

Company  
Logo

# SOX (Sarbanes-Oxley) Controls Review Process

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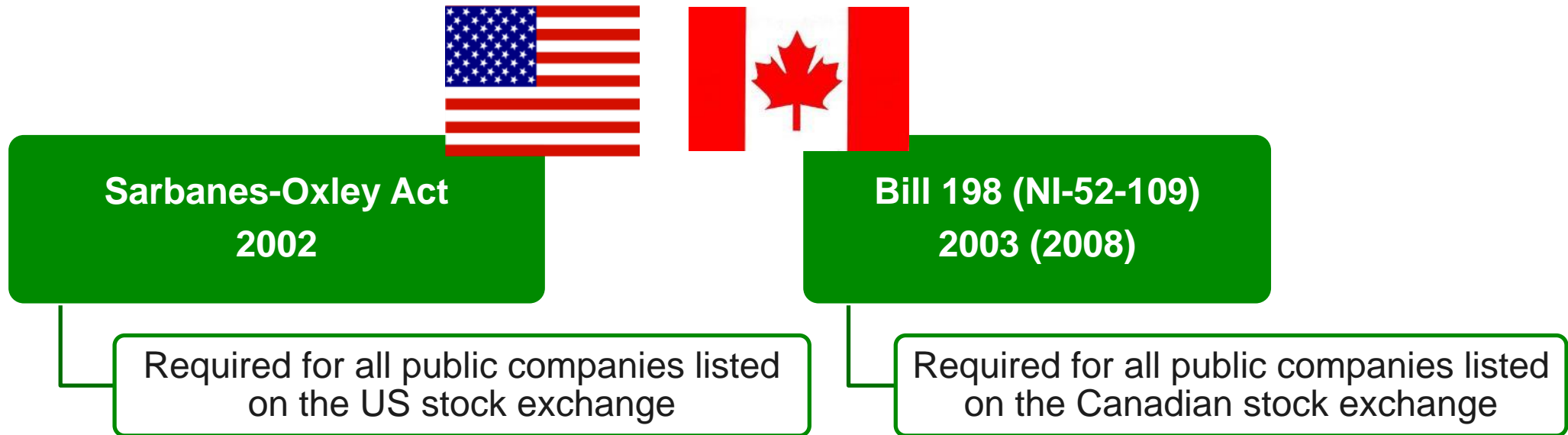
# Objectives

## At the end of this session, you will be able to:

- Identify the legislations that ABC Bank and ABCBUSH must comply with:
  - Sarbanes-Oxley (SOX) Act
  - Bill 198 (NI-59-102)
  - Federal Deposit Insurance Corporation Improvement Act (FDICIA)
- Describe the purpose of Internal Controls over Financial Reporting (ICFR).
- Describe the importance of disclosure in ICFR.
- Comply with SOX/FDICIA ICFR controls, based on your role.



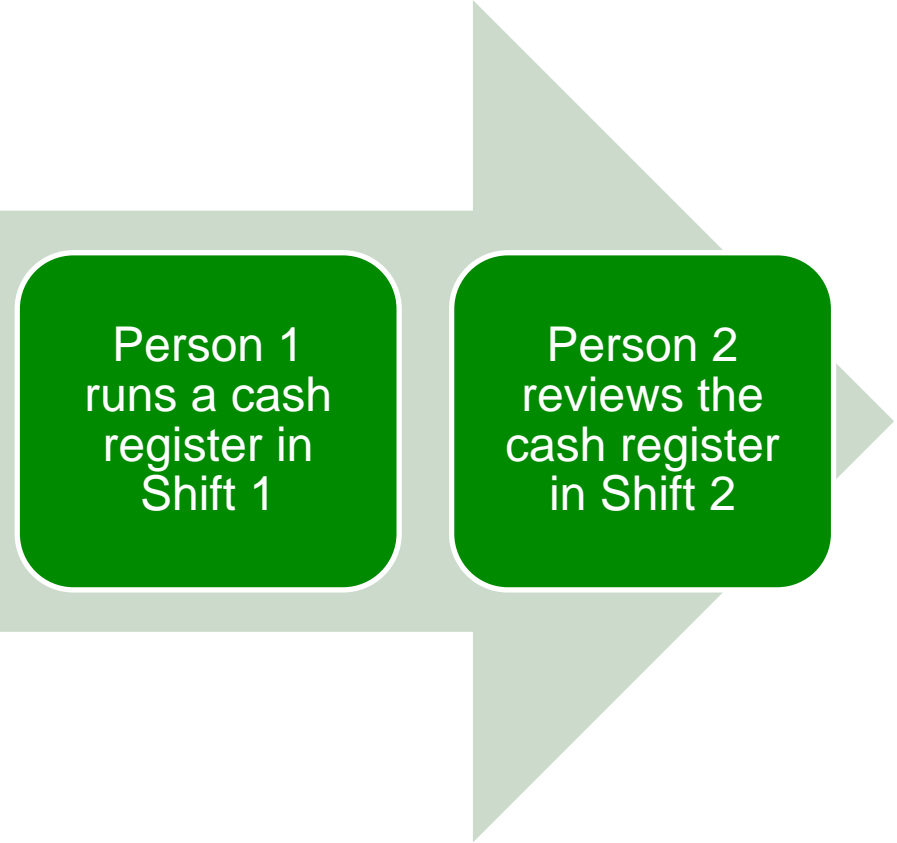
# Corporate Legislations: SOX and Bill 198 (NI-52-109)



