

# COMPLIANCE

## Managing Compliance with Microsoft Dynamics AX 4.0

White Paper

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## ***Introduction***

The demands placed on executives to balance compliance requirements with those of stockholders and the market has increased dramatically over the past few years. Following a rash of corporate scandals, new laws like Sarbanes-Oxley, along with increased scrutiny of existing government compliance requirements, has created a challenging environment for business leaders. Executives must meet the seemingly contradictory goals of compliance adoption and organizational agility. While compliance adoption requires highly structured, rigid processes, organizational agility demands that you are flexible enough to drive innovation, develop and expand customer relationships, improve operations, and build stronger business relationships. Finding the right balance requires a better understanding of compliance requirements and how they are integrated into business process systems that are people-ready and designed for agility.

The document provides you with guidance on how you can implement and maintain compliance processes while maintaining and/or enhancing the agility of the organization. This document will help you understand:

- The meaning of compliance
- How to identify the sources of compliance requirements
- The operational requirements of compliance and how to integrate the requirements into Standard Operating Procedures
- How to implement compliance requirements while maintaining an agile, people-ready organization
- How Microsoft Dynamics™ AX can help businesses manage the challenges of compliance more effectively

By actively managing a balance between compliance requirements and agile business practices within the organization, businesses can realize the benefits of reduced risk, increased operational efficiency, and the continued building of a foundation on which to grow.

Laws and regulations that affect companies are different in every country, and this document is not intended to present any specific guidance on how to interpret the laws and regulations of any country, state or organization in terms of compliance. This document presents general guidelines and suggests some practices that may be helpful when implementing your compliance activities, but does not and should not be construed to provide specific guidance for any individual company or business management solution implementation.

Likewise, compliance with laws and regulations is based on correct processes and technology being implemented and correctly put into use at each organization's individual sites. It is not possible to describe any business management system as "compliant" or "not compliant" because compliance depends on procedures as well as technology.

## ***Compliance Defined***

The simplest definition of compliance is observance, conformity, and obedience. In business, compliance generally designates the requirement to adhere to certain rules or laws, meet certain standards, and follow certain practices. Compliance standards can originate from external, as well as internal sources. A compliance requirement may be mandatory or optional.

Understanding the origin of compliance requirements enables appropriate prioritization and risk management. Compliance requirements that your organization must adhere to may be based on your ownership structure, management practices, location(s), and the market(s) in which you wish to participate, as well as your specific industry, customer, vendor, and bank affiliations. Later in this document, we will explore the sources of compliance requirements and provide public domain references to assist you in researching their specific requirements. If you look at your business practices, you will see that many standard operating procedures exist to satisfy the compliance requirements of all the entities, internal and external, with which your organization interact.

Today, there is a great deal of focus on government-imposed regulations. This focus is perhaps justified when you consider the real possibility of civil and criminal penalties for top-level management in the case of breach of compliance. But in the rush to comply with government regulations, you should not lose sight of the compliance standards (whatever their source) with which your organization is already complying and why you are complying with them.

Questions that you must continually consider include:

- How do all of the compliance requirements get managed within the operational structures of the organization?
- How are business structures and operating practices enhanced when adopting compliance practices while maintaining profitability, market share, and organizational agility?

## ***Compliance Drivers***

Compliance requirements are nothing new to business. Customers, vendors, banks, and governments have always provided businesses with standards for interaction. From tax reporting forms to how you place a label on a box for a customer, compliance requirements drive businesses to accomplish things in very specific ways. So, to really understand compliance requirements for your business, you need only look around at the ways you accomplish tasks (especially repetitive tasks), communicate, and store information, and then ask "Why?" The answers will point you to the source of a compliance requirement.

## **Internal and External Drivers**

To help you identify the sources of compliance in your organization, the following list outlines potential internal and external sources of compliance requirements:

- Internal
  - Ownership
  - Stockholders
  - Internal Audit Committee/Board
  - Management
  - Legal
  - Other Departments
- External
  - Government

- Banks
- Customers
- Vendors
- Partners (legal, insurance, real estate, etc.)
- Industry Groups

As indicated, compliance requirement sources are not only external, for example, from the government, customers, vendors, and banks. Requirements can also originate from owners/management, investors, and other departments in order to mitigate higher risk functions. Although the internal compliance requirements may not seem as pressing, they often provide the greatest business optimization opportunities. For example, management may require that along with recording a customer product return, a reason for the return must be recorded. This additional data capture may add steps for the receiving department initially, but in the long run, knowing why an item was returned can help you make adjustments that will reduce more returns in the future. In the long run, this reporting and corrective action process can have significant positive financial impacts for the organization. As you examine internal compliance measures, you might consider using compliance requirements to more closely manage things that represent high risk and/or high value to the organization, such as environmental impacts caused by operations or product spoilage or damage caused by equipment failure.

