

6 Reasons to Ditch Your SOX Spreadsheets

Why it's time to automate your SOX controls process.

 **SOXhUB**

The New Standard in SOX Management



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Introduction

Spreadsheet error is a leading cause of accounting and audit mistakes. More than 90% of spreadsheets contain serious errors¹, while over 90% of spreadsheet users believe their models are error-free². And yet, the auditing profession is largely loyal to spreadsheets: almost all midsize and larger companies use spreadsheets for management accounting analyses³ as well as audit and SOX compliance management. Spreadsheets are powerful tools for assimilating and organizing data; they're also familiar and affordable. But at the end of the day, are they the best solution when used for repetitive, collaborative enterprise-wide processes, such as a company's SOX program?

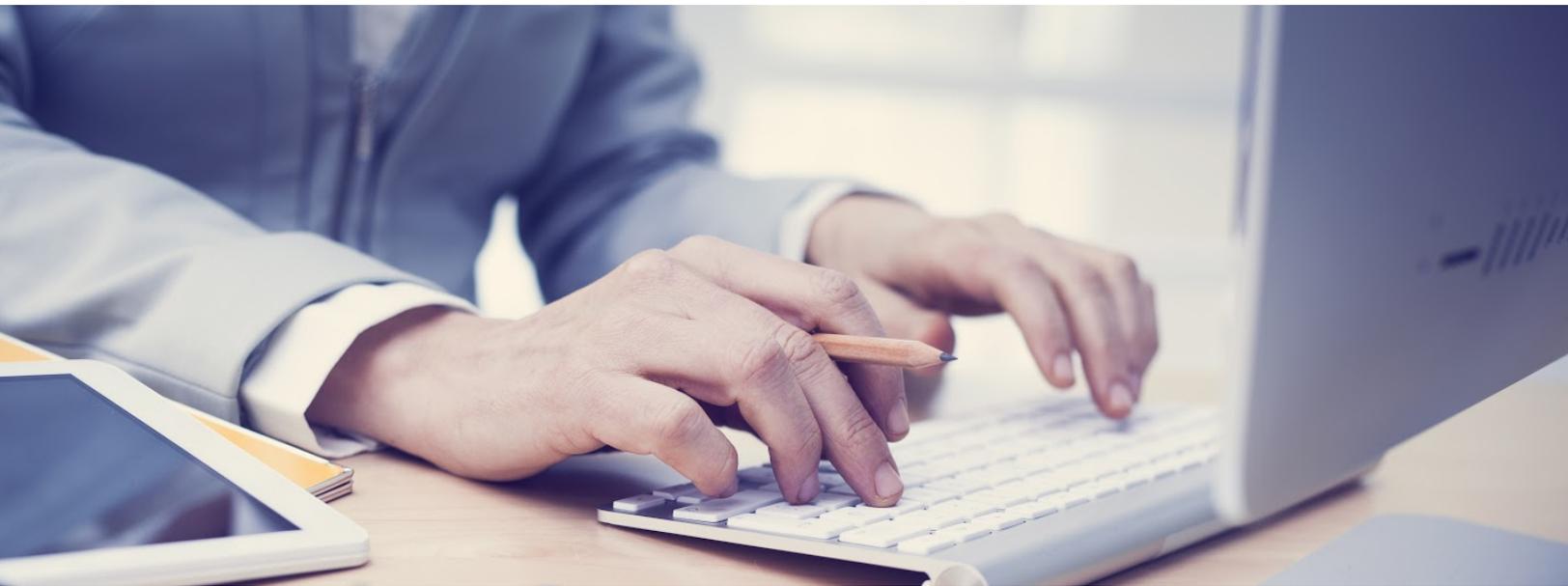
Companies who have automated their audit and SOX processes with the right software solution have reported improved efficiency not only within their department, but company-wide. Although the process of picking the right solution for your business may seem daunting, it can be well worth the undertaking.

The following whitepaper will outline six compelling reasons why more and more internal audit teams are making the switch from spreadsheets to software, and why it may be beneficial for you to consider doing so as well.

