Sarbanes-Oxley

Readiness Assessment Program

AN OVERVIEW

The process of building a sustainable, comprehensive internal control environment sufficient to comply with the section 404 of the Sarbanes-Oxley act of 2002 (SOX) requires a significant investment of organizational resources.

In planning for an IPO, an organization’s first step should be a risk-focused assessment of the existing internal control environment; identifying the business processes and control procedures necessary to achieve these regulatory requirements with confidence as well as good corporate governance.

During April 2012, the Jumpstart Our Business Startups (JOBS) Act became law creating an “IPO on-ramp” for emerging growth companies. Emerging growth companies are temporarily exempted from the internal control audit requirements of the Sarbanes-Oxley act of 2002 (SOX), whereby their independent auditors are required to report on management’s assessment on the effectiveness of the company’s internal control over financial reporting.

While this exemption affords an organization a lengthened time-line to address the external audit requirements of SOX; it does not apply to the management reporting requirements of Section 404 of SOX. The requirements that a company’s annual report contain 1) an internal control report stating management’s responsibility for establishing and maintaining an adequate internal control structure and procedures for financial reporting and 2) an assessment, as of the end of the company’s most recent fiscal year, of the effectiveness of the company’s internal control structure and procedures for financial reporting, still remain.

As a result of these newly revised regulatory requirements, the timing and focus of an organization’s efforts to build a sustainable, comprehensive internal control environment sufficient to comply with SOX, demand an intelligent implementation plan that efficiently utilizes the organization’s resources.

Sensiba San Filippo Readiness Assessment

At Sensiba San Filippo (SSF), our Business Process Assurance Group has developed a SOX Readiness Assessment Program, as part of our Zero to SOX implementation process, to assist organizations in this crucial first step.

During the assessment SSF’s team will:
- Identify the organization’s key financial reporting accounts and disclosures, including the supporting business processes and automated processing applications.
- Determine the high risk business processes and applications for SOX compliance.
- Develop a SOX implementation plan providing recommended timing and priority for implementation of business process controls and procedures necessary to achieve an effective system of internal control consistent with guidance from the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- Provide a budget and fee schedule for all project elements identified in the SOX implementation plan necessary to support management and those in charge of governance as they make decisions regarding their SOX compliance efforts.
IN CONCLUSION

Sensiba San Filippo’s SOX Readiness Assessment Program will lay the foundation and provide a road-map to your company’s regulatory compliance requirements and effective corporate governance.

The SSF readiness assessment is a reasonable cost fixed fee arrangement that provides real value in transferring our knowledge and experience while giving you the flexibility in managing how the overall implementation is achieved. For more information please contact one of our Business Process Assurance Group leaders below:

**Jeff Stark, Audit Partner**

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With over 22 years of dynamic business experience, Audit Partner Jeff Stark is dedicated to quality financial reporting where he specializes in revenue recognition, complex debt/equity transactions accounting for income taxes, and purchase accounting.

Combining his audit expertise with his extensive background in information technology and internet security, Jeff is also an expert in information risk management services, including SSAE16 Service Organization Control (SOC) reporting and IT general controls (ITGC) consulting.

Jeff works extensively with professionally managed venture-backed companies seeking to grow and ultimately be acquired or pursue an IPO path. He works with clients in enterprise software, cloud/SaaS, network equipment, internet security software, fab-less semiconductor, development stage enterprises, healthcare, internet advertising, print media, market research, and communications.

Jeff is a dual graduate of San Jose State University, where he received his bachelor’s degree in management in 1990, and a master’s degree in accounting in 2004. He is a licensed CPA in the state of California and an active member of the AICPA.

**Bill Phillippe, Director**

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With over 20 years experience in public and private accounting, Bill Phillippe has worked as a chief financial officer for multiple start-up companies and as a controller for a publicly traded company. Now as a senior audit manager at Sensiba San Filippo, Bill teaches clients best practices for establishing internal controls and keeping them apprized of the changing requirements.

Bill works extensively with clients in technology, consumer products, and medical device manufacturing and specializes in audit and assurance services, Sarbanes-Oxley compliance, and the evaluation of internal controls. He is an expert in the development and implementation of accounting processes, preparation for annual audits, and the creation of business modeling programs.

Bill received his bachelor’s degree in accounting from Illinois State University in 1984.