



RIVERON

ASK THE EXPERTS WEBINAR

Risks and Controls for Evolving Businesses

May 5, 2022

MODERATED BY:



Drew Niehaus
MANAGING DIRECTOR

PRESENTERS:



Matt Farrell
DIRECTOR

Expertise: Internal Audit,
SOX Readiness, MW Remediation,
Enterprise Risk Management



Michelle Patten
ASSOCIATE DIRECTOR

Expertise: Internal Audit,
SOX Readiness & Program Maintenance,
Enterprise Risk Management

KEY REMINDERS

- ▶ Riveron webcasts – past and upcoming – www.riveron.com
- ▶ 4 polling questions must be answered to obtain CPE
- ▶ If you have questions, feel free to ask in Q&A option in Zoom
- ▶ Webinar evaluation form & CPE certificate will be emailed to you
- ▶ On demand video is not eligible for CPE
- ▶ You will receive a follow up email including:
 - ▶ Access to this webinar recording and deck
 - ▶ The ability to join our Webinars Mailing list to receive future invites
 - ▶ Presenter contact info

2022 DRIVERS OF CHANGE IN ORGANIZATIONS

NEW TECHNOLOGY SOLUTIONS

HYBRID WORK ENVIRONMENTS

THE GREAT RESIGNATION

BUSINESS COMBINATIONS

CAPITAL MARKET ACTIVITY

SUPPLY CHAIN CONSTRAINTS

PRIORITIZING ESG



GOVERNANCE,
RISK, AND
COMPLIANCE

COMMON SCENARIOS THAT INCREASE LIKELIHOOD OF SIGNIFICANT DEFICIENCY OR MATERIAL WEAKNESS



Technology Implementation/ITGC



**Business Combinations /
Divestitures or other significant
transactions**



**Qualifications and/or Turnover
of Key Company Personnel**



**Complex Accounting
Topics/Emerging Issues**



**Inadequate Segregation of
Duties or Monitoring Controls**



**Failure to Address Completeness
and Accuracy**

POLLING QUESTION #1

How confident are you that your organization effectively assesses and mitigates access risk?

- A Very confident
- B Not very confident
- C Unsure
- D Everyone has access to everything

AREA OF FOCUS – NEW TECHNOLOGY SOLUTIONS

\$7+ TRILLION

To be invested in making work digital by 2023*

ASK YOURSELF

- ▶ Is there a robust integration plan?
- ▶ Have we considered how existing processes and controls will be impacted by this change?
- ▶ What about third and fourth parties?

TAKE ACTION

- ▶ Perform an IT Risk Assessment up front
- ▶ Always engage all relevant parties to develop a **robust project plan** for tech implementations
- ▶ Consider leveraging a **System Development Life Cycle** approach
- ▶ Change management, access management, and cybersecurity should all be thoughtfully considered

*KPMG [report](#)

AREA OF FOCUS – HYBRID WORK ENVIRONMENTS

59% OF EMPLOYEES
PREFER A **HYBRID**
WORK ENVIRONMENT

SIGNIFICANT INCREASE
IN **CYBER ATTACKS**
SINCE 2020

NEW, EVER-CHANGING
HEALTH IN
REGULATIONS

CONSIDER THIS

- ▶ **Increased training leads to fewer significant deficiencies.** Consider the following:
 - ▶ How are controls executed and evidenced in a hybrid environment?
 - ▶ Are the three lines of defense fully prepared?
 - ▶ How is data being protected with the increased use of collaboration tools?
 - ▶ What's the big picture? How do new processes and controls fit into the existing risk and control environment?

AREA OF FOCUS – THE GREAT RESIGNATION

4.5 MILLION

People quit their jobs in March 2022*

CONSIDER THIS

- ▶ A small team is expected to do the same with less
- ▶ New people are doing new things
- ▶ New tech is being deployed

11.5 MILLION

Job openings in March 2022*

TAKE ACTION

- ▶ Document business processes and existing controls
- ▶ Review your user access to **verify segregation of duties is not compromised**
- ▶ **Leverage automation**, but don't forget to critically analyze and understand the tool

*Source: [US Bureau of Labor Statistics](#)

