



SOX modernization: Optimizing compliance while extracting value

In the years since the Sarbanes-Oxley Act of 2002 (SOX) was enacted, there have been significant developments in technology, methodology, and business environments. The SOX program at many companies, however, may not have evolved at the same pace, or at all, and may have even continued to layer on additional controls while spending the same amount or more to achieve compliance without being able to extract value from the program.

It's time to refresh and rethink SOX

Levers of SOX transformation

Operating model optimization

- Define governance structure
- Establish monitoring program aligned with risk assessment
- Drive accountability by defining roles and responsibilities
- Determine what resources are needed and when

Program enhancements

- Challenging the SOX risk assessment to refresh the risk-based approach
- Transform testing strategies
- Enable real-time status updates with visualizations
- Harmonize risk assessment efforts across other compliance activities throughout the organization

Technology and automation

- Automate control testing to test up to 100% of certain populations
- Automate control operation to increase reliability
- Automate eligible processes that are highly manual, occur frequently, and are defined by a standard set of tasks to redeploy resources
- Implement a governance, risk, and control (GRC) tool

Benefits of SOX modernization

Enhanced quality: Increase transparency and visibility into business processes with meaningful insights to managing risks

Deeper insights: Refocus efforts and move away from point-in-time solutions, but rather focus on addressing issues at their root cause

Increased efficiency: Enhance focus on risks and key controls with precision testing methods; move away from the “checklist” approach

Reduced total cost of compliance: Create shareholder value by redeploying highly skilled resources to assignments that drive revenue or improve operations

Indicators of a stale SOX program

Hinders performance

- Technology, automation, and data are under utilized
- Methodology not challenged or developed
- Resources focus on executing just-in-time versus strategic activities

Insufficient assurance

- Ineffective use of risk-based approach may result in exposure to material weaknesses
- Sample-based testing may be inadequate given exponential amount of data

High cost of compliance

- Excessive testing due to too many controls and inefficient testing approaches
- Untimely results despite high spend
- Increasing costs forecasted given regulatory environment
- Lack of coordination across compliance functions

The services described herein are illustrative in nature and are intended to demonstrate our experience and capabilities in these areas; however, due to independence restrictions that may apply to audit clients (including affiliates) of Deloitte & Touche LLP, we may be unable to provide certain services based on individual facts and circumstances.

As used in this document, “Deloitte” means Deloitte & Touche LLP, which provides audit, assurance, and risk and financial advisory services, which provides advisory services. These entities are separate subsidiaries of Deloitte LLP. Please see www.deloitte.com/us/about for a detailed description of our legal structure. Certain services may not be available to attest clients under the rules and regulations of public accounting.

Copyright © 2022 Deloitte Development LLC. All rights reserved.