Pierag

INSIGHTS FROM MATERIAL WEAKNESS REMEDIATION

Evidence from 100+ U.S. Listed Companies

What companies are disclosing, how they are remediating, and key lessons for management.

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Insight. Action. Impact

Objective & Approach

This study builds on our earlier research report on material weakness themes among U.S. SEC filers (published in June 2026) and examines how companies remediated their previously reported material weaknesses.

OBJECTIVE

To analyze remediation actions disclosed by companies that subsequently remediated their material weaknesses and identify common approaches and emerging remediation patterns.

Key Questions Addressed

- What types of actions did companies take to remediate their material weaknesses?
- Which remediation actions were most commonly disclosed?
- How do companies combine multiple actions to remediate effectively?
- What insights can management draw to strengthen their own remediation efforts?

OUR RESEARCH METHODOLOGY

Identify Population - Started with 500 U.S. SEC filers that disclosed one or more material weaknesses in 2025.

Review Subsequent Filings - Reviewed subsequent filings to determine whether previously reported weaknesses were remediated.

Identify Remediations - Identified 114 companies that remediated their material weaknesses.

Extract Remediation Actions - Extracted remediation actions disclosed across 10-Ks, 10-Qs and amendments.

Analyze & Synthesize - Analyzed the frequency and combinations of actions to identify patterns and insights.

All findings and figures presented in this study are derived from the analysis of the 114 companies that subsequently remediated their material weaknesses.

Material Weakness Remediation at a Glance

114 of the **500** companies analyzed subsequently remediated their previously reported material weaknesses.
The remediation disclosures indicate that companies typically addressed multiple dimensions of the control environment rather than relying on a single corrective action.

114
of 500 companies subsequently remediated their previously reported material weaknesses.

KEY FINDINGS FROM OUR ANALYSIS

Control design remains the starting point

46
companies disclosed Control Design & Process Redesign, making it the most frequently reported remediation action.

People and capability are critical

38
companies disclosed Personnel & Staffing Enhancement, while another 38 companies disclosed Training & Capability Development, highlighting the importance of both capacity and capability.

Oversight is a key component of remediation

36
companies disclosed strengthening of Management Review & Monitoring Controls, indicating that remediation often extends beyond the underlying controls to include ongoing oversight.

Remediation is built to last

30
companies disclosed changes to Policies, Documentation & Standard Operating Procedures, suggesting a focus on institutionalizing redesigned controls and embedding them into day-to-day operations.

Effective remediation goes beyond fixing a control — it addresses the design, people, oversight and processes required for that control to operate effectively.

How Companies Remediated Their Material Weaknesses

Remediation was rarely limited to a single control change. Companies disclosed actions spanning control design, people and capability, oversight, technology, governance and documentation.

REMEDIATION ACTIONS DISCLOSED BY COMPANIES

WHAT STANDS OUT

The leading remediation actions extend beyond the deficient control itself. Control Design & Process Redesign was the most frequently disclosed action, while personnel, training, management monitoring and documentation were also prominent.

This suggests that companies are addressing the broader conditions required for a control to operate effectively — not simply correcting the control that failed.

These leading actions collectively address critical dimensions of the control environment:

- **Design** — How the control is built
- **Capacity** — Who performs the control
- **Capability** — Ability to perform effectively
- **Oversight** — Monitoring and governance
- **Documentation** — Embedding and sustaining

Note: Companies could disclose more than one remediation action; therefore, totals exceed 114.
Source: SEC filings (10-Ks, 10-Qs and amendments)

Remediation Actions Are Rarely Applied in Isolation

Companies frequently combined multiple remediation actions to address different dimensions of the same underlying weakness. Four recurring combinations emerged from the analysis, illustrating how organizations paired actions across people, process, technology and oversight.

Capacity + Capability

Personnel & Staffing Enhancement + Training & Capability Development

Personnel & Staffing Enhancement + **Training & Capability Development**

23 companies

Adding capacity alone does not resolve a control deficiency. Companies frequently paired additional personnel with training to build the capability required to execute controls effectively.

Documentation + Adoption

Policies, Documentation & SOPs + Training & Capability Development

Policies, Documentation & SOPs + **Training & Capability Development**

23 companies

Companies frequently paired revised documentation with training, helping ensure that redesigned requirements were understood and consistently adopted.