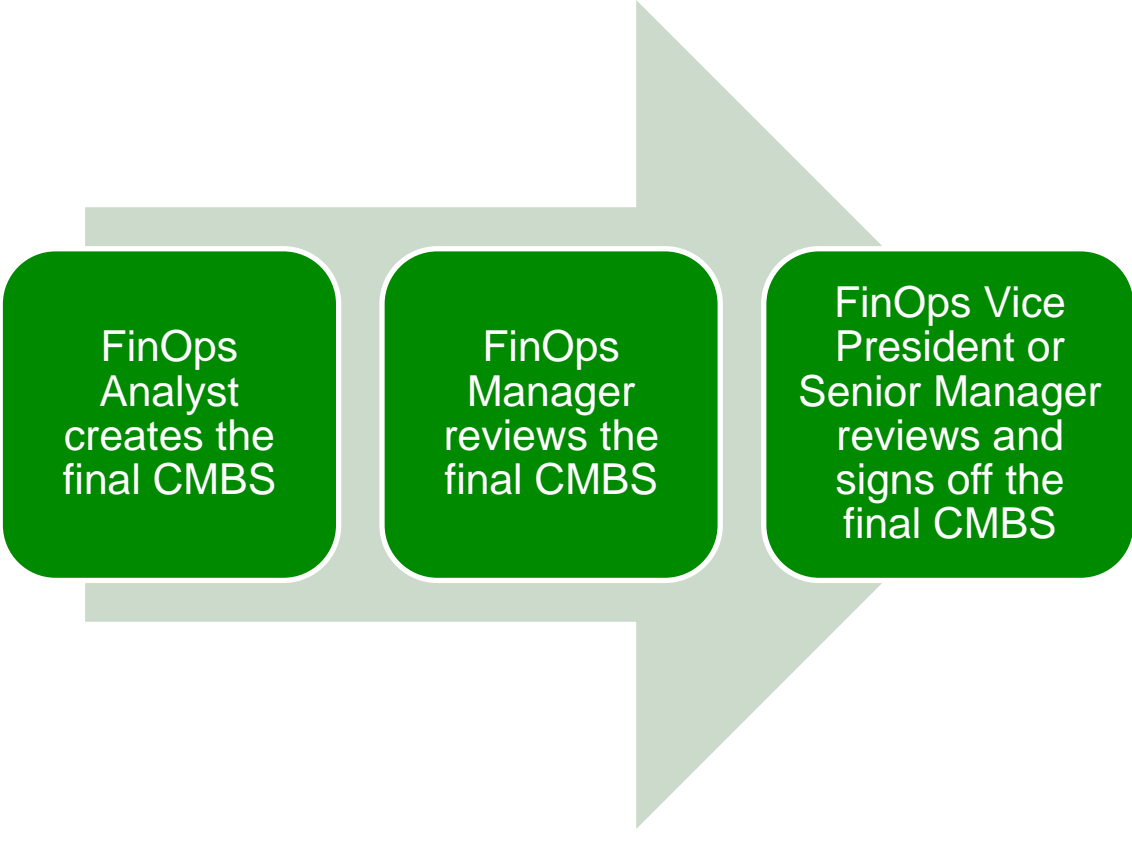
**To comply with SOX and Bill 198 (NI-52-109) regulations, ABC Bank must have appropriate internal controls and must ensure accurate disclosure of internal control measures in its financial statements.**

