

EcomNets

Sarbanes-Oxley Act (SOX)

Solution

Compliance Rules and Processes in Motion

Overview

SOX Integration Opportunity

Sarbanes-Oxley Act

The Sarbanes-Oxley Act (SOX) requires companies to closely control and track corporate content. EcomNets believes corporate and IT compliance with SOX is of significant concern to IT departments. However, addressing SOX issues in large companies is mostly technology enabled but non-technical. Therefore, IT should be working within the business to apply incumbent technologies to documentation, reporting and other compliance requirements.

Sarbanes-Oxley Act's Impact on IT

With new data retention policies, SOX requires the storage of more records and forced most corporations to re-evaluate their storage management systems. Any and all electronic records are subject to SOX requirements, including E-mail and Instant Messaging (IM) files. While IM conversations may seem as casual as phone conversations, they must be treated as formal correspondence and, like E-mail; the communications must be captured and stored.

The new regulations stipulate the use of data storage technology that cannot be overwritten or altered in any fashion. Essentially, the rules call for WORM (write-once/read many) devices and companies that don't already comply will have to integrate their on-line disk storage with the WORM media.

Different types of records will have different storage and retrieval requirements and no matter how or where the records are stored, a company must also demonstrate their authenticity and maintain an audit trail of any revisions. At the end of the SOX-mandated data life cycle, records also must be quickly and completely destroyed.

To meet these requirements, EcomNets created a SOX compliance process to support data architectures and storage systems with built-in process intelligence.

Solution

EcomNets' SOX Compliance Solution

The EcomNets SOX Solution is the industry's first real time monitoring comprehensive, integrated software solution for Sarbanes-Oxley compliance, operational risk management, internal audit and general compliance.

Every organization's security policy requirements are based on several variables, perhaps the most important of which is based on the outcome of a risk analysis or ongoing IT security audits. However, there are several security policies that most corporations will need to help with SOX 404 compliance regardless of their size, setup and business processes.

EcomNets SOX Solution helps companies to effectively implement internal controls for the following key processes:

Access Controls -- Hardware/software controls regulating who has access to what financial-related information.

Audit Trails -- Application, operating system and other relevant logs that track who has accessed, modified or deleted financial information.

Computer and Media Disposal -- Minimum requirements for ensuring financial-related information is wiped before hardware and media leave the company.

Data Backup -- Specific backup requirements to ensure financial data is properly protected.

Data Integrity Controls -- Hardware/software solutions to keep financial information from being inappropriately modified (i.e. IDS/IPS, rights management software, application controls to filter input and perform data validation, etc.).

Data Retention -- Minimum requirements for retaining critical financial data, especially supporting documentation, related communications, etc.

Document Destruction -- Requirements and steps to be taken (or not taken) when destroying hard copy information.

Information Classification -- Outlining how various types of financial information will be classified and protected based on levels of sensitivity.

Messaging Security -- Minimum requirements for protecting the transmission and storage of messages (e-mail and instant messaging) containing sensitive financial-related information.

Security Assessments and Audits -- How systems will be consistently tested and audited for security risks.

System Authentication -- Hardware/software controls ensuring that users accessing financial information are who they say they are.

System Monitoring -- Technologies and processes in place to detect and alert on financial information breaches.

User Provisioning -- Specific requirements and processes for adding and removing users who will have access to financial information.

Wireless networks -- Minimum security requirements for wireless systems connecting to corporate networks.

Architecture

Business Rules and Process

Overview

The SOX Act helps organizations provide a foundation to restore investor confidence in the integrity of financial reporting. Section 404 of the Act requires that management file an internal control report which must reveal the responsibilities to establish, document, and maintain adequate internal control over financial reporting and the effectiveness of these controls year after year.

At the core of EcomNets SOX Solution is a robust repository that stores a wealth of information about Enterprise procedures, internal controls, business units, resources, systems, roles, risks and tests. This provides a visual representation of Enterprise organization's business processes and a means for audit testing and reporting against the controls you have captured.

By leveraging SOX module's repository and its 'reusability' of information, Organizations can trace and report on the requirements for Sarbanes-Oxley compliance. It facilitates benchmarking and risk management and ultimately allows for constant, accurate process improvement and annual regulatory compliance.

