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Sarbanes Oxley Compliance: What Is It?

By Sarbanes-oxley-compliance.us

The progress that Sarbanes Oxley Act seeks to make in corporate governance is best understood

by drawing an analogy with the total quality movement. In the days of statistical quality control, companies looked at quality after the fact and measured defect rates in a sample of their final output. This was not helpful since companies could not undo the damage, i.e., they had no way to recover the costs incurred on the rejections. The Japanese brought about a paradigm shift by implementing systems to produce quality products at the outset. They placed built-in checks on the production floor where errors in manufacturing were corrected before they were compounded as work-in-progress moved from one stage to another.

Similarly, the message of Sarbanes Oxley compliance is that management should change from a reactive approach to risky events to a proactive method which anticipates adverse situations, takes preemptive action before an unfavorable course of events snowballs into a crisis or the systems and processes are strong enough to weather the buffeting should unforeseen events strike.

SOX Compliance has removed the veil that hid many ills inside corporations. It now seeks real time information that can materially impact the financial performance of a corporation. Senior management cannot hide behind the familiar ruse that their task is to provide a strategic direction to their companies; they are now required to monitor performance metrics, in real time, to ensure that their companies are not overtaken by unexpected events. SOX Compliance has dramatically raised the standards of transparency, and accountability in companies to ensure that they can sustain a consistent level of performance. The key instrument to clean corporations of fraud and inefficiency is to provide detailed information, delivered electronically, to executives, shareholders and regulatory bodies. Strategic and tactical metrics to measure the health of corporations will play a critical role in the governance of corporations in the future.

SOX Compliance also frees the Board of Directors and the Auditors from the cult of the Chief Executive and provides them space to play their roles. Increasingly; they will bring their knowledge and creativity to manage the risks of companies.

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Compliance would require data warehouses for storage of financial and non-financial data affecting risks and its analysis for continually reviewing strategies for risk management. In this framework, company executives and board members will not have any room to point fingers at someone else since they would have access to all corporate information and the responsibility to monitor it.

In the past, companies had a knee-jerk reaction to unexpected turn of events and usually were not the masters of their situation. Typically, companies could only patch up their balance sheets when their financial performance fell short. Nothing in the extant corporate governance legislation required them to analyze the root causes of lapses in performance and work towards improving the outcomes over time. Sarbanes Oxley requires companies to take a strategic view of risk and learn from their experiences to improve their model for coping with risk.

Sarbanes-Oxley-Compliance.us is a FREE resource on the

<http://www.sarbanes-oxley-compliance.us>

and provides explanation of the implications of

<http://www.sarbanes-oxley-compliance.us/overview.php>

and what this means for your business.

Sarbanes Oxley Section 404 Or Was That Page Not Found 404!

By Earl Powers

Sarbanes Oxley 404 refers to the section 404 of the Sarbanes Oxley act according to which it entitles to have stricter internal controls while documenting the financial status of the company. Most of the senior executive in the top corporate world emphasize on compliance with Sarbanes Oxley 404 section.

Sarbanes Oxley 404 is directed towards management, members of corporate teams working toward assessment of internal controls over financial reporting and audit committee members. It resolves a number of important issues that pertain to the Sarbanes Oxley 404 compliance of management's assessment process.

Sarbanes Oxley 404 relates to management's overall responsibilities, over financial reporting. It gives management to have stringent controls over the total process of assessment and documentation of company's financial status. Although several help guides and complete illustrations of the Act are available in the market but the management should consult with auditors or professionals like a legal counsel to understand the total compliance with the Sarbanes Oxley 404 section.

Sarbanes Oxley 404 also illustrates information that helps in assistance of audit committee members and company management to understand their individual roles. It also points an overview to the added new responsibilities of the key executives in helping the total process of documentation as per the

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compliance of Sarbanes Oxley Act.

Sarbanes Oxley 404 also helps audit committee members to understand their broader duties, and to clarify the issues faced by senior executives. After the signing of the Sarbanes Oxley act in 2002 the senior executives are faced with greater potential exposure to personal liability towards the total documentation process of the financial status of the company.

There are several vendors that offer Sarbanes Oxley software which specially deals with particular section of the act. Software offered by OpenPages especially refers to Sarbanes Oxley 404. It allows the company to automate the quarterly test and review of internal controls to lower the costs associated with compliance to the act over each quarter. This software offered by OpenPages has user-specific home pages. It also contain various other features that make is more friendly to use. These features are mainly easy navigation, capability to create interactive report, integration of email feature. This software also holds key areas of functionality. These issues refer to issue management and monitoring, management of the project, documentation and compliance automation.

After the compliance with Sarbanes Oxley 404 many executives feel that there has been a lot of improvement in company's documentation procedure after using the Sarbanes Oxley software offered by various vendors. Majority of key executives felt the need to have compliance with the law as it provides more transparent results and financial status of the company. It also offers more controls to key executives over documentation procedures.

Earl Powers, US Lawyer and Sarbanes Oxley Act expert at Aquest Group LLC (

<http://www.sarbanes-oxley-section-404.info>

) publishes other articles related to Sarbanes Oxley Act at

<http://www.sarbanes-oxley-training.info>

and

<http://www.sarbanes-oaxley.info>



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