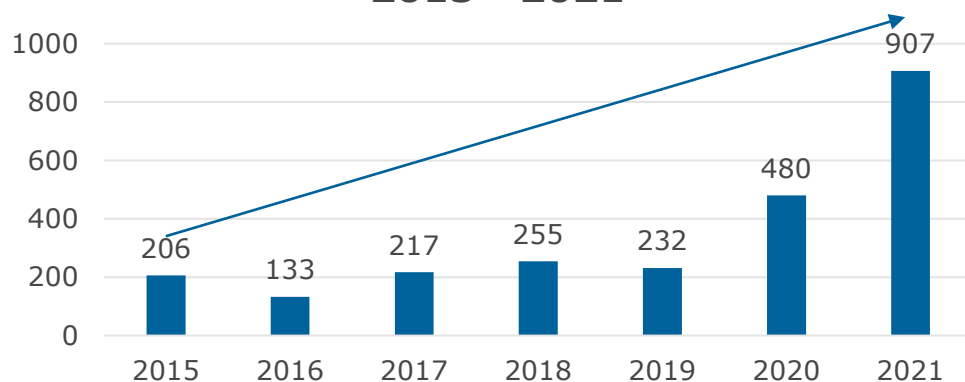
POLLING QUESTION #2

Has your organization experienced heavy turnover in 2021/2022?

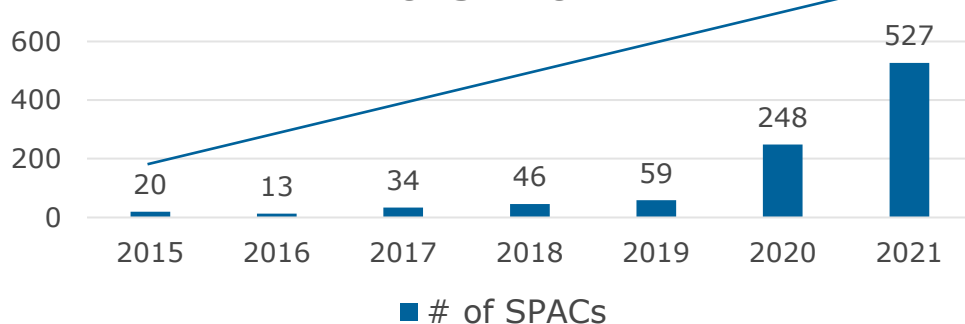
- A Everyone is new
- B We have a few vacancies
- C Minimal turnover – everything's the same!

AREA OF FOCUS – CAPITAL MARKET ACTIVITY

**US Initial Public Offerings
2015 - 2021**



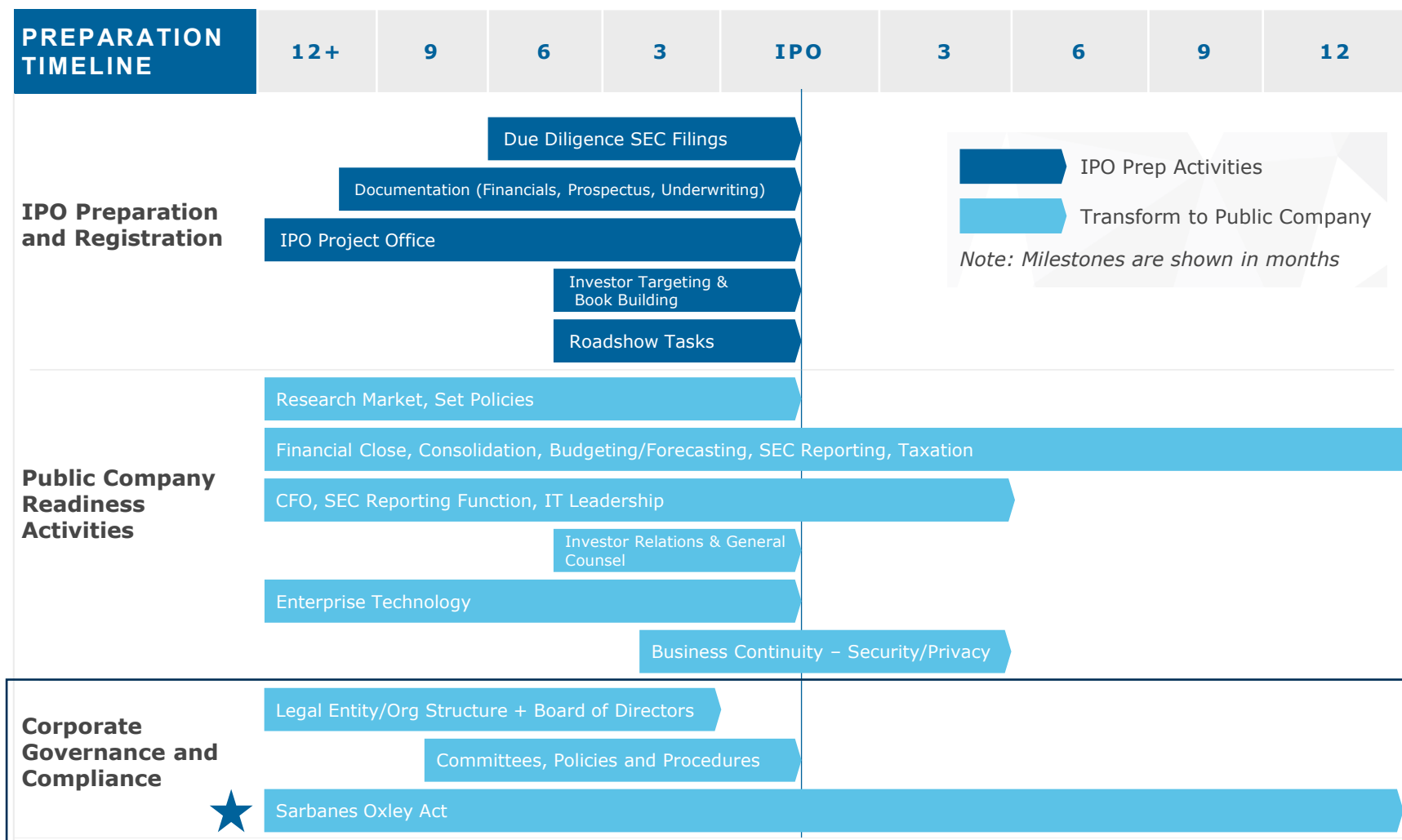
**US Special Purpose Acquisition
Company (SPAC) Activity
2015 - 2021**



