



# SARBANES-OXLEY ACT OF 2002

Finance Committee

February 9, 2005



## The Act & Chugach

- ◆ Compliance requirement date for Chugach is fiscal year ending December 31, 2005
- ◆ Analysis of the impacts of the Act began in late 2003
- ◆ Full compliance expected by 3<sup>rd</sup> quarter 2005



# Sections of the Act & Chugach

- ◆ Sec. 203 – Audit Partner Rotation
  - The Managing Partner responsible for Chugach’s external audit must rotate every 5 years
- ◆ Sec. 204 – Auditor Reports to Audit Committee
  - Chugach’s external auditors are retained and hired by the Audit Committee
  - External auditor reports to Audit Committee quarterly



# Sections of the Act & Chugach continued

- ◆ Sec. 301 – Public Company Audit Committee
  - Chugach established an Audit Committee of independent Board members November 2001
  - Whistleblower policy adopted December 2003
- ◆ Sec. 302 – Corporate Responsibility for Financial Reports
  - As of fiscal year December 31, 2005, Chugach's CEO and CFO must certify the annual financial reports



# Sections of the Act & Chugach continued

- ◆ Sec. 404 – Management Assessment of Internal Controls
  - Efforts currently underway to ensure compliance with this section
  - Testing & correction to be completed in 3<sup>rd</sup> quarter 2005
- ◆ Sec. 406 – Code of Ethics for Senior Financial Officers
  - Code of Ethics adopted July 2004



# Project Overview

- ◆ SOX 404 Project Committee established
  - CFO
  - Finance personnel
  - Representatives from each Division
- ◆ Consultant retained
  - Crowe Chizek and Company LLC
- ◆ Additional participants
  - External auditors
  - Process “owners”
  - Key personnel within each process



# Project Overview continued

- ◆ Plan and Scope the Evaluation
  - Currently Underway
- ◆ Document Controls
  - 1st and 2nd Quarter 2005
- ◆ Evaluate Design & Operating Effectiveness of Controls
  - 2nd Quarter 2005
- ◆ Identify & Correct Deficiencies
  - 3rd Quarter 2005
- ◆ Report on Internal Control
  - 4th Quarter 2005
- ◆ Independent Audit of Internal Control
  - 1st Quarter 2006



# Questions & Discussion