SARBANES-OXLEY ACT

Sarbanes-Oxley Act of 2002 has changed the way public companies do business. Five years after passage of the Act, what has been accomplished? At the ARMA's (Association of Records Managers and Administrators) national convention in Baltimore this October, the keynote speaker was Michael Oxley. Mr. Oxley was the co-author of the Sarbanes-Oxley Act of 2002 (SOX). The following is a summary of his speech:

WHAT LEAD UP TO PASSAGE OF SOX

- 2001-02 over $8 trillion was lost in the capital market.
- WorldCom employed 80,000 people and its share price went from $60 to $1 in a few weeks.
- Enron was voted the most admired company in 2001. They filed for bankruptcy later that year.
- Option grants were not required to be disclosed until 45 days after closing. Many options were back dated.
- Arthur Andersen was dissolved with the stroke of a pen due to their role in destroying records improperly.
- Financial statements could not be trusted.

WHAT ARE THE BENEFITS OF SOX

- The stock market has doubled in five years. The DOW was at 7,000 in 2002 and hit 14,000 10/5/07.
- Investors now believe they can trust the corporate financial statements that are released.
- Financial dishonesty has been deterred. Accounting fraud is difficult in public companies and comes with severe penalties.
- Exports are growing.
- Inventory confidence has been restored for investors.
- Option grants can no longer be back dated. Companies must notify the SEC within two days of stock option grants.
- Corporate leaders can no longer say "I don't know".
- CEO's and CFO's must sign financial statements.
- In-house and outside auditors must sign the financial statements.
- Corporate executives are held accountable if the financials are wrong.

- Corporations must have internal controls.
- 2006 showed a 14% drop in re-statement of financial statements for public companies.
- IPO's are up 20% in 2007 versus 2006.
- America has the highest accounting standards for corporations in the world.
- The concept of SOX continues to be adopted by non-profit companies.
- Corporations in EU (European Union) and Japan have implemented Section 404 of SOX.

With information doubling every three years, getting control of corporate records is no longer a luxury, but a necessity. According to Mr. Oxley, "better business demands better records and information management."

INSIDE

COMPLIANCE CORNER

Have a Compliant Records Retention Program

To ensure that your records program is Sarbanes-Oxley compliant, follow these steps.

1. Have a Records Management Steering Committee. Members on the committee should be from Information Technology, Finance, Tax, Legal, and the Records Manager.

2. Document your records category information through interviews and/or inventory. Be sure to include electronic media.

3. Have approval of the schedules from department managers or vice presidents, tax and legal.

4. Have a records retention policy and procedures in place.

5. Train personnel on records management and their responsibilities.

6. Maintain a master list of litigation holds and releases.

7. Retain a master list of records destroyed.

8. Have your audit department conduct annual audits. The audit report should show findings, resolutions, and next steps.
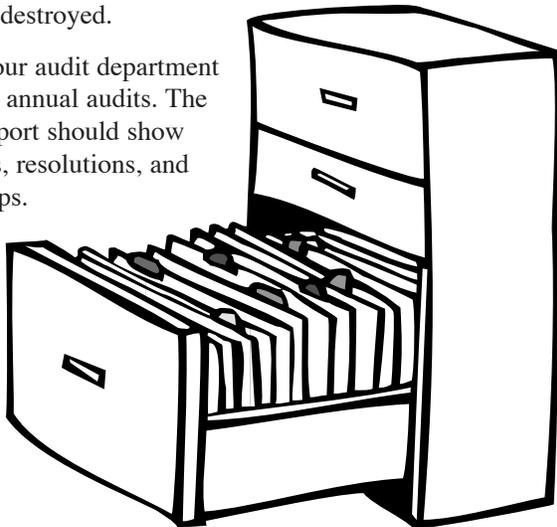

DOES YOUR COMPANY HAVE A COMPLIANT RECORDS PROGRAM?

CONTACT SHARON HYDER, CMC, CRM for information regarding implementing a compliant records management program for your organization.

RELIABILITY: Model It and Reward It

RELIABILITY – doing what you said you'd do – is not a glamorous aspect of managing, but it's a vital one. The quality of your work and the progress of your career depend on your peers' and employees' belief that you'll follow through. After all, you were promoted at least in part because you proved yourself reliable. Here are five tips for keeping the reputation up-to-date.
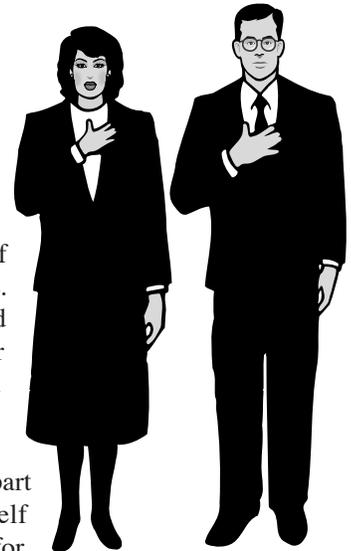
1. **CONSIDER BEFORE COMMITTING**
   Commit only after you've considered whether you have the time, abilities, and resources. Be honest also about your willingness. For example, will you really work as hard as necessary on a task that's irrelevant to your group's measured goals?

