

Navigating SOX Compliance and Operational Improvement with Ullico Inc.



CLIENT



Located in Washington, D.C., Ullico Inc. (Ullico) is a private, labor-owned financial services holding company that provides unions and their members with insurance and investment products and services, principally through its wholly owned subsidiaries, The Union Labor Life Insurance Company and Ullico Investment Advisors.

The Ullico and Cherry Bekaert collaboration has grown over the last 10 years to encompass SOX compliance, operational improvements and cybersecurity assistance. This ever-expanding relationship is evidence of Ullico's confidence in Cherry Bekaert.



INDUSTRY

Financial Services
Insurance

Challenges & Value-Add Services

SOX Compliance to Maintain Strong Risk Posture

The insurance and investment industries are highly regulated and can consist of complex business areas that require strong internal control environments. Ullico voluntarily chooses to comply with Sarbanes-Oxley (SOX) and receives a Public Company Accounting Oversight Board (PCAOB) opinion on internal controls over financial reporting. This is due to management's commitment to robust internal control practices.

Ullico initially engaged Cherry Bekaert to assist with executing the overall SOX requirements, which began with co-sourcing on various SOX tasks, including business process and information technology (IT) control testing.

Engagement Expansion

During the first few years of the relationship with Ullico, the Cherry Bekaert team assisted in bringing SOX compliance efforts to the finish line. Cherry Bekaert began performing third-party administrator (TPA) audits to assist with meeting regulatory requirements around TPA monitoring by insurance companies. Additionally, our SOX engagement expanded to include additional IT reviews, including service organization control (SOC) reporting services and vendor management reviews.



OUR ROLE

SOX Compliance
SOC Reporting
Penetration Testing

Operational Improvement

Through the advisory relationship, Cherry Bekaert and Ullico made impactful organizational changes visible to company stakeholders. Other company process owners began to seek Cherry Bekaert's best practice recommendations and process improvement ideas in a proactive manner, rather than just responding to the auditors to meet audit objectives.

Our collaboration has since led to the growth of Ullico's Internal Audit department, resulting in an in-depth annual audit plan that includes the performance of 10+ operational and value-add enhancement engagements a year. This is in addition to the continuance of the SOX compliance program and the TPA regulatory requirement engagements.

Additionally, Cherry Bekaert has found ways to use internal knowledge to help strengthen Ullico in other areas. Ullico has engaged our cybersecurity practice to perform penetration testing to better demonstrate the maturity of its existing cybersecurity program.

Results

Ullico has strategically improved areas of significant business impact by utilizing Cherry Bekaert as a trusted advisor. Our professionals have enhanced its industry-specific processes, such as rates and form filings, premiums and claims management, and actuarial reserves processes. Additionally, we have provided:

- ▶ Recommendations for best practices and improvements to corporate policies and procedures
- ▶ Travel & Expense (T&E) reimbursement
 - Accounts payable
 - Strengthened relationships with TPAs
- ▶ Increased transparency regarding audit expectations and requirements
- ▶ Value-add enhancements around insightful operational reviews
- ▶ Solution tools for automation and efficiency opportunities to reduce redundancies

About Cherry Bekaert

"Cherry Bekaert" is the brand name under which Cherry Bekaert LLP and Cherry Bekaert Advisory LLC, independently owned entities, provide professional services in an alternative practice structure in accordance with applicable professional standards. Cherry Bekaert LLP is a licensed CPA firm that provides attest services, and Cherry Bekaert Advisory LLC and its subsidiary entities provide tax and advisory services. For more details, visit cbh.com/disclosure.

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By addressing key challenges and delivering measurable results, we've empowered Ullico to achieve important business objectives. We are committed to driving success through innovative solutions tailored to your unique needs.

Let Us Guide You Forward

At Cherry Bekaert, our goal is to help clients protect value, power performance, and build financial and operational resilience. It is important to understand your organization-wide risk appetite and manage compliance financial reporting and operational risks. Cherry Bekaert's risk advisors can help you design and implement strategies around SOX 404 compliance, IPO readiness, internal audit co-sourcing, control testing, rationalization and optimization, risk assessments, and accounting advisory.

For more information on establishing, or enhancing, your organization's internal controls, risk or SOX program, or cybersecurity program, contact Cherry Bekaert's Risk & Accounting Advisory Services practice.

Reach out to your Cherry Bekaert advisor to learn more about how your business can streamline accounting processes, increase productivity and make informed decisions based on reliable financial information.

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