

## Leading Mortgage Industry Company

Sarbanes-Oxley Compliance

### Business Challenge

With more than \$50 billion in annual revenue, our client is one of the largest players in the financial services industry. This government-sponsored enterprise (GSE) was founded over 50 years ago to ensure that mortgage financing was made available to lower- and middle-class homebuyers.

Though private, the company is closely monitored by the Securities and Exchange Commission (SEC) and the Office of Federal Housing Enterprise Oversight (OFHEO). In 2004, OFHEO's annual report discovered an accounting scandal which had allowed \$11 billion in misstated earnings over the previous four years. This report prompted further investigation by the SEC and the U.S. Department of Justice.

Similar scandals at firms like Enron and WorldCom had led to the passing of the Sarbanes-Oxley Act in 2002. Often referred to as SOX, this law tightened accounting regulations in order to improve accuracy and reliability of corporate financial statements. SOX sections 302 and 404 also require a set of internal controls over financial reporting IT systems to further mitigate risk to a company's financials.

After several years of unfavorable audits and bad press, our client was determined to earn a favorable SOX ruling in 2006.

### The Solution

With the August 2006 release of new enterprise-level standards and procedures our client had only one month to ensure compliance across more than 175 financially relevant applications. To facilitate this goal within the aggressive time frame, Acumen Solutions formed a metrics team responsible for the collection, analysis, and reporting of data pertaining to compliance with enterprise procedures. Their modeling process produced weekly reports that clearly conveyed compliance status for each application as well as at an aggregate level.

Highlights of the metrics team's accomplishments include:

- Designing and implementing an automated reporting mechanism to maximize efficiency and minimize human error
- Analyzing control performance in order to uncover and remediate application deficiencies
- Identifying pervasive compliance issues and recommending remediation action to prevent audit failures
- Creating an executive dashboard to help upper management ensure that applications were operating in compliance with SOX requirements

**With only one month to ensure compliance across 175 financially relevant applications, Acumen Solutions created and delivered effective compliance metric reporting that led to a positive audit outcome.**

### Return on Investment

After a comprehensive audit process the client was ruled SOX-compliant. This had a strong positive impact on public opinion and helped restore stockholder confidence in the company. Acumen Solutions' success in helping them achieve this goal put the company back on track for a prosperous future.