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Process Management and Sarbanes-Oxley go Hand in Glove

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Many companies are now nearing the finish of round one of Sarbanes-Oxley compliance, but the job is far from done. They will likely face a long list of remediation projects, and CFOs will actively seek ways to automate compliance to minimize manual efforts and gain efficiencies through preventive controls and continuous monitoring.

The application of business process management (BPM) tools could help. BPM systems can help organizations significantly increase efficiency, establish better controls, and lower operating costs. BPM also facilitates communication and control.

BPM can reduce costs by eliminating the need to re-key data numerous times by allowing the retrieval of data and documents via a Web browser rather than paper-based filing systems. Other benefits include faster process cycle times, thereby avoiding the stack-up of transactions on people's desks. With BPM, transaction time limits can be set so bottlenecks can be automatically brought to the attention of the manager responsible for the process.

How BPM Technology Works

Organizations expend significant resources studying, defining, and documenting the various business processes that form the basis of their financial statements. Many of these processes still rely on manual activity and paper documentation that may be housed in separate business units.

With BPM, specific, Sarbanes-Oxley-related, business rules are embedded in the process. Participants are then required to follow these business rules for a transaction to move forward. Compliance with company policies and adherence to government regulations becomes easier to monitor, manage, and enforce. With BPM's reporting and tracking capabilities, managers can develop performance standards and metrics to gauge success. The net result is better information, improved operations, and a tool that makes Sarbanes-Oxley compliance more efficient.

Using BPM Technology to Implement SOX Solutions

BPM has the potential to change the way organizations implement their Sarbanes-Oxley compliance solutions. With Sarbanes-Oxley processes configured with BPM, a chief financial officer can track the status of every transaction from beginning to end as most BPM products come with a built-in portal capability. Sarbanes-Oxley processes can be easily accessed by auditors through the Web, thus making annual audits more efficient and less time-consuming for auditors.

With BPM, not only is the transaction workflow automated and the data

tracked, but any documents associated with the transaction can be assembled and attached as part of the records, and available to users of the process or the auditors.

BPM-based systems have strong reporting and tracking features. All of the data entered into the system can be captured and organized into any number of reports. Managers can receive reports that are automatically delivered on a preset schedule, choose to access information on a particular transaction at any time, or drill down to see the backup documentation associated with any transaction. Sarbanes-Oxley compliance activities also can be automated. For example, a report can be generated on a scheduled basis, tracking what needs to be done by whom and by when. Alerts would be sent to those responsible for an activity as the due date approached. For those steps not completed on time, BPM would notify the manager responsible that a required activity had not yet occurred.

With Web portal capabilities, all relevant parties can have access to their Sarbanes-Oxley processes. Organizations can improve compliance and efficiencies by linking all the parties to a transaction together in real time, across oceans and time zones, with everyone looking at the same data and documents, and following a predetermined set of business rules and workflow.

Because of all of the work that has been done so far to comply with Sarbanes-Oxley, the potential for translating this effort into greater operating efficiency by automating these processes is huge. Organizations that have survived round one of Sarbanes-Oxley compliance are uttering the phrase "never again." Many are seeking ways to approach compliance in a more systematic way, and are looking at business process management tools.

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