

# Leader2Leader® Sarbanes-Oxley Compliance Monitoring Platform

The Public Accounting Reform and Investor Protection Act, also known as Sarbanes-Oxley (“SOX”), mandates that officers of public companies maintain internal controls to which those officers will be held accountable. As a result, every public company must seriously review its procedures to communicate and monitor its internal controls. In many situations current procedures need to be improved. Leader2Leader® innovations provide a scalable, flexible, easily implement-able solution.

**Leader2Leader® enables a public company to implement a scalable SOX compliance platform economically**

## SOX Process & Content Support

Under SOX, public company officers must use their best judgment to establish policies and procedures, and then update them periodically to reflect the then current thinking and guidance from SOX regulators. In other words, the SOX *process* must be implemented immediately even though the SOX *content* will change in the future.

### Sarbanes-Oxley Compliance

#### The Need:

To install and document a system that communicates SOX requirements timely to all levels of an organization; a system that also provides for documented responses.

#### The Problem:

Detailed SOX content with acceptable compliance standards will evolve for many years. They will be written, re-written, distributed, trained and re-trained. However, SOX is the law now. Implementation of a comprehensive SOX compliance system cannot wait.

#### The Solution:

Leader2Leader® enables the deployment of an automated SOX compliance platform. It enables the implementation of the **SOX process** while simultaneously enabling the implementation of evolving **SOX content**.

The business problem this circumstance creates is how to implement the SOX process *immediately* while the specific SOX content needed to respond to regulatory thinking evolves.

### Manual SOX Systems Are Expensive & Unwieldy

Automation is the solution. A manual system for policies and procedures involves voluminous paper documents, managing and disseminating regular

updates, collecting compliance affirmation forms, filing, data entry, analysis, training, notifications, and alerting. Such a system is difficult and unwieldy to manage.

### Existing Email and Portal Technologies Fall Short Of The Requirement

Existing technological tools available for SOX compliance fall short. Email by itself cannot provide sufficient breadth of functionality to be a SOX compliance platform.

Another potential technological solution is to build a custom SOX portal program. Such an approach may be too costly to implement in most organizations.

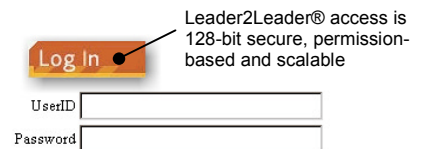
### Leader’s Team Tackled The Most Elusive Problems in Large-scale Information Sharing Requirements Like SOX

Leader Technologies formed a team of technology veterans in 1997 to address the most elusive problems in large-scale collaborative environments. This effort yielded numerous innovations and patent-pending inventions that are now commercially available in Leader2Leader® and related products and services.

Leader2Leader® enables a public company to economically implement a scalable SOX compliance platform now and manage the *SOX content* as it evolves.

### SOX process

- ✓ **UserIDs & Passwords:** Issue and manage UserIDs and Passwords.
- ✓ **Security:** Encrypt all communications at 128-bit SSL (Secure Socket Layer).
- ✓ **Policies & Procedures:** Post SOX Policies and Procedures to the appropriate people and groups.



- ✓ **Acknowledge:** Receive, compile, analyze & archive policies and procedures receipt acknowledgements.
- ✓ **Surveys:** Post SOX compliance surveys to the appropriate people and groups.
- ✓ **Survey Results:** Receive, compile, analyze & archive SOX compliance survey results.
- ✓ **Training:** Post SOX training in any form such as audio, video and web

**Leader2Leader® enables a public company to implement the SOX process quickly and manage the SOX content as it continues to evolve.**

conferencing, manuals, training videos, web casts, documents, files, chat, IM, and bulletin boards.

- ✓ **Alert:** Alert (voice and data) appropriate individuals and groups about non-compliance and related remedial action

### SOX content

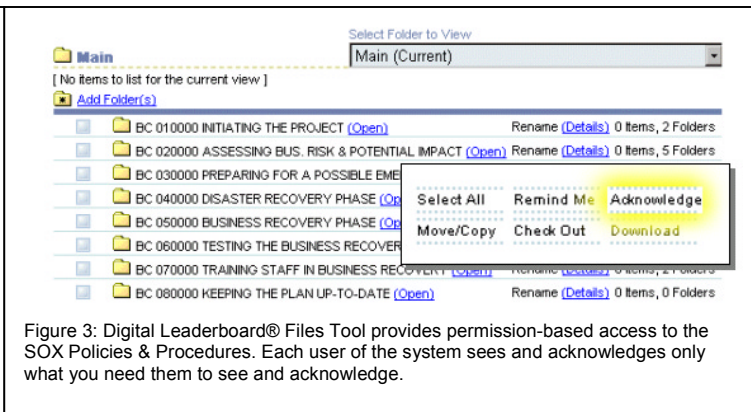
- ✓ Update **SOX Policies and Procedures** any time.
- ✓ Update **SOX Compliance Surveys** any time.
- ✓ Update **SOX Training** any time.

