



Internal Controls Review – Food Manufacturer

Overview

PCC was retained by the Chief Financial Officer of a leading food manufacturing and distribution company to assist management in responding to two basic requirements of the Sarbanes-Oxley Act: document entity-wide, business process, general IT, and application controls; and evaluate the operating effectiveness of these controls through testing. As a result of this work, PCC prepared recommendations for improvements to control structures.

Approach & Methodology

- Conducted a qualitative and quantitative risk assessment to assist in identify financially material accounts and non-financial statement risk items
- Developed documentation for Company's entity-wide controls
- Conducted on-site interviews of key personnel at Company's Corporate location, as well as manufacturing facilities and distribution centers
- In conjunction with management, developed documentation for business process controls, general IT controls, and application controls. Deliverables included:
 - ⇒ Detailed flowcharts of control processes
 - ⇒ Risk and control matrices to verify existence of expected controls
 - ⇒ Observation matrices identifying control weaknesses
- Identified and obtained pertinent electronic and hardcopy documentation to support walk-throughs of business process and entity-wide controls documentation
- Worked with client to address control weaknesses identified during documentation and testing phases, and assisted with remediation efforts
- Developed and executed test plans for business process cycles, general IT controls, application controls, and entity-wide controls to assess the design and effectiveness of the controls:
 - ⇒ Included testing of business process key controls for Corporate location, as well as all manufacturing and distribution locations (total of five manufacturing and five distribution facilities)
 - ⇒ Conducted roll-forward testing of select business process controls during Company's fourth quarter to confirm controls were still operating at year end as previously documented

Benefits

PCC reviewed, documented, and tested controls to meet the goals, objectives, and time constraints of the clients' Sarbanes-Oxley compliance program.