A PROVEN APPROACH TO **SOX 404 COMPLIANCE**

MOBILIZATION & SCOPING
1

- Establish Steering Committee and project management function.
- Establish materiality based upon current and anticipated future financial results.
- Conduct a top-down, risk-based scoping exercise to determine the following for documentation and testing:
  - » Key accounts
  - » Risks
  - » Applications
  - » Processes
  - » Locations
- Identify existing documentation and new documentation needs.
- Develop and communicate documentation standards.
- Develop/leverage tools and templates for assessing new and existing documentation.
- Develop and implement a project structure, staffing needs, plan and approach.

DOCUMENTATION
2

- Determine documentation requirements based on scoping for:
  - » Entity level controls (including 302 certification)
  - » Process documentation
  - » IT general controls and application level controls documentation
- Assess existing documentation against documentation standards.
- Document new processes using documentation standards.
- Identify key controls and map them to their respective risks.
- Conduct walkthroughs to assess the accuracy and completeness of the documentation.
- Conduct management sign-off on documentation.
- Identify the potential impact of integration efforts and other business changes on the control environment.

DESIGN EFFECTIVENESS
3

- Assess the design effectiveness of key controls with respect to related risks.
- Develop remediation plans for each identified design effectiveness issue.
- Develop mechanism to centrally track design effectiveness issues and assess any patterns or trends.
- Implement remediation plans for each design effectiveness issue, including redesign or replacement of controls.
- Re-assess the design of the key controls with remediated issues.
- Conduct management sign-off on design effectiveness.

OPERATING EFFECTIVENESS
4

- Develop testing strategy, timeline and resource requirements:
  - » Develop testing standards.
  - » Develop test plans.
  - » Conduct testing to assess operating effectiveness of key controls
- Develop mechanism to track and prioritize operating effectiveness issues and assess any patterns or trends.
- Develop remediation plans for each identified operating effectiveness issue.
- Perform re-testing to assess the operating effectiveness of key controls with remediated issues.
- Conduct management sign-off on operating effectiveness.

Training & Awareness
Deliver training and relevant communications, in a timely manner, to appropriate personnel