### Leader2Leader® Provides A Scalable SOX Communications Platform

Leader2Leader® provides an unmatched

Select	Subject	Author	Date	Time
<input type="checkbox"/>	Receiving Procedure Compliance Survey <a href="#">(Edit)</a>	Michael McKibben	09/01/04	9:37 AM EDT
<input type="checkbox"/>	Warehousing Procedure Compliance Survey <a href="#">(Edit)</a>	Michael McKibben	09/01/04	9:38 AM EDT
<input type="checkbox"/>	Personnel Training Procedure Compliance Survey <a href="#">(Edit)</a>	Michael McKibben	09/01/04	9:39 AM EDT
<input type="checkbox"/>	Communications Procedure Compliance Survey Form <a href="#">(Edit)</a>	Michael McKibben	09/01/04	9:40 AM EDT
<input type="checkbox"/>	Shipping Procedure Compliance Survey <a href="#">(Edit)</a>	Charles Sirro	09/01/04	9:43 AM EDT
<input type="checkbox"/>	Administration Procedure Compliance Survey <a href="#">(Edit)</a>	Keith Voigts	09/01/04	9:46 AM EDT
<input type="checkbox"/>	Returns Procedure Compliance Survey <a href="#">(Edit)</a>	Don Patterson	09/01/04	9:49 AM EDT

Figure 2: Leader2Leader® SOX Surveys can be created, updated and automatically compiled and logged at any time



SOX platform within which an organization of any size can establish a robust, global SOX information sharing environment. The system includes the following features.

**Files, Folders & Document Access** – Manages SOX policies, procedures and training files and folders of any type and size, e.g., word processing, spreadsheets, multimedia, audio, video, CAD. Easily manages version control.

**Message** – Manages secure communications among users, including anonymous submissions re. Section 301

**Acknowledge** – Allows users to easily acknowledge receipt of SOX information and updates.

**Acknowledgement Logs** – Tracks an

individual user’s activity and logs “touches” (i.e., whether that person acknowledged and/or downloaded the information.)

**Survey** – Allows those responsible for monitoring compliance to create and update compliance questionnaires that are automatically distributed to the appropriate persons and groups. Survey results are automatically compiled for analysis and record keeping.

**Luminary Portal®** – Enables secure, confidential access to trusted third parties (luminaries, experts, etc.) such as audit committee members and auditors.

**Alert** – Enables voice, text & email exception alert notifications as per Regulation 409 – Rapid notification.

**In conclusion, Leader2Leader® enables the officers of a public company to rapidly implement a flexible, scalable SOX compliance platform while simultaneously enabling the company to update the policies, procedures, reporting and feedback requirements as they continue to evolve.**

**For more information, contact:**

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Sarbanes-Oxley Requirement The Public Accounting Reform and Investor Protection Act	Leader2Leader® SOX Provisions							
	Security & Rights Management	Files & Folders	Leaderboards® & Messages	Survey	Acknowledge	Acknowledge Logs	Alerting	Luminary Portal®
<b>301 – Audit Committees</b> Establish procedures for receipt, retention and treatment of complaints regarding accounting and internal controls.	✓		✓		✓			✓
<b>302-4 – Officers’ certification on filed reports</b> Signing officers certify the design of internal controls, and ensure that relevant information is made known to them.	✓	✓	✓		✓	✓		✓
<b>302-5 – Disclosure to auditors and audit committee</b> Officers to disclose internal control deficiencies to auditors and audit committee.	✓	✓	✓	✓	✓	✓	✓	✓
<b>302-6 – Changes in internal controls</b> Reports to shareholders to disclose significant changes in internal control or related factors along with corrective actions.	✓	✓		✓	✓	✓		✓
<b>404-a-2 – Assess effectiveness</b> Annual Report to contain an internal control report on effectiveness of design and procedures.	✓	✓		✓	✓	✓		✓
<b>404-b-2 – Public accounting firm report</b> Along with audit report, there shall be an attestation and report on the assessment made by management.	✓	✓	✓	✓	✓	✓		✓
<b>409 – Rapid notification</b> Disclose material information to the public on a rapid and current basis.	✓			✓		✓	✓	✓

Table 1: Leader2Leader® features that provide solutions to the specific requirements of the Sarbanes-Oxley Act.



**Security & Rights Management**

Create & manage one or many UserIDs & Passwords for security.

**Messages (Email, Voice Mail, Fax)**

SOX users can communicate securely, even anonymously, without sending messages across multiple internal networks or through the public Internet. Manages not only email, but also voice mails, and fax messages.

