



## Reliant Pharmaceuticals

### Internal Control over Financial Reporting (ICFR) Approach Reduces External Audit Fees by 20%

#### Results:

- Reduced Key Control count from over 600 to 230 → \$250K in estimated savings
- ICFR drove the Nature, Timing and Extent of testing → \$150K in estimated savings
- No need to use internal IT resources → Allowed those resources to focus on Sales and Marketing initiatives within the company
- Minimal time required by the Internal Operations personnel to own Compliance
- Estimated reduction for External Audit fees of 15-20%!

#### Reliant Pharmaceuticals

Reliant Pharmaceuticals is best known for its cardiovascular medicines, including Lovaza™, an FDA-approved treatment for adult patients with very high levels of triglycerides. The company was acquired by GlaxoSmithKline in December 2007, and previously reported net sales of over \$200 million.



#### Background

Reliant Pharmaceuticals was preparing for a pending IPO to occur during the fall of 2007. With such a significant event underway, the company's management team, Board of Directors, and Internal Audit department were focused on creating a Top-Down, Risk-Based Internal Controls Program, following the AS5 and SEC interpretive releases.

The company was using MS Excel and Word to document its processes and controls — a common, yet fragmented approach, with major concerns relating to version control and ownership. Furthermore the Internal Audit team, along with outside consultants, had identified over 600 key controls for a centralized location with no subsidiaries or divisions.

The first step with Aline™ was to consolidate the data into a single repository to establish a consistent approach across the organization. Using the Embedded Internal Control over Financial Reporting (ICFR) methodology, the Internal Audit team identified the “correct” number of key controls, reducing the count from over 600 to 230. This rationalization also enabled the team to define the nature, timing and extent of testing that would ensure descriptive, relevant and adequate testing coverage.

Reliant's primary goal was to install a GRC system that adopted associated risk management processes while minimizing the use of internal IT resources. Using Aline allowed Reliant to easily train process owners, transfer process ownership to each area affected, and minimize the use of outside resources. Reliant's secondary goal was to have the system quickly adopted by External Auditors, who readily approved the new framework and testing plan, recognizing the seamless integration and reliability of the tool.

“With Aline’s On-Demand model, there were no internal IT resources needed and it installed quickly and easily in a matter of days. Training was a snap. And it was easy to share with Process Owners, External Auditors, Senior Management and Board Members,”

– *Gary Gaglione, Executive Director, Internal Audit & SOX Compliance at Reliant Pharmaceuticals. “In short, Aline allowed us to achieve compliance optimization.”*

### **About Aline**

Aline™ offers a powerful GRC platform that enables organizations to manage risks and improve overall performance. Aline is delivered as an affordable OnDemand Software-as-a-Service product. It requires no installation and even complex organizations are fully operational in just days.

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### **The Aline Difference:**

- **Pre-set parameters for Risk Assessment scoring and Nature, Timing & Extent values for testing methodologies.**
- **Risk Assessment templates that come with pre-defined qualitative factors.**
- **Ease of determining which parameters and factors fit your organization’s ‘Risk Profile’ and vary them accordingly.**
- **Allows management to override risk assessments without force fitting the individual risk evaluations.**
- **Ability to perform real-time Sensitivity Analysis for “What-if” scenarios.**