External compliance requirement sources have the extra burden of often being mandatory, strict as to the implementation structure and reporting requirements, and they typically have legal and financial implications. Recently, there has been much focus on compliance with regard to external legal and financial compliance requirements originating from government regulations. For example, by law, many public organizations had to rapidly implement Sarbanes-Oxley requirements.

The following information provides some direction to help you find, gather, organize, and document some of the regulatory compliance requirements that are the most pressing and relevant to businesses today.

## Regulatory Drivers

Governments generate many regulations directed at businesses, and these regulations often provide the business community with the greatest challenges with regard to compliance. Many government regulations target specific industries and businesses, while some apply to all businesses. Government compliance regulations reach across the entire spectrum of business operation activities – from tax collection and reporting, to verification of manufacturing quality and material tracing capabilities, to corporate governance. More recently, some of the most pressing government regulations stem from the emergence and adoption of computer data and transaction systems and corporate governance.

The transformation from “paper tracking” and its associated paper trail to the use of data systems and the potential lack of transaction trails left a gap in the government’s ability to inspect and regulate things such as drug manufacturing processes. Corporate governance has become a hot topic because gaps in disclosure to stockholders and the public were highlighted by the recent failure of several organizations with little or no warning.

Some of the key government regulations recently enacted include:

- Sarbanes-Oxley Act (SOX) (United States, 2002) – A set of United States federal laws that establish new or enhanced standards for all U.S. publicly traded company boards, management, and public accounting firms. The Act contains 11 titles that affect corporate governance, financial disclosure, and public accounting practices.
- Data Protection Directive (European Union, 1998) – A British Act of Parliament that provides a legal basis for the privacy and protection of data. The act states that data collected by one party about another party may be used only for the specific purposes for which it was collected. Personal data may be kept only for an appropriate length of time and must not be disclosed to other parties without the consent of the data owner.
- Health Insurance Portability and Accountability Act (HIPAA) (United States, 1996) – A set of United States federal laws that improve the efficiency and effectiveness of the health care system. HIPAA encourages the development of a health information system through the establishment of standards and requirements for the electronic transmission of certain health information. The Act aims to improve the portability and continuity of health insurance coverage in the group and individual markets; to combat waste, fraud, and abuse in health insurance and health care delivery; to promote the use of medical savings accounts; to improve access to long-term care services and coverage; to simplify the administration of health insurance; and to achieve other purposes.
- Title 21 Code of Federal Regulations (21 CFR Part 11) (United States, 1997) – A set of life sciences regulations that affect how biotechnology and pharmaceutical companies meet the criteria for acceptance by the U.S. Food and Drug Administration (FDA). The FDA considers that under certain circumstances that electronic records, electronic signatures, and handwritten signatures executed to electronic records are equivalent to paper records and handwritten signatures executed on paper. These regulations, which apply to all FDA program areas, are intended to permit the widest possible use of electronic technology, compatible with FDA's responsibility to promote and protect public health.
- Basel Capital Accord (Basel II) (Switzerland, 2004) – Basel II affects banks and other financial institutions by defining capital requirements for banks' exposures to certain trading-related activities, including counterparty credit risk, and for the treatment of double default effects (the risk that both a borrower and guarantor default on the same obligation).

## Industry Drivers

Like governments, prominent industry organizations can use their influence to try to protect certain interests, whether those interests are human safety and health, or financial security. Industry organizations therefore often create a set of guidelines and rules to provide reasonable assurance of safety and effectiveness. An added benefit of businesses becoming more actively involved with such industry groups is that the industry groups can be a good source for assistance, because they understand the compliance requirements affecting their industry.

A complete understanding of the sources of compliance for your organization can help you plan ahead and adopt and retire compliance requirements as those requirements and your organization evolve. The next focus for compliance management then becomes: "How do I adopt a new, strict structure of

compliance requirements and keep current compliance actions intact while enhancing my organization's profitability, and its abilities to innovate, adapt, and optimize?"

