

Three Minute Excel SOX Guide

This introduction to SOX & Excel is designed to give an outline of some of the common key issues & principles Excel for Managers find, apply, or commonly recommend when undertaking SOX audits.

1. Inputs, Calculation & Outputs

By far the most common cause of poor spreadsheet design (potential errors) is the mixing-up of inputs, calculations & outputs. These three aspects of every workbook should ALWAYS remain distinct. Ideally each should be on different worksheets, although for very small workbooks a border around each section may be sufficient. This simple step will also help maintain data integrity and make for simpler updates. This is commonly accepted as THE must have spreadsheet design feature for SOX compliance.

2. Documentation

Documentation is the lowest common denominator issue of all our spreadsheet audits. Documentation and change control is essential but does not need be arduous. A simple cover worksheet or note naming the data owner and method by which any queries relating to the workbook, should be included in every report workbook. A simple document outlining the purpose and use of the workbook, together with brief instructions of how and when any report or data is created and where it is used is useful for audit purposes but invaluable should the normal user become unavailable or off sick. The notes may be kept in the workbook itself or as a separate file in the workbook folder. In general there should always be at least 2 people that are capable of running any specific task or report.

3. Calculations

Ideally calculation methods should be set out and performed in one location such as designated worksheet(s), areas or ranges of cells where the method of calculation is clear. For more complex calculations, cell notes should be used to describe the calculation and/or use intermediate steps or calculations. Generally speaking formulae which take up more than one line of the formula bar or contain more than two sets of parenthesis should be broken down.

4. Access & Security

The subject of security is often overlooked. This is usually because vital Excel or data files are usually kept on a server with access only granted to those already cleared to work on the data — No substantial threat is perceived. However workbook design should be reviewed so that no-one can accidentally change a formula to a value (a very common occurrence) or amend a formula accidentally. At the very minimum protect the structure of the data and the calculation cells (using the 'Tools / Protection' menu). If you have personnel that do not need to amend data in the workbook, you may consider saving the file so that Excel recommends opening in read-only format, or saving the file as read only or PDF (Adobe Acrobat) format and placing it in a separate folder.

5. Audit Trails & Version Control

If a new calculation is included, or a change is made to the way a calculation is performed, then a new version of the workbook should be created (or the old version archived). The change, plus the reason for the change should be logged and possibly documented. A standard naming convention adopted throughout the organisation may be useful. Notes can easily be made on a separate worksheet or in the workbook properties. Each time new data is entered and the final report calculated, the workbook should be copied and saved as read-only or archived so that no further changes can be made and its data and calculation methods can be reviewed at any future date.

6. Watch Those Links

When ExcelForManagers design reporting tools for our clients, we do not use links, but if required use programming code to control the flow of data between workbooks. There are several reasons for this, but in summary it is to give us more control of the movement of data. We understand that this option is not available to everyone and that links often form a crucial aspect to many corporate Excel reporting tools. However, to coin a phrase ...'Rubbish in—Rubbish out'. It is good practice to keep linked workbook to a minimum and apply all the same design, security, documentation and version control rules to the source workbooks as to the destination workbook.

**This is a compact guide containing some key elements of Excel & SOX. Further investigation is strongly advised for managers unfamiliar with this topic.
ExcelForManagers.com can assist in every stage of EUC SOX Auditing.**