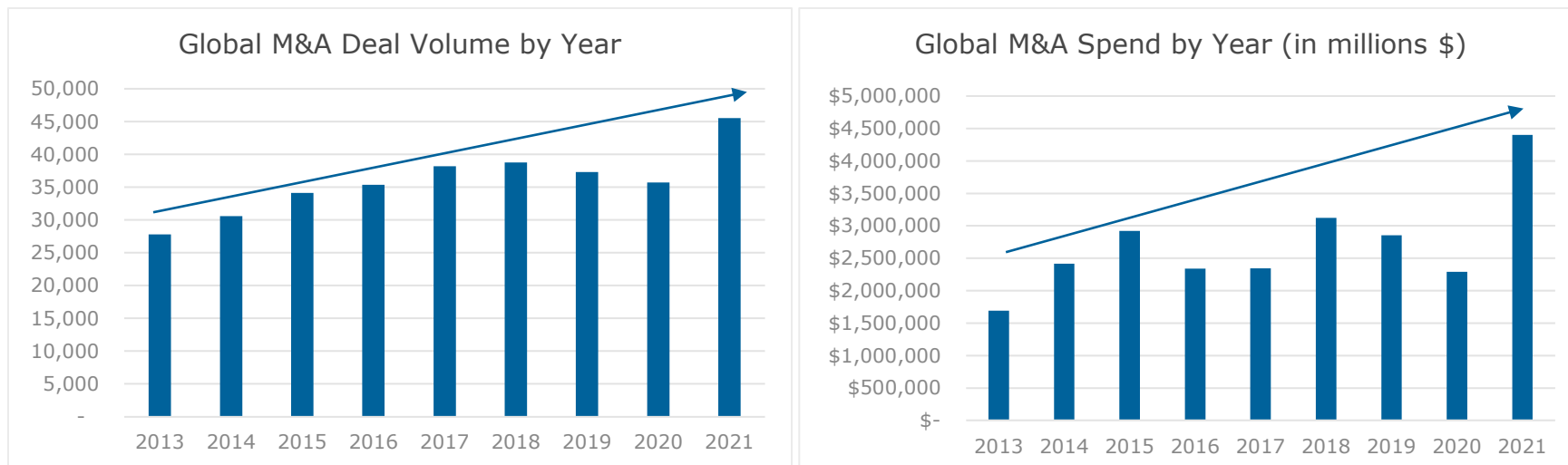
CONSIDER THIS

- ▶ As organizations take the leap to become an SEC registrant, they need to be cognizant of the **new compliance and regulatory burdens associated**
- ▶ While capital market activity has recently slowed, the heightened activity over the past few years has resulted in a **backlog of associated compliance work**

HOW TO EMBRACE CAPITAL MARKET ACTIVITY



AREA OF FOCUS – M&A ACTIVITY



CONSIDER THIS

- ▶ When public companies acquire businesses, they have a one-year grace period before the acquired business must be considered as part of the SOX compliance program
- ▶ Begin by **refreshing your top-down risk assessment** to identify areas of the acquired business that will fall into scope under SOX
- ▶ Proactively work to **document current state, develop requisite remediation plans, and monitor progress**
- ▶ Seek opportunities to **standardize disparate business processes**

POLLING QUESTION #3

Many organizations are engaging in some sort of transaction activity, which of the following best describes your organization?

