

BUSINESS RISK ASSESSMENT

ABOUT AC LORDI

AC Lordi is a boutique consulting firm of 100+ professionals founded in 2001 offering accounting and finance, risk and compliance, business advisory, and CFO services. Headquartered in the Greater Philadelphia area, we have performed work throughout the U.S. and in more than 20 countries for a broad range of clients from emerging growth through multi-national organizations. Our Risk & Compliance service line provides clients with high-level professionals with expert skills, strong work ethics, and the proven tools necessary for effective internal and IT audit, risk assessment, Sarbanes-Oxley, and other regulatory compliance needs. Our services focus on financial, operational, information technology, and compliance risks, and helping companies ensure that their risk management strategies, governance effectiveness, and internal controls meet the increasing expectations of stakeholders.



Bill Dawson, CPA

Principal – Service Line Lead

- 30+ years of diverse accounting, reporting, tax, SOX compliance and audit experience with public and privately held corporations.
- Served as VP of Internal Audit and VP of Income Tax for a \$2B+ apparel retailer.
- Former Audit Partner with over 18 years of experience with PwC.



Joe Casey, CPA, CFE

Director, Risk & Compliance

- Managed numerous asset misappropriation, financial statement fraud and corruption investigations.
- Provided forensic accounting and consulting services in financial disputes.
- Former Manager at Deloitte & Touché with over 20 years of experience.

BUSINESS RISK ASSESSMENT

Every company is exposed to risks from a variety of internal and external sources. Risk is defined as *“the possibility that internal and external forces will adversely affect the achievement of the company’s goals and objectives.”*

A Business Risk Assessment helps the organization document and consider the extent to which risk exposures could impact the company both before and after considering the procedures and controls already in place. The assessment will identify, document, measure, prioritize and report risks. The assessment will assist in determining and evaluating which procedures and controls are currently in place and where the company may want to increase or decrease its controls to achieve a desired level of risk.

Information Technology (IT) risks are an important subset of business risk. The broader and deeper IT is integrated into the business, the greater the benefits and risks IT brings to the company. It is vitally important that companies identify and analyze their IT risks in order to understand what mitigating actions are required to protect them from the adverse effects of these risks.

A risk assessment is a collaborative effort and enables companies to validate their highest risk areas and determine risk mitigation priorities. It can also act as the basis for the Internal Audit planning process.

Our Business Risk Assessment Methodology

1. **Define a Common Language** – prioritize and measure risk based on tailored corporate definitions
2. **Develop a Business Snapshot** – present the key aspects of the company or function on a page
3. **Determine the Risk Universe** – identify the most probable categories of risk to which company or function is exposed
4. **Interview Key Executives and Managers** – discuss objectives, determine risks & mitigating actions
5. **Evaluate Gross Risk** – evaluate the significance and likelihood of each risk
6. **Determine Mitigating Activities** – identify in-place actions to mitigate risk
7. **Determine Residual Risk** – after considering the in-place mitigating activities
8. **Determine Desired Risk Level** – consider adding or reducing control activities to achieve desired risk level
9. **Final Report and Deliverables** – communicate results to management and the Board

SELECTED CLIENTS



REPRESENTATIVE ENGAGEMENTS

<p>Financial services company providing direct-to-consumer financing solutions.</p>	<p>AC Lordi served as the outsourced internal audit function, including performing a business risk assessment, implementing an internal audit plan, and performing internal audits reporting to the Audit Committee. We also implemented the company's initial SOX compliance program after their IPO.</p>
<p>Global manufacturer and distributor of personal care and nutrition products.</p>	<p>AC Lordi performed a global business risk assessment and implemented the company's first 3-Year Global Internal Audit Plan, and a full Japanese SOX (J-SOX) compliance methodology for the U.S. division, coordinating subsequent implementations at the Japan, China, and Malaysia divisions. We worked with management and the Board of Directors in compiling and finalizing the risk reporting deliverables and audit plans.</p>
<p>A leading wireless medical technology company.</p>	<p>AC Lordi implemented the company's initial Sarbanes-Oxley compliance methodology, including the establishment of an ongoing antifraud program. We supported the company with resources and program oversight, over a several year period, as they sized and internalized their compliance function. Additionally, we coordinated with management, internal audit, and the Audit Committee to perform the company's first formal business risk assessment and associated three-year audit plan.</p>
<p>A world-class entertainment and hospitality company.</p>	<p>AC Lordi performed a fraud risk assessment and provided fraud awareness training for each of the properties including Corporate, Hotels, Arenas, Amusement Park, Retail Outlets, Restaurants, Golf Courses, Sports Complex & Team, and the Theater. The assessment also included Information Technology, Construction, and the Laundry functions. We assisted in assessing and ranking the risks by property and for the consolidated entity and identified internal controls that mitigate the significant risks.</p>
<p>Generic pharmaceutical manufacturer and distributor.</p>	<p>AC Lordi performed a business risk assessment for the organization including developing a business snapshot and risk universe, interviewing key management, compiling business risks, identifying risk owners, determining significance and likelihood of the risks, and identifying mitigating controls. The results of the risk assessment were then used to facilitate the creation on an internal audit plan. We also implemented the company's outsourced internal audit function, led their initial SOX compliance effort, performed a scenario-based fraud risk assessment, and documented their antifraud program.</p>

AC LORDI SERVICES

Accounting

- Accounting Outsourcing
- Interim Resources
- SEC & Financial Reporting
- Special Projects
- Technical Accounting
- Valuation

Risk & Compliance

- Delegation of Authority
- Enterprise Risk Management
- Internal Audit
- Internal Controls
- SOX & J-SOX Compliance
- IT Audit & Consulting

Business Advisory

- Business Analytics & Reporting
- ERP/Financial Systems
- Finance Transformation / Change Management

Office of the CFO

- Budgeting & Forecasting
- Financial Due Diligence
- Fractional & Interim Executives
- Post-Acquisition Integration & Carve-outs
- Transaction, IPO and Audit Readiness