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Audit and governance steps to manage the compliance maze and actually improve the business

### [Compliance Advice for SMBs from Lord & Benoit](#)

Posted by Lora Bentley on March 5, 2008 at 3:34 pm

In January, compliance consultancy Lord & Benoit released a report on the [real cost of Sarbanes-Oxley](#) for small public companies. As [Compliance Home](#) points out, the cost study is not the only help the group offers to those grappling with the challenges of Sarbanes-Oxley compliance perhaps for the first time.

In "[Ten Threats to Compliance for Smaller Public Companies](#)," Bob Benoit outlines 10 key areas of importance for SMBs working toward Sarbanes-Oxley section 404 compliance. He notes that the transition from entrepreneurship to expanding the business can make the Sarbanes-Oxley compliance assessment particularly difficult.

Topping the list of 10:

- lack of accounting and disclosure controls.
- weakness in treasury process-level controls.
- inadequate training and competency of accounting staff.

The executive summary indicates that researchers gathered data by "aggregating the results of 148 first time companies with revenues under \$100 million."

Ninety-four of the companies studied had accounting and disclosure problems, the summary says, including "departures from GAAP, income tax accounting, and inadequate or inaccurate financial statement disclosures."

The 92 findings of "treasury" process problems included, among other things, improper accounting for stock, debt and derivatives. Separation of duties also was an issue.

Finally, the summary says:

The lack of management commitment to the competency and formal training program were described as the root cause for 85 instances of improper accounting and disclosures.

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