ACC 675 Milestone Three Guidelines and Rubric

For Milestone Three, prepare a draft of a comparative systems report. Compare and contrast electronic data processing (EDP) systems used by Trinity Industries with those in the marketplace. Using substantive testing, audit the transaction flow and determine whether financial information is accurately reflected in the system transactions. This will allow for an assessment and recommendation as to the effectiveness of the company's internal control processes, including changes in transaction processing if necessary. Compose a short memorandum that communicates the results of the first year of testing along with recommendations as to what Trinity should do differently in subsequent years, including recommendations for reducing SOX-related expenses.

Prompt: Assess the compliance approach implemented by Trinity Industries in order to recommend a cost efficient software system.

Specifically, the following **critical elements** must be addressed:

III. **Bottom-Up Approach**
   a) What were the **strengths and weaknesses** of Trinity's practice-based bottom-up approach? How effective was it?
   b) What would you **recommend** it should have done differently in Year 1? Defend your response.
   c) Compare and contrast the strengths and weaknesses of a bottom-up versus a **top-down** risk approach to compliance.
   d) Which approach is more appropriate in completing a **compliance project** successfully for Trinity's first year?
   e) How does each approach affect a company's **internal control structure**?
   f) Identify the **chief insights** from the pilot project. How does the pilot project for the EDP system compare to SOX requirements?
   g) Identify the **testing processes** Trinity performed and whether Trinity took the appropriate approach in designing their controls.
   h) Based on the substantive tests, which testing process proved to be **most useful** in assessing Trinity's accounting system?
   i) Compose a short memorandum that communicates the **results** of the first year of testing along with **recommendations** as to what Trinity should do differently in subsequent years.

IV. **SOX-Related Expenses**
   a) Formulate recommendations for how Trinity could **further reduce** SOX-related expenses in 2008. Be sure to consider the barriers the company may encounter with each of your recommendations.
   b) What are the **major sources of cost** in Trinity's compliance maintenance and testing?
   c) **Rank** each of the major sources of cost in terms of value.
   d) Compare the choice of Oracle as the selected **software system** against two other systems of comparable size and scope. Evaluate each software system's advantages and disadvantages.
   e) If you determine that another software system would have been a better choice through your analysis, **defend** the decision. If Oracle is the choice after analysis, defend that decision.

Southern New Hampshire University

Rubric

Guidelines for Submission: Your comparative systems report must be submitted as a 4–5-page Word document with double spacing, 12-point Times New Roman font, one-inch margins, and at least three sources cited in APA format.

Critical Elements	Proficient (100%)	Needs Improvement (75%)	Not Evident (0%)	Value
Bottom-Up Approach: Strengths and Weaknesses	Determines the strengths and weaknesses of the bottom-up approach and its effectiveness	Determines the strengths and weaknesses of the bottom-up approach and its effectiveness but determination is cursory or contains inaccuracies	Does not determine the strengths and weaknesses of the bottom-up approach	7
Bottom-Up Approach: Recommend	Formulates a recommendation concerning what the company should have done differently in Year 1 and defends response	Formulates a recommendation concerning what the company should have done differently in Year 1 but does not defend response or defense is weak or illogical	Does not formulate a recommendation concerning what the company should have done differently in Year 1	7
Bottom-Up Approach: Top-Down	Compares and contrasts the strengths and weaknesses of a bottom-up versus a top-down risk approach to compliance	Compares and contrasts the strengths and weaknesses of a bottom-up versus a top-down risk approach to compliance but with gaps in accuracy or detail	Does not compare and contrast the strengths and weaknesses of a bottom-up versus a top-down risk approach to compliance	7
Bottom-Up Approach: Compliance Project	Accurately determines which approach is more appropriate in completing a compliance project successfully for Trinity's first year	Determines which approach is more appropriate in completing a compliance project successfully for Trinity's first year but is inaccurate in determination	Does not determine which approach is more appropriate in completing a compliance project successfully for Trinity's first year	7
Bottom-Up Approach: Internal Control Structure	Accurately assesses how each approach affects a company's internal control structure	Assesses how each approach affects a company's internal control structure but assessment is cursory or contains inaccuracies	Does not assess how each approach affects a company's internal control structure	7
Bottom-Up Approach: Chief Insights	Identifies the chief insights from the EDP system's pilot project and how the project compares to SOX requirements	Identifies the chief insights from the EDP system's pilot project but does not identify how the project compares to SOX requirements or identification is incorrect	Does not identify the chief insights from the pilot project	7

Bottom-Up Approach: **Testing Processes**	Identifies the testing processes Trinity performed and whether Trinity took the appropriate approach in designing their controls	Identifies the testing processes Trinity performed but does not identify whether Trinity took the appropriate approach in designing their controls or testing processes identified are inaccurate	Does not identify the testing processes Trinity performed	7
Bottom-Up Approach: **Most Useful**	Determines the most useful testing process based on the substantive tests	Determines the most useful testing process but does not base determination on the substantive tests	Does not determine the most useful testing process	7
Bottom-Up Approach: **Results and Recommendations**	Composes a memo that communicates the results for the first year and includes recommendations	Composes a memo that communicates the results for the first year and includes recommendations but memo is cursory or lacks detail	Does not compose a memo	7
SOX-Related Expenses: **Further Reduce**	Formulates recommendations for how Trinity could further reduce SOX-related expenses in 2008 and considers the barriers they may encounter	Formulates recommendations for how Trinity could further reduce SOX-related expenses in 2008 but does not consider the barriers they may encounter or recommendations are illogical	Does not formulate recommendations for how Trinity could further reduce SOX-related expenses in 2008	7
SOX-Related Expenses: **Major Sources of Cost**	Determines the major sources of cost in Trinity's compliance maintenance and testing	Determines the major sources of cost in Trinity's compliance maintenance and testing but determination contains inaccuracies	Does not determine the major sources of cost in Trinity's compliance maintenance and testing	7
SOX-Related Expenses: **Rank**	Accurately ranks each of the major sources of cost in terms of value	Ranks each of the major sources of cost in terms of value but contains inaccuracies	Does not rank each of the major sources of cost in terms of value	7
SOX-Related Expenses: **Software System**	Compares Oracle as the selected software system against two other systems by evaluating each system's advantages and disadvantages	Compares Oracle as the selected software system against two other systems by evaluating each system's advantages and disadvantages but evaluation is cursory or contains inaccuracies	Does not compare Oracle as the selected software system against two other systems	7
SOX-Related Expenses: **Defense**	Defends the decision of the software choice based on the analysis	Defends the decision of the software choice but does not base defense on the analysis	Does not defend the decision of the software choice	7
Articulation of Response	Submission has no major errors related to citations, grammar, spelling, syntax, or organization	Submission has major errors related to citations, grammar, spelling, syntax, or organization that negatively impact readability and articulation of main ideas	Submission has critical errors related to citations, grammar, spelling, syntax, or organization that prevent understanding of ideas	2

	Earned Total	100%