



Frequently Asked Questions (FAQs): SOX and internal control over financial reporting services (ICFR)

What are the SOX compliance requirements for newly public companies?

Figuring out what the [Sarbanes-Oxley \(SOX\)](#) requirements are and when they are due for newly public companies can be a challenge, given a range of factors that affect filing status and company resources needed to establish an effective approach across the business. Newly public companies commonly should look beyond the finance department and dedicate more resources to reducing operational inefficiencies and creating more cost-effective approaches. From a broad risk assessment involving the CFO, controllership function, and key stakeholders to providing a more holistic view of accounting processes, IT structures, organizational dynamics, and financial performance, there are several considerations to take into account.

Consider reading this article on [possible post-public SOX challenges](#) and how to address them and this article on lessons learned from the [initial public offering journey](#).

How can newly public companies ensure they are SOX ready?

Newly public companies can determine if they're SOX ready by choosing an appropriate operating model that allows for the company to plan and execute an efficient, effective, and high-quality SOX program.

Refer to [Deloitte's guide to SOX compliance and implementation](#) detailing various operating models to choose from according to your company's objectives.



In creating an ESG program, what governance and types of controls should be considered?

To establish an effective environmental, social, and governance (ESG) program that adheres to global and regulatory climate changes, companies should consider adopting a governance structure and implementing a system of internal controls that combines business reporting objectives and sustainability ambitions with stakeholder expectations.

Governance is a central component of the [COSO Framework](#) and for businesses seeking to emphasize the strategic importance of ESG governance. Companies can take a range of different paths that align organizational purpose with sustainability commitments by prioritizing resources fostering diverse perspectives, ensuring accountability among relevant stakeholders, and investing in talent.

As companies explore options for strengthening their internal controls in sustainability reporting (ICSR), the evolving landscape offers opportunities in areas such as board oversight, top-down accountability, and the adoption of reporting technologies aimed at improving ESG data accuracy while minimizing manual interventions.

To learn more about internal controls for ESG, read our [article](#).



How can my company reduce SOX compliance costs?

Many existing SOX compliance programs have not been refreshed since the inception of SOX, which has resulted in ever increasing compliance costs, which may not match a company's risk profile. There are ways to improve the end-to-end SOX program to reduce costs, implement innovative thinking, and ensure effective reporting. Here's an overview of three approaches we recommend.

Deploying a SOX modernized approach:

Determine where there are opportunities to modernize the end-to-end SOX program through:

- Program enhancements: Examples include refreshing various SOX program elements to focus on a risk-based approach: SOX risk assessment, testing approach, control framework, and deploying risk-based testing strategies.
- Technology and automation opportunities such as automating control testing, driving elimination of several manual processes.
- Operating model optimization such as leveraging lower-cost resources with appropriate skill sets, which could further drive value.

Read more about how to optimize compliance while still achieving reasonable assurance for regulatory reporting [here](#).



How can technology be used to make a SOX and internal control program more efficient?

Technology can enhance SOX programs by automating and streamlining processes to improve accuracy and enhance the overall effectiveness of various systems. Continuous monitoring and real-time reporting capabilities can enhance transparency, potentially bolstering the trust of stakeholders. In the ever-evolving landscape of SOX compliance, technology remains an important ally in maintaining the integrity of financial systems.

To learn more about how SOX technology can benefit your organization, read more [here](#).



How can controls adapt to business changes?

Our world is rapidly changing by the day, and with these new challenges, businesses are having to navigate control process revisions and implementations that better serve stakeholders. Being proactive is key to getting ahead of these changes and can start with:

- Identifying activities with potential internal control implications, emphasizing a risk-based approach that factors in business changes.
- Engaging key stakeholders from the start and creating transparent communication channels.
- Deploying the proper resources, including technology to assess and implement these changes.

To learn more about how controls can adapt to business changes, read our [article](#).



What is cosourcing, and how will it benefit my company?

With cosourcing, SOX efforts are shared between internal and external resources. This highly flexible and scalable model can effectively manage constant change and enhance the quality and impact of an internal control program.

Cosourcing for SOX compliance can bring insights, specialization, and leading practices to the table using demonstrated project management and reporting methodologies, as well as a commitment to quality delivery, by leveraging a combination of resources.

Refer to our [internal controls cosourcing services](#) section to learn more.



How can I refresh my SOX program?

The quickest answer: modernization. Implementing a modernized SOX program can not only bring cost-effectiveness to your company but also help steer your company toward quality and efficiencies. Through technology and automation, program enhancements, and operating model optimization, companies can refresh and revitalize their SOX programs with a goal of driving accountability throughout the company.

For further reading, [check out our article on SOX modernization](#).

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