Structural + Capacity

Segregation of Duties Remediation + Personnel & Staffing Enhancement

Segregation of Duties Remediation + **Personnel & Staffing Enhancement**

14 companies

SoD remediation often requires more than redesigning responsibility matrices; companies may also need additional capacity to eliminate conflicting responsibilities in practice.

Technology + Oversight

IT General Controls + Management Review & Monitoring

IT General Controls (Access & Change) + **Management Review & Monitoring Controls**

16 companies

Technology-based remediation was frequently accompanied by management monitoring, adding an oversight layer around access and change-management controls.

Source: SEC filings (10-Ks, 10-Qs and amendments)

Companies often remediate the underlying weakness through a combination of complementary actions, rather than relying on a single corrective measure.

Key Takeaways

The remediation approaches observed across the 114 companies point to several practical considerations for organizations addressing material weaknesses.

Remediation is multi-dimensional

Material weaknesses often require coordinated changes across control design, people, technology, oversight and documentation rather than a single corrective action.

Control design is foundational

Redesigning the underlying control and process was the most frequently disclosed remediation action, highlighting the importance of addressing the root control deficiency.

Assess capacity before redesigning

Where control execution is constrained by insufficient resources, adding appropriate capacity may be necessary to make the redesigned control sustainable.

Pair documentation with capability building

Revised policies, procedures and SOPs are more likely to be embedded when accompanied by training that enables control owners to understand and execute the new requirements.

Build for sustainability

Remediation should consider how the redesigned control will be monitored, tested and sustained over time — not simply how the immediate deficiency will be corrected.

The objective of remediation should not be simply to eliminate the material weakness, but to establish the conditions necessary for the underlying control to operate effectively and sustainably.

Conclusion

Material weakness remediation is not simply about correcting the control that failed.

It is about creating the conditions for that control to operate effectively and sustainably.

Our analysis shows that companies that remediate successfully address five critical dimensions in a coordinated manner.

DESIGN

How the control is structured
Redesign the control and related processes to address the root deficiency.

CAPACITY

Who performs it
Ensure the right people and sufficient resources are in place to execute the control.

CAPABILITY

Whether they can perform it effectively
Build the knowledge, skills and proficiency to perform the control consistently.

OVERSIGHT

How performance is monitored
Establish monitoring activities and review mechanisms to ensure ongoing performance.

INSTITUTIONALIZATION

How the control is embedded and sustained
Embed the control into policies, procedures and culture to sustain performance over time.

The companies in our analysis demonstrate that sustainable remediation often requires coordinated action across these dimensions — addressing both the immediate deficiency and the underlying conditions that allowed it to occur.

ABOUT US

Pierag Consulting was founded in February 2021 by Abhishek Gupta, Thomas Raffa and Pierian Services as a unique business model to serve clients globally by blending domestic proficiency with global expertise. Since then, we have been serving prominent clients across the US, SEA, India and UK in the field of Accounting Advisory, Business Risk, Technology Risk, Assurance, ESG & Sustainability, Deals Advisory, Tax and Digital.

With highly skilled team members, we are fueled by our purpose of ‘Inspiring people to do things that inspires them’ and our values of ‘Excellence, Equity & Empathy’.

LET’S CONNECT

www.pierag.com | info@pierag.com

pierag/socialmedia

OUR LOCATIONS

GURUGRAM
DLF Square,
Level 18, DLF Phase II,
Gurugram - 122002

MUMBAI
One International Centre,
Tower 1, Level 8, Lower
Parel, Mumbai - 400013

BENGALURU
Brigade Software Park
Banashankari Stage II,
Bengaluru - 560070

JAIPUR
Jaipur Centre,
Level 5, Tonk Road,
Jaipur - 302018

CHANDIGARH
Godrej Eternia Towers,
Level 4, Tower A,
Chandigarh - 160002

WASHINGTON, D.C.
34, Kalorama Circle NW,
Washington D.C. – 20008

MELBOURNE
214, III Overton Road
Williams Landing,
Melbourne, VIC - 3027

SINGAPORE
Marina Bay Financial Centre
12 Marina Boulevard
Singapore 018982