



SARBANES-OXLEY COMPLIANCE SERVICES

Sarbanes-Oxley Compliance Services

A SERVICE OF THE LBMC RISK SERVICES GROUP

The Sarbanes-Oxley (SOX) Act has resulted in significant changes to the corporate governance and financial reporting requirements of public companies. Section 404 of the SOX Act requires public companies to certify to the effectiveness of their internal control over financial reporting. The external auditors of public companies must then provide an opinion on the effectiveness of each company's internal control. In order to prepare for this certification, public companies must develop a compliance plan that includes taking the appropriate steps to ensure that significant risks have been identified and assessed and that key internal controls are in place to mitigate the significant risks. The process of preparing for Section 404 requires public companies to have specialized knowledge of the requirements of the SOX Act as well as knowledge of the internal control auditing standards followed by the external audit firms.

The Risk Services group at LBMC has extensive experience with both Section 404 of the SOX Act and the external auditing standards. We have assisted numerous companies of various sizes and in variety of industries since the initial year of SOX compliance for accelerated filers in 2004. LBMC Risk Services provides a variety of services based on the needs of each company. The services that we typically provide include one or more of the compliance phases described below:

Risk Assessment Facilitation

We are able to assist public companies by facilitating their financial Risk Assessment. The purpose of the Risk Assessment is to identify the significant financial processes and systems that will be documented and tested as part of the SOX compliance process. When assisting with a Risk Assessment, we follow a top-down, risk-based approach to ensure that future compliance efforts focus only on critical processes and systems.

Documentation and Assessment of Entity-Level Controls

We are able to assess and document an organization's entity-level controls. We generally follow the Committee of Sponsoring Organizations (COSO) Internal Control – Integrated Framework when identifying entity-level controls that should be in place within an organization. Our services include helping organizations to identify the necessary entity-level controls that should be in place based on each organization's size and structure.

Documentation of Significant Processes and Systems

We are able to effectively document an organization's significant processes and systems in an efficient manner. This phase of the SOX compliance process is often cumbersome due to the detailed interviews and documentation efforts that are necessary for all significant processes and systems. We are trained to focus on the critical risks and internal controls as we perform this phase of the SOX compliance process. Our goal is to document an organization's processes and systems in an efficient manner while utilizing as little of client management's time as necessary.

LBMC SOX Compliance Services:

- Risk Assessment Facilitation
- Documentation and Assessment of Entity-Level Controls
- Documentation of Significant Processes and Systems
- Financial Reporting Risk and Internal Control Assessment
- Internal Control Testing and Reporting of Testing Results
- Risk Services SOX Team



Financial Reporting Risk and Internal Control Assessment

When documenting critical processes and systems, we use a risk-based approach to identify the risks at the process and system level. We focus on the significant risks within each process and system and evaluate the related internal controls based on the client's available resources while always considering "Best Practice" controls used at other organizations. After identifying and assessing an organization's key risks and controls, we document the risks and controls utilizing templates that can be easily updated as future changes are made to each process and system.

Internal Control Testing and Reporting of Testing Results

We are able to provide experienced professionals to test an organization's key internal controls. Our professionals have extensive experience testing key controls within all primary financial processes and systems as well as key entity-level controls.

After the testing is completed, the method of reporting the results will be tailored to each client. We are flexible with regard to the content and timing of the reporting provided to our clients. We have extensive experience reporting to the senior management or audit committees for public companies.

Risk Services SOX Team

Our Risk Services team has significant experience with SOX 404 readiness engagements. We have assisted organizations in a broad range of industries and organizations of various sizes. In addition to the significant levels of experience, members of the Risk Services group hold the following certifications:

- CPA (Certified Public Accountant)
- CIA (Certified Internal Auditor)
- CFE (Certified Fraud Examiner)
- CISA (Certified Information Systems Auditor)
- CISSP (Certified Information Systems Security Professional)
- ABCP (Associate Business Continuity Planner)

Our professionals have also received specific training in the COSO and COBIT frameworks and in conducting SOX 404 engagements.

About Lattimore Black Morgan & Cain, PC

Lattimore Black Morgan & Cain, PC (LBMC), and the LBMC Family of Companies have more than 400 employees, with offices in Nashville (Brentwood), Knoxville, and Chattanooga, Tennessee. The firm is among the Top 50 firms in the U.S. ranked 45th by Inside Public Accounting Report and is the 7th largest in the Southeast as ranked by Practical Accountant magazine. Founded in 1984 as a traditional accounting firm, LBMC has expanded its focus to meet a broad range of financial, human resources and technology needs for its diverse client base.

