

2020 SOX Benchmark Report Summary

Highlights, Key Takeaways and Actionable Items to Prioritize in 2021

Workiva, an Armanino GRC software partner, released a 2020 SOX Benchmark Report in September 2020. Our Armanino SOX experts have reviewed the full report and highlighted the key takeaways and actionable items they believe are important for you to prioritize in your 2021 SOX programming.

View full report from Workiva and the SOX and Internal Controls Professionals Group: <https://www.workiva.com/resources/2020-state-soxinternal-controls-market-report>

Executive Summary

Focus on building efficiency in your SOX function

Observation
SOX programs without formal governance and program guidelines result in rework and inefficiencies and fail to meet management and external audit expectations.

Action
Emphasize the importance of clear, formal and flexible guidelines to govern the SOX program with transparency and consistency.

SOX programs still suffer from annual, repetitive administrative tasks.

Identify opportunities to reduce manual work and replace it with automated workflows and “continuous auditing.” Adopt a phased approach by defining multi-year, progressive goals.

A reactive posture for handling of changes in the SOX control environment leads to surprises and inefficiencies.

Establish formal, periodic protocols with stakeholders to proactively identify and address changes in people, processes and technology. Leverage automation where possible, e.g., using HR systems to identify organizational changes.

Control optimization only works when there is a clear set of expectations that focuses on the right controls.

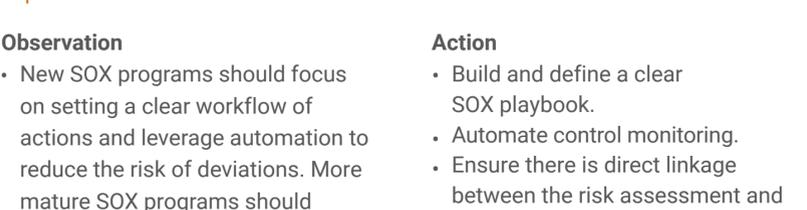
Establish a set of criteria to identify the controls that most effectively mitigate multiple material risks.

Prioritize the creation of high-quality C-suite reporting

Observation
The C-suite must understand the value of the SOX program to make strategic decisions, but SOX reporting is often manual, cumbersome and labor-intensive to deliver.

Action
Automate the SOX reporting process to ensure the C-suite has easy access to reliable reports.

What are your organization’s top priorities this year?



#1 Focus - Building efficiency is the primary focus for most organizations.

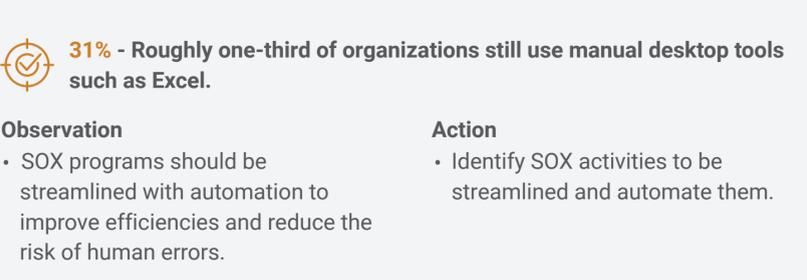
Observation

- New SOX programs should focus on setting a clear workflow of actions and leverage automation to reduce the risk of deviations. More mature SOX programs should increase the capacity of the SOX function to focus on risks that really matter by using clear guidelines and comprehensive data.

Action

- Build and define a clear SOX playbook.
- Automate control monitoring.
- Ensure there is direct linkage between the risk assessment and testing strategy. Vary the nature, timing and extent of testing using a risk-based approach to create efficiencies.

What is the primary technology tool that you utilize to support your SOX/IC process?



31% - Roughly one-third of organizations still use manual desktop tools such as Excel.

Observation

- SOX programs should be streamlined with automation to improve efficiencies and reduce the risk of human errors.

Action

- Identify SOX activities to be streamlined and automate them.

Concerned you can't afford to automate? Armanino can help you find alternative pricing structures.

How many key controls are tested annually, and have you implemented automation?



200 + Most organizations must test over 200 controls annually, and most are not leveraging automation tools to gain efficiency.

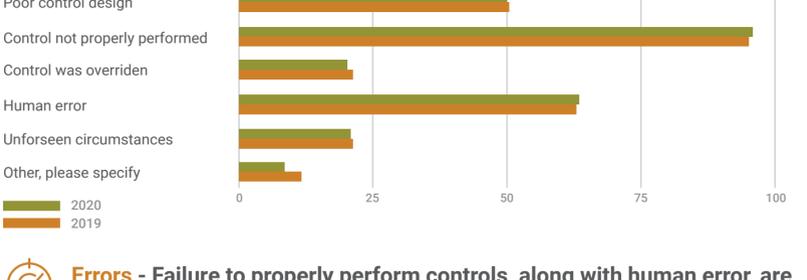
Observation

- Use data to drive a risk-based approach for control optimization. Focus on key controls performed by the right people to reduce the risk of material misstatements.

Action

- Define clear guidelines for control optimization.
- Work aggressively toward automating SOX activities and embed them with daily business activities.

What were some of the causes for control failures?



Errors - Failure to properly perform controls, along with human error, are the leading cause for control deficiencies.

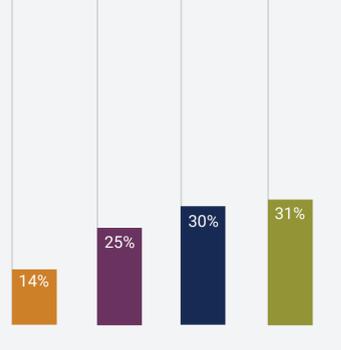
Observation

- Technology is key to reducing the risk of manual errors. Automated workflows can help IA and stakeholders gain clear insight on upcoming SOX tasks, embedding SOX activities into daily business operations, managing change control activities, and standardizing expectations year-round.

Action

- Explore technology solutions that complement standard procedures while helping control owners be more efficient.

What percentage of time does internal audit spend on SOX?



50% - Internal audit departments are spending over 50% of their time on SOX audit activities, and another 30% are spending 26-50% of their time on SOX.

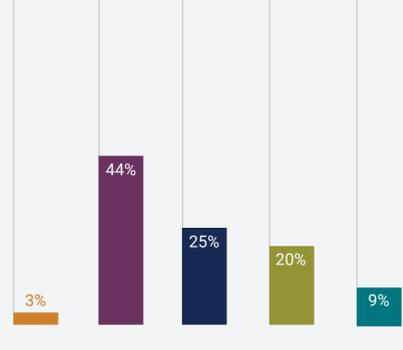
Observation

- IA/SOX teams have been asked to do more with less in an environment of heightened scrutiny.
- Testing the right controls with the right tools should not be a matter of “if” but rather “how” and “when.”

Action

- Develop a roadmap to regulate and automate SOX activities, building a clearer and more self-sustainable program and freeing up your internal audit department to focus on more strategic activities.

In addition to SOX testing, how many operational audits does your organization perform each year?



In Closing

While some SOX activities are unlikely to be streamlined, there are many opportunities to find areas where significant efficiencies can be achieved. Through effective planning, controls optimization and automation, you will increase productivity — freeing up capacity in your team to move your workforce toward more strategic activities that will benefit your organization. It’s important to take a holistic approach, take the time to evaluate your entire end-to-end process, and seek to build an efficient SOX program.