- A** Considering an IPO
- B** Currently engaged in M&A activity
- C** Anticipate engaging in M&A activity in the near term
- D** None of the above

AREA OF FOCUS – SUPPLY CHAIN CONSTRAINTS

COMMON CONSTRAINTS:

TECH

HUMAN CAPITAL

SUPPLY PLANNING
AND ANALYTICS

LOGISTICS

PRODUCTION

THIRD PARTIES

Everyone is feeling the pressure. What can my organization do?

CONSIDER THIS

Think holistically! Make sure you are considering the universe of supply chain risks in your enterprise risk assessment.

AREA OF FOCUS – PRIORITIZING ESG

ESG represents a set of **sustainability factors** that companies use to develop their strategy to **drive long term value**. ESG includes **a broad range of matters** from climate change to diversity & inclusion.

Companies are increasingly **engaging with stakeholders** to identify and report on those issues that are likely to **materially impact the financial performance of a company**.



CONSIDER THIS

- ▶ Inputting processes and controls for ESG will live in the office of the CFO.
- ▶ Finance should be involved in ESG-focused discussions as they will ultimately own ESG reporting in the future.
- ▶ ESG reporting will pull on the muscle memory of Finance and SOX disclosures. Reporting will need to be easily digestible by investors.

TRANSFORMATIONAL CHALLENGES & SUCCESS FACTORS

CHALLENGES

- ▶ Reactive / firefighter approach
- ▶ Identifying the right skills and resources to enable success
- ▶ Project delays, poor accountability, and communication
- ▶ Compliance related tasks are often de-prioritized, and are not addressed timely
- ▶ Letting perfect be the enemy of good
- ▶ Optimism vs Reality – rose colored glasses

SUCCESS FACTORS

- ▶ **Proactively assess risk factors** associated with the transformation
- ▶ **Assess skills** needed for each phase of the transformation
- ▶ Develop a **detailed transformation project plan**, and ensure effective monitoring of progress against the plan
- ▶ **Refresh IA/SOX Risk Assessment** to understand impact of transformation on the organization's compliance program
- ▶ Assess transformational steps, **identify critical path**, and prioritize accordingly
- ▶ Leverage IA/GRC to provide **independent monitoring of progress** and provide transformation assurance



POLLING QUESTION #4

How confident are you in your organization's approach to transformations?

- A** Very confident
- B** Somewhat confident
- C** Not confident
- D** We are not currently engaged in business transformation

WHAT IS PROJECT/TRANSFORMATION ASSURANCE?

What is Transformation Assurance?

- ▶ Transformation Assurance is an **independent** process that assesses the health and viability of a project. It is designed to provide you and executive management with a clear sense of whether a project will accomplish its objectives and if there are significant risks. The objectives of a project assurance function can include*:
 - ▶ Assessing the risks and strengths of new or existing projects
 - ▶ Ensuring known requirements for project success are present-skills, processes, structures and culture
 - ▶ Providing unbiased, independent evaluation of the project's prospects for success
 - ▶ Working closely with project team's stakeholders to ensure that risks are collected, prioritized, and mitigated

Benefits of Transformation Assurance

- ▶ Project Assurance provides stakeholders (typically the Board or Sponsors) with an **independent viewpoint of risks associated** with key strategic initiatives and provides project team members with a broader perspective on potential risks/issues that they may not see while in midst of day-to-day management.
- ▶ Key benefits include:
 - ▶ Transparency to drive evidence-based decisions
 - ▶ Focus on operational readiness
 - ▶ Enhanced visibility to extended risks

*Tilk, D. (2002). Project success through project assurance. Paper presented at Project Management Institute Annual Seminars & Symposium, San Antonio, TX. Newtown Square, PA: Project Management Institute

Q&A

ADDITIONAL RESOURCES



RELATED THOUGHT LEADERSHIP

[How to Address Risk and Internal Controls in Business Combinations](#)

[Three Ways to Prepare for an Internal Controls Audit in a Year of Significant Change](#)

[Modern Finance: Maximizing Operations at Newly Public Companies and SPACs](#)

View additional insights [HERE](#)



[CONTACT US](#) TO CONNECT
WITH ONE OF OUR EXPERTS

RIVERON

Riveron is a business advisory firm specializing in accounting, finance, technology, and operations. We partner with our clients to elevate performance and expand possibilities across the transaction and business lifecycle.



[RIVERON.COM](https://www.riveron.com)