

# Gelco SmartTalks

## Sarbanes-Oxley Legislation 404: Taking Control Through Expense Management

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### Summary of Questions & Answers

#### How would a SAS 70 be used to prove compliance with auditors?

A SAS70 Type II report provides an auditor review and opinion on the Gelco internal control processes surrounding the targeted solution. Gelco completed a SAS 70 Type II report for the ExpenseLink solution and various supporting components in order to provide a complete view of our operating environment. As discussed during the call, the SEC has stated that a SAS 70 Type II from a service provider can be used when fulfilling the auditor attestation requirement of Sarbanes-Oxley.

#### How much is required from the company regarding input?

Customer time for the configuration and implementation of ExpenseLink can be as little as 12-20 hours of effort. The effort can be higher if the customer is undertaking a travel re-engineering project in conjunction with the ExpenseLink implementation.

#### How much time does it take to implement? Estimate cost?

Implementation is generally completed in less than 30 days, consuming less than 20 hours of effort on the client side. Cost estimates are specific to the individual client and we would need additional information regarding the number of expense reports processed per month in order to provide guidance.

Sarbanes-Oxley implementation for the entire enterprise is a major project, taking years to develop and refine processes. The cost of SOX compliance depends upon how tight a business controlled its financial practices prior to adapting to the SOX 404 requirements. The "3-legged stool" steps are quick, inexpensive ways to develop compliant processes that integrate into an overall compliance program. Cards, online booking tool and expense management can all be up and running in 30 days – their costs should not be a factor because their value is so great. The ROI on each of these steps usually proves a payback in less than one year.

#### Does Gelco's receipt imaging service fit into Sarbanes-Oxley?

Sarbanes-Oxley does not require specific actions be taken surrounding document imaging and retention. However, it does provide incentive for companies improve the effectiveness of their internal control environment. Gelco's Receipt and Audit Service provides third party verification of all documentation surrounding business expenses and can be a strong addition to your control environment.

#### Our biggest issue is that we have been unable to mandate our corporate card program. What, specifically, in SOX can I present to executive management to get a buy-in for accomplishing this?

Corporate cards are often an emotional subject affected more by corporate culture than by business logic. I'll try to make the answer concise – it relates to all business practices. Nothing specifically in SOX addresses corporate cards, in fact, very little in SOX specifically addresses anything (that is Congress's way of telling the SEC to interpret the Act to protect investors). The SEC asked for public comment prior to issuing the final rules that guide compliance and enforcement of the Act. COSO (<http://www.coso.org/>) is the accounting industry organization that made comprehensive recommendations to the SEC. Very simply put, the "COSO Cube" is the name given to a matrix that shows the relationship between the various elements in an effective risk management program. Regarding corporate cards, there is no way an enterprise can manage the risk associated with expenses if the cards used are personal – SOX requires monitoring and control activities that are not possible with personal cards, thus, creating an environment of inherent risk (very bad). The use of personal cards is not prohibited under COSO; their use is plainly illogical. The apt analogy would be allowing employees to choose their own ISP and anti-virus software while running a network that shared files – the risk of infection is enormous. With personal cards, the risk is also high. If you can't implement corporate cards, make certain you have a tight automated expense system – it is your only defense against fraud.