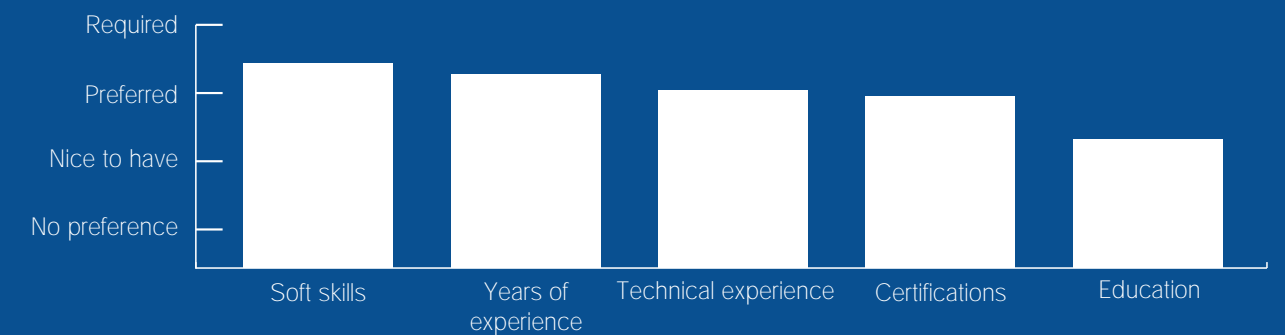
## Hiring activities

Q: How likely are you to do the following?



## Hiring qualifications

Q: How do the following qualifications affect your hiring decision?



# Hiring Trends

When asked what sets successful candidates apart from the pack, they replied with:

1. Communication & critical thinking
2. Personality, attitude, culture fit
3. Technical knowledge & work experience
4. Desire to learn and continuously improve
5. Work ethic, sense of urgency
6. Collaborate, team player
7. Big 4 experience

What sets candidates apart?

**They can communicate comfortably with all levels and talk about technical topics in plain English.**

**Candidates with a can-do attitude and the personality to fit in with the culture and team.**

**Attention to detail, willingness to learn, and ability to work both independently and with a team. We can teach them the technical and system requirements.**

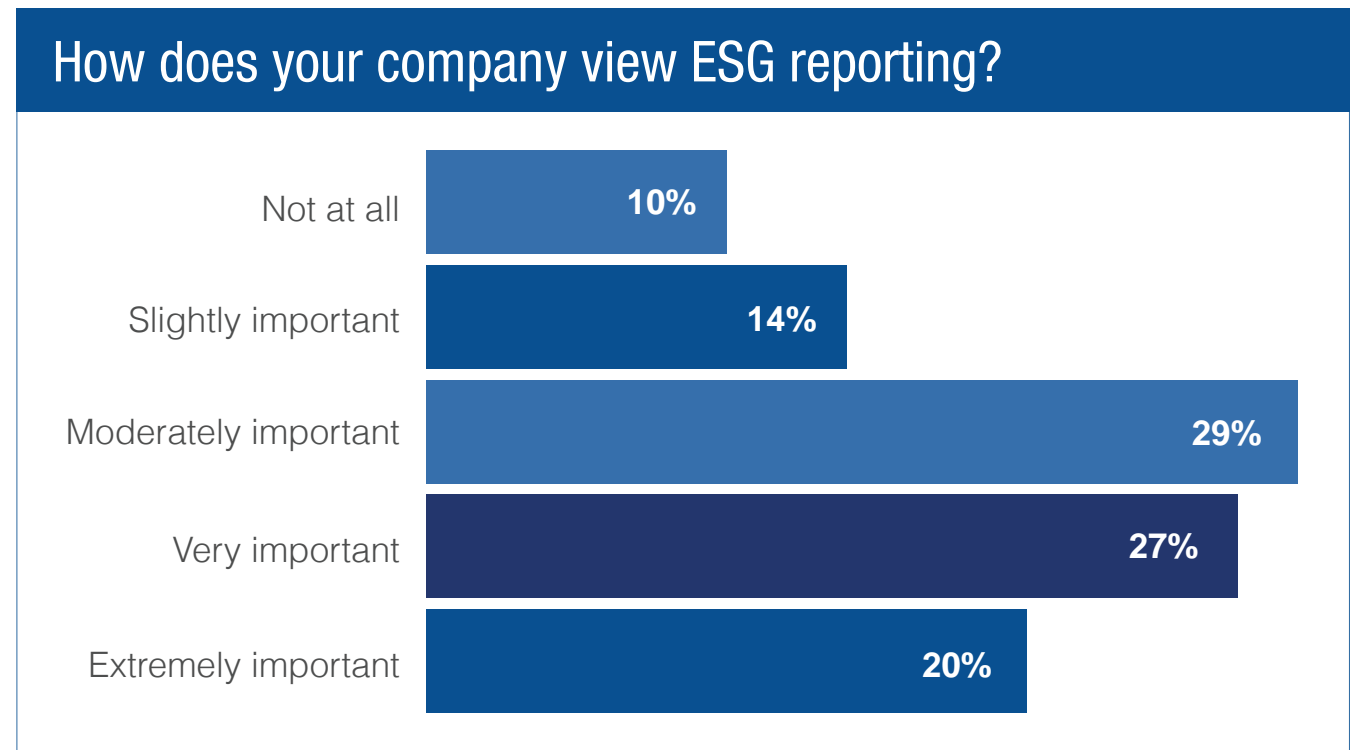
# Environmental, Social, and Governance Reporting Trends

