

## Achieving Sarbanes-Oxley Compliance with Provance™

After the Enron and WorldCom scandals, executives being led away in handcuffs and facing criminal charges became a common scene on the nightly news. The Sarbanes-Oxley Act of 2002 was created in response to these types of large, highly public failures of corporate governance.

Sarbanes-Oxley was passed to protect investors from corporate wrongdoing. This pivotal piece of legislation makes it a legal requirement for companies to have accurate and reliable corporate information and reporting. To achieve this goal, the legislation mandates that companies put in place controls to deter governance and financial misconduct, and places accountability and responsibility directly in the hands of the CEO and the Board of Governors. Failure to comply with Sarbanes-Oxley exposes senior management to stiff penalties, and possibly even prison time.

### The Impact on IT

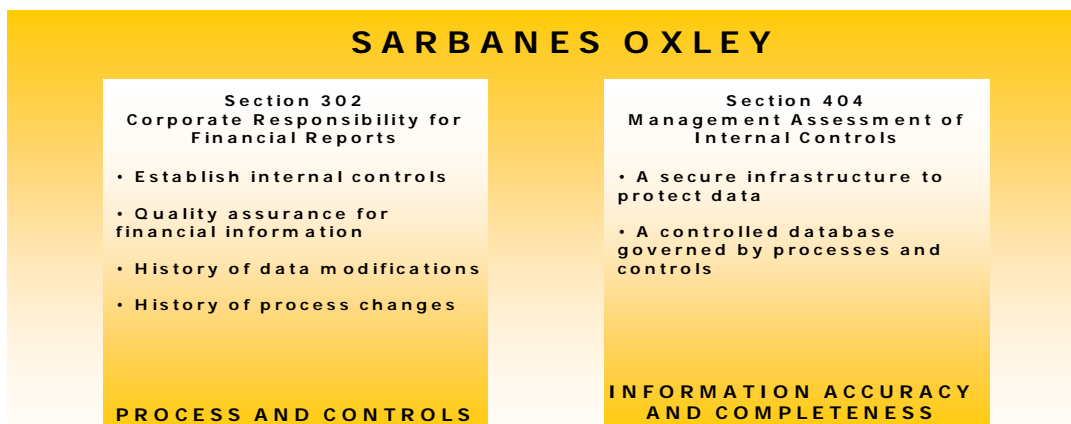
The controls and processes that Sarbanes-Oxley imposes on organizations represent the most significant governance and management challenges corporations have faced since the industrial revolution:

- ❖ Establishing effective business processes
- ❖ Managing adherence to these processes
- ❖ Understanding the configuration of what exists in your work environment
- ❖ Extracting the right data to make the right decisions
- ❖ Understanding cost drivers

Companies have always struggled with these issues, but Sarbanes-Oxley now legislates that organizations *must* conquer them. This requirement has had a profound impact on IT, essentially imposing a new paradigm in IT services, because accurate and timely financial reporting, as well as the governance and control of information, depend on a well-planned, highly controlled IT environment.

The new reality of Sarbanes-Oxley adds urgency to the ongoing demand that IT operate in tandem with the business. It is now even more important that IT be able to answer to the same fiscal and strategic demands that are faced by other parts of the business. This means managing its processes like a business, and aligning its services more fully with the fiscal and operational needs of the enterprise.

For IT, the key issues associated with Sarbanes-Oxley are the processes and controls the legislation places on IT data and infrastructure:



## Section 302 – Corporate Responsibility for Financial Reports

Sarbanes-Oxley 302 specifies that the executive body of an organization must attest to the accuracy and completeness of information reported in the annual report. It requires statements certifying that company officers:

- ❖ Are responsible for establishing and maintaining internal controls over financial reporting.
- ❖ Design internal controls and provide assurance that financial statements were prepared using generally accepted accounting principles.
- ❖ Disclose any changes in the company's internal control over financial reporting that may have materially affected those internal controls.

## Section 404 – Management Assessment of Internal Controls

Sarbanes-Oxley 404 requires organizations to establish controls minimizing the risks of inaccurate documentation and internal controls. Organizations must:

- ❖ Establish an infrastructure to protect and preserve records and data from destruction, loss, unauthorized alteration, or other misuse.
- ❖ Ensure that the infrastructure has no room for unauthorized alteration of records vital to managing the integrity of the business processes.
- ❖ Have in place the necessary controls to implement and monitor business processes in a uniform manner.