# ICFR—Examples

## Common Example



## ABC Bank-specific Example



# ABC Bank's Compliance Measures

## SOX/FDICIA Requirements for ABC Bank

- ABC Bank must have appropriate ICFR.
- CEO and CFO of ABC Bank must annually certify financial statements for completeness and correctness.

## ABC Bank's Compliance Measures

- Internal controls ensure both ABCBG and ABCBUSH are in compliance with the relevant legislation.
- CEO and CFO undersign the financial statements.

**To ensure SOX compliance, ABC Bank provides disclosure in its quarterly Report to Shareholders on changes, if any, in ABC Bank's policies and procedures and other processes that comprise its ICFR.**



**What does disclosure mean in the banking environment?**

# Disclosure—Place in the Financial Statement

To locate disclosure on a ABC Bank financial statement:

- Navigate to the Investor Relations website.
- On the home page, double-click to open the **Report to Shareholders > Q1 (2018) PDF**.
- Scroll to the bottom of Page 4 (of 79) of the PDF.

**Note:** Under **TABLE 1: FINANCIAL HIGHLIGHTS**, footnotes 1 to 8 comprise disclosure.

The screenshot displays the TD Bank Investor Relations website. The navigation bar includes links for 'About TD', 'Investor Relations', 'Economics', 'Careers', 'Corporate Responsibility', and 'To Our Customers'. The main content area is titled 'IR Homepage' and features a 'Financial Reports' section. Under 'Quarterly Results', the year '2018' is selected, and a table lists various reports for each quarter (Q1, Q2, Q3, Q4). The 'Report to Shareholders' link for Q1 is highlighted with a red box. Other reports listed include News Release, Supplemental Financial Information, Supplemental Regulatory Capital Disclosure, Quarterly Highlights, Quarterly Results Presentation, and Conference Call details. The right sidebar contains 'Highlights' (Quarterly Results, Q3 2018 Quick Facts, Q3 2018 Investor Presentation, Q3 2018 Investor Presentation - Fixed Income, 2017 Annual Report) and 'Tools and Resources' (Share Price and Tools, Acquisition History, Search, FAQ, News Alerts). A 'Quick Links' section is also present at the bottom right.

	Q1	Q2	Q3	Q4
News Release				
Report to Shareholders				
Supplemental Financial Information				
Supplemental Regulatory Capital Disclosure				
Quarterly Highlights				
Quarterly Results Presentation				
Conference Call				
Call Details				

# Your Role in Complying with SOX/FDICIA

To comply with SOX/FDICIA regulations, you may have to:



**Execute ICFR Controls**



**Own ICFR Controls**



# Your Responsibilities for Complying with SOX/FDICIA—1

- IA and EY teams will test the ICFR controls with you annually in two steps.



## Step 1: Design Effectiveness Testing

**How:** IA/EY team will get in touch with you via phone or in person.

**Why:** To understand how ICFR controls are executed  
Sample: 1

## Step 2: Operational Effectiveness Testing

**How:** IA and EY teams will send you a request via e-mail.

**Why:** To obtain evidence of ICFR controls  
Sample: 1 to 25

# Summary

## In this session, you learned that:

- ABC Bank must comply with SOX and Bill 198 (NI-59-102) regulations for accurate financial reporting.
- Apart from SOX, ABCBUSH must also comply with FDICIA regulations.
- ICFR is a financial controls program that ensures that a company has the internal controls in place to ensure its financial reporting is accurate.
- Both SOX and FDICIA legislations require ABC Bank to have appropriate ICFR.
- Disclosures provide information about the policies and procedures used by a bank as part of its internal control measures .
- The Global Controls Office (GCO), Internal Audit (IA) and Ernst & Young (EY) teams are together responsible for verifying ABC Bank's compliance with SOX and FDICIA.

