

Sox Solutions Corporation – **Case Study #1:**

Case Study Title: Retailer Reduces Compliance Costs
Compliance Cost Reduction in the Consumer Retail Industry

Situation Abstract:

In the late third quarter of 2006, the recently appointed Director of Internal Audit for a midsize Southern-California based consumer product retailer contacted Sox Solutions and requested urgent help in assessing whether the company's planned tests of its IT General Computing and Application Controls was adequate in terms of complying with the provisions of the Sarbanes-Oxley Act of 2002. Although the company had attempted to document the internal controls it believed governed its IT operations, its management team was not confident it had compiled an adequate representation of internal controls to pass testing for Sarbanes-Oxley compliance. The company was facing a situation it didn't yet have internal expertise or sufficient resources for, yet a series of fast-approaching deadlines loomed on the horizon which, if not met, would compromise management's successful completion of Sarbanes-Oxley compliance.

The Challenges:

The company faced a number of challenges that included:

- a) A limited compliance budget.
- b) An accelerated compliance execution calendar.
- c) Limited or non-existent internal expertise and resources.
- d) Limited cooperation from its existing employees.

How Sox Solutions helped:

Sox Solutions presented and assigned three professional resources to execute an action plan that helped the company meet its year-end Sarbanes-Oxley compliance on budget and on time. The action plan was objective-focused in nature and included the following activities:

- a) An evaluation of the company's documentation to determine whether it was sufficient to meet the provisions of Sarbanes-Oxley.
- b) Executing a full revision of the company's documentation, an evaluation of its compliance strategy, and the re-testing of modified IT Change Management, Technology Operations and Physical and Logical Security internal controls for each of the company's IT layers (Network, Operating Systems, Applications and Databases).
- c) The identification and presentation of the business process gaps that could impact the company's operations to its senior management team for immediate correction.
- d) The identification and presentation of best-practice value-centric recommendations that could improve the company's operations in the near as well as the long term.
- e) Presentations of the company's revised compliance methodology and approach to its external auditors.
- f) The re-testing of internal controls after the company's management team had addressed the gaps Sox Solutions had originally identified.

Lessons Learned:

Sox Solutions helped develop and implement a strategy that shifted responsibility and accountability for Sarbanes-Oxley compliance from the company's Internal Audit department to functional business process owners.

The Internal Audit Director praised Sox Solutions for the objective-focused expertise it had provided the company in such a compressed period of time. The comprehensive approach Sox Solutions used to address the urgent compliance needs of the company in effect provided it a roadmap that it could now use to more effectively manage the execution of its compliance process.