## ***Operational Requirements for Compliance***

Compliance requirements force change in a number of areas, for example:

- The way people approach and accomplish tasks
- The data that is captured when conducting activities
- The methods and timing the organization uses to consolidate, present and disseminate the data it collects

When you understand which tasks are affected and what information about the tasks you need to capture, it can be easier to comply with specific requirements. Compliance requirements can impact the following aspects of a business:

- Design standards
  - Performance standards as dictated by the organization requiring compliance  
Example: The fuel-filling point for an aircraft must be such that fuel does not siphon out of the tank during flight in the event the gas tank cap comes loose or is missing
- Quality standards
  - That the products maintain a certain quality (sometimes purity)  
Example: A finished pharmaceutical must not contain any unwanted material or microbes
- Process
  - The method in which the activity, product, or service was executed, created, or delivered follows a set standard  
Example: Prior to shipping the product to a customer, an Advanced Shipping Notice (ASN) must be sent to the customer
- Reporting
  - The assurance that sufficient and appropriate data is captured and disseminated in an appropriate and timely manner  
Examples: Traceability (i.e. materials, activities, personnel, financial) or financial requirements (tax, significant events)

## ***Compliance Concepts***

### **Categories of Compliance Requirements**

Even though there are many ways a compliance requirement can force a business to change its business processes and how or where data is captured, the categories of compliance requirements are fairly limited. By identifying and understanding a compliance requirement's relative categorization, you can more easily

select the correct set of process and technology solutions to help ensure compliance. Compliance requirements fall into the following categories:

- Standard Operating Procedures
- Documented transactions
- Data integrity
- Audit trails
- Segregation of duties and responsibilities

## **Standard Operating Procedures**

A Standard Operating Procedure is typically instituted within a business to help ensure that efficient, consistent actions are carried out, and it is also used as a tool to assist in the training of new people executing any particular function or task. With compliance, Standard Operating Procedures are added or adjusted to meet the requirement. For example, a pharmaceutical manufacturer that has a clean room manufacturing environment must create Standard Operating Procedures for the actions a person takes when entering the clean room environment. This may include a shoe cleaning station and the usage of shoe covers. Making a step-by-step Standard Operating Procedure clearly accessible and readable at the clean room entrance could be only one of many methods companies can use to meet the compliance requirement of assuring product sterility.

## **Documented Transactions**

Many compliance requirements focus on recording exactly what happened, when, and by whom. For compliance requirements that ask for documented transactions, the transaction should be captured as close to the source of the transaction activity as possible. For example, a sausage manufacturer must be able to track meat products from their origin to the completed products. The receiving function should record the receipt of the data – meat product and the associated lot, vendor, date, time, received by, and so forth – as the item is received. Then, as the product is pulled from inventory and placed into production, additional data must be captured showing that this raw meat lot was issued to make a particular lot identification of a product as the item is picked, and so on, until the item is shipped out the door. Having this data provides an information chain back to the original raw material, along with the ability to inspect and/or quarantine any associated products or raw materials up or down the production chain if any issues of quality or safety arise.

## **Data Integrity**

If you document transactions electronically to meet compliance requirements, there must be assurances that the data is available, secure, and tamper proof. In cases of sensitive data, such as credit card and Social Security information, this is a must, and the organization may face significant risk and financial implication if this data is mismanaged. To help ensure data integrity, systems and procedures, such as backup processors and disk systems, must be put in place to make sure there is high availability of data. Data encryption is another way to help ensure integrity of data that that could end up in unintended hands, whether the data in question is stored within your systems or transmitted, sent, or stored on remote storage media.

## Audit Trails

Although an organization may document transactions and capture and securely store data, this is often not enough, on its own, to meet compliance requirements. There must also be a trail of exactly what changes happened to the data, when it changed, and who/what made the change. This trail of changes is typically referred to as an audit trail. For example, the credit limit of a customer is often a data point that is required to be controlled by corporate governance compliance requirements. Each time a customer's credit limit is changed, the audit trail will record the old credit limit, the new credit limit, the date and time the change was made, and what user made the change. Having this information makes it possible for management and auditors to see that credit limits aren't being improperly manipulated to process orders for customers who may pose an accounts receivable risk to the organization.

