



Assess the health of your ICOFR

With a SOX Health Check

KPMG's SOX Health Check assesses the health and maturity of your company's Internal Controls Over Financial Reporting (ICOFR) program and provides valuable and actionable insights on ways to advance your program. A SOX Health Check is like a physical at the doctor's office—it diagnoses pain points and develops a prescription for better health.

ICOFR programs often focus on compliance, with less focus on identifying internal control efficiencies or value-add activities. With benchmarks and examples of potential benefits from KPMG, your program can be structured to better align to your strategic direction—support growth, reduce risk, reduce costs, or drive value.





Importance of ICOFR Health

Companies should not wait for symptoms to occur to seek help; they need to have regular check-ups to assess their ongoing health. It is more expensive and stressful to remediate a problem once something has gone wrong or you have had a "close call."

A healthy, strategically-aligned ICOFR program helps to:

- ✓ Ensure a strong 404a process.
- ✓ Reduce the impact of control issues.
- ✓ Avoid negative economic impacts to the company related to material weaknesses.
- ✓ Develop stronger controls to enhance company performance.
- ✓ Avoid erosion of Audit Committee confidence.
- ✓ Focus on total cost of control.
- ✓ Drive improvements and efficiencies by supporting a company culture that embraces change.

The SOX Health Check provides actionable insights to:

-  Identify opportunities to lower your total cost of control
-  Improve ICOFR governance
-  Enhance ICOFR team performance
-  Improve program efficiency

Using quantitative and qualitative criteria, the SOX Health Check considers how your company compares to others on topics such as:

- What is the strategy for your ICOFR program?
- How does your company manage its total cost of control?
- Does your SOX program add value to your company and processes?
- How effective is your ICOFR risk assessment?
- How is technology leveraged in your ICOFR processes, and what level of automation exists in the control portfolio?
- How does the company align with your external auditors?

KPMG’s Approach

Our professional experience and tested approach can diagnose your issues and guide you through an improvement process. We can help:

- 1

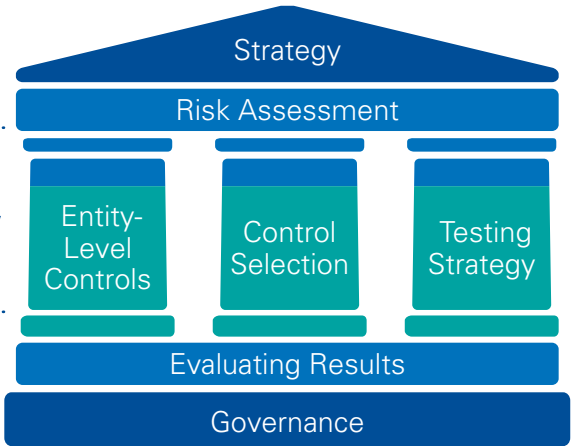
Understand key areas of focus
 - Current ICOFR program and areas of concern
 - Strategies for the company and ICOFR program
 - Prior control testing results
 - Comparisons of ICOFR program data points to reference points
- 2

Assess current state ICOFR program maturity
 - Review documentation against KPMG’s maturity continuum
 - Interview stakeholders to understand the current state and the desired future state
 - Determine maturity of the current state
- 3

Establish future state roadmap
 - Understand the gap between current and desired state maturity
 - Identify areas of improvement
 - Develop project profiles and a calendar view of projects to help advance the program

Figure 1

Pillars of a Sarbanes-Oxley Program



Conducting a SOX Health Check is a minimal investment to assist in diagnosing potential issues in your ICOFR program and guiding you to develop a healthier, strategically-aligned program. Performed alone, it is an objective ICOFR program review. When combined with a Controls Portfolio Analysis (CPAM), it adds a comprehensive view of your controls portfolio, including your total cost of control. This supplements the program assessment with a quantitative controls analysis in the review of the Control Selection pillar of a Sarbanes-Oxley program. CPAM can support controls rationalization efforts and process improvements by illustrating the total cost of control and its components. It helps you move forward in reducing risks and costs, increasing reliance, and driving value by improving business processes.

To help maintain the health of your ICOFR program, ask KPMG.

KPMG’s Maturity Continuum










KPMG’s Maturity Continuum helps to illustrate your company’s current state on the maturity scale across the pillars of the SOX framework, illustrated in figure 1.

The SOX Health Check provides insight into the maturity level of your company’s ICOFR program based on leading practices and also provides explanations of other levels of program maturity.

KPMG teams use a proprietary maturity model that measures almost 150 qualitative and quantitative data points to assess your current health and desired state.

Expected characteristics

Pillar	Lower Maturity						Higher Maturity
 Strategy	Basic Compliance Driven						Value-driven Culture
 Risk Assessment	Aged or Unclear Scoping						Identifies Emerging Issues
 Entity-Level Controls (ELCs)	Undeveloped Enterprise View						Integrates with Enterprise
 Control Selection	Controls not Aligned to Business						Risk and Control Advisor
 Testing Strategy	Unclear or Misaligned						Efficient and Evolving
 Evaluating Results	Exception Scorekeeper						Proactive Management of Root Causes
 Governance	Fragmented Accountability						Innovative and Aligned

Contact us

Deon Minnaar
**Internal Audit & Enterprise Risk
Service Network Leader**
T: 212-872-5634
E: deonminnaar@kpmg.com

Salman Ali
**Managing Director, GRC
Technology**
T: 443-743-0051
E: salmanali@kpmg.com

Steve Estes
Partner, IA & ER
T: 214-840-2448
E: sestes@kpmg.com

Susan King
Partner, IA & ER
T: 213-955-8399
E: susanking@kpmg.com

advisory.kpmg.us
kpmg.com/socialmedia



Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2016 KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in the U.S.A.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.