¹ <http://www.marketwatch.com/story/88-of-spreadsheets-have-errors-2013-04-17>

² <http://www.accaglobal.com/us/en/student/sa/features/talking-technology---spreadsheet-solutions.html>

³ <http://ventanaresearch.com/blog/commentblog.aspx?id=4668>



“More than 90% of spreadsheets contain serious errors, while over 90% of spreadsheet users believe their models are error-free.”⁴

⁴ <http://www.accaglobal.com/us/en/student/sa/features/talking-technology---spreadsheet-solutions.html>

Reason 1: Eliminate Version Control Issues

In a detailed findings report published this year on the state of internal controls, KPMG reported companies had an average number of 238 key controls.⁵ With the control matrices, status sheets, walkthrough templates, testsheets, narratives and other related SOX documents, an organization can have up to 3,000 documents supporting its controls.

With the amount of changes that are required throughout the year to the data points in these documents, this leaves an enormous burden on the audit teams to maintain accurate data and to stay on top of the most current version of a risk and controls document. The right enterprise solution should track the latest version of a control document automatically eliminating the possibility of version control issues, while also providing a history of changes and who made them. This solution would present the latest version of the document with easy access to view its revision history.

⁵ <https://home.kpmg.com/content/dam/kpmg/pdf/2016/05/internal-controls-2016.pdf?sf28378216=1#page=5>

Reason 2: Reduce Errors & Increase Data Quality

Copying and pasting, manual formulas - a spreadsheet is rife with open data where a single human error can affect the key reports and decisions. For more SOX teams of public entities, whose released data are subject to scrutiny by the public, the effects can be costly and time consuming.

For large companies with SOX programs, one Excel oversight can lead to incorrect reporting of information, which can escalate into increased audit efforts, costs and deficiencies. Newly public and established public companies alike should be wary of such errors.

To avoid this sort of misstep-turned-catastrophe, the right enterprise software solution should be one that minimizes versioning, restructuring and synchronizing errors, and one that intuitively identifies discrepancies.

Reason 3: Improve Status Visibility

One of the largest hurdles for the head of a company's Internal Audit program is gaining real-time status updates on reports. Auditors can spend large amounts of time hunting through shared folders for reports, testsheets, and workpapers. The right enterprise solution should eliminate the headache of sorting through a decentralized system for information. The ideal solution will allow stakeholders and decision makers 100% real-time visibility into controls documentation and testing status simply by accessing the solution's status dashboard.



Reason 4: Centralize Data

Spreadsheets serve many purposes to companies. However, enterprise teams should refrain from relying on them too heavily as central data repositories for large financial processes. The reason being: spreadsheets lack the sophistication for organizing business data across teams and functions. The right enterprise planning solution will be one which was built to intuitively understand a company's processes, and provides a central hub to navigate them allowing the power of ad-hoc custom reporting within seconds.

The solution should be a system which automatically flags potential errors or discrepancies, and keeps process owners accountable. The solution should centralize the control data, revision requests, and revision status in a single place.

Reason 5: Reduce Administrative Time

Did you know that on average, for a company with 200-300 key controls will spend around 10,000 hours on SOX management each year, and 4,000 of those hours are spent on administrative tasks, such as cleaning up and formatting spreadsheets and tracking status?⁶ Spreadsheets were not built to support automatic updates or changes in data, nor were they designed to identify data discrepancies automatically and allow for real-time collaboration of teams. For businesses with large, collaborative teams managing financial programs such as SOX, the right enterprise solution should be one that is intuitive and designed to meet the needs of the program and people it serves.

⁶ <https://www.soxhub.com/blog/save-1000-sox-hours/>



Reason 6: Increase Value-Add Activities

Due to the time and volume of work required to maintain SOX compliance programs and other auditing functions, other operational, non-SOX audit activities have often fallen to the wayside - effectively changing the role of internal auditors to focus almost solely on SOX. This should not be the case. Businesses should be looking for solutions that can streamline their processes in such a way that it frees up Internal Audit's time and resources to do other value-add activities for their organizations.

Conclusion

In conclusion, spreadsheets have many uses, but when it comes to large organizations with multiple entities and cross-departmental functions, relying too much on spreadsheets to organize and store data can become a huge weight holding back everyone involved in SOX management. The growing trend shows companies are increasingly moving towards partial or full automation of accounting and finance processes by using software. So how do you approach which software or software solution is best for you, and how do you determine if it is worth the purchase? To learn more, read our guide on [Top 10 Things Your SOX Solution Needs](#) and visit our products page.

About the Author



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