

# Sage ERP X3 | White Paper

## Sarbanes Oxley: Sage ERP X3 can you comply

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The Sarbanes-Oxley Act of 2002 was created to help restore confidence in corporate financial reporting and protect investors from fraudulent activities. Accordingly, all public firms must document, monitor and review internal accounting and auditing procedures and fully disclose problems as they occur.

Prospective privately-held customers have asked about Sage ERP X3's applicability to the Act. Our response is: "Are you thinking of going public in the near- to mid-term?" If not, then Sarbanes-Oxley doesn't apply. Even so, the practices and controls enforced by the Act help document what's needed to effectively replace non-integrated legacy business applications. Whether or not the Act applies, Sage ERP X3 provides the tools to help comply with its relevant provisions.

First, Sage ERP X3 is a fully integrated ERP system using one common database so all system users access, enter information into and report on the same data. Sage ERP X3 also uses "process flows" to ensure a logical, controlled sequencing of activities for each business process. These flows serve as the required controls that help document the system's behavior.

Sage ERP X3 provides robust security for ensuring database integrity and an audit trail of all system updates and occurrences – from password-protecting user access to specific data to time-and-date stamping every transaction with the user's identification. Business Intelligence provides real-time statistics according to pre-defined conditions. Graphs and dashboards are especially useful for showing real-time surveillance information related to financial and operational performance.

Sage ERP X3 Financial Reporting provides complete audit traceability from financial statement to legal source document. The system pegs legal documents, such as invoices and PO's, from the line items listed to the corresponding transactions recorded in the GL. Ledger-auditing automatically directs inquiries and audit efforts towards related documentation.

Sage ERP X3 Workflow supports control point notification for managing exception-based transactions. When exceptions like credit or margin failures occur on orders, Sage ERP X3 automatically notifies the appropriate manager of the irregularity via e-mail, even providing direct click-through access to the offending transaction.

We should be clear that software systems like Sage ERP X3 are not inherently responsible for complying with the Sarbanes-Oxley Act. Ultimately, it is up to companies to define the necessary procedures and controls so that financial-related problems don't occur, using the software as a compliance enabler.

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