Reporting the material impact of environmental, social, and governance practices is on average moderately important to SEC filers. The SEC's human capital disclosure requirement (modernization of Regulation S-K 101) had only a little impact on companies' position about ESG reporting. Yet, 45% of the respondents surveyed say they won't wait for a regulatory requirement to begin reporting their ESG impact. Another 32% are undecided.

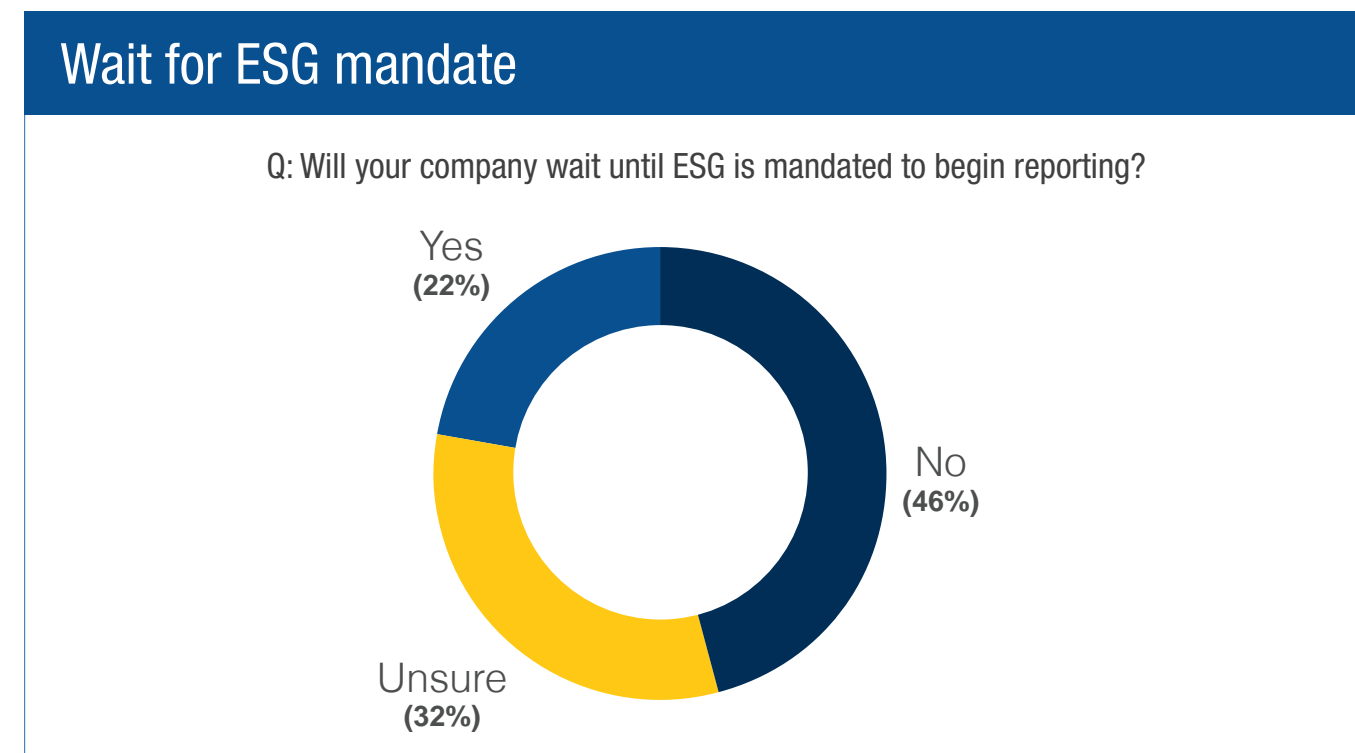
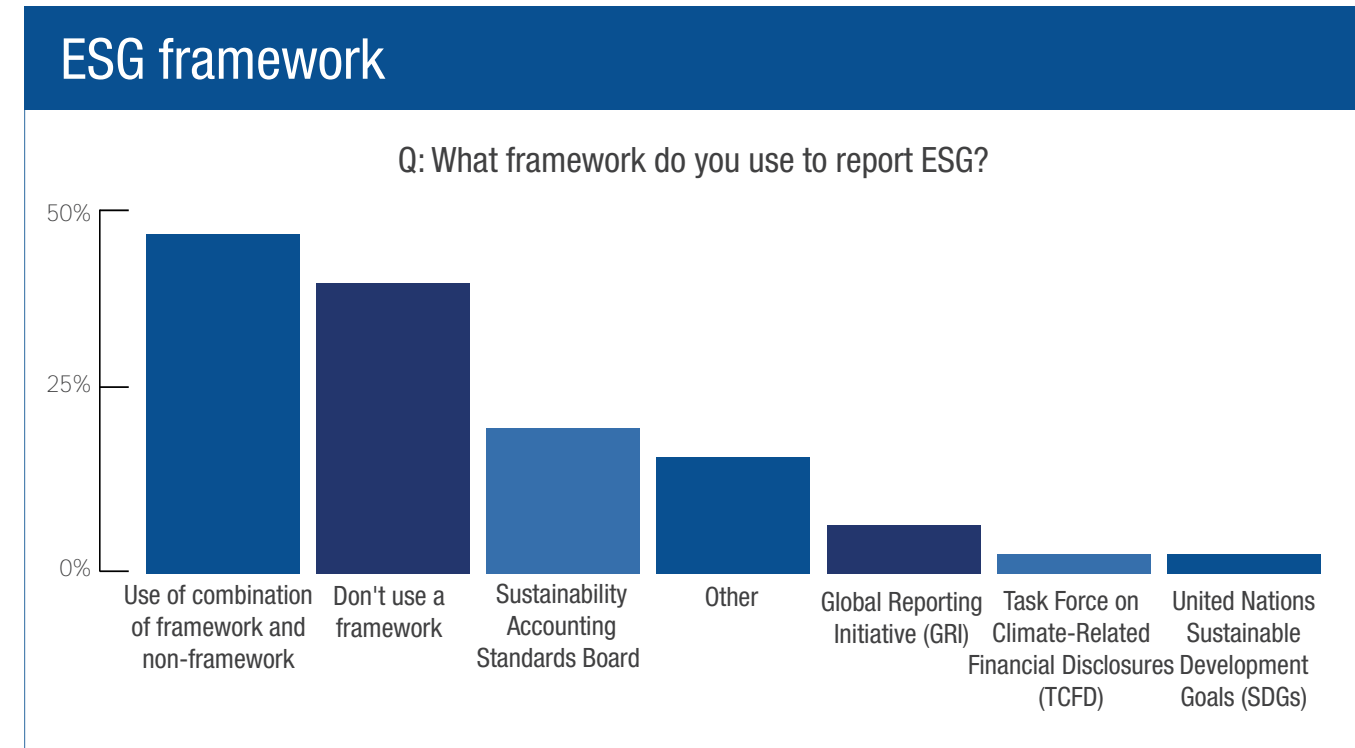
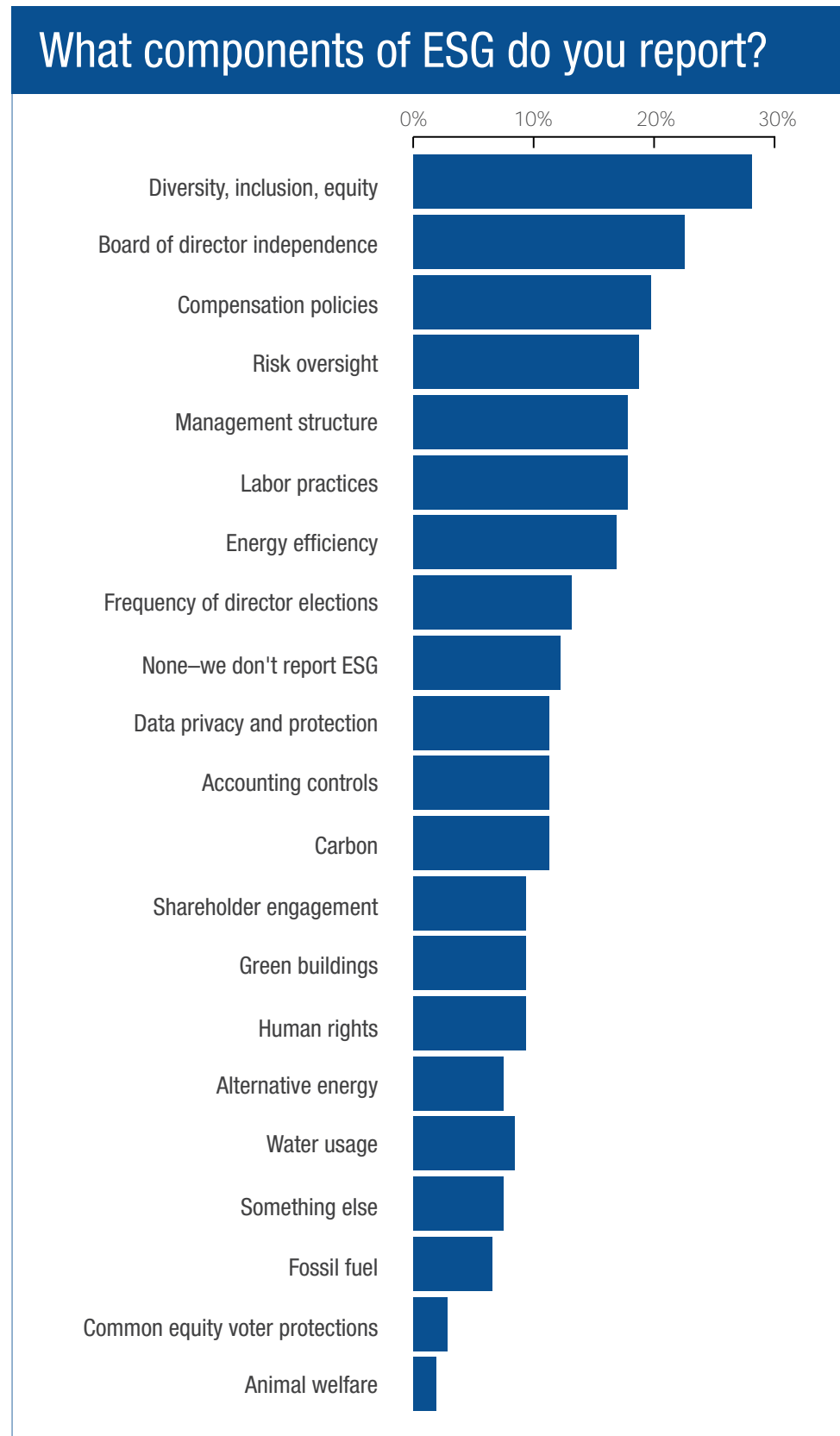
U.S. filers already report quite a bit of information about the governance component of ESG. From a list of 20 categories, filers report ESG information on nine governance, six environmental, and three social topics. 30% of respondents already report diversity, equity, and inclusion (DEI) information. The next five most reported categories are related to corporate governance: director independence (25%), compensation policies (21%), risk oversight (20%), management structure (19%), and labor practices (18%). In seventh place, 17% of respondents report on energy efficiency. Fewer than 15% of respondents report ESG data in the remaining categories. By contrast, 13% do not report any ESG data.

