

SAGE FAS



Fixed Asset Manager's Guide to Sarbanes-Oxley Compliance

Safeguards and Features in Sage FAS
Fixed Asset Management Solutions

sage
software

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This document is not intended to provide legal or financial advice and should not be relied upon for such. You should contact your legal or financial advisors for questions regarding compliance with the Sarbanes-Oxley Act of 2002.

Executive Summary

In 2002, Congress passed new regulations designed to improve corporate governance of public corporations and reduce fraudulent corporate financial reporting. The US Public Company Accounting Reform and Investor Protection Act of 2002, commonly referred to as the Sarbanes-Oxley Act, hopes to rebuild investor confidence in public corporations after the wave of high publicity corporate accounting scandals that began with the Enron crisis.

The Sarbanes-Oxley Act places new burdens on corporations, imposes strict penalties for non-compliance, and holds CEOs and CFOs personally responsible for the accuracy of their financial reporting. Section 404 of this act requires a corporation to report on the effectiveness of their internal controls and requires an external auditor to attest to this statement. Consequently, corporations must now document their internal control structure and evaluate its effectiveness to ensure the accuracy of financial data. Compliance with Sarbanes-Oxley includes paying particular attention to IT systems that can impact financial record-keeping and reporting.

Compiling an accurate financial picture of a company requires accurate fixed asset records as well as compliance with applicable tax laws and regulations for acquiring, depreciating and disposing of assets. This paper details how Sage FAS solutions from Sage Software can help companies achieve tighter control over fixed asset management to ensure the accuracy of their fixed asset data and compliance with the Sarbanes-Oxley Act.

Sarbanes-Oxley Act Background

The Sarbanes-Oxley Act of 2002 begins a new era in corporate governance. Strict rules to ensure accurate financial reporting put tremendous pressure on public companies to document all internal procedures for gathering and reporting financial results before the fast-approaching deadlines for compliance. Sarbanes-Oxley seeks to reduce corporate financial fraud and mismanagement while providing reassurance to investors.

Under the new regulations, CEOs and CFOs must personally certify the integrity of financial reports, as well as the procedures and systems used to create them. Public accounting firms must also attest to the validity of the financial reports and assessments. Both executives and their accounting firms can be held criminally liable for accounting inaccuracies, making the stakes higher than ever for everyone involved in financial reporting.

Who is affected by Sarbanes-Oxley?

Public Companies

Sarbanes-Oxley currently applies to public companies that are registered with the Securities and Exchange Commission. Most of these companies are headquartered in the United States, but a number of foreign companies with significant operations in the US will also be affected. Some aspects of Sarbanes-Oxley are already in full effect.

Private Companies

Although private companies are not required to comply with Sarbanes-Oxley, there are excellent reasons for them to consider its implications. Any private company that aspires to go public will become subject to the act upon filing a registration statement with the SEC in anticipation of an IPO. Additionally, any company that might be acquired by public companies or that has significant business partnerships with public corporations will need to assess the impact of Sarbanes-Oxley on future and current business relationships. Many private companies are already implementing "best practice" aspects of Sarbanes-Oxley.

Nonprofit Organizations

Like private businesses, many nonprofit organizations are interested in applying the best practices principles of Sarbanes-Oxley to their financial procedures. Though Sarbanes-Oxley has not yet been applied to nonprofits, failure to provide adequate visibility into the financial management of nonprofits could result in a similar regulatory environment being enacted in the future. Some states are already considering this type of measure for nonprofit organizations.

While the Sarbanes-Oxley Act applies only to public companies, it has implications for private companies and nonprofit organizations.

Section 404 and Internal Controls

Section 404 of the Sarbanes-Oxley Act requires executives of public companies to include an assessment report of the effectiveness of internal controls over financial reporting, including IT controls, when submitting their annual reports to the SEC.

SEC. 404. MANAGEMENT ASSESSMENT OF INTERNAL CONTROLS.

