

CAQ Pulse Poll: CFO Perspectives on the Sarbanes-Oxley Act



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MAY 2017

Overview

- ▶ 79% of chief financial officers (CFOs) feel that the overall quality of information in audited financial statements has improved since the enactment of SOX.
- ▶ 85% of CFOs believe the internal control over financial reporting (ICFR) audit function has either greatly (34%) or somewhat (51%) helped their company.
- ▶ Top reasons for why the audit function helps the company include building trust among stakeholders and customers (26%), helping to produce accurate financial reporting (21%), and making the process more streamlined (21%).

Notes

- ▶ This survey was fielded by the Glover Park Group, March 27–April 18, 2017. The number of survey respondents was 105 CFOs of publicly traded, US companies. Data collection mode was internet (75 respondents) and phone-to-web (30 respondents).
- ▶ Components may not add up to 100% because of rounding.

Questionnaire

1. As you may know, the Sarbanes-Oxley Act (SOX) was passed in 2002 to strengthen financial reporting and improve audit quality after the fall of companies like Enron and WorldCom. Do you feel that the overall quality of information in audited financial statements has improved, not improved, or stayed about the same since the enactment of the SOX?	Total
Improved	79%
Stayed about the same	19%
Not improved	1%
Not sure	1%

2. To what degree do you feel the external audit of a company's internal control over financial reporting (or ICFR) has helped your company, if at all?	Total
It has greatly helped my company	34%
It has somewhat helped my company	51%
It has not helped my company much	11%
It has not helped my company at all	5%
Don't know	0%
My company is not subjected to this provision of the Sarbanes-Oxley Act	0%

Categories	
It has helped my company	85%
It has not helped my company	15%

3. You indicated that the external audit of a company's ICFR has [answer from Q2]. In two to three sentences, please explain why this is the case. <i>Note: In some cases, responses were double-coded.</i>	Total
% "Greatly/somewhat helped my company"	n=89
Builds trust among stakeholders / customers	26%
Accurate financial reporting	21%
Process is more streamlined	21%
Better transparency	16%
Helps us to improve as a company	13%
Helps to tighten controls	11%
Unbiased way of auditing	9%
Better compliance	7%
Better insights for management	3%
Other	5%
% "Not helped much/Not at all"	n=16

4. Which of the following best describes the value that you place on an ICFR audit? <i>Select all that apply.</i>	Total
It provides an independent assessment to help identify and understand the financial statement reporting risks and mitigate them accordingly	30%
An audit of ICFR can serve as a warning sign that shows where financial statement reporting controls could be improved	26%
It provides a mechanism to hold my team accountable and help ensure accurate financial reporting	22%
All of the above	45%
An audit of ICFR has no value to my efforts to provide accurate financial reporting	8%

5. Do you agree or disagree with the following statement: Overall, the benefits of the Sarbanes-Oxley Act outweigh or are equivalent to the costs for my company.	Total
Strongly agree	36%
Somewhat agree	43%
Somewhat disagree	9%
Strongly disagree	11%
Don't know	2%
Categories	
Agree	79%
Disagree	18%

6. Do you agree or disagree with the following statement: The cost of compliance with the Sarbanes-Oxley Act has decreased over time for my company.	Total
Strongly agree	27%
Somewhat agree	35%
Somewhat disagree	24%
Strongly disagree	9%
Don't know	6%
Categories	
Agree	62%
Disagree	32%

Screening Questions

1. What is your title?	Total
Chief financial officer	100%
Chief executive officer	0%
Chief operating officer	0%
Accountant	0%
Vice president	0%
Managing director	0%
Associate	0%
Other	0%

2. Which best describes the type of company you work at?	Total
Publicly traded	100%
Limited liability company	0%
Privately owned	0%
Other	0%
Don't know	0%

3. Including full-time (35 hours/week or more) and part-time (less than 35 hours/week), how many employees does your company currently have?	Total
Less than 10	0%
10-49	2%
50-99	10%
100-249	20%
250-499	21%
500 or more	48%