What's been lacking in ESG reporting is a universal framework. Most respondents use a combination of existing frameworks (35%), or they don't use a framework (29%). About 15% of respondents use the newer Sustainability Accounting Standards Board (SASB) reporting framework. Fewer than 5% use the older Global Reporting Initiative (GRI) or Task Force on Climate-Related Financial Disclosures (TCFD) frameworks.

The alphabet soup of disclosure frameworks reflects the evolution of ESG information. There isn't a single framework that can satisfy the many audiences for this information. On the flip side, companies need multiple frameworks to monitor and track their ESG goals. Most recently, companies need ESG reporting frameworks for materiality considerations, which the SASB framework addresses.



# Environmental, Social, and Governance Reporting Trends



# Pay Equity

In the United States, 61.7% of accountants and auditors are women<sup>(1)</sup>, and the gap in salary equity begins early in a woman's career. This is certainly disheartening, but data is the first step to progress. It's an important issue to SEC Pro Group members and to the profession, and one we'll continue to follow.

The demographics of this survey reflect the national trends: 54% of respondents are female and 46% are men. The survey tracks current trends in career progression and compensation for both women and men.

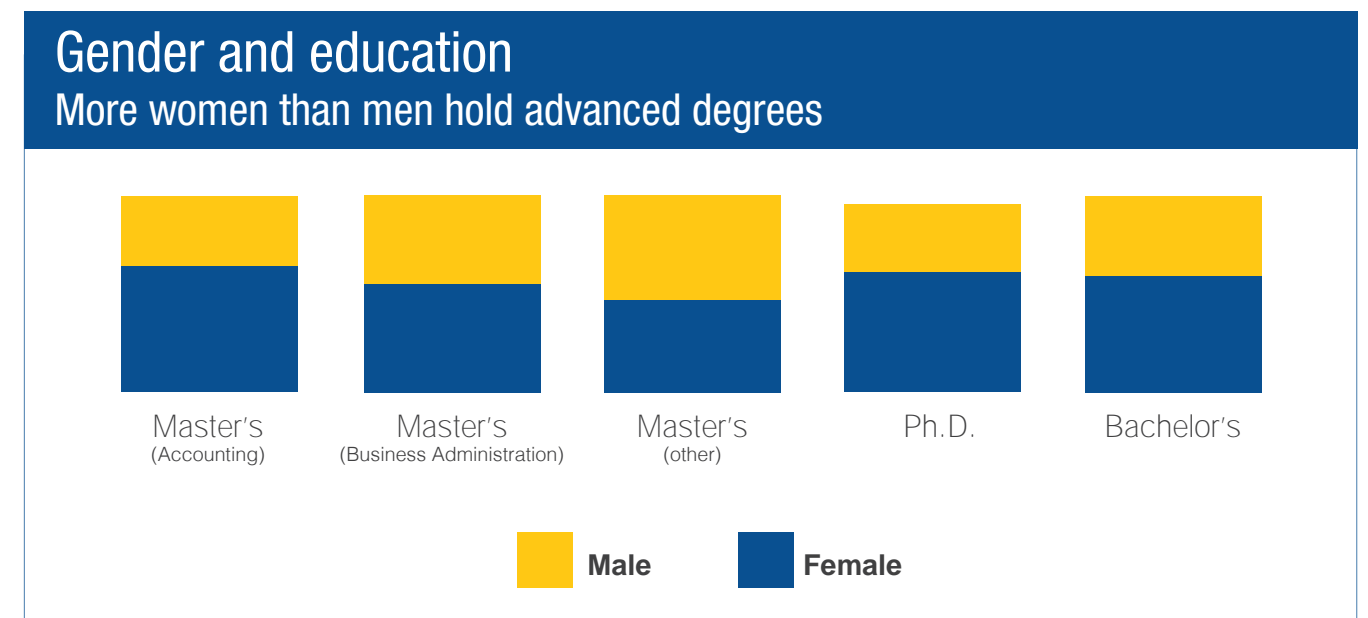


Women outnumber men in five of the eight professional levels used in this survey. Women significantly outnumber men in the early career levels as accountants, analysts, and managers. Women also outnumber men at the vice president and controller level. The difference between the number of women and men begins to narrow at the director level. The trend shifts at the executive levels, where men significantly outnumber women at the chief accounting officer and chief executive officer levels.

Education can be a career advantage. Significantly, more women hold a Master of Accounting degree than men. Women are also more likely to hold an MBA or Ph.D. than men. Men are more likely to hold a master's degree in an area other than accounting or business.

The survey went another step to correlate education, title, and salary and captured credible salary data for accountants, analysts, and managers.

There are not many sources for comparing pay scale differences between men and women at every level of finance and accounting. We'll explore salary equity in more depth in the 2022 benchmark survey.



(1) Women in Financial Services, 2020, Catalyst (<https://www.catalyst.org/research/women-in-financial-services/>)

