

Lessons Learned from the SOX Exercise

within
Volvo Construction Equipment

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VP Internal Control

Volvo Construction Equipment

- Develop, manufacture & market construction equipment
- Active on all continents; 60+ entities
- Net Sales € 3.8 billion
- 15% of the Volvo Group in terms of Net Sales and Operating Income

Construction Equipment



Background

SOX project

Pre-study

Project organization

1. **Management Controls:** all entities
 - *Control Environment*
 - *Risk Assessment*
 - *Information & Communication*
 - *Monitoring*
2. **Transaction Controls:** major entities & processes
 - *Control Activities*
3. **[General IS/IT Controls:** major entities]

The SOX Project

Reporting

Remediation

Testing

Evaluation

Documentation

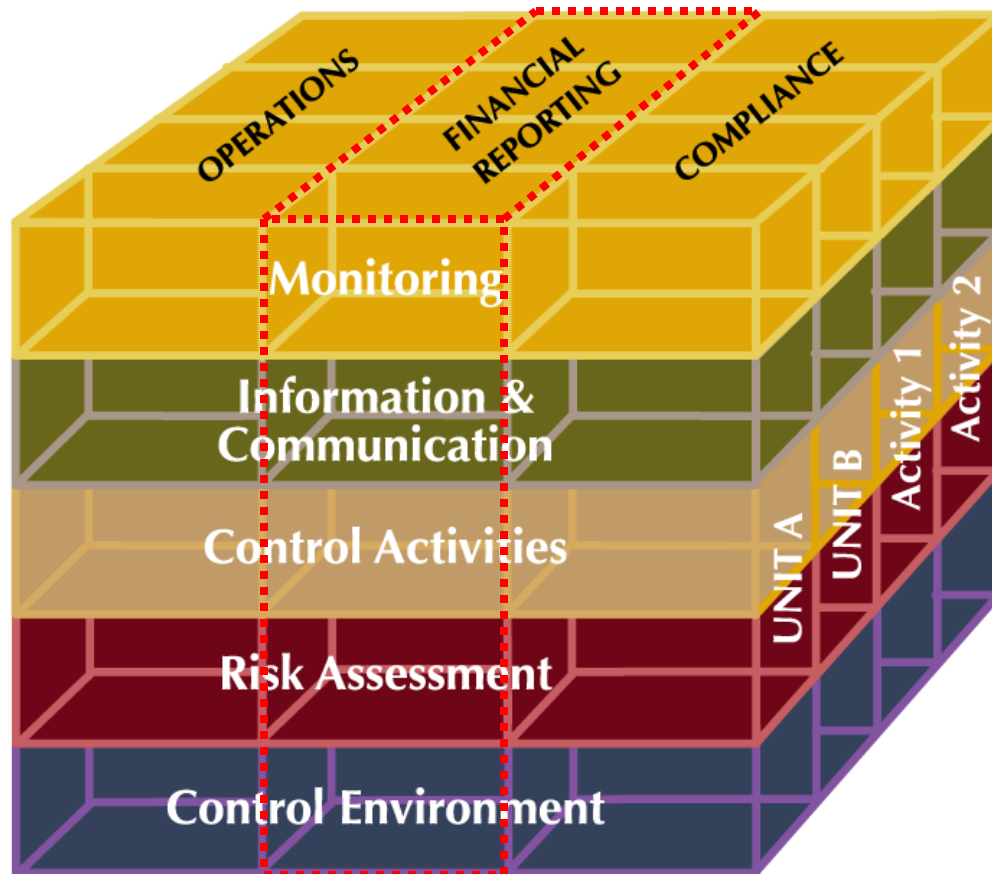
Scoping

Definitions & Requirements

Annually Recurring – Ongoing

- *Transaction Controls*
- *Management Controls*
- *General IS/IT Controls (Policies, Applications, Operations)*

COSO Framework

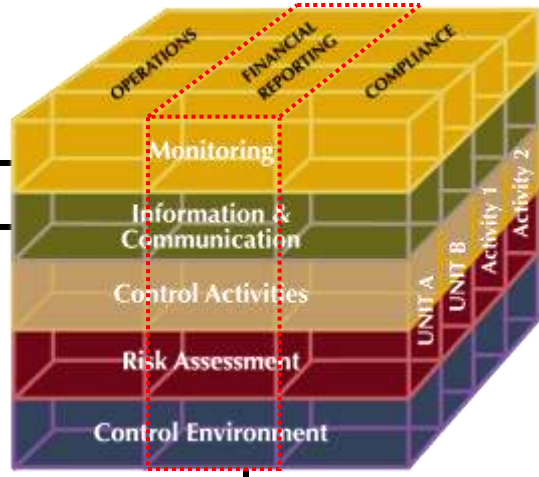


Monitoring

- Walk the talk
- Consistency
- Responsibility & delegation
- Role of
 - Internal Control
 - Internal Audit
 - External Audit

Information and Communication

- Availability
- Info packages & E-learning
- Buy-in
- *Global issues*
 - *Language*
 - *Culture*
 - *Practicability*



Control Activities

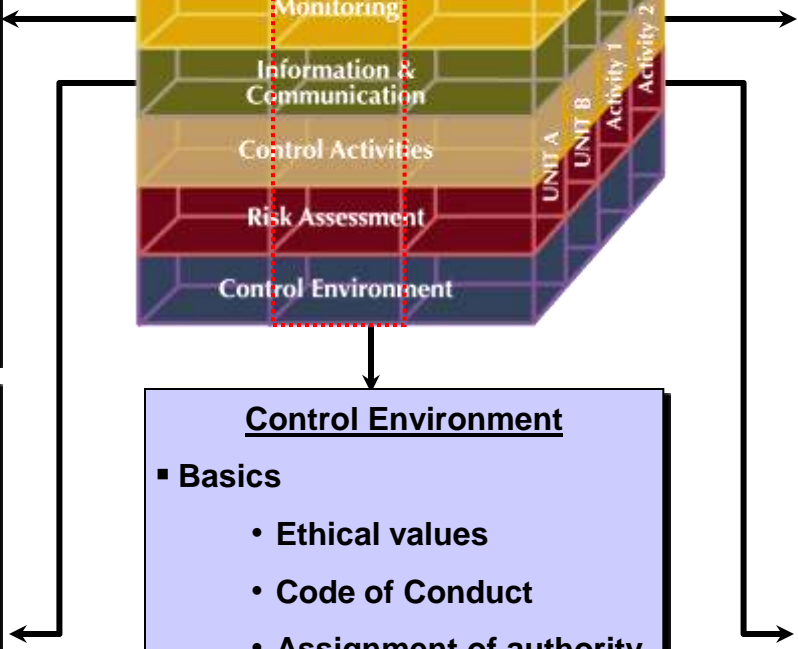
- Understanding of purpose
- Risks \leftrightarrow Control Objectives
- Automated controls
- Documentation
- Effectiveness
- Holistic view & process improvement

Control Environment

- Basics
 - Ethical values
 - Code of Conduct
 - Assignment of authority
 - Conflict of interest
- Policies
 - Adequate & clear
 - Coordinated & aligned

Risk Assessment

- Definition
- Method
 - Relevance \rightarrow FR
 - Effect \rightarrow FR
 - Activities & controls
 - Responsibility
- On-going



Conclusions

- Payback
- Internal Control Awareness
- Role of Internal Audit & Internal Control