**Alerting**

Voice, Email, secure IM and Bulletin Board alerts can be sent at any time to individuals or groups when compliance issues requiring attention are identified. The Leader2Leader® **Voice Alert** technology innovation sends alerts to your phone, not just emails. This expands your responsiveness by giving you the ability to contact users more quickly

**Internal SOX News**

Provide Enterprise-wide internal news updates regarding SOX changes and developments as well as Division-specific news

**Digital Leaderboards®**

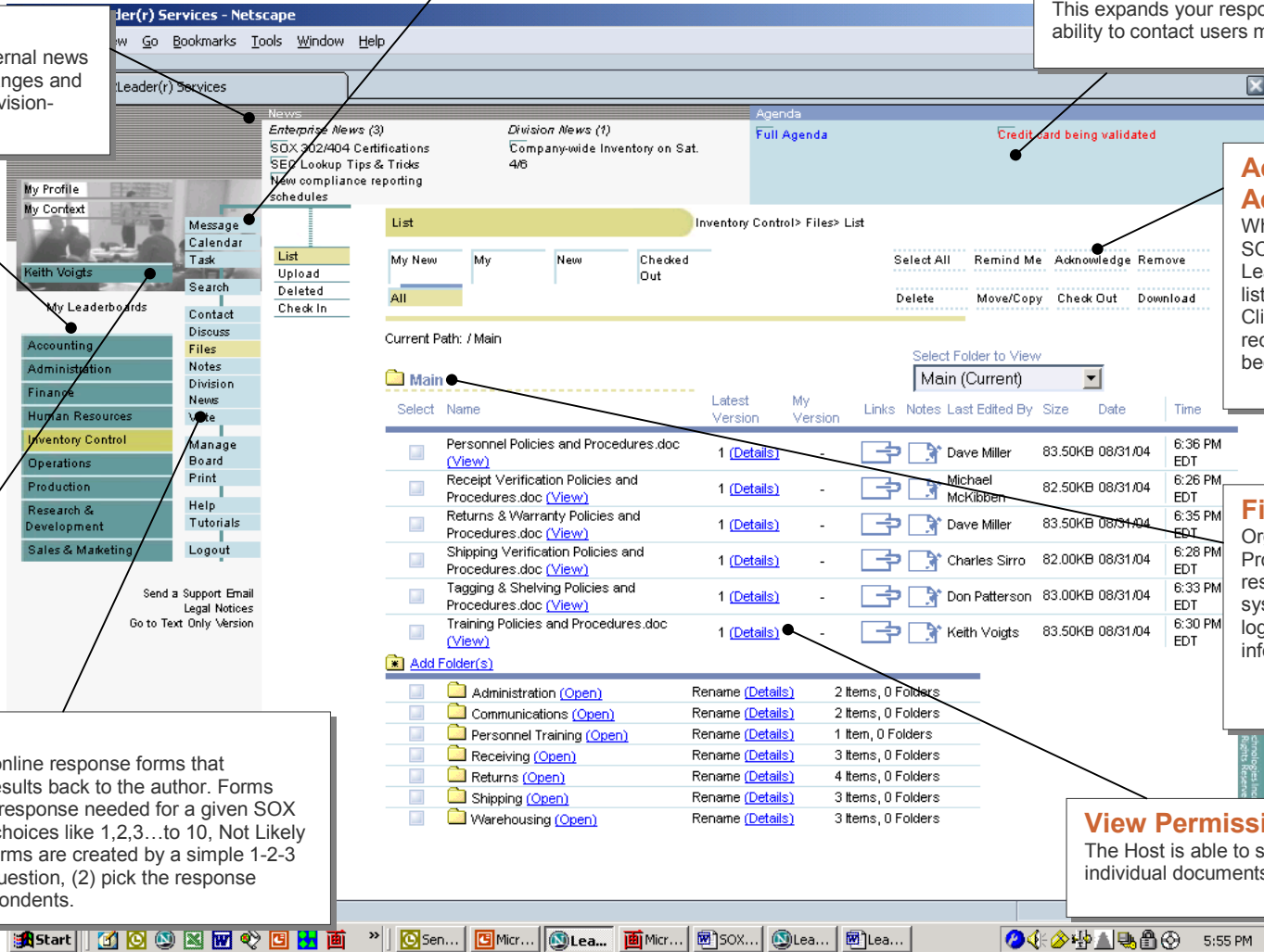
SOX Compliance workspaces enables positioning the right people in the right compliance workspaces.

**Luminary Portal®**

Secure, confidential access to SOX compliance system provisioned to trusted third parties such as audit committee members and auditors.

**Survey**

Create and update secure online response forms that automatically compile the results back to the author. Forms support any "Lickert Scale" response needed for a given SOX compliance question, e.g., choices like 1,2,3...to 10, Not Likely to Highly Likely, Yes/No. Forms are created by a simple 1-2-3 step process: (1) type the question, (2) pick the response required, (3) select the respondents.



**Acknowledge / Acknowledge Log**

Whenever new, unacknowledged SOX content arrives in a user's Leaderboard® it will appear in a list of unacknowledged items. Clicking "Acknowledge" will record that the documents has been acknowledged as received.

**Files & Folders**

Organize & update Policies & Procedures, Training and other resource material anytime. The system automatically knows and logs who has seen what new information.

**View Permissions**

The Host is able to set view/access permissions on individual documents within a given Leaderboard®

Figure 4: Leader2Leader® secure, web-based SOX User Console is accessible from any web browser, including wireless Phones and PDAs supporting 128-bit Secure Socket Layer connections. Requires no installation, downloads, applets or plug-ins.

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