2. **FOLLOW THROUGH**
   Few tasks are completed without some setbacks. Reliable managers aren't diverted from completing what they promised. Avoid the temptation to quit: Anticipate the problems you're likely to encounter, and plan a way around them before they occur.

3. **FACE UP TO PROBLEMS**
   If you're not going to be able to complete the work as promised, say so as soon as possible. Without making excuses, be clear about what happened to prevent you from fulfilling your commitment. Provide an accurate update on the situation and specify what you need to finish.

4. **COACH EMPLOYEES TO FOLLOW THESE PRINCIPLES**
   Include the steps above – careful commitment, follow-through, and honesty – in all assignments. Add them to checklists, job procedures, training materials, and so on.

5. **RECOGNIZE RELIABILITY**
   Track reliability as part of overall quality. Thank reliable employees and point out their accomplishments to the group. Reliability should be one of the qualities that are rewarded in your group.

FAMOUS QUOTE

Flexible people never get bent out of shape!

— Anonymous

SHARON HYDER, CMC, CRM ANSWERS YOUR MANAGEMENT QUESTIONS

There are several people in our department who are not "organized".

Do you have any organizational tips?

In the "good old days", organizing our workday seemed a lot simpler: We opened mail, received phone calls and usually had just one set of paper files. Today, we are bombarded with information in electronic and paper form from all directions. Interruptions seem to abound and we often have more "to dos" than time.

It is more vital than ever before to manage your time and get the most from your workday to avoid becoming overwhelmed by the time pressures most of us face on the job. Here are some tips you can share with your colleagues to get their workday on track and keep it there.

• **Imagine the "perfect" workday**. If you could have complete control over planning the ideal workday for you, what would it look like? On a blank sheet of paper, draw a vertical line down the center. In the left column, map out your ideal workday, showing how you would spend each hour of time that you are at work. Exactly what would you do? Are there any people (colleagues, bosses, clients) with whom you would want to interact? Would you have blocks of uninterrupted time? What would you want to have accomplished at the end of the day? It's important to identify how you'd like things to be if you want to change the way things are.

• **Analyze your current workday.** On the right-hand side of your page, record what your day typically looks like hour to hour. If you have difficulty breaking it down on paper, try tracking one or two workdays to see how you actually spend your time.

• **Identify the gaps between your ideal and actual workdays.** Perhaps your actual day starts off like your ideal day, but gets derailed by a meeting that runs overtime or a colleague with a crisis. While you may not necessarily be able to prevent these things from happening, this analysis can help you to identify how much control you have over your day and begin targeting areas that could be managed more effectively.

• **Get into the habit of assigning due dates as soon as a task lands on your desk.** When a new task arrives by e-mail, voice mail or other means, take a moment to define its due date, even if it doesn't come with one. Record that task and due date in your paper or electronic planner, then put any associated documentation in its designed "home," to be retrieved when you start working.

• **"Uni-task" as much as possible**. When you interrupt one task to work on another, it can take up to 20 minutes to regain the level of concentration you were at with the original task. If you must leave a project midstream, make a note at the point you stop about what you were going to do next. This will help you to get back up to speed more quickly when you return to the task.

• **Follow the three "C's" of organizing: consolidate, categorize and create a home.** An important first step in getting organized is purging your files and consolidating the information they contain. (Remember: purge according to the guidelines of your organization's Records Retention Schedule.) Give every document, file and piece of equipment a permanent home. Resist the urge to give anything a temporary resting place. The few seconds you take to put things away will save you many minutes – even hours – of wasted time looking for them later on.

R-A-F-TING
Down the Paper River

Send the paper that crosses your desk down the river using the R-A-F-T method.

• **R**efer it to the right person, if you aren't the one who should handle it.

• **A**ct on it right away. If items can be dealt with easily, handle them now.

• **F**ile it.

• **T**oss out non-records and duplicate copies. *(Refer to your Records Retention Schedule and procedures for definition of duplicate copies and non-records.)*

Trends…
QUESTION INTERNET ACCESS LIMITS

Many companies believe that they lose productivity by allowing employees to surf the Web and conduct personal business online at work. These companies monitor employees' Web use and forbid personal use of computers. But is this the best policy? Some managers argue that you should not restrict employees' use of their computer.

• **CONSIDER WHY EXTENSIVE LIMITS AREN'T PRACTICAL.** Internet literacy pays off in exposure to ideas and information. Web-savvy employees may well produce more innovations than those who stick to their defined jobs. Moreover, employees who do some of their banking and shopping online may no longer have to take long lunches or sneak time off. Finally, Web limits don't help morale. Employees feel they're regarded as untrustworthy.

• **DO WARN EMPLOYEES ABOUT POTENTIALLY DESTRUCTIVE SITES.** For example, you might warn against visiting sites that promote various forms of violence or hate, including some extreme political, religious, and social issue sites.

• **DO PROMOTE RESPONSIBLE, USEFUL EXPLORATION.** Ask your group to search for and share lists of sites with content that's relevant to their work. Encourage them to distribute links to these sites and talk about ideas that make their lives and jobs more interesting. It's a reasonable bet that this is not a waste of time.

— ***Source:*** *Inc. magazine*

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