



Perfecting Profitability in a New Era Of Corporate Responsibility

Why is the Sarbanes-Oxley Act so Important?

Following the dramatic corporate accounting scandals of Enron, Xerox, Tyco International, and others, the federal government has worked to restore investor confidence in corporate oversight. In 2002, Congress enacted new regulations, called the Sarbanes-Oxley Act, which included new requirements for tighter corporate governance. The broad nature of the regulations makes it a complex topic for companies to understand -- but they need to -- as the Act has far-reaching impacts on business.

For example, federal securities regulators have acted to force companies to meet new standards for director watchdogs ordered by Congress in response to last year's accounting scandals. The Securities and Exchange Commission voted to bar companies from trading on stock exchanges if they failed to meet the independence standards for audit committees of boards of directors, which now must be responsible for hiring and firing outside auditors. Adoption of the rules by the five SEC commissioners was the latest in a stream of agency actions putting into effect the sweeping law to combat corporate fraud enacted last summer, designed to restore investor confidence.

Are you in compliance?

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Sarbanes-Oxley Checklist

Sarbanes-Oxley is a complex set of regulations covering multiple areas of corporate governance, including corporate responsibility, executive compensation, board composition, audit, and internal controls. Is your company prepared to meet the compliance requirements? Do you have adequate internal procedures and controls that will not only meet the requirements of the Sarbanes-Oxley Act of 2002, but also enhance corporate financial performance, and ensure data integrity and accuracy?

The following covers four key areas that need to be reviewed in order to determine:

- The quality of your governance based on standards set by the Sarbanes-Oxley Act.
- The effectiveness of your internal procedures and controls in driving operational excellence.

See if your company is in compliance with the new Sarbanes-Oxley Act of 2002...

Yes	No	
<input type="checkbox"/>	<input type="checkbox"/>	Corporate Responsibility and Governance
<input type="checkbox"/>	<input type="checkbox"/>	Do key members of the executive team, including the CEO and CFO, personally review all financial reporting to ensure the financials are accurate, complete, and disclose all material off-balance-sheet transactions?
<input type="checkbox"/>	<input type="checkbox"/>	Does your CEO personally read and sign all federal income tax returns? (This is not required, but strongly suggested by the SEC.)
<input type="checkbox"/>	<input type="checkbox"/>	Do you know what types of executive loans have been prohibited since August 2002?
<input type="checkbox"/>	<input type="checkbox"/>	Do you understand the new restrictions on insider trading during blackout periods?
<input type="checkbox"/>	<input type="checkbox"/>	Is your board truly independent?
<input type="checkbox"/>	<input type="checkbox"/>	Do you have a financial expert on your board?
<input type="checkbox"/>	<input type="checkbox"/>	Has your company adopted a formal code of ethics for senior officers?
<input type="checkbox"/>	<input type="checkbox"/>	Does your company have a Disclosure Committee?
<input type="checkbox"/>	<input type="checkbox"/>	Does your company have a Whistleblower Policy?
<input type="checkbox"/>	<input type="checkbox"/>	Documentation of Internal Policies, Procedures, and Controls
<input type="checkbox"/>	<input type="checkbox"/>	Does your company have a written inventory of all significant systems? If yes, are there appropriate controls in place to regulate and monitor use of the systems?
<input type="checkbox"/>	<input type="checkbox"/>	Does your company have a set process to assess, review, test, and document the internal policies, procedures, and controls? Quarterly? Annually? If yes, has this process been reviewed by your disclosure committee? CEO & CFO? Board? Auditors?
<input type="checkbox"/>	<input type="checkbox"/>	Do you know what types of internal controls need to be assessed and documented under the Sarbanes-Oxley Act? If yes, have you included all the operational controls that impact financial results and disclosure statements?
<input type="checkbox"/>	<input type="checkbox"/>	Does your company have a process to measure the effectiveness of internal controls? If yes, does your company have regular reviews with the disclosure committee and/or executive team to discuss control related metrics?
<input type="checkbox"/>	<input type="checkbox"/>	Has your management team, including the CEO and CFO, formally assessed the effectiveness of your internal policies, procedures and controls? If yes, has the methodology and procedures you used to complete the assessment been reviewed and approved by public accountants?
<input type="checkbox"/>	<input type="checkbox"/>	Do you have a support document and/or written description for every significant policy, procedure, and control that has an impact on your financial reporting? If yes, has the senior management team and/or disclosure committee reviewed the documentation?
<input type="checkbox"/>	<input type="checkbox"/>	Has your company documented and tested all internal policies, procedures and controls related to financial statements as required by Section 404 of the Sarbanes-Oxley Act? If yes, have your external auditors reviewed the process followed and associated documentation? If no, do you have this review scheduled?
<input type="checkbox"/>	<input type="checkbox"/>	Has your company changed or modified any internal controls or procedures during the last 3 months? If yes, has all appropriate documentation been updated to reflect the changes?

