



THE ROBERTS COMPANY, LLC

Information Technology and Risk Services

3394 Holly Oak Lane, Escondido, CA 92027

TEL: 760.550.2160 * FAX 760.839.2160

E-mail: robertputrus@therobertsglobal.com

<http://www.therobertsglobal.com/>

Major Manufacturing & Distribution Company

CASE STUDY

Pre-IPO: Comprehensive Control Review- Information Systems, Accounting and Operation Processes

❑ The Challenge

The company is a U.S. based global distributor with overseas operations and companies where product manufacturing is outsourced in Asia.

These companies have decentralized accounting and operations in terms of the management decision process of Sales Contracts, Purchase Orders, Accounts Payable, Accounts Receivables and Information Systems.

The company has been growing at a fast pace and its major processes are neither documented, reviewed, assessed nor tested.

The Company's management and their external auditors (one of the "Big 4" accounting firms) wanted to ensure that these companies have Internal Controls that are of effective design, operations, and are tested in preparation for an IPO initiative.

The company finance department is decentralized and the rollout and consolidation of the financial statements are performed in U.S.A. using major Enterprise Resource Planning (ERP) application.

Electronic Data Interchange ("EDI") is the application used by the Company for B2B communication of data transfer with its customers. The Company uses several key Excel spreadsheets to capture and report various financials information. The Company payroll is outsourced.

❑ The Approach

The project approach adopted was as follow:

1. The Company management actively participated in the project
2. Conducted Project Planning and team Orientation
3. Adopted Committee of the Sponsoring Organizations of the Treadway Commission ("COSO") framework for the business processes
4. Adopted Control Objectives for Information and related Technology ("COBIT") framework for the information technology processes
5. Major processes considered:
 - 5.1 Accounting
 - 5.2 Operations
 - 5.3 IT General Controls
 - 5.4 Application Controls
6. Worked closely with Big 4 Auditors

❑ The Outcome

1. Identified and finalized the key controls for the sub processes of major processes.
2. Completed process documentation
3. Developed Control Matrix for each process
4. Developed Early Remediation Plan
5. Development of Test Procedures
6. Examined design effectiveness of the key controls
7. Assessed operation effectiveness
8. Identified and Implemented Remediation
9. Designed and documented key IT and Excel spreadsheet policies
10. Assessed overseas companies

- ✓ Must you comply with and maintain Sarbanes-Oxley Act Section 404?
- ✓ Are you concerned about the Internal Controls within your company?
- ✓ Does your IT function support your company business processes & objectives?
- ✓ Does your company need Fraud Protection Programs?

Our Services Include:

- ❑ Sarbanes-Oxley Act- Section 404 Compliance
- ❑ Corporate Governance and Entity Level Controls
- ❑ Corporate Governance Compliance
- ❑ IT General Controls
- ❑ Fraud Deterrence and Prevention Services
- ❑ Information Technology: Policy Development & Compliance
- ❑ Operations Processes: Policy Development & Compliance
- ❑ Accounting Processes: Policy Development & Compliance
- ❑ Corporate Governance: Policy Development & Compliance
- ❑ Application Due Diligence and Testing
- ❑ Gramm-Leach-Bliley Act
- ❑ SAS 70 & SAS 94
- ❑ ISO 17799/27000 Compliance Services
- ❑ IT Planning and Assessment

Delivering IT Compliance Services