- (a) RULES REQUIRED. — The Commission shall prescribe rules requiring each annual report required by section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) to contain an internal control report, which shall —
- (1) state the responsibility of management for establishing and maintaining an adequate internal control structure and procedures for financial reporting; and
 - (2) contain an assessment, as of the end of the most recent fiscal year of the issuer, of the effectiveness of the internal control structure and procedures of the issuer for financial reporting.
- (b) INTERNAL CONTROL EVALUATION AND REPORTING. — With respect to the internal control assessment required by subsection
- (a), each registered public accounting firm that prepares or issues the audit report for the issuer shall attest to, and report on, the assessment made by the management of the issuer. An attestation made under this subsection shall be made in accordance with standards for attestation engagements issued or adopted by the Board. Any such attestation shall not be the subject of a separate engagement.

By establishing and documenting internal controls, companies can attest to the validity and integrity of financial information from the time such information enters the company to the completion of the annual report each year. The SEC also requires that each company's external auditors independently review management's assessment of internal controls and document any material weaknesses the audit firm discovers.

Impact of Section 404 on Information Technology

The "assessment of internal controls" report is designed to assure the SEC as well as investors that a company has the necessary procedures and controls in place to adequately ensure the integrity of financial data. When applied to technology, this implies that financial data must be accurately recorded and shared in appropriate ways and that the data must be secured from threats of unauthorized access, inappropriate changes, and data corruption.

Additionally, this report places increased impetus on companies to select software providers that can be a partner to them in Sarbanes-Oxley compliance by providing

IT internal controls should ensure that financial data is secured from threats of unauthorized access, inappropriate changes, and data corruption.

information about software features that provide internal controls over financial data, as well as by ensuring that the development process for creating the software is well-controlled and in line with industry best practices.

Section 404 refers to internal controls as defined by The Committee of Sponsoring Organizations of the Treadway Commission (COSO), although it does not require that a company use the COSO framework in order to create the assessment of internal controls. Some IT organizations are choosing to adopt the Control Objectives for Information and Related Technology (COBIT) framework for guidance about how to approach assessment and testing of IT related internal controls. The Public Company Accounting Oversight Board (PCAOB) (established by the Sarbanes-Oxley Act) released guidelines for auditors that discuss IT internal controls in March 2004.

Whether a company approaches IT internal controls from the COSO or COBIT framework, it will be necessary for organizations to review their financial applications for:

- Data Security and Access Controls
- Integrity and Accuracy of Data
- Reliable Reporting Systems
- Disaster Recovery

In addition, organizations will want to review the development methodologies and change control processes used by their financial software vendors to ensure modifications to the software are made with proper authorization and are appropriately reviewed and tested.

Sage FAS and Sarbanes-Oxley

Sage FAS fixed asset management solutions address each of the key areas of internal control for financial software systems outlined above. This paper is designed to help Sage Software customers in public or private companies and nonprofit organizations understand and document the internal controls over fixed asset management provided within Sage FAS solutions, and to give an overview of the control procedures Sage Software has used and may use in development and testing of the software.

Foundation for Internal Control: The Fixed Asset Inventory

An accurate inventory of fixed assets is the core of solid financial reporting of corporate assets. Without it, all downstream internal controls can do nothing to resolve inaccuracies created when assets which have been lost, stolen, or taken out of service continue to be depreciated and reported.

In order to establish an accurate physical inventory of all fixed assets, a company must ensure that the inventory is conducted using the same method at all locations. Further, it is necessary to have solid procedures in place for reconciling the inventory data against your existing fixed asset records. Many fixed asset managers who conduct inventories spend tedious hours surveying corporate assets with a clipboard, followed by re-keying the data into a spreadsheet.

Many companies find that bar-coding each fixed asset as it is placed in service greatly reduces errors in ensuing physical inventories of assets. Inventories can be conducted quickly and efficiently using bar-code scanners.