Who Should Hire The Blue Sage Group?

You may be asking "Who should hire The Blue Sage Group?" Here are some examples of the types of individuals and companies with whom we typically work:

- Executives that are responsible for decisions that impact businesses, customers, employees, or investors
- Business leaders who are interested in increasing the profitability and credibility of their company
- Public or private companies that are seeking to improve or establish compliance with the Sarbanes-Oxley Act of 2002
- Companies that have recently completed acquisitions
- Private companies that are contemplating an IPO, acquisition, or other liquidity event

The Blue Sage group works with all levels of management including:

- CEO
- CFO
- COO
- General Counsel
- Board of Directors

The Blue Sage Group team has assisted multiple companies to improve their profitability and credibility. Our experience spans multiple industries and including:

- Telecommunications
- Entertainment
- Healthcare
- Life Sciences
- Professional Services
- High Technology
- Manufacturing

Our clients have found that our governance and performance management programs virtually pay for themselves. They benefit from improved productivity, increased renewals and overall revenue growth, as well as significant cost avoidance associated with employee and customer attrition. All of these events equate to improved cash flow and increased overall margins.

Yes	No	Accounting and Audit Requirements
<input type="checkbox"/>	<input type="checkbox"/>	Is your audit committee truly independent and composed of members who are NOT employees and do NOT receive any compensation beyond board fees?
<input type="checkbox"/>	<input type="checkbox"/>	Does your audit committee include at least one financial expert? (e.g. A CPA or former CFO, with equivalent corporate financial experience with knowledge of auditing, accounting and financial principals, procedures, controls and functions)
<input type="checkbox"/>	<input type="checkbox"/>	Has your audit committee established procedures for handling complaints, including anonymous, confidential complaints from employees, regarding auditing and accounting matters?
<input type="checkbox"/>	<input type="checkbox"/>	Is your audit firm truly independent? Do they report directly to the head of the audit committee?
<input type="checkbox"/>	<input type="checkbox"/>	Has your audit firm been hired to do any non-audit work since August 2002? If yes, has this work been approved by the audit committee?
Yes	No	Enhanced Disclosure and Reporting Requirements
<input type="checkbox"/>	<input type="checkbox"/>	Does your company disclose insider stock transactions within 2 business days?
<input type="checkbox"/>	<input type="checkbox"/>	Does your company have a procedure for reporting and reconciling all Non-GAAP financial information, like EBITDA pro-forma information?
<input type="checkbox"/>	<input type="checkbox"/>	Do you understand the changes in reporting requirements for off-balance sheet transactions and events? If yes, has your company updated its procedures to address the changes?
<input type="checkbox"/>	<input type="checkbox"/>	Does your company communicate the financial state of the company in plain English?
<input type="checkbox"/>	<input type="checkbox"/>	Is your company prepared to file form 8-K with all earnings press releases?
<input type="checkbox"/>	<input type="checkbox"/>	Did you know that any significant changes in your business that will have a material impact on the business need to be reported in real time?
<input type="checkbox"/>	<input type="checkbox"/>	Did you know that the CEO and CFO could lose their prior year's bonus compensation if the company restates its financials due to the wrong doing of any employee?

If you answered NO to any of the questions or need more information related to any of the questions above, contact The Blue Sage Group for assistance.

The Blue Sage Group

We are a firm whose consultants have developed a proven methodology and toolkit designed to deliver governance improvement and/or Sarbanes-Oxley compliance programs. Our team provides a comprehensive service that includes assessment, program design, implementation, documentation, measurement and training for all components of our compliance programs. We work with "C" level executives and their attorneys to determine their legal and strategic requirements. We then partner with the executive team and/or governance steering committee leader to design and execute an appropriate improvement plan. This plan will not only bring the company into compliance, but will identify ways to increase their financial performance through better governance. Our methodology allows us to quickly complete the internal procedure and control assessment, review, testing, and documentation in a manner that meets both the 302 and 404 requirements of the Sarbanes-Oxley Act.

The Blue Sage Group is comprised of seasoned business professionals with experience in both private and public companies with domestic and foreign operations. Their expertise spans multiple industries including high technology, telecommunications, manufacturing, professional services, healthcare and life sciences. Associates and partners include executives, CPA's and attorneys all geared to provide customers with the highest quality of service, informational and operational excellence, and dedication to perfecting profitability.