FROM CLOSE, TO REPORTING, TO AUDIT: HOW FLOQAST AND WORKIVA STREAMLINE FISCAL PROCESSES AND ENSURE COMPLIANCE

ZAGG
B R A N D S

INDUSTRY
Manufacturer and distributor of mobile device accessories

ERP
Microsoft Dynamics

OBJECTIVE
ZAGG, Inc. realized the need to consolidate and add structure to its financial processes, specifically with regards to closing the books and financial reporting. The company wanted to add accountability and control for internal audit tasks, and to add definition and documentation of regulatory compliance a reality.

WHY FLOQAST + WORKIVA
- Ability to centralize tasks and improve their fiscal visibility organization-wide
- Best possible match of needed functionality with cost-effectiveness
- Low training requirements to ensure growing staff was up to speed quickly

BENEFITS
- Added discipline over the entire financial management, close, and reporting process
- Connected data across accounting, reporting, and audit teams
- Streamlined internal audit functions, and pre-handling of SOX compliance regulations

Having streamlined the month-end close process using FloQast Close, ZAGG Brands Inc. adapted additional processes using FloQast's accounting workflow automation software. As a result, the company , which makes the InvisibleShield screen protector for mobile devices, added control and organized documentation for internal audit tasks. This has helped ensure SOX compliance needs are met and that strict adherence is consistent.

Pairing FloQast with Workiva, a reporting and compliance platform that modernizes how customers work with business data, the company improved external regulatory reporting, including for stringent SEC requirements.

FINANCE AND REPORTING SYNC UP
Using FloQast and Workiva, the accounting team and the team responsible for financial reporting enhanced communication and organization.

"With FloQast and Workiva, my colleague Eric Green, the Director of Financial Reporting, who completes the bulk of the financial reporting functions, and I are now able to synchronize our activities without the usual back and forth of questions and redundant requests for additional documentation or supporting approvals," said Steven Hayes, Corporate Controller at ZAGG.

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Corporate Controller

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"It's nice for him to be able to just put in tasks that he knows he needs to get done for reporting and keep them organized," he continued. "As I'm reviewing reconciliations in FloQast and using Workiva to build up our reporting pack and consolidation, I know exactly where Eric is in the process, what he needs, what he's accomplished, and if he's waiting for anything from me. That's been extremely helpful."

ENTER THE INTERNAL AUDIT AND SOX

Not all the financial players at ZAGG are focused on recurring close deadlines and their associated tasks. Others, specifically those charged with internal audit and compliance functions, have come to rely on the combination of the Workiva SOX solution and FloQast to expedite chores around these highly-regulated deliverables.

McKay Bates, ZAGG's Internal Audit Manager, delivers on a different list of financial obligations and associated reporting that must be accomplished as a public entity. He provides a different perspective on how Workiva helps him successfully respond to his audit and SOX compliance challenges. Having internal audit licenses with access to FloQast's repository of control activities and supporting documentation helps the accounting, reporting, and audit teams work together as efficiently as possible." Better processes and controls are important for both publicly-held organizations, where they are required, and private organizations, where the enforcement of financial rigor prepares them for future corporate events.

"FloQast has become instrumental in providing the bridge between ZAGG's internal audit functions and the SEC," he says. "It provides a critical point of reference, the checks and balances necessary to verify that appropriate internal accounting tasks have been completed and ratified."

At ZAGG, strict audit and compliance requirements abound for Bates. He must:

- Complete and document internal auditing tasks
- Perform control tasks for SEC reporting
- Ensure confidence in task completion (i.e. reconciliations) and their accuracy
- Provide simplified access to internal approvals and supporting documents
- Comply with — and validate achievement of — federal SOX regulations

FLOQAST AND WORKIVA: A POWERFUL TEAM

Bates commented on how FloQast and Workiva connect the dots between finance, audit, and compliance, and help to streamline complex filing and reporting tasks.

FloQast is used for historical tracking of approvals and timelines, ensuring bank reconciliations and other needed activities are finalized; both systems include reminders for any outstanding actions and identification of the responsible parties, providing a double dose of security.

OVERALL CLOSE, REPORTING, AUDIT, AND SOX BENEFITS

The ZAGG team validates that adept software solutions, specifically FloQast, have helped make their financial team more efficient, accurate, and able to work more cooperatively across all their fiscal disciplines. The results:

- Saves time for all parties, including the accounting staff and auditors
- Centralizes control for all parties, both primary and complementary FloQast users
- Engenders a better internal working relationship free of contention
- Monitors audit progress and builds out schedules with necessary supporting data
- Improves external regulatory reporting, including stringent SEC requirements
- Articulates SOX compliance needs and validates adherence
- Allows for data upload to external auditor's (KPMG) PBC Portal
- Rolls out simply, with little staff training needed

#FloQast

FULL AUDITOR INFORMATION ACCESS

"As an auditor, I don't functionally interact with the FloQast system directly, but I do have full access to all the information the FloQast system contains, which makes everyone's jobs much easier, with fewer demands for one-off requests and organization-wide transparency," said Bates. "I use FloQast as the primary content repository to quickly access supporting documents, which precludes the team from having to track down supporting emails, spreadsheets, reviews, and approvals. It helps me immensely in performing interim audits and testing within Workiva, with any anomalies flagged for pre-emptive investigation."

IMPROVED SOX CONTROL AND VALIDATION

Again, critical for both public and private entities, achieving SOX compliance can be either a necessity or an aspiration. Compliance adds benefits in both scenarios as it applies centralized fiscal organization and management, including a systematic list for task completion and validation, and swift access to supporting documentation.

ZAGG uses the FloQast system to assist with the creation of SOX checklists and their associated authentication. Working collaboratively with its controller, auditor, and department heads, ZAGG developed processes to ensure regular compliance with monthly, quarterly, and annual close specifications such as reconciliations.

These are now all part of a recurring workflow, with successful completion verified regularly.

"In as far as SOX internal controls, I've worked with our Controller and the various department heads and have built out — in FloQast — different checklist items and reconciliations that are done as part of the month-end process," Bates said. "I have a control inside of Workiva that says whether all of the bank recs have been satisfactorily performed monthly and are validated by FloQast. There's a Workiva checklist entry that contains all of those reconciliations, so it's a clear reminder for the whole team to stay on top of those items."

"When I do my audit test work inside of Workiva, I import the reconciliations, checklist items, and screenshot approvals from FloQast to evidence all control activities were performed for that period. For control purposes, all these authentications in Workiva assist in finalizing the month-end process so while the accounting team is building out their consolidations, I'm preparing for a seamless external audit review," Bates concluded.

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