FAS Asset Inventory

To boost the accuracy of the fixed asset inventory process, Sage Software introduced FAS Asset Inventory, an automated solution that reconciles inventory results with the FAS Asset Accounting database. Using state-of-the-art bar code technology, including Windows Mobile® devices, FAS Asset Inventory creates and tracks multiple physical inventories of assets quickly and efficiently, thereby ensuring that the fixed assets that will later be included in financial reports are still in service and accurately recorded and depreciated.

The following FAS Asset Inventory features help companies achieve tighter internal control over their fixed asset inventory and reporting process:

- Supports both types of inventories: Baseline to create your initial inventory, and Dynamic to verify any data on existing assets.
- Wizard-driven process ensures that all employees responsible for conducting inventories can easily use the software and use it consistently across the organization.
- Multiple inventories can be conducted concurrently at various sites. All inventory is reconciled to one central location.
- Easy installation and configuration of barcode scanners.

“We now have policies and procedures in place to tag assets as we receive them—before they’re distributed to off-site facilities. We also depreciate those assets every month so we have updated numbers for month-end close reports.”

*Tammy White
Fixed Asset Manager
Maury Regional
Hospital*

“When we first implemented Sage FAS Fixed Assets, the accounting staff conducted a full-blown audit, tagging all of the company’s assets. Now, each location can perform its own inventory with hand-held scanners.”

*Ryan Schipper
Senior Accountant
Endries International*

- Windows Mobile devices can perform inventories with less expensive bar code readers containing more memory, providing smaller companies with limited resources access to the same best practices in inventory management.
- Seamlessly allows physical inventory data to be easily reconciled with existing FAS Asset Accounting data and eliminates potential errors caused by re-keying inventory data.
- "Check-In/Check-Out" feature monitors assets on the move.

The financial accuracy required by Sarbanes-Oxley makes the physical inventory of fixed assets an essential foundation for compliance. Many companies find it difficult to find the time or resources to conduct fixed asset inventories with spreadsheets, but FAS Asset Inventory provides a fast, accurate way to conduct inventories that are automatically reconciled against the fixed asset database via integration with FAS Asset Accounting.

Security and Access

One of the most basic internal controls over financial data and supporting software applications involves security. Limiting access to data as well as the power to modify it are effective ways to ensure the continued accuracy of fixed asset information. The ability to track who makes changes to data and what those changes entail is a valuable tool to locate the source of problems or inefficiencies if they arise. This leads to better internal controls in the future and also allows auditors to gain a more accurate picture of the way that fixed asset data is recorded and used within the company.

Security and access in IT applications is addressed at two levels. Physical security involves how users can access the software. Logical security deals with how users and groups are set up and maintained within the system. Sage FAS features both physical and logical security measures.

Physical Security

Through Windows Authentication, Sage FAS ensures only authorized users can gain access to the fixed asset financial data contained in the application. For the greatest convenience and security, users can have the network user name and password provide access to Sage FAS. This also allows executives and auditors to maintain and verify the data integrity and prevent unauthorized access to that data by being able to select several parameters for the setting of passwords. These options include complex passwords which contain upper and lower case characters, minimum password lengths, locking the user out after several failed attempts, setting expiration dates for passwords, and preventing usage of the same password after a password has expired.

Logical Security

Sage FAS supports user defined levels of security defined during set up with User Profiles. These levels of access can be reviewed and modified at any time after set up by the supervisor with administrative rights. Sage FAS provides password security on user-defined menu levels to allow authorized users access to only those functions that they need to do their jobs, thus preventing both accidental errors and outright fraud. This feature supports an appropriate division of duties and is controlled by permissions contained in each user's profile.

It is possible to enable or disable every individual menu item in Sage FAS according to user. For example, an organization may wish to limit a user's ability to add or delete fixed assets, create new companies, or calculate depreciation. At the reporting level, users may be denied the ability to create custom reports (and to customize standard reports) thereby ensuring that the reports generated from one reporting period to the next contain the same data and format.

Limiting access to data as well as the power to modify it are effective ways to ensure the continued accuracy of fixed asset information.

