



# Responding to Japanese listed-Parent's complex compliance regime

**Client name:**

An Australian subsidiary of a large multi-national Japanese listed company.

**Industry:**

Machinery.

**Client challenge:**

Scoped into J-SOX for the first time.

**Grant Thornton services:**

Consulting and the Japan Practice.



The concept of 'internal control for financial reporting' is somewhat universal.

Yet, depending on regulations, specific requirements or underlying principles, it can be slightly different from business to business.

J-SOX is a head-office driven process that many Australian subsidiaries of Japanese Parent companies have had to adopt.



Grant Thornton  
Australia



Machinery



### Client challenge

Our client was a subsidiary of a US-listed entity, which was then acquired by a Japanese company (Parent company).

While its immediate parent was the US entity, the client was deemed out-of-scope due to size. Certain processes were tested directly by the internal auditor of the US entity for the US-SOX purpose.

Once the Japanese Parent came into the picture, the client was scoped in for J-SOX purposes.

The Australian CFO was notified of this fact in August for a March fiscal year-end. There was a bit to do and the timeframe was tight.

### The solution

Grant Thornton worked closely with the CFO to gather existing policies and procedure manuals to assess the current state readiness for J-SOX documentation.

Rather than creating anything from scratch, the team was able to leverage existing documentation, reducing a significant amount of effort from the client's staff members. The team was already lean and at capacity so doing this meant the operations weren't interrupted.

Drawing from significant internal auditing experience, Grant Thornton created templates customised for the client's purpose and prepared documentation.

Because of the organisational structure where the client reports to the immediate parent in the US, Grant Thornton supported the local CFO to communicate with the head of the internal auditor in the US by presenting the weekly status update.

Grant Thornton managed the J-SOX-related communication with the external auditors while providing timely updates to the local CFO.

### The outcome

In the second year, Grant Thornton challenged the identified key risks and controls and optimised the matrix, which resulted in a saving of two-week people-hours.

During the third year, the outbreak of coronavirus restricted site visits. However, because of the established framework and continuity of the team, Grant Thornton delivered the quality outputs that met our client's expectations and as required by the client's external auditor on time.



“Unique challenges and regulatory requirements are faced by foreign-owned businesses the world over.

It is in our DNA to be in our client's shoes – with feet on the ground in the jurisdictions in which they operate – and provide pragmatic and real-time solutions.”

**Shoko Arakawa**  
Japan Practice Leader, Grant Thornton