

Navigating ICFR Implementation

AideOne's proven approach toward successful implementation:
a roadmap for public interest entities.

ICFR at a glance

Internal Control Over Financial Reporting (ICFR) is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements. It encompasses policies, procedures, and activities that ensure accurate recording of financial transactions, safeguarding of assets, and prevention of fraud.

The implementation of Internal Control Over Financial Reporting (ICFR) is vital for organizations to ensure the accuracy and reliability of their financial statements, comply with regulatory requirements, and mitigate the risk of fraud.

Regulatory Landscape of ICFR

As part of the Financial Reporting Council of Nigeria's ongoing efforts to cultivate confidence in company's financial reporting, The Financial Reporting Council (FRC) Act of 2011 amended in 2023 requires the management of every Public Entity and Public Interest Entity to establish and maintain a system of ICFR that provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles.

While the Investment and Securities Act 2007 (ISA 2007) of the Securities and Exchange Commission (SEC), in sections 60 to 63, provides the financial reporting requirements for public companies. It requires that 'the board of directors of a public company shall report on the effectiveness of the company's internal control system in its annual report (section 61 (2)).

It underscores the critical role that effective internal control over financial reporting (ICFR) plays in fostering transparency, accountability, and compliance with leading practices.

Why ICFR?

	Objective	Challenge/Risk	Solution
1	<i>Ensure Accuracy and Reliability of Financial Statements.</i>	Errors, Omissions or Fraud in Financial reporting can lead to regulatory Penalties, Investor Distrust and costly restatements.	Prevent errors with automated reconciliations, segregation of duties (SoD), and approval workflows.
2	<i>Achieve Compliance and avoid Penalties.</i>	Non-compliance with regulations (e.g; FRCN, ICAN and SEC) and reputational damage.	Implement an internal control framework based on COSO to meet regulatory requirements.
3	<i>Mitigate Fraud and Operational Risks.</i>	Fraud costs organizations 5% of annual revenue each year (ACFE Report, 2024), while weak controls expose businesses to operational failures.	Prevent fraud via SoD, access controls, and whistleblower programs and Identify risks proactively through risk assessments and heat maps.
4	<i>Enhance Stakeholder Confidence.</i>	Investors, lenders and board members demand trustworthy financial data to make decisions.	Build credibility with transparent, auditable processes implemented via an internal control framework.
5	<i>Drive Operational Efficiency.</i>	Manual redundant processes waste time and resources.	Automate controls (e.g., ERP validations, auto-reconciliations) and eliminate redundancies by streamlining workflows.

The ICFR journey toward value creation

ICFR implementation should not be considered as a one-time exercise but an ongoing journey that requires continuous commitment and a clear tone at the top. Rather than being perceived as merely a compliance requirement, ICFR must be embedded into the company's DNA, with ownership shared across all hierarchical levels to maximize its value.

AideOne applies a practical and results-oriented ICFR transformation methodology that helps companies convert regulatory obligations into opportunities for operational excellence. This approach encompasses governance, risk assessment, control design, and continuous monitoring, ensuring that internal controls are not only compliant but also resilient and scalable. Through strategic planning, stakeholder collaboration, and tailored insights, we help organizations embed ICFR into their operations and empower teams to sustain it.

Our Approach and Methodology

At AideOne, we support organizations in building and sustaining a strong internal control environment over financial reporting (ICFR). Our methodology is grounded in globally recognized standards, particularly the COSO Framework and the Financial Reporting Council (FRC) guidelines. We take a practical, collaborative, and tailored approach to help businesses meet regulatory expectations while driving operational excellence.

We support your organization through the following key activities:

1. Gap Assessment: Evaluate existing controls against COSO principles to identify areas for enhancement.

2. Risk & Control Mapping: Identify and document financial reporting risks and the controls that mitigate them.

3. Effectiveness Evaluation: Assess the design and operating effectiveness of current controls.

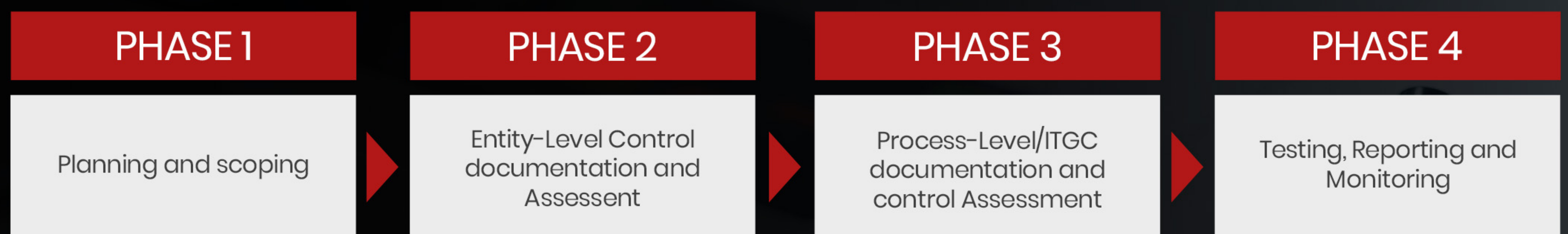
4. Process Documentation: Capture key business processes and the control activities embedded within them.

5. Framework Implementation: Support the rollout of a compliant internal control framework aligned with FRC guidelines.

6. Deficiency Remediation: Address gaps in policies, procedures, and control activities to ensure full compliance.

7. Knowledge Transfer: Build internal capacity through hands-on training and enablement of key stakeholders.

Our Four-Phase Methodology



Phase 1: Planning and Scoping

- ~ Conducting a financial statement risk assessment to identify significant accounts and processes.
- ~ Performing scoping analysis across entities, business cycles, and IT systems.
- ~ Identifying critical IT applications relevant to financial reporting.
- ~ Establishing documentation standards for process narratives, risk-control matrices, and test workpapers.
- ~ Coordinating with external auditors to align expectations and reduce audit friction.

Phase 2: Entity-Level Control Documentation and Assessment

- ~ Reviewing organizational structure, tone at the top, and risk management practices.
- ~ Assessing entity-level controls such as board oversight, ethics, and compliance culture.
- ~ Documenting and evaluating controls that impact the overall reliability of financial reporting.

Phase 3: Process-Level / ITGC Documentation and Control Assessment

- ~ Documenting key financial reporting processes and related control activities.
- ~ Assessing IT General Controls (ITGCs) including access management, change control, and system operations.
- ~ Identifying control gaps and recommending remediation actions.

Phase 4: Testing, Reporting, and Monitoring

- ~ Performing control testing to evaluate design and operating effectiveness.
- ~ Reporting findings and recommending corrective actions.
- ~ Delivering training and knowledge transfer to empower internal teams for ongoing monitoring and self-assessment.

Why Choose Us?

At AideOne, we are dedicated to aiding businesses in fulfilling their vision by building resilient and efficient internal control environments. Our commitment goes beyond compliance; we empower organizations to unlock value through strong governance and process excellence.

1 Proven Expertise:

Our team has extensive experience in ICFR implementation, assessment, and compliance across various industries.

2 Regulatory Alignment:

We ensure that your organization meets all applicable SEC and FRCN requirements.

3 Collaborative Engagement:

We work closely with management, internal auditors, and external auditors to facilitate a seamless ICFR implementation **process**.

4 Tailored Recommendations:

We deliver more than compliance. Our recommendations are actionable and designed to strengthen controls, improve efficiency, and support better decision-making.

5 Empowering Management:

We equip your team with the skills and understanding needed to sustain and evolve your ICFR framework. Through targeted training and ongoing support, we ensure long-term success.

Connect with us to explore in greater detail



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