

What procedures are companies implementing to have the Excel spreadsheets comply with SOX - Charting Unfamiliar Territory: Excel and SOX

Excel has been a monumental invention for the management of corporations, business entities, organizations and municipal entities everywhere. This familiar spreadsheet software is used just as often to chart donations to non-profit groups as it is to track inventory at the nearest warehouse. Excel reached significant heights in records and data management for a variety of reasons.

Excel has been in use for years amid most business bodies requiring data organization. It was the greatest assistant for management and seemed to promise a perpetual system of quick and easy accounting. This application is often installed in a company's computer system at the factory. It arrives ready for use and there was no extra purchases necessary. Excel is a relatively easy program to learn. Many users can work the program quickly and without extensive training.

To understand the issues surrounding spreadsheets and Sarbanes-Oxley (SOX), it is imperative to understand why the Sarbanes-Oxley Act was implemented. At that time, the corporate dishonor amid such companies such as Enron, WorldCom, and Tyco International wrecked havoc on the financial industry. The findings were completely unexpected and threatened a typically steady industry. The SOX Act became a regulating factor over any company affiliated with the Securities and Exchanges Commission (SEC). These are all publicly traded companies.

The aforementioned episodes tainted public trust in corporate affairs. The SOX Act promised to require extensive documentation and harsh penalties for noncompliance. These repercussions can go up to a \$5 million dollar penalty and criminal sentencing. This stronghold in the financial world seemed to signal the end of the rampant Excel use. It seemed the program just wasn't providing what was required and auditors were not getting the appropriate information necessary to perform. Section 404 of the SOX Act demanded independent auditing every fiscal year to examine their internal control systems for efficiency.

There are several steps a company can take to comply with this seemingly difficult process. You can still use Excel for many steps of these processes. The first issue to address is that of auditing. Every company should adopt a system of regulating within prior to consulting with an independent auditor. There should be a system of continual improvement. There should be an employee concern escalation and evolvment system. Everything should have precise and clear documentation. Even such factors as IT usage should be accounted for. All controls should be tested and extensively documented. All financial accounts should have risk-assessment implementation.

These are just a few steps you can take to ensure your company not only meets the requirements, but excels above them. The SOX Act seems like an intimidating area for many professionals today. With documentation and forethought, it is a precaution that means more public and governmental assurance with today's corporations.

Links:

MS Office's Web Site (<http://office.microsoft.com/en-us/excel/HA011745581033.aspx>)

The Regulatory Compliance Planning Guide

(<http://www.microsoft.com/technet/security/guidance/complianceandpolicies/compliance/rcguide/default.aspx?mfr=true>)