
Fahrenheit 404

After toiling roughly two decades as an editor, you can imagine I've been faced with more than my share of deadlines. So, duty has sort of molded me to adopt a proactive approach to meeting any pending time constraints.

And, during my 20-year indenture behind a keyboard, I've sort of become intolerant of others who, shall we diplomatically say, are somewhat "chronologically challenged."

This prejudice extends not only to my profession, but to my immediate family as well. Evidence the time my oldest daughter surprised us by pleading that she needed a formal outfit for a function the following night. When I asked to see the invitation, incredibly, I noticed the postmark was dated three weeks prior to this semi-hysterical exchange. I calmly told her that if she worked for me, she'd soon be cleaning out her desk.

But I digress.

Unless you're a stowaway on Cassini and are currently exploring the rings of Saturn, most of you may have noticed that Sarbanes-Oxley is quietly approaching its second birthday.

The sweeping reform act, which, when broken down into its lowest common denominator, was written to improve the financial reporting process, has this sort of important section that stipulates certification of a company's internal controls.

As required by SOX 404, company C-level executives have to certify internal control by Nov. 15.

Yet, in a recent poll of nearly 250 companies — each with revenues of at least \$1 billion — conducted by the Center for Continuous Auditing and financial software provider ACL Services, about half of that number are not prepared to meet the November deadline.

I don't know about you, but as a member of the investing public that's not exactly thrilling news.

Moreover, the poll uncovered that nearly 70 percent of those companies have not budgeted for compliance in future years.

Now, you can analyze these results one of two ways. And neither is very comforting.

One is that companies — at least in this poll — are viewing SOX compliance through the lens of a short-term project. If so, they're in for a rather rude awakening over the next couple of years when regulators begin a probe as to why they failed to maintain required internal control standards.

Sorry folks, it's not a one-shot deal.

The other is that there seems to be some muddled interpretations as to what exactly is required — and we should all hope that's not emblematic of many of their Fortune 500 brethren.

And if that's the case, my advice is to consult with folks who have somewhat of a clue.

Otherwise, you're going to make some new friends in Washington. And like unwelcome houseguests, they're not likely to go home anytime soon.