

# Sarbanes-Oxley Compliance – Examining the Latest Trends

SOX Compliance Amid Rising Costs, Labor Shortages and Other Post-Pandemic Challenges

# Presenters



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## Survey Objective & Approach

During March and April 2022, Protiviti and AuditBoard surveyed more than 560 global professionals to assess internal costs, hours, controls, and other trends related to the Sarbanes-Oxley compliance process.

Survey respondents:

- **534** reported as manager or above
- **61%** reported as CFO or Finance Director
- **19%** reported as CAE or Audit Director

# Key Findings

Internal audit and finance leaders, together with their C-suite colleagues, should avoid delaying action on automation and delivery investments and opportunities.



1

## COSTS

Costs continue to climb, due to a range of factors.



2

## HOURS

Hours on the rise as well.



3

## AUTOMATION

A growing number of companies are deploying automation to support SOX work; more should follow suit.



4

## ALTERNATIVE SOURCING

A widespread desire for efficiency is kindling interest in centers of excellence and alternate sourcing strategies.

# SOX Costs & Hours Trends

# SOX Compliance Hours Continue to Rise

For fiscal year 2021, how did the total amount of hours your organization devoted to Sarbanes-Oxley compliance change?

	2022	2021
SOX hours increased	53%	53%
SOX hours decreased	21%	18%
SOX hours stayed the same	26%	29%



	Compliance hours increased		Compliance hours decreased	
	2022	2021	2022	2021
SOX filer status				
Large accelerated filer	45%	48%	17%	16%
Accelerated filer*	52%	50%	27%	31%
Smaller reporting company	51%	56%	26%	12%
Emerging growth company	62%	71%	22%	13%
Size of organization				
\$10 billion or greater	47%	45%	13%	19%
\$5 billion to \$9.99 billion	50%	59%	31%	18%
\$1 billion to \$4.99 billion	53%	56%	23%	21%
\$500 million to \$999.99 million	64%	53%	22%	16%
Less than \$500 million	48%	50%	15%	13%

\* Does not include smaller reporting companies.

# SOX Compliance Costs

Average annual SOX compliance costs (internal)

SOX filer status	2022	2021	Year-over-year trend	% change
Large accelerated filer	\$1,450,800	\$1,328,300	↑	9%
Accelerated filer*	\$1,232,400	\$1,221,900	↑	1%
Smaller reporting company	\$1,433,600	\$1,126,000	↑	27%
Emerging growth company	\$1,370,200	\$1,408,300	↓	-3%

\* Does not include smaller reporting companies.

# Benchmarking the SOX Control Environment

What percentage of your controls testing do the external auditors rely upon?

	SOX filer status			
	Large accelerated filer	Accelerated filer*	Smaller reporting company	Emerging growth company
2022 average estimated percentage	32%	24%	23%	26%
2021 average estimated percentage	32%	27%	27%	25%

\* Does not include smaller reporting companies.



# SOX Technology & Automation

# Use of Tech Tools for Testing of Controls by Process

For which of the following processes do you use technology tools in the testing of controls to comply with SOX Section 404 or other ICFR requirements? (Multiple responses permitted)

	2022	2021
IT general controls	42%	41%
IT application/configurable controls	38%	43%
Financial close process	35%	36%
Financial reporting process	32%	31%
Accounts payable process	30%	42%
Account reconciliations process	27%	37%
Payroll process	26%	28%
Accounts receivable process	25%	29%
Treasury/cash application process	25%	15%
Revenue process	23%	23%
Purchasing process	23%	17%
Fixed assets process	22%	22%
Inventory process	21%	22%
Tax process	7%	10%

# Tech Tools Used in Testing of Controls

To what extent does your organization plan to further automate its manual processes and controls within the next fiscal year?

	SOX filer status			
	Large accelerated filer	Accelerated filer*	Smaller reporting company	Emerging growth company
We have significant plans to automate a broad range of IT processes and controls	26%	34%	49%	41%
We have moderate plans to automate numerous IT processes and controls	40%	47%	42%	50%
We have minimal plans to automate selected IT processes and controls	27%	17%	8%	6%
We have no plans to automate any further	7%	2%	1%	3%

\* Does not include smaller reporting companies.

