

SAS 70 Attestation, an e-Procurement ‘Best Practice’ for Publicly Traded Companies

The US Public Company Accounting Reform and Investor Protection Act of 2002 (Sarbanes-Oxley Act or “SOX”) was created to improve financial & operational controls, internal & external information disclosure, along with the establishment of auditable business processes. It requires that public companies prepare and maintain documentation of financial reporting processes, create internal controls, and evaluation and correction of control deficiencies.

SOX requires addressing the readiness and competencies of all the major lines of business within a company. However, there is presently no stand-alone IT solution, nor established metrics for SOX compliance. That is, SOX’s definition of proper controls, timely reporting, meaningful disclosure or correction of control deficiencies is largely open to interpretation. SAS 70 - **Statement on Auditing Standards** – is an auditing standard developed by the American Institute of Certified Public Accountants (AICPA). SAS 70 certification reviews and audits the following critical areas:

- operations and equipment,
- control environment,
- control over computer operations,
- control over programs and data,
- control over new development
- change management,
- information systems, and
- user response.

Aberdeen Group concluded from a recent survey, that 72% of their respondents reported that SOX has increased their requirement for standard controls and procedures in their supply chain activities.

SAS 70 attestation is a widely recognized standard, “attesting” that a service organization has had its control objectives and control activities examined by an independent accounting and auditing firm, and that the examination concluded the organization’s policies and procedures met or exceeded the general guidelines of Sarbanes-Oxley. Typically SAS 70 is associated with banks, brokerages, and other financial institutions that provide an outsource function to their customers (on-line transactions).

This “best practice” aspect of the SAS 70 attestation led P2PSolutions to obtain a SAS 70 Level II certification (from Ernst & Young Accounting) for our platform, Procurement Manager™.

P2PSolutions’ cost effective, “on demand” procurement portal streamlines purchasing, MRO and inventory operations. The on demand model bypasses all of the traditional costs and complexities associated with application software:

- software license fees,
- additional networking and security software,
- lengthy implementations,
- additional hardware,
- costly maintenance fees, and
- additional employees to manage the application.

All of these features and capabilities are certified with our SAS 70 Level II certification to assist with your SOX compliancy. The Level II certification addresses the following SOX related sections:

- **SOX 302** – CEO & CFO must sign off on financial statements and internal control effectiveness. P2P's role based access informs and alerts management of all process (approvals and transactions). **Our preset "user set up" controls: item or catalog views, spending levels, reports, approvals and authorization. P2P's preset procurement approval process insures accurate and timely procurement authorization. P2P can duplicate or enhance your controls for all procurement activity.**
- **SOX 401** – Accurate off balance sheet disclosure to assets, liabilities, losses and use of entities, along with implementing generally accepted accounting rules for off-balance reporting. **P2P's application captures new supplies as well as reporting on financial commitments. Tracks volume and prices that can impact financial position. In addition, P2P can track capital items usage, item warranty, or activities/work orders associated for repairs or maintenance.**
- **SOS 404** – Separate management report and internal control effectiveness/ and audit by the financial statement auditor. **P2P's configurable workflow and approval process ensures assessment requirements for procurement.**
- **SOX 409** – Requires that any significant changes in the financial state of the user be reported on a real time basis. **P2P's "real-time" application captures any changes in procurement: terms, pricing, volume or conditions that can be feed directly to your financial application.**
- **SOX 802** -Retention and protection of audit and related document, including electronic records. **P2P retains and maintains all procurement approval processes, terms, and transactions. Past records can not be edited. An electronic audit trail is included, that is time and date stamped, thereby eliminating the possibility of any type of fraud in changing dates liabilities occurred. P2P provides (unlimited) data retention for all of our client's activities.**
- **SOX 906** - Requires that the CEO and CFO ensure all financial reporting – that it fairly presents, in all material respect, the financial condition and results of the operation. **P2P's provides direct accurate feed of all procurement transactions into your financial application. P2P's financial reporting provides a comprehensive view into your operations, including monthly accruals and commitments. State any significant changes in the financial state of the user be reported on a real time basis.**

P2PSolutions on-demand solution was designed and developed to offer the most cost effective / SOX compliant spend management solution available:

- User friendly interface – simply use your PC web browser
- Full Sarbanes-Oxley compliant / Ernst & Young certified SAS 70 Level II – conducted ever 6 months
- Comprehensive reporting for both routine reporting requirement as well as the financial and other disclosure requirements of SOX
- Cost effective model without transaction fees and with unlimited usage and storage achieving
- Fast deployment, usually within 30-60 days
- Robust functionality from initial sourcing to order payment
- No hardware, software, network, storage issues, or annual software maintenance fees

By using P2PSolutions SAS 70 compliant solution -- Procurement Manager™ -- companies can achieve "real time" visibility and traceability for all spend management activities, while incorporating a significant measure to ensure SOX compliancy.

Call us for more details! 972-277-5400