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

[Lord & Benoit: Counting Sarbox Costs for Small Business](#)

Posted by Lora Bentley on January 9, 2008 at 3:33 pm

A **new report** from Sarbanes-Oxley consultancy Lord & Benoit has calculated the actual cost of Sarbox 404 compliance for small companies, according to **Reuters**.

Under the latest guidance from the Securities and Exchange Commission and the Public Company Accounting Oversight Board, the report says, the average first-year cost for “non-accelerated filers” to comply with section 404 is \$78,474, which is \$13.8 percent less than the \$91,000 per company originally forecast by the SEC.

Lord & Benoit undertook the study to further the SEC’s efforts to gather cost data [before requiring small businesses to comply](#) with the internal controls requirements of Sarbanes-Oxley section 404. Reuters reports data for the study was gathered from

a cross-section of 29 smaller public companies in the semiconductor, manufacturing, distribution, banking and finance, real estate, food and beverage, transportation, mining, software, energy, services, and biotech industries, as well as an AuditAnalytics study of actual audit fees reported by nearly 5,500 public companies.

Interestingly, the report reveals that [past delays](#) of Sarbanes-Oxley compliance for small businesses have resulted in an [unintended consequence](#):

[T]he American Institute of CPA auditing standards governing the audit of internal controls for private companies and non-profit organizations are now greater than PCAOB auditing standards for smaller public companies in years 2007 and 2008...

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