“Using Sage FAS saves us a great deal of time, because we don’t have to spend hours calculating depreciation manually. We use Sage FAS to manage fixed assets in more than 20 field offices. The user-friendly reports built into the product help us compare the information within Sage FAS to the information in our general ledger.”

*Trip Thomas,
Accountant,
American Heart
Association*

Data Integrity and Accuracy

Financial data must be accurately collected, compiled and calculated to ensure compliance with Sarbanes-Oxley. This means that well-documented processes must be in place defining the personnel and procedures used in financial reporting. The integrity and accuracy of data within financial applications is of utmost importance. Sage FAS contains many features that not only ensure the accuracy of fixed asset depreciation calculations, but also help users avoid errors to increase the integrity of data being entered into the system.

Sage FAS Ensures Accurate Depreciation Calculations.

The Sage FAS depreciation engine leads the industry in its thoroughness and reliability, with over 300,000 IRS tax and GAAP rules built into the software. Sage FAS automatically calculates AMT and ACE schedules and supports over 50 methods of depreciation—including MACRS 150% and 200% (formulas and tables), ACRS, Straight Line, Modified Straight Line (formulas and tables), Declining Balance, Sum-of-the-Years-Digits, and customized depreciation methods. Using Sage FAS avoids the common pitfall of fixed asset spreadsheets—an incorrect mathematical function defined in the spreadsheet generating serious depreciation mistakes. Complete accuracy in fixed asset depreciation calculations tops the list of reasons that Sage FAS is used by all of the Top Ten accounting firms.

Software Updates Ensure Compliance with Changing Tax Regulations.

Sage Software provides annual tax updates for Sage FAS solutions that help ensure compliance with changing tax law. A team of CPAs at Sage Software constantly monitors new and modified regulations to make sure that the depreciation methods and calculations in Sage FAS are comprehensive and current.

An annual tax update is released each year, typically in December, with the latest rules, rates, and IRS tax forms and worksheets. Additional updates may be performed throughout the year as new regulations warrant. Customers are notified by product shipments, email notices, customer newsletters, and technical bulletins of new laws and software updates.

Sage FAS Audits Fixed Asset Data for Potential Tax Errors.

The Audit Advisor feature helps to locate assets that may not comply with many new and existing IRS regulations. Disposals and transfers in the placed-in-service year, higher depreciation limits for light trucks and vans, Section 179 limitations and other regulations are all watched for by Audit Advisor.

After running Audit Advisor, the system displays a report highlighting potential problems with the fixed asset data and creates a group with the assets in question. The user can examine the assets in the group and decide whether to change the information for each asset.

Sage FAS Reduces Errors When Entering New Fixed Asset information.

One of the biggest drawbacks to using spreadsheets to track fixed assets is the inability to adequately define how information must be entered into the spreadsheet. This can lead to the incorrect categorization of fixed assets and subsequent problems with depreciation calculations.

Sage FAS helps ensure that users accurately enter fixed asset information into the system with a number of features. The Sage FAS rule base helps to prevent errors from being entered into the system, ensuring fixed asset info is accurately recorded and depreciation accurately calculated. SmartLists allow an organization to establish policies regarding the categorization of fixed assets, as well as accurate and consistent entry of other fixed asset data. The Template feature helps to ensure assets are adequately described, by allowing definitions for asset categories to be clearly outlined.

Sage FAS Tracks Critical History in the Fixed Asset Data, Providing Audit Trails.

Sage FAS contains powerful tracking mechanisms that record uses of the system, as defined at set-up. The History feature allows the system to track major milestones and specific actions, including dates and times, providing an audit trail to lessen the likelihood of errors. Modifications recorded in History identify the user making the modification, as well as how data was changed.

Integration with Financial Software Eliminates Duplicate Data Entry Mistakes.

Many fixed asset managers using spreadsheets to track assets are forced to re-key much of the data into their general ledger (G/L) system. Sage FAS provides software integration links to almost every G/L and accounting package, thus eliminating the chance of unintentional typing mistakes leading to mistakes in the fixed asset financial data reflected in the G/L.