## Segregation of Duties/Responsibilities

With highly critical decisions that carry high risk/high value, it is often not advisable to place full responsibility in the hands of a single individual. In a chain of related processes, this would mean separating the authority of people so that they could manage only sub-sets of an activity. In this way, two or more people are required to complete the entire process. In the case of processing payments to vendors, for example, there should be someone who has the authority to enter purchase orders (POs), approve the receipt of the materials/services, and enter the vendor invoices and match them against the POs, and a different person with the authority to approve and deliver payment. Having this separation helps to eliminate payment for goods/services not approved and/or actually delivered.

When managing data transactions, segregation of duties is often not enough. In this case, a two-tier approval to change data or record data is required to secure against fraud and to minimize entry errors. In such situations, the systems should not accept the data entry until a second individual gives their approval.

## Compliance Program Matrix

A clear delineation of process requirements and their supporting technologies helps keep the implementation of a compliance program appropriately focused. Companies often use a compliance log to manage all the requirements that the compliance officer or manager is responsible for. This dynamic document can help ensure that:

- Compliance requirements are being met and managed properly
- The organization efficiently adopts new compliance requirements without duplicating efforts
- High level documentation is provided in cases where compliance tracking activities are canceled

Some things to track in the compliance matrix log:

- Risk assessment
- Requirement origination
- Responsibility
- Processes
- Supporting technologies
- Reporting/recording points

## Preventive and Detective Controls

Compliance requires not only that organizations prevent inappropriate activities and transactions, but also that they have preventive controls – so-called "detect" mechanisms. These mechanisms must identify in a timely manner activities/transactions that fail the requirements. The exact detect mechanism and detect frequency is based on the risk assessment of compliance requirements. Extremely high-risk compliance requirements should have an almost immediate detect mechanism in place, while low-risk compliance requirements may have a monthly, or quarterly detect mechanism. A detect mechanism may be automated, for example, through system logic that identifies when a piece of data falls outside a certain range, or through an audit trail record. Detect mechanisms can also be manual – for example, transaction/process reviews by an auditor. The result of detecting non-compliance would be a non-compliance report and a corrective actions process with appropriate reporting to your organization's Audit Committee, so that they may determine if this non-compliance requires additional reporting to internal and/or external organizations.

## *Compliance Management in the People-Ready Organization*

A people-ready organization automates routine tasks and provides real-time information so people can make timely decisions with increased confidence. The goal of a people-ready organization is to help people focus on the business activities that add the most value. Despite these value-adding goals of compliance, your people might perceive a new compliance program as intimidating. Compliance programs typically involve changing business processes that affect many people, and adding new responsibilities and tasks to their already busy schedules. It is important that employees understand that a successful compliance program typically does improve business performance and reduce organizational risk.

Managing the interrelationships between business goals, personnel, compliance requirements, Standard Operating Procedures, organizational agility, expansion (or reduction), continual process improvement, product quality, innovation, service, and other business requirements is critical to your long-term success. The following section provides some guidance you should consider when establishing your compliance processes and procedures. These guidelines can help you find a long-term, healthy balance between compliance requirements and other factors.

## Designing Your Compliance Management Program

1. Establish a compliance board.
  - a. Create a Chief Compliance Officer (CCO) chair, with departmental heads as members.
2. Document all compliance requirements in relation to the short, mid, and long-term goals and objectives of your organization.
3. Understand and document each department's strategies with regard to meeting their compliance objectives.
4. Understand and document the procedures of each department's compliance processes.
5. Understand and document the relationship between each department with regard to the procedures of the compliance program (consider making graphical charts illustrating the processes and relationships).

6. Identify risks (for example, legal, financial, operational, market perception) and corresponding compliance requirement points.
7. Relate the compliance requirements to standard operational procedures, data, personnel authority, security, audit, and sign-off requirements.
8. Identify how a compliance action affects other processes and departments.
9. Determine if there are significant additional actions or considerations (Standard Operating Procedures, policies) that need to be examined.

## Executing Your Compliance Management Program

The following suggestions are offered to help you achieve compliance within your business while maintaining the benefits of a people-ready business.

