

The Sarbanes - Oxley Act API Outsourcing can help you Comply

Background

The Sarbanes-Oxley Act was passed into law in 2002 to protect investors by improving the accuracy and reliability of corporate disclosures. SOX compliance requires public companies to establish and maintain adequate internal controls and processes as they relate to their companies financial reporting. API Outsourcing can provide tools to help you establish, implement and monitor the effectiveness of business controls which demonstrate the integrity of your financial data.

Section 404 sets four key requirements:

- 1) Establish & maintain an adequate internal control structure
- 2) Assess the effectiveness of the controls & framework
- 3) Prepare a management report on the structure & its effectiveness
- 4) Secure an attestation from an external auditor on management's assessment of the companies internal control over financial reporting

How API Outsourcing Can Help

API Outsourcing provides services to help you meet many of the requirements of Section 404. Our services provide well defined and documented processes, as well as an electronic audit trail that's available at the touch of a button. Below is a brief summary of services which will help strengthen and monitor controls, as well as aid in your external audit process.

Accounts Payable Controls

API's Accounts Payable Service is designed to streamline the payables process while establishing built-in controls to ensure that pre-determined approval protocols are consistently followed. All paper documents are scanned, routed electronically for approvals and preserved in an electronic archive for ease in search and retrieval for the audit process.

Some of the documented internal control structure includes:

- Who entered, changed or approved data
- Roles & authority of people approving bills for payment
- The procedures of how exceptions are processed
- Data security with password protection & encryption standards
- Drill-down capabilities to individual level to verify source of approval
- Automated routing to so invoices can be approved & paid in timely manner to ensure correct period reporting

API's Accounts Payable Service assists you in meeting your corporate governance with embedded compliance inside the business processes. Our electronic workflow controlled process ensures that no payments are made without proper approval, as determined in the business rules. By establishing a delegation of authority which separates approvals by user, it provides stronger controls and helps to reduce fraud.

Security Risk (cont'd)

Monitoring Tools

API's workflow process electronically records every step of every transaction and stores the payable invoices, associated support documents and notes. This electronic repository allows access to data in efficient manner - for both auditor and senior management needs.

Accounts Payable Reports Available

Reports can also be generated from a number of search criteria set up by management.

Some of the reports include the following information:

- Records on what was paid to a vendor over a specific time period
- Statistics on individual performance - how long items stayed in the queue, or what was approved by them
- Data on total payables outstanding in the workflow queue
- Total dollars to be paid on a specific date

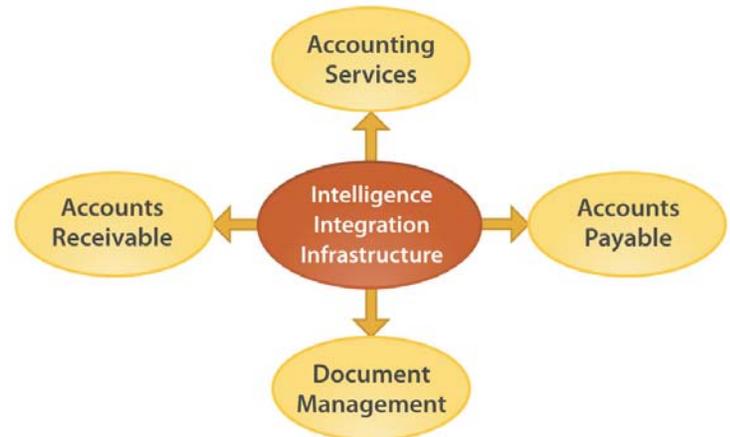
Six Sigma Scorecard

As part of our on-going process evaluation, scorecards are provided on a monthly or quarterly basis to evaluate the business process. This additional monitoring is set up to assess the process, determine and alleviate any weaknesses and continue to make improvements to the process.

About API Outsourcing

API Outsourcing, Inc. is a leading onshore Finance and Accounting Outsourcing (FAO) provider of innovative state-of-the-art document management, accounts payable, accounts receivable and accounting services headquartered in St. Paul, MN. By transforming manual paper-dependent payables and billing processes through our imaging, bill delivery and workflow systems, customers minimize the labor intensive work associated with back-office processing and can focus on their core business. Outsourcing benefits include improved cash flow through improved DSO and controlled DPO. This combined with reduced processing costs, increased business intelligence and improved customer/vendor relationships provides the ultimate value proposition. API currently processes over one hundred million transactions annually, delivers world-class quality, provides exceptional customer satisfaction, utilizes Six Sigma practices and performs a SAS 70 Type II Audit annually.

API Solution Framework



Making your Company Stronger

Designing and implementing controls to comply with Sarbanes-Oxley has been a costly and exhaustive process for some companies. The intent of the law was to help mitigate fraud. Using API Outsourcing for your accounts payable processes can help you streamline your operations, while improving your internal controls. Our services will help your company comply with Sarbanes-Oxley by providing tools to document and monitor your controls, and provide ease in external audit compliance. Not only will your controls be strengthened, but as an outcome of this process your company will benefit – by improved processes and a significant financial savings as well.