All of the features described above combine to provide customers with the tools to reduce errors in the way data is entered and maintained. Sage FAS provides exceptional accuracy in fixed asset depreciation calculations that is unparalleled in the industry. Finally, Sage FAS provides management and auditors with history tracking to identify the source of any inappropriate changes to fixed asset management data.

"It's nice to know that Sage Software has a staff of CPAs and experts that are constantly monitoring and interpreting new tax rules. With FAS Asset Accounting, all I have to do is install the software update to know that Bell & Gossett is in full compliance with the latest tax legislation."

*Dan Leider
Senior Accountant
Bell & Gossett*

“FAS Report Writer enables us to create monthly reports of all our fixed assets—so we can reconcile that information to our General Ledger. It’s so easy to produce. All we have to do is change the date, and the report is ready in seconds.”

*Brad Gardner
Assistant VP /
Corporate Controller
Keystone Education
and Youth Services*

Reliable Reporting System

Precise, detailed reporting of financial data forms the full measure of proof of compliance with Sarbanes-Oxley. Sage FAS solutions make fixed asset data easily accessible to facilitate the painless generation of accurate and timely reports. Sage FAS solutions provide clear, easy-to-understand standard reports that feature ease of use and reliability. Additionally, FAS Report Writer provides the flexibility for businesses to create any customized fixed asset report their business may require.

The Sage FAS reporting system features simple, intuitive report navigation and easy drill-down for in-depth analysis of report details. Reports are easy to distribute using the Export Report feature which allows reports to be distributed in Adobe® Acrobat® (.PDF) format for easy distribution while limiting the ability for the recipient to alter the report. Other formats available include Microsoft® Excel, Word, WordPerfect®, ASCII and eXtensible Markup Language (.xml).

Among the more than 50 standard reports available in Sage FAS:

- Depreciation Expense Report
- Monthly Projection Report
- Period Close Summary Report
- Depreciation Adjustment Report
- Net Book Value Report

In addition to the standard reports, the fully integrated FAS Report Writer helps users create customized reports that meet specific business objectives. Within FAS Report Writer, users have the ability to quickly customize the format and look of any Sage FAS standard report, using the Customized Standard Reports feature. This feature allows users to add, remove, and reorder columns and customize header and footer text with simple mouse clicks.

FAS Report Writer users can also create new reports from scratch, incorporating calculations as well as any other data desired from the Sage FAS fixed asset database. Users can add charts and graphs to their custom reports and export them in a variety of formats for easy distribution.

The Sage FAS reporting system offers flexible, customizable capabilities for comprehensive, timely, and accurate reporting. The ease of use within reporting and ready access to fixed asset data offers a quick, simple way to get at the information needed to ensure the validity of numbers included in financial statements.

Disaster Recovery

In order to maintain security and integrity in fixed asset data, internal controls must include processes for recovering data in the event of a system failure. Disaster recovery plans should incorporate contingencies in case of potential hazards such as database corruption, disk drive failures, as well as natural events such as fires, floods, or earthquakes.

Sage FAS contains backup and restore features to assist customers with disaster recovery. The built-in backup procedure provides an easy way to back up Sage FAS data. This feature reads the data within the database, exports it as a set of ASCII files, and then compresses these files into a relatively small backup file. The Sage FAS restore feature decompresses the BBK backup file when needed.

Best Defense Against Database Corruption: The Data Backup

Having a good data backup policy in place protects financial fixed asset data that is critical to your compliance with Sarbanes-Oxley. Not only does it protect the company in the event of database corruption, it also saves data in an unanticipated catastrophic event such as fire, flooding, or natural disasters. The following process establishes a solid data backup strategy:

- Backup regularly and often
- Verify backups
- Keep the three most recent backups available
- Protect a copy of your backup offsite

Sage FAS Professional Services Assist Customers with Disaster Recovery

For proactive peace of mind in ensuring that a database is free from any signs of impending corruptions, Sage FAS Data Services offers a Database Diagnosis Service that uses diagnostic tools to confirm the key structural components of a Sage FAS database are intact and operational.