1. Communicate about the overall compliance program with department managers and key employees.
2. Encourage and facilitate teamwork by using the appropriate technology enablers.
3. Categorize compliance requirements into groups and designate which functional areas they impact.
4. Identify the point(s) in which the compliance measure will be integrated into business systems and Business Operating Procedures.
5. Set responsibilities and rules on how compliance procedures and data are to be managed.
6. Establish the criteria for maintaining and managing the relevant compliance procedures and data.
7. Communicate and document guidelines so that all the relevant people know the legal and financial consequences of compliance process mismanagement.
8. Use procedures and systems to manage exceptions and encourage people to provide insights to enable compliance process improvement.
9. Seek and build strong relationships with external resources that can provide expertise on compliance areas that are relevant to your business.
10. Create Standard Operating Procedures for personnel to follow and include the exception processes.
11. Enable and support data capture, audit ability, security, backup, and archiving in your compliance processes.
12. Document all data retention requirements.
13. Set procedures and the ability to audit all data deletion with two-tier sign-off when data is deleted, if required based on risk assessment.
14. Set compliance responsibility at the executive officer and manager/director levels of the organization.
  - Make sure all employees understand that they are responsible for following the defined compliance policies.

- Define a process for escalating compliance issues, for example, when policies are not clear or there is question about their applicability in a given situation.
15. Institute a continual compliance review and improvement program that uses compliance Key Performance Indicators (KPIs), people insights, exceptions, non-compliance data and external monitoring of compliance regulations as feedback to improve processes.

## Compliance Management Program Best Practices

As discussed in the sections above, compliance affects established business operations and reporting related to your business processes. Agility is enabled by building the following characteristics into your compliance program, which allow your people to focus on tasks that add the most value:

- Empower people to be innovative and provide insights
- Include a method for people to categorize and deal with exceptions
- Institute a process to record non-compliance and corrective actions
- Use a system that enables people to communicate quickly and effectively
- Use a system to monitor, evaluate, and improve processes continually

It is important to know which compliance rules you need to live by, from where they originate, and in which ways they impact your people and business. This understanding can help you implement compliance management solutions in a way that actually improves your business operations while managing risk and meeting compliance requirements. The solutions and processes that you make available to your people for managing exceptions and communicating effectively can provide your organization with a foundation for continuous business improvement.

In order to continuously improve your business, you must give your people the information they need to make informed decisions. Compliance requirements often force the capture and retention of key information, such as exception and non-conformance feedback from your employees and auditors. Successful organizations will use these feedback loops to become more efficient, create more functional and higher quality products and services, and drive competitive advantage through superior customer service. By combining information technology, people, and processes in the right way, you can enable compliance management in a people-ready business that helps create short-term and long-term prosperity for your organization.

## *Managing Compliance with Microsoft Dynamics AX 4.0*

Microsoft Dynamics™ AX 4.0 (referred to in the rest of this document as Microsoft Dynamics AX) provides the framework and tools to help you manage the challenges of compliance more effectively. Microsoft Dynamics AX, together with the expertise of Microsoft partners, offers a set of software and services that can help you:

- **Increase controls and reduce the cost of compliance**
- **Increase the efficiency of the compliance processes**
- **Manage the risk associated with compliance**

## Increase Controls and Reduce the Cost of Compliance

Microsoft Dynamics AX and the 2007 Microsoft® Office system offer an integrated approach to compliance that helps increase controls through data integrity and data security while reducing overall cost. Enterprise Portal in Microsoft Dynamics AX runs natively on Microsoft Windows® SharePoint® Services and can take advantage of the Microsoft Office SharePoint Server 2007 compliance features. By extending Microsoft Dynamics AX in ways that fit with your existing IT architecture, you can help accelerate deployment and minimize IT costs.