# Challenges Inhibiting Further Automation

Which of the following represent the challenges keeping you from automating your control testing? (Multiple responses permitted)

Many areas of the SOX control environment are not conducive to automation	51%
Lack of time to spend exploring automation due to other priorities	49%
Lack of knowledge on available tools and technology	42%
Level of effort to implement, train, govern and maintain	42%
Lack of funding and/or executive support for automation	40%
None of the above	2%

# COE & Outsourcing



### Shared Services/ Center of Excellence (COE)

Dedicated group of individuals  
that can shift across multiple  
disciplines together and reach  
goals efficiently

## Understanding a Centralized and/or Outsourced Center of Excellence Model

Many companies no longer rely solely on in-house teams to deliver a SOX compliance program. Services that are not delivered in-house involve some form of alternative delivery model (ADM).

- Onshore or offshore teams
- Outsourced teams

# Investing in Offshore or Outsourced Resources

What percentage of organizations are investing in offshored and outsourced resources?

SOX filer status	2022	2021	Trend
Portion of SOX internal costs for <i>outsourced resources (both onshore and offshore)</i>	41%	37%	↑
Portion of SOX internal costs for <i>offshored resources</i>	34%	26%	↑

More organizations are investing in offshore and outsourced resources to assist with SOX compliance. This can be advantageous in creating greater efficiencies, cost savings, and capitalizing on advanced technologies.

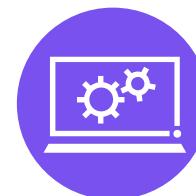
# Benefits of Investing in Offshore or Outsourced Resources

SOX control testing ranks among the most defined and repeatable type of work that internal audit groups perform, which can ultimately benefit from a centralized or outsourced center of excellence model.

Generate Control  
Testing Efficiency



Access to Leading-  
Edge Technology



Deliver Talent  
Management Benefits



Reduce SOX  
Compliance Costs

# What Can Make a Centralized and/or Outsourced COE Model Successful?



- Technology-enabled platforms or accelerators
- Cross-functional and virtual teams
- Cost-efficient/effective labor that can easily be scaled
- Consistent/standardized use of delivery

# Questions & Answers

# The Modern Connected Risk Platform

Elevate your audit, risk, and compliance teams with the intelligent, collaborative, connected risk management platform.

## ← RiskOversight

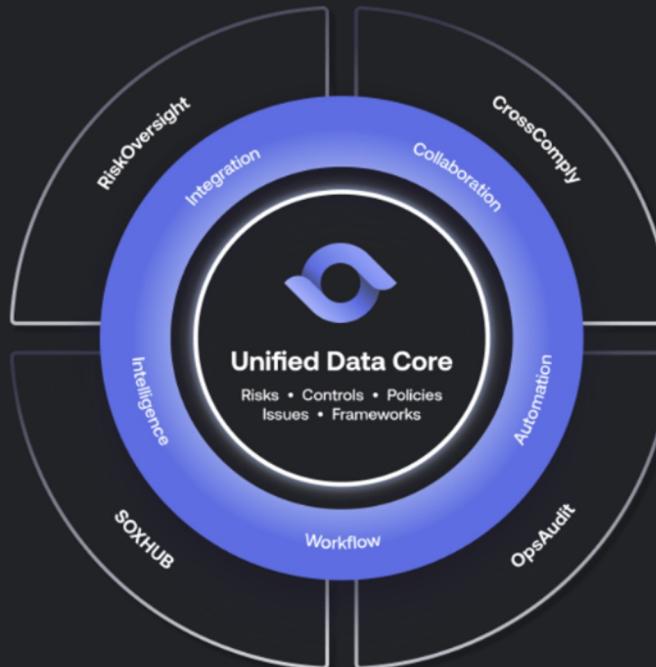
### Risk Management Centralized

Elevate risk management programs by integrating strategic, operational, and IT risks.

## ✖ SOXHUB

### SOX Management Simplified

Tackle all of your SOX compliance requirements with ease and precision, together.



## ↗ CrossComply

### Compliance Management Unified

Manage cross-framework compliance, including SOC, ISO, NIST, PCI, and more.

## ↗ OpsAudit

### Internal Audit Transformed

Streamline and boost your work and deliver more strategic value throughout your audit programs.



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