As part of a company's comprehensive disaster recovery outline, it is important to have a contingency plan in case financial data is found to be corrupt. In the event that a Sage FAS database is no longer functioning properly due to disk drive failure, power loss, environmental disaster, etc., Sage FAS Professional Services provides a Database Rebuild Service that can be utilized to potentially recover the entire fixed asset database. Using specialized utilities, data records are carefully copied from the corrupt database to a temporary holding file. A new database structure is then created, including new tables, indexes, and dependencies, to conform to the Sage FAS application database schema. The data is then migrated to the new database structure, which is tested against the latest version of the Sage FAS application, confirming the rebuild process eliminated the problem. The recovered database is then returned to the customer's working environment to complete the disaster recovery process.

Sage Software uses a version control technology to safeguard the source code and protect it from unauthorized access and amendment.

Development Methodology

To be assured of the best possible compliance with Section 404 of Sarbanes-Oxley, it is important for companies to partner with software providers who ensure high standards of control in the development and enhancement of software solutions. Sage Software is committed to providing its customers industry leading fixed asset solutions created in an exacting and precise development environment.

The Sage FAS Development Team

The Sage FAS development team is organized to ensure high standards of security and accuracy for the Sage FAS source code. Every member of the team follows established, defined Sage Software policies which are approved and supervised by management.

The Sage FAS team members are selected for their experience and expertise. The team includes CPAs and other accounting professionals specialized in monitoring and researching changes in fixed asset depreciation regulations, as well as product managers, software engineers, quality assurance managers, and testing staff.

Modifications to the software take place in an environment of detailed procedures and careful monitoring. Peer reviews are conducted to inspect changes to the source code. Testing procedures are performed to test all modifications to the source code.

Product testing is conducted by two teams; one focused on the operation of the software (i.e., does the software take the correct action when the end-user interacts with the application) and another audits the domain-specific rules, making sure the software performs calculations correctly. This approach ensures that an entire team of testing experts, consisting of CPAs and other accounting professionals, is dedicated to verifying the accuracy of our calculations and not distracted by the other aspects of software testing.

Security and Source Code Integrity During Development

Sage Software uses a version control technology to safeguard the source code and protect it from unauthorized access and amendment. Only members of the Sage FAS team with adequate rights may view and/or modify it.

Each Sage FAS release is assigned a Software Test Manager who coordinates testing to ensure compliance with the highest standards of quality. A Test Plan is written to outline the test approach for each release and it is reviewed to ensure the approach will effectively test all new features and modifications to the software and detect any defects. Testing is performed on each internal build by staff that is independent of the coding process. Before the product is released, regression testing is performed to ensure any new changes in the product do not affect original features or unchanged code. During the testing phase, management tracks a number of key performance indicators regularly.

Before general release to Sage FAS customers, each product release is required to pass certification by a Certification Board that consists of representatives from senior and executive management, including the Sage FAS General Manager and Vice President, the Director of Customer Support, and the Director of Sales. Prior to product release, a certification meeting is held with representatives from product management, development, all support groups and the Certification Board members.

The product functionality, development and testing results, and the support group readiness are thoroughly reviewed. A certification document is signed by each board member and delivered to Operations before the new software is released.

Integrity of Depreciation Calculations

Sage Software employs a number of safeguards to ensure that Sage FAS depreciation calculations are accurate and reflect the latest tax legislation. Sage FAS depreciation experts routinely research any changes in IRS and GAAP rules. Sage Software's Sage FAS database files are secured by passwords to prevent any unauthorized changes to the database. When tax laws change that require changes to the depreciation calculations, the rigorous process described above for software update development is applied to protect the integrity of calculations.

Sage FAS users cannot jeopardize the integrity of depreciation calculations because they are hard-coded into the system, removing any possibility of user change to the calculations. Additionally, when Sage FAS Professional Services provides customization work for clients, no customer work can be performed on the calculations. The integrity of Sage FAS depreciation calculations is one of the main reasons that all of the Top Ten accounting firms use and trust Sage FAS solutions.