1. Data integrity helps you prove that your data is trustworthy and that it has not been tampered with. With Microsoft Dynamics AX, you can:
  - a. Track, trace and report changes to Microsoft Dynamics AX data fields and tables relevant to your compliance strategy with Database Logging in Microsoft Dynamics AX.
  - b. Control access to data throughout Microsoft Dynamics AX by managing security restrictions on forms, records and data fields for specific user groups and domains, and define and assign rights according to how you want security restrictions managed.
  - c. Prevent unauthorized entries to closed accounting periods with Period Close in Microsoft Dynamics AX and help ensure that only select user groups with applicable permissions can post accruals or adjustments to a closed accounting period.
  - d. Enhance spreadsheet compliance with Microsoft Office SharePoint Server 2007 Excel® Services. Excel services interacts with multiple data sources including Microsoft Dynamics AX; data included in the spreadsheet is posted to a Web Part where all viewers can see it in a centralized location. Here the original, posted document is protected from unauthorized changes. Users can download a copy of the spreadsheet and experiment with it, but they can't modify the original, official version of the document, which becomes part of the company's official business record.
  - e. Help ensure that vital company records, including critical documents (for example, financial reports, supplier contracts, and customer correspondence), are properly retained for legal, compliance, and business purposes and then properly disposed of when no longer needed. The Record Center in Microsoft Office SharePoint Server 2007 helps ensure that records are never automatically modified by the system and helps prevent direct tampering of records by versioning any changes made to document contents and by auditing specific types of changes.
2. The electronic input and storage of approval information for later verification and review helps ensure the necessary level of data security. With Microsoft Dynamics AX, you can:
  - a. Show that financial reports generated from Microsoft Dynamics AX are authentic and that approvals and signoffs are duly authorized by the appropriate decision maker or Controller with Signature Collection provided for Office documents (for example, Microsoft Office Excel) in Microsoft Office SharePoint Server 2007.
  - b. Reduce time spent managing journal approvals with the built in Approval System for Microsoft Dynamics AX.
  - c. Monitor changes made to business data with Alerts in Microsoft Dynamics AX. By simply defining a specific Alert rule, users can automatically be notified of an event, such as when

a due date for a purchase order is exceeded by a specified number of days. Microsoft Dynamics AX integrates e-mail alerts with Microsoft Office Outlook®. From the e-mail message alert, users can choose to click a link that opens Microsoft Dynamics AX and displays the related business data, or users can view the alert and all previously received alerts in Microsoft Dynamics AX and in the Microsoft Dynamics AX Enterprise Portal.

- d. Use Microsoft Forecaster to help ensure the lockdown of budget numbers and create pre-defined approval hierarchies that limit who can participate and who has final approval.

## Increase the Efficiency of the Compliance Processes

Microsoft Dynamics AX and Microsoft Office SharePoint Server can help you improve business performance and help increase the efficiency of the compliance process with an automated approach. Processes can be performed faster, with fewer people, and with higher levels of control, using systems that share information across your organization and are familiar and easy to use.

1. Deliver data security through user-defined and centrally managed controls to eliminate manual processes and the possibility of human error. With Microsoft Dynamics AX, you can:
  - a. Identify the origin of an entry; the user who created the entry and the entry date and time with the audit trail system in Microsoft Dynamics AX.
  - b. Help increase productivity and reduce data-entry errors with templates in Microsoft Dynamics AX. Templates help users set up new records, such as vendors, customers, and items by providing default information within the template.
  - c. Enhance control over procurement processes. The built in system logic in Microsoft Dynamics AX can automatically prevent duplicate vendor invoices from being posted.
  - d. The Microsoft Dynamics Snap for Business Data Search facilitates quick lookup of business data in Microsoft Dynamics AX and in Microsoft Office SharePoint Server portals, using Microsoft Office Outlook. This can improve your efficiency as you manage compliance projects by allowing you to search for compliance-related information residing in structured records (such as purchase orders, invoices, payments) in Microsoft Dynamics AX or as unstructured documents (around policies and controls) residing in SharePoint portals.

Note that as of March 2007, this Snap-in is available as a technical pre-release. It is expected to be released in the second half of calendar year 2007.
  - e. Microsoft Dynamics AX enables obtaining approval information for user-defined compliance control processes electronically with electronic signatures. This support is available as part of the Microsoft Dynamics AX for Life Sciences solution and can be used to comply with FDA 21 CFR Part 11 in the Life Sciences industry. This functionality is in the form of a framework that allows the end-user to make modifications to any process in the system, so that a correct signature is required before the modified process can be completed. For example, a signature could be required before invoicing a sales order or releasing a production order.
2. Automate compliance processes help to free up people so they can focus on the activities that add value to your business, rather than disrupting workflow through manual tracking for compliance processes. With Microsoft Dynamics AX, you can:

- a. Facilitate corporate governance over business process content, internal control documentation, audit information, and reporting with the Microsoft Dynamics Solution Accelerator for Compliance Management. The Solution Accelerator for Compliance Management interacts with Microsoft Dynamics AX to link key data relevant to any compliance project
  - b. Automate the documentation of compliance processes with the Task Recorder in Microsoft Dynamics AX. Task Recorder logs and documents user activity in the application and outputs an activity in a number of Microsoft Office document formats, such as training-oriented documentation in Microsoft Office Word, Microsoft Office PowerPoint® presentations and process-oriented documentation in Microsoft Office Visio®.
3. Respond rapidly to the changing demands of your business with more complete insight across your organization. This empowers people to make timely and informed decisions with increased confidence. With Microsoft Dynamics AX, you can:
- a. Facilitate documentation and evaluation of controls. With Enterprise Portal in Microsoft Dynamics AX, you can share compliance updates and increase employee productivity by providing access to a common set of shared data and processes across all systems. Users can access the common information from a single Web-based portal built on Microsoft Windows SharePoint Services.
  - b. Use Microsoft Forecaster to help meet business objectives and gain a competitive advantage with budgeting and planning capabilities that help you take more control of the process, readily adjust to changing conditions and develop more realistic and accurate budgets.

## Manage Risks Associated with Compliance

Microsoft Dynamics AX and Microsoft Office SharePoint Server 2007 help you manage the risk of compliance processes with an automated approach. Rich functionality equips you to enforce Standard Operating Procedures. It can also reduce the risk of errors associated with manual compliance processes through integrated, dependable applications and information systems.

1. Reduce risk by preventing errors that could occur at pre-configured control points, while maintaining speed and efficiency for the business processes requiring these types of controls. With Microsoft Dynamics AX, you can:
  - a. Protect your data's integrity with a single point of authorization for enforcing strong passwords and strong password procedures already in place with Microsoft Windows Server 2003 and Active Directory®.
  - b. Filter account views by setting up dimension rules and applying Record Level Security to a specific dimension with Microsoft Dynamics AX. So, for example, you could prohibit certain users from accessing specific accounts and in this way increase control and eliminate errors caused when entries are made to inappropriate accounts.
  - c. Protect and maintain greater control over digital information, including confidential and sensitive documents (for example, customer correspondence, supplier contracts, and internal policies) with Microsoft Office SharePoint Server 2007 Information Rights Management (IRM). Sophisticated IRM features of the 2007 release let administrators

define exactly who can open, modify, print, forward, and take other actions with the information in Microsoft Office documents.

2. Gain visibility into the overall financial health of your business; anticipate situations that may benefit from early intervention and help ensure that your business can meet requirements proactively, rather than simply reacting to crises as they erupt. With Microsoft Dynamics AX, you can:
  - a. Develop more realistic and accurate budgets based on a single, unique data set with financial data drill-down capabilities and easy data access with Microsoft Forecaster.
  - b. Build compliant financial reports such as an income statement or balance sheet in Microsoft Dynamics AX. Ledger accounts can easily be mapped into line items. This helps you compose reporting rows based on given posting layers to produce financial statements for different generally accepted accounting principles (GAAPs). Microsoft Dynamics AX also supports the creation of financial reports in eXtensible Business Reporting Language (XBRL), an XML-based standard for financial reporting.
  - c. Define information that is important to your business and analyze financial data using your own criteria with Account Dimensions in Microsoft Dynamics AX.
  - d. Get the right information to the right people in virtually any business environment with Microsoft SQL Server™ Reporting Services. SQL Server Reporting Services delivers a robust environment for creating, managing, and delivering traditional, paper-oriented reports, as well as interactive, Web-based reports and key performance indicators that help in managing compliance.

To find out more about compliance, please see the documents listed in the Appendix below, and see the Microsoft Dynamics AX page at <http://www.microsoft.com/dynamics/ax/default.aspx>.

Microsoft Dynamics AX delivers an integrated and automated solution designed to help you manage the risks and costs associated with meeting compliance requirements. Furthermore, it extends your investment in Microsoft products and technologies, and gives you deeper visibility into and control of business practices that you can use to generate a competitive advantage.

## ***Appendix: Additional Resources***

- Regulatory Compliance Planning Guide  
<http://www.microsoft.com/technet/security/guidance/complianceandpolicies/compliance/rcguide/default.aspx?mfr=true>
- Regulatory Compliance Demystified  
<http://msdn2.microsoft.com/en-us/library/aa480484.aspx>
- Compliance Features in the 2007 Microsoft Office System  
<http://www.microsoft.com/downloads/details.aspx?FamilyID=d64dfb49-aa29-4a4b-8f5a-32c922e850ca&DisplayLang=en>

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- Microsoft Dynamics Business Data Search Snap-in  
<http://www.microsoft.com/dynamics/product/whatisnap.aspx#ECE>

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