



"10 Threats to SOX Compliance for Smaller Public Companies".

From: Business Wire | Date: 5/25/2007



With This Week's SEC, PCAOB Actions, New Study Provides Helpful Insights for CFOs

WORCESTER, Mass. -- Lord & Benoit, a leading Sarbanes-Oxley research and consulting firm, is applauding the efficiencies and affordability of this week's PCAOB and SEC actions requiring smaller public companies to comply with Sarbanes-Oxley this year. To help CFOs to navigate wisely through the process, Lord & Benoit just published a study, 10 Threats to SOX Compliance for Smaller Public Companies. In summarizing the results, Lord & Benoit suggests this list should be used by CFOs as a starting point for a macro-level risk assessment at smaller public companies. Identifying potential concerns, developing action plans to remediate these risks, and taking quick action can minimize the likelihood of an adverse Section 404 report at the end of the first year of compliance.

The Lord & Benoit study reveals that the first year of SOX compliance may be particularly challenging for smaller public companies as they transition from entrepreneurial to corporate growth. The top ten threats to SOX compliance for smaller public companies appear to be: (1) accounting and disclosure controls; (2) treasury; (3) competency and training of accounting personnel; (4) control environment; (5) design of controls or lack of effective compensating controls; (6) revenue recognition; (7) financial closing process; (8) inadequate account reconciliations; (9) information technology; and (10) consolidations, mergers, and intercompany accounts.

The Lord & Benoit study describes each of these ten threats in greater detail. The study is based on the results of 148 public companies with evidence of material weaknesses and revenues under \$100 million during their first management assessment under Sarbanes-Oxley Section 404. Using Audit Analytics data, companies with clean internal controls were excluded from the study.

10 Threats to SOX Compliance for Smaller Public Companies is available to journalists and to the public free of charge at www.Section404.org on the "Research" page. Lord & Benoit may also be contacted by mail at One West Boylston Street, Worcester, MA 01605 or by telephone at 508-853-6404.

Bob Benoit serves on the COSO Monitoring Project Task Force, the AICPA Peer Review Acceptance Board in MA, is the author of the Lord & Benoit Reports referenced by SEC, PCAOB, Wall Street Journal, Business Week, all Big 4 firms and over 100 newspapers, magazines, legal, educational and trade journals. Bob is the first evaluator to use the 2006 COSO Guidance for Smaller Public Companies. He invented several affordable SOX frameworks which can be downloaded from SEC and PCOAB web sites. A sought-after speaker, teacher, and consultant, Bob is available for media interviews.

COPYRIGHT 2007 Business Wire

For permission to reuse this article, contact [Copyright Clearance Center](http://www.copyright.com).

HighBeam™ Research, Inc. © Copyright 2007. All rights reserved.