Sage Software: 25 Years and Growing

A final, important consideration in the selection of financial software applications is the longevity and future of the provider company, as well as the quality of technical support. Sage Software recognizes the need from our customers to understand the key features in our financial software applications that will assist them in their Sarbanes-Oxley compliance efforts. Sage Software has been supporting Sage FAS customers with industry leading fixed asset management solutions for over 25 years. Sage Software continues to grow and remains highly dedicated to supporting over 1.8 million customers in North America.

Sage FAS solutions have a 25-year industry leading history and are trusted by the Top Ten accounting firms in the U.S.

Sage FAS and SAS 70

Statement on Auditing Standards (SAS) 70 was developed by the AICPA to provide an assessment of the internal controls processes for IT service providers. This standard is designed to provide assurances to IT customers whose service providers host or process their data. The SAS 70 does not apply to the Sage FAS application because Sage FAS customers host the application, as well as the data it collects, on their own internal systems. For further information on SAS 70 as it may apply to systems other than Sage FAS can be found at www.aicpa.org.

Conclusion

While Sarbanes-Oxley compliance is both challenging and frustrating to many companies, it also represents an opportunity to achieve a new level of best practices and integrity in financial reporting. Ultimately, ensuring the complete accuracy and reliability of the people, data, and systems that form financial results will enable companies to be better managed and will provide executives better insight into their organizations. Companies can be greatly aided in their Section 404 compliance efforts when financial applications contain features that support security, data accuracy and integrity, reliable reporting systems and reliable disaster recovery. Sage FAS solutions provide features in each of these key areas.

FAS Asset Inventory can help ensure that organizations begin their fixed asset management processes with accurate physical inventories of assets. FAS Asset Accounting features both physical and logical security measures and tracks history to provide audit trails in the event that human errors are discovered. A depreciation calculation engine and rule base that includes over 300,000 IRS tax and GAAP rules and supports over 50 depreciation methods ensure the accurate depreciation calculations in Sage FAS. Sage FAS customers are assured of continuing tax compliance with the annual software update that is designed to address any changing rules or regulations regarding fixed asset depreciation. The Sage FAS reporting system is flexible and comprehensive, allowing users to quickly gain access to relevant data through standard reports, or choose to create a customized report with FAS Report Writer for detailed analysis. Sage FAS solutions feature back-up and restore functions for disaster recovery. Sage Software implements a consistent, quality oriented set of internal controls in our development and testing processes.

Sage Software is dedicated to providing customers with industry leading financial software products and the best customer support services in the industry. Sage Software understands the importance of providing our customers with the information they need to be confident in the internal control features contained in their Sage FAS fixed asset management solutions and strives to provide good partnership with customers in their compliance efforts.

Additional Resources

Public Company Accounting Oversight Board (PCAOB). At this website you can read the full text of Sarbanes-Oxley as well as additional information and guidance for compliance. www.pcaobus.org.

Committee of Sponsoring Organizations of the Treadway Commission (COSO). This private, voluntary organization seeks to improve the integrity of financial reporting. Their guidelines for internal controls are suggested as a good standard for Section 404 of Sarbanes-Oxley. www.coso.org

Information Systems Audit and Control Associations (ISACA). This organization created the COBIT standards for IT internal control assessment that many companies use in conjunction (or in place of) COSO standards to guide them in achieving internal controls over IT systems and applications. www.isaca.org/cobit.htm.

American Institute of Certified Public Accountants (AICPA). The AICPA web site has excellent information about Sarbanes-Oxley designed primarily for public accountants and auditing firms. The AICPA also offers excellent publications that can be purchased concerning Section 404 and internal controls. www.aicpa.org.

IT Governance Institute. This organization offers an informative publication titled, *IT Control Objectives for Sarbanes-Oxley*. This publication can be accessed at www.itgi.org.



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