

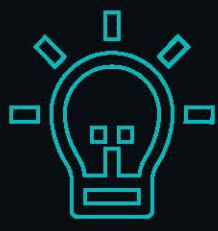
# SOX readiness

Preparing for an Initial Public Offering (IPO) requires many decisions, including decisions about your internal control structure and framework. What should be considered as your company takes this important step?

## Embed culture



## Educate and connect



## Engage with third parties



## Update continuously



## Embed culture

# 1

### Establish tone at the top

The CEO and CFO must provide leadership around this initiative to gain organizational buy-in.

# 2

### Be nimble

As you scale your organization, develop process narratives and Risk and Control Matrices (RCMs) that can be flexible and nimble as roles change and your organization scales. Centralize this information for new employees to easily identify.



## Educate and connect

# 3

### Educate control owners

Provide education around what an IPO means for SOX 404(a) or SOX 404(b) compliance, the types of documentation needed and the types of controls to be implemented.

# 4

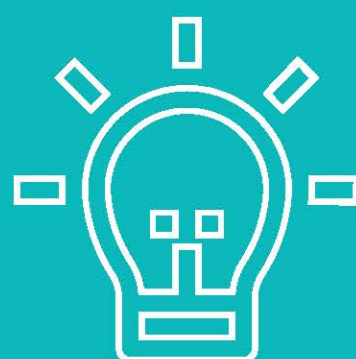
### Spend time on the front end

Think through processes to develop the most efficient framework, utilize the Enterprise Resource Planning (ERP) system and identify the most effective controls. The more automated the controls, the easier for control owners to create a consistent compliance framework.

# 5

### Identify the biggest financial control risks

Start by identifying controls that are most important to creating an effective control environment.



## Engage with third parties

# 6

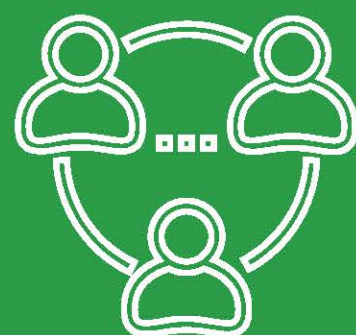
### Understand the implications of an expanded environment

While organizations scale in the IPO process, they also often take on new technology, applications and potential use of third parties. Recognize the controls for these new applications or third parties. Review the impact to Internal Control over Financial Reporting (ICFR) and the ability to gain comfort over outsourced parts of the environment.

# 7

### Engage with your external auditors

Address identified control gaps and areas where external auditors see the most risk. Review any past feedback provided.



## Update continuously

# 8

### Align with one control framework

It is important that both internal audit and external audit work form the same control framework to support a reliance approach and create efficiencies for control owners.

# 9

### Keep your documents current

View your control environment in these early stages as evolving, identify "better" controls and update your risk control matrices, narratives and flow charts regularly to reflect these changes.

# 10

### Segregate duties

Identify processes that need to be separated to support a better control environment. If duties can't be separate, consider implementing a post review of the process.



Baker Tilly is a leading advisory, tax and assurance firm with a specialized focus on risk, internal audit, information technology, governance and compliance. Our SOX professionals have worked with companies to streamline their compliance approach, strengthen internal controls and lower long-term compliance costs. Our approach is tailored specifically to the considerations and requirements of your industry.

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