## How Provance Helps IT Comply with Sarbanes-Oxley

Provance features:

- ❖ Financial Management Of IT Services
- ❖ Service Request Management
- ❖ Configuration Management Database
- ❖ Asset and Seat Management
- ❖ Business Relationship Management
- ❖ Service Performance Management
- ❖ Software License Management
- ❖ Contract/Supplier Management
- ❖ Cost Management
- ❖ Billing and Invoicing
- ❖ Workflow Management

Fundamentally, Sarbanes-Oxley compliance for IT comes down to two issues:

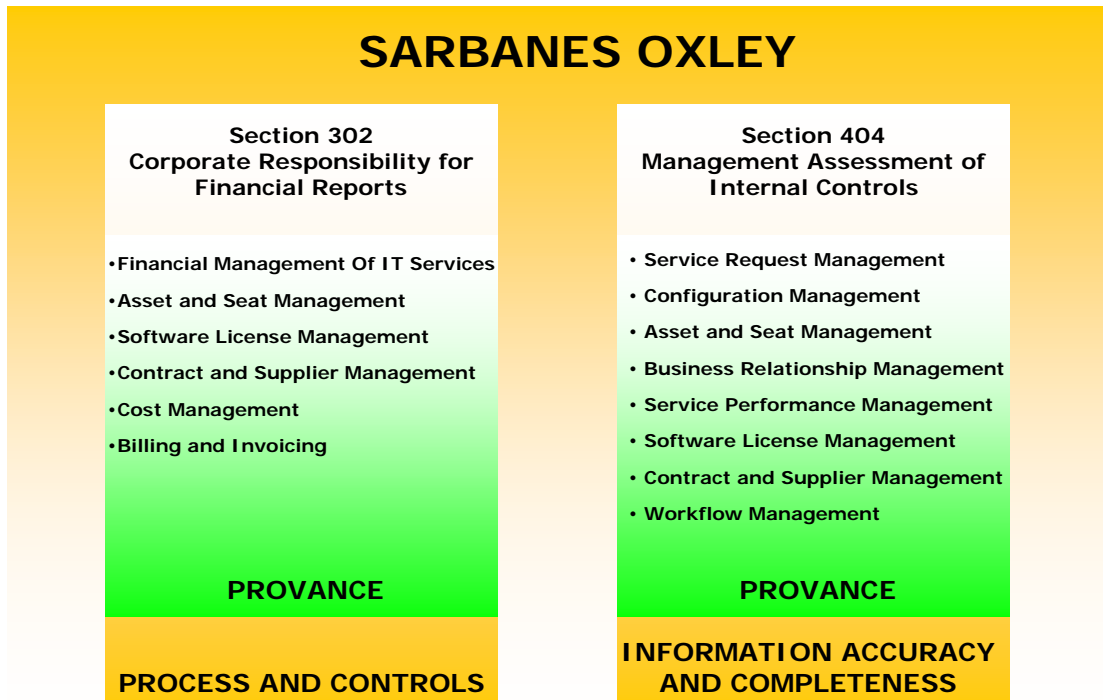
- ❖ Processes and controls
- ❖ Accuracy and completeness of information

Companies must ask themselves whether they are in control of the IT services required for achieving Sarbanes-Oxley compliance, and at the same time are meeting their business operation objectives. In truth, many IT organizations simply do not have the processes in place to hold IT accountable for these crucial business functions.

Provance helps IT build these processes and better understand, control, monitor and optimize its services to ensure accuracy and completeness. Our solution acts as a central nervous system for IT processes, augmenting operational processes and adding standardized, formalized, and automated capabilities to any existing infrastructure. And we do this by building on the systems and tools the IT enterprise already has in place.

## Provance's Capabilities

- ❖ Managing, automating, integrating and standardizing IT processes, services and infrastructure.
- ❖ Automating and enabling customer-focused processes and workflows that are visible, understood, and adhered to by the necessary participants, bringing full accountability and credibility to business practices. This allows everyone to see the complete set of activities and know which activity is presently active.
- ❖ Maintaining accurate infrastructure records with specified organizational accountability referencing back to the purchase order information under which the infrastructure component was acquired.
- ❖ Making information available to stakeholders, while allowing IT to be in control of its desired outcomes in order to make informed business decisions.
- ❖ Enabling easy management and reporting of IT services and asset costs, giving IT full life cycle control of its entire infrastructure (assets, software licenses, and contracts).
- ❖ Letting IT effortlessly and accurately reconcile and provide clients with detailed billing and charge back information.
- ❖ Allowing IT to take ownership of regulatory and software compliance, ensuring that it meets legislated standards and contractual obligations, thus eliminating risks associated with non-compliance.
- ❖ Maintaining a complete history of all activities against managed assets, software licenses and contracts.



Provance can help IT organizations comply with Sarbanes-Oxley by supporting the collection and maintenance of accurate and complete information about the IT assets that enable the business to function. In addition, Provance empowers IT to fully optimize and control this information through the establishment of comprehensive processes and controls.

To learn more about how Provance can help you in addressing your Sarbanes-Oxley commitment, contact [info@provance.com](mailto:info@provance.com) or visit us at [www.provance.com](http://www.provance.com)