

SOX Support Services: Eliminating Audit Points and Becoming SOX-Compliant

The Challenge

As many companies have discovered since 2002, good reporting isn't good enough. Our client acknowledged having internal audit issues concerning some of their benefit plans.

The issue wasn't a lack of internal controls, as is the case with many firms, but the lack of written evidence of these controls that caused the out-of-SOX compliance issue. What was needed, and needed quickly, was a design and implementation of procedures that would allow a demonstrated data reconciliation between source and destination systems. Only then could audit points be eliminated.

We also recommended service level definitions with third party vendors. This would include a review of the thoroughness and accuracy of the third party processes and would remove the possibility of a future audit point.

The Solution

The system in question, part of an employee benefits plan suite, was reviewed by senior members of our benefit plans practice. They decided that the best approach would be to first identify critical vulnerabilities by reviewing existing documentation, and then to observe day-to-day operations, examining both automated and manual processes, and control activities.

Once the critical vulnerabilities were identified and confirmed with client staff members, we were able to develop comprehensive functional and technical system plans. This documentation described infrastructures, functionality and ownership of key controls, and detailed reconciliations. The resulting documentation was accompanied by hardcopy results from all phases of testing.

These documents are stored along with resulting files and reports, proving compliance with Section 404 of the Sarbanes Oxley Act.

The Benefits

According to the senior Benefit Department manager, "The differentiator was LBi's ability to understand the business need from a non-technical perspective and offer best practice technical solutions along with process redesign recommendations. They also excelled in strict project management disciplines which helped the internal business and technical teams with scoping effort, sizing upfront costs, and delivering on time and on budget."

Within a year, a template-driven approach was developed for the entire department to meet SOX requirements and establish key controls, reconciliation models, and procedures required for future maintenance and support. These new narratives are now a permanent and updatable description of responsibilities, competencies, and processes surrounding management's plans and systems. This new approach became the perfect model to move ahead into the future and ensure that all benefit plans are SOX-compliant.