

IPO Readiness Internal Audit Checklist

SOX 404 / ICFR — GCC Pre-Listing Governance

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Derived from first-time SOX 404 implementation achieving **zero material weaknesses** and a clean Big 4 external audit opinion at a hyper-growth GCC cloud kitchen operator (Kitopi, 2022–2025). Use 6–12 months before anticipated listing date. Findings requiring structural remediation need 90+ days minimum; ICFR documentation typically requires a full audit cycle to evidence.

PHASE 1 — GOVERNANCE & INDEPENDENCE STRUCTURE

- ☐ **Audit Committee charter reviewed and approved by Board — includes IA oversight mandate**

- ☐ **CAE reporting line confirmed direct to Audit Committee (not CFO or CEO)**
Critical independence condition: Big 4 reviewers test this structurally, not just on paper

- ☐ **IA function independence formally documented and communicated to external auditors**

- ☐ **Board composition reviewed — at least one member with financial expertise per listing requirements**

- ☐ **Audit Committee meeting cadence established — minimum quarterly with private sessions**

- ☐ **Related party transaction policy approved and tested in audit scope**

PHASE 2 — ICFR SCOPING & RISK ASSESSMENT

- ☐ **Financial statement risk assessment completed — significant accounts and disclosures mapped**

- ☐ **In-scope processes identified: Revenue, Procure-to-Pay, Payroll, Financial Close, IT General Controls**

- ☐ **Entity-level controls documented and tested — tone at top, fraud risk assessment, whistleblower**

- ☐ **Process-level Risk Control Matrices (RCMs) completed for all in-scope processes**
One RCM per process: owner, control description, frequency, evidence requirement

- ☐ Control owners identified and trained on documentation requirements
- ☐ Management's assessment process designed — who signs, when, and on what evidence
- ☐ External auditor reliance strategy agreed — which controls will they test independently vs. rely on management

PHASE 3 — IT GENERAL CONTROLS (ITGCS)

- ☐ ITGC scope defined — all financially significant applications and infrastructure components
- ☐ Access management controls tested: provisioning, de-provisioning, privileged access, segregation of duties
SoD conflicts are the most common ITGC deficiency — run SoD analysis before external audit
- ☐ Change management controls documented: development, testing, approval, and deployment procedures
- ☐ Computer operations controls tested: batch processing, backup, job scheduling, incident management
- ☐ Third-party / cloud provider controls assessed — SOC 1 Type II reports obtained and reviewed
- ☐ ITGC deficiency remediation tracker in place — owner, target date, evidence of fix

- ☐ **Control testing plan completed — sample sizes, testing periods, responsible testers**

- ☐ **Walkthroughs conducted for all key processes — flowcharts updated to reflect current state**

- ☐ **Operating effectiveness testing completed — evidence attached, exceptions documented**

- ☐ **Deficiency classification applied: deficiency vs. significant deficiency vs. material weakness**
Material weakness = prior year restatement risk. Must be disclosed. Remediate before listing.

- ☐ **Compensating controls identified and tested for any residual gaps**

- ☐ **Management's representation letter prepared — CEO/CFO signature process confirmed**

PHASE 5 — EXTERNAL AUDITOR COORDINATION

- ☐ **Pre-audit alignment meeting held — scope, timing, reliance strategy, documentation standards**

- ☐ **Integrated audit approach confirmed — financial statement audit and ICFR audit coordinated**

- ☐ **IA testing documentation meets external auditor's reliance criteria (PCAOB / IAASB standard)**

- ☐ **Draft Management Assessment on ICFR reviewed before submission to external auditors**

PHASE 6 — GCC-SPECIFIC CONSIDERATIONS

- ☐ **UAE SCA / Saudi CMA governance requirements mapped to ICFR framework**

- ☐ **Family office / founder governance structure documented — Board authority vs. shareholder authority**
Common gap: founder retains operational authority after listing without formal governance structure

- ☐ **Currency and multi-jurisdiction consolidation controls tested if operations span UAE and KSA**

- ☐ **Related party receivables/payables confirmed and disclosed — common material weakness in GCC listings**



Zakat/VAT compliance controls tested and documented for KSA entities



Board nationality and independence requirements reviewed per local listing rules

From Practice: Zero material weaknesses on first-time SOX 404 is achievable. The difference is 6 months of structured preparation — not talent. Start Phase 1 and Phase 3 simultaneously. Structural remediation (reporting lines, governance) cannot be fast-tracked. Documentation can.