EcomNets SOX Business Rules and BPM Solution

Ongoing pressures to meet reporting requirements imposed by the Sarbanes-Oxley Act can be a huge distraction for IT Operations. Many companies have spent millions to comply, only to find that the cost of having met certain deadlines results in lost efficiency for the company and related processes. EcomNets SOX Solutions help you not only meet government mandates, but also move your business forward efficiently. EcomNets SOX Solutions provide the following:

- **Role-Based Dashboards** provide real-time information
 - Detailed **Audit Trails** provide evidence for auditors
 - **Process Enforcement** for consistency in managing financial data and internal controls
 - **Document/File Version Management** for detailed evidence
 - **Real-Time Reporting** for making informed decisions
 - **Access Authentication** supports digital signatures
 - Automatic **Task Routing and Notifications** ensure closure
 - **Enterprise Assurance** - Web-based assignment and access to assigned tasks, E-mail notifications, deadlines, and escalation alerts
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- **Comprehensive Internal Control Process** - Centralized access to all related documentation, testing plans, test results, and corrective action plans

Benefits:

- Measuring performance
- Real-time monitoring
- Comprehensive audit trails
- Ongoing optimization
- No visibility gaps
- No control gaps
- Risk Reduced
- Never obsolete
- No code deployments
- Immediate and iterative ROI

SOX Reports

Real time Monitoring

Overview

- EcomNets SOX Solution provides for an audit friendly Section 404 Internal control structure for financial reporting helping organizations to monitor Real-Time Comprehensive Internal Control Process information.

EcomNets 1-Sheet-Management - SOX Report



Financial Statement & Internal Controls Overview

Internal Controls

- Planning & Organization
- Delivery and Support
- Acquisition and Implementation
- Monitoring

Enterprise SOX Solution

- Enterprise Procedures
- Internal Controls
- Business Units
- Resources
- Systems
- Roles
- Risks
- Successful CeBIT participation

SOX Items

	A	B	C	D
1 Business Year	2003	2004	2005	
2 Fixed assets	970.000 €	972.488 €	926.402 €	
3 Floating assets	831.960 €	818.142 €	874.356 €	
4 Accrued income	3.273 €	8.000 €	7.000 €	
5 Total assets	1.805.233 €	1.800.000 €	1.800.000 €	
6 Capital stock	330.000 €	330.000 €	330.000 €	
7 Capital reserves	500 €	100 €	100 €	
8 Accumulated profits/deficits	-2.768 €	8.000 €	7.000 €	
9 Profit/loss for the year	-74.822 €	185.744 €	185.136 €	
10 Dividends	600.450 €	826.744 €	822.250 €	
11 Accruals	-6.000 €	10.000 €	30.000 €	
12 Committed assets	618.554 €	591.600 €	551.148 €	
13 Accounts payable	800.155 €	827.080 €	852.242 €	
14 Deferred income	-60 €	80 €	250 €	
15 Total liabilities	1.118.253 €	1.162.436 €	1.124.744 €	

	A	B	C	D
1 Ratios	2003	2004	2005	
2 Intensity of investments	0.63%	0.96%	1.27%	
3 Asset constitution	0.64%	0.96%	1.34%	
4 Intensity of floating assets	18.95%	46.72%	48.78%	
5 Inventory intensity	214.88%	217.51%	203.88%	

	A	B	C	D
1 Ratios	2003	2004	2005	
2 Equity ratio	0.81%	0.02%	0.69%	
3 Committed assets ratio	98.39%	99.98%	99.99%	
4 Long term committed assets	34.83%	29.96%	17.20%	
5 Committed assets	68.11%	70.94%	68.89%	

	A	B	C	D
1 Ratios	2003	2004	2005	
2 Liquidity	0.85%	0.88%	0.78%	
3 Return on equity	75.00%	76.00%	82.00%	
4 Return on capital	0.01%	0.00%	0.00%	
5 Return on assets	0.01%	0.00%	0.00%	

Intensity of Investments

Intensity of Floating Assets

Profit & Turnover Comparison

Cost Center Distribution

Planning 2005 - 2007

	A	B	C	D
1 Plan	2005	2006	2007	
2 Turnover	13,000	14,000	16,500	
3 Employees	120	123	134	
4 Contribution	1,256	1,325	1,425	
5 Profit	256	312	422	
6				
7 Costs				
8 Personnel	12345	12546	14250	
9 Location	2560	2550	2654	
10 Advertisemen	5489	5997	6200	
11 IT	125	152	162	
12				

Targets 2006

- Product XY
- Product AB
- Product UU

Market readiness

Turnover

- XY 23.450 €
- AB 12.345 €
- UU 56.789 €

Activities

- Roadshow
- Lectures

Organiser

Company	XY
Director	Myer
Responsible	Obj

Where

Company	Com
Director	Myer
Responsible	Obj