# Job Satisfaction and Mental Health

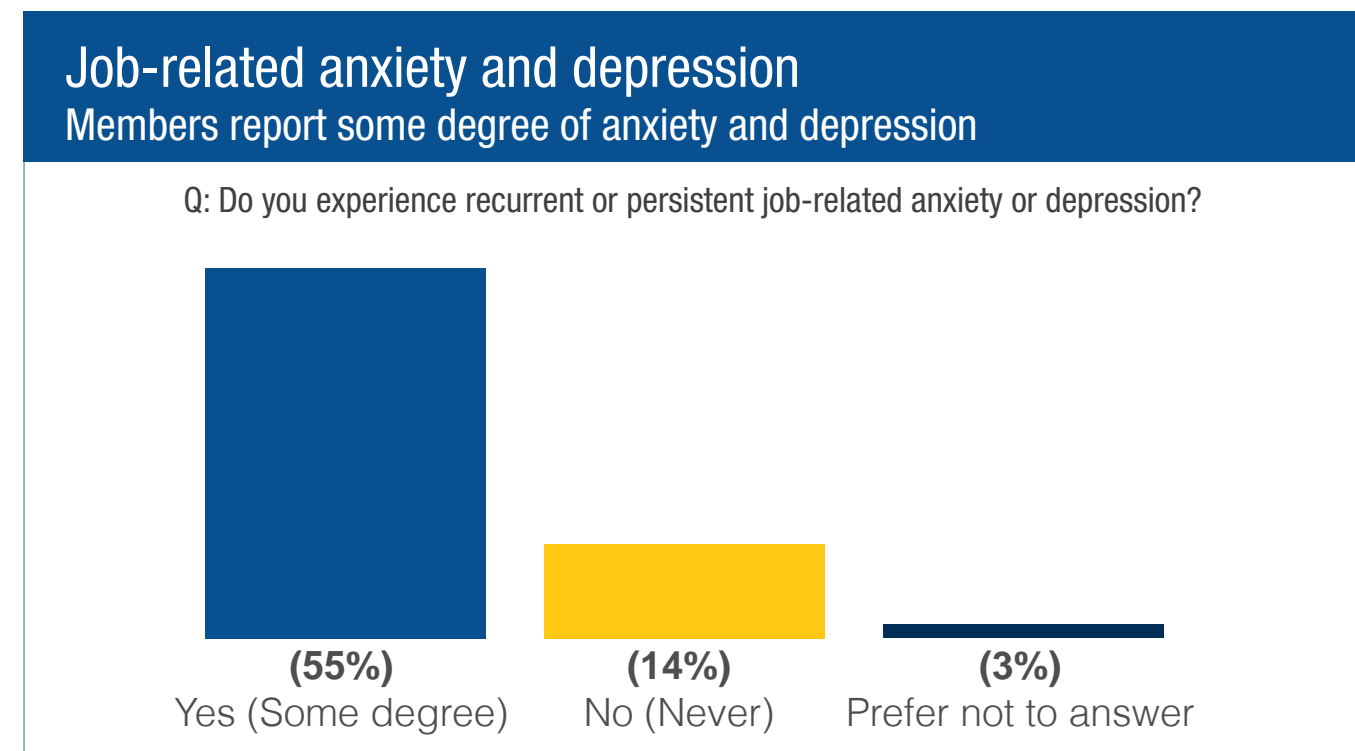
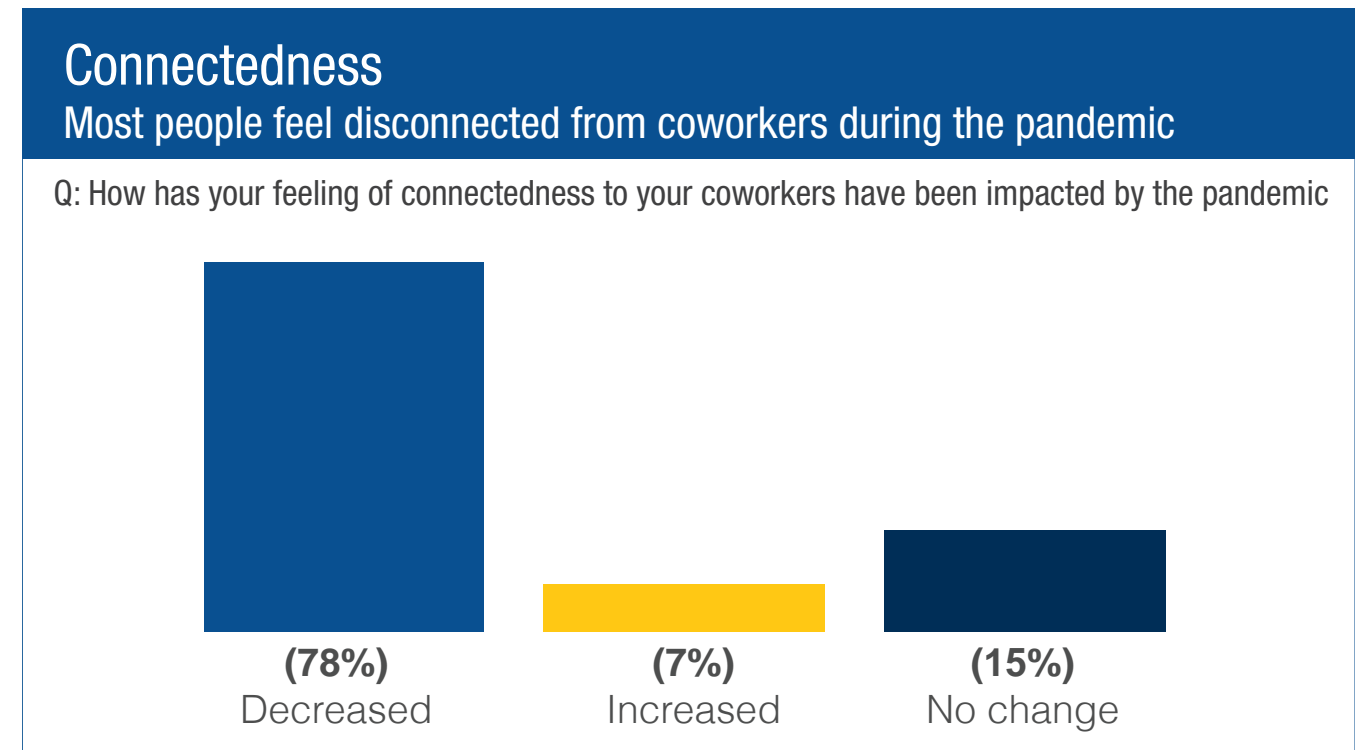
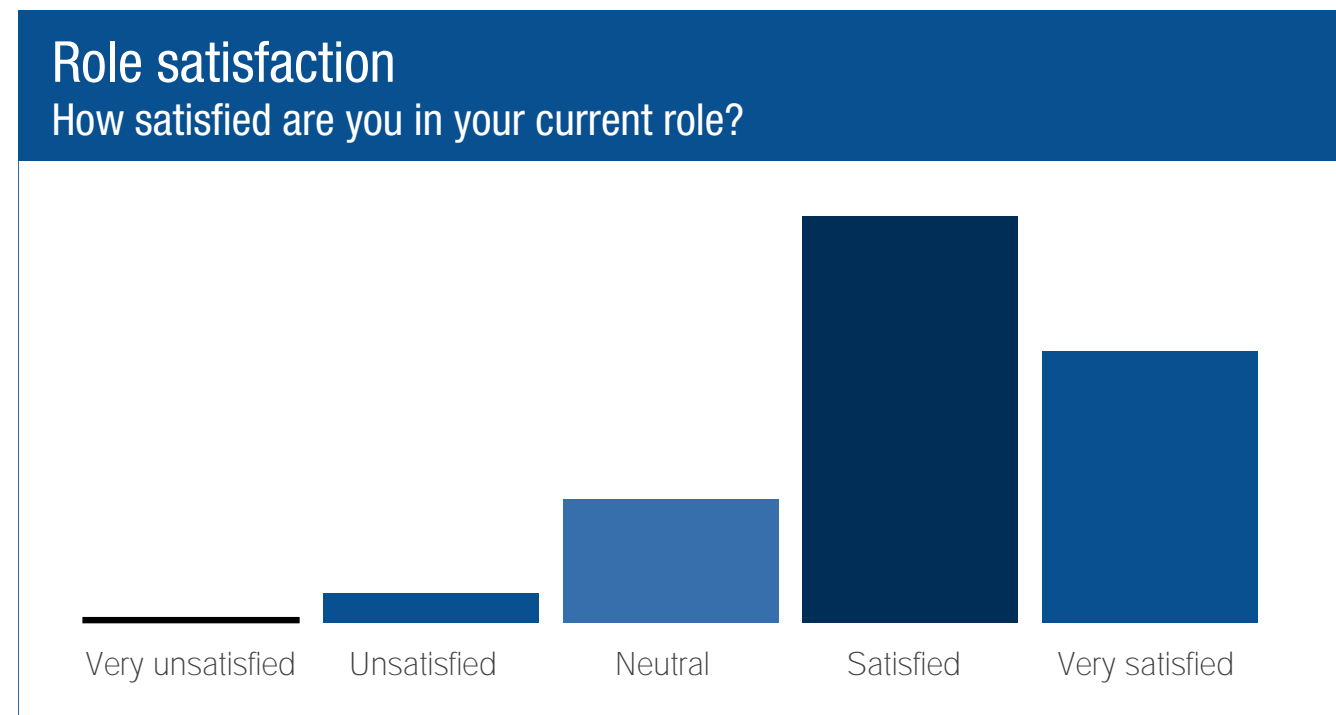
Mental health became front page news during the pandemic, and companies became much more concerned and attentive to their employees' mental health needs.

Stress and feeling disconnected from colleagues took a toll on our members' mental health in 2020, but didn't seem to impact members' sense of job satisfaction. Perhaps the consistency of work was an anchor in the middle of the storm?

On the whole, respondents experience strong levels of job satisfaction and intend to remain in accounting and finance for the long term. 51% report average to excellent team morale, and 47% report average to excellent personal morale. It's interesting to note these better-than-average levels of morale, despite 78% feeling disconnected from their teams.

The SEC Pro Group recognizes the importance of our members' mental health, and never more so than in the last year. 55% of members report some degree of recurrent job-related anxiety or depression, which is double the response to this question in the 2020 report. The recurring challenges of external reporting—late changes, staffing constraints, and tight deadlines—coupled with the uncertainties and stresses related to the pandemic have taken a toll on the mental health of SEC Pro Group members.

Despite all of this, 86% of SEC Pro Group members report that they are satisfied or very satisfied in their current roles. An even greater number, 93%, intend to remain in accounting and finance.







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