

What is the Sarbanes-Oxley Act?

[The Sarbanes-Oxley Act of 2002](#) was created as a way to protect shareholders and the general public by mandating transparency of a companies' financial disclosures.

SOx came into legislation in 2002 in order to respond to a series of high-profile financial scandals with Enron, WorldCom, and Tyco. The act was drafted by Congressmen Paul Sarbanes and Michael Oxley in order to improve corporate governance and accountability. The SOx act affects both the financial and IT side of corporations by setting a standard for how they store electronic records. Although the act is not a set of business practices, it specifies that businesses should store records and electronic records for no less than five years. Failure to meet the guidelines laid out in the SOx act could result in fines, imprisonment, or both.

Who is affected by Sarbanes-Oxley?

“Effective in 2006, all publicly-traded companies are required to implement and report internal accounting controls to the SEC for compliance. In addition, certain provisions of Sarbanes-Oxley also apply to privately held companies. Executives who approve shoddy or inaccurate documentation face fines of up to \$5 million and jail time of up to 20 years.”

What does Sarbanes-Oxley require?

“The Sarbanes Oxley Act requires all financial reports to include an Internal Controls Report. This shows that a company's financial data is accurate and adequate controls are in place to safeguard financial data. Year-end financial disclosure reports are also a requirement. A SOx auditor is required to review controls, policies, and procedures during a Section 404 audit.

SOx auditing requires that internal controls and procedures can be audited using a control framework like COBIT. Log collection and monitoring systems must provide an audit trail of all access and activity to sensitive business information.

Sarbanes-Oxley also encourages the disclosure of corporate fraud by protecting whistleblower employees of publicly traded companies or their subsidiaries who report illegal activities. Section 806 of Sarbanes Oxley the Act authorizes the U.S. Department of Labor to protect whistleblower complaints against employers who retaliate and further authorizes the Department of Justice to criminally charge those responsible for retaliation.”

[Click here to learn more about the Sarbanes Oxley Act of 2002.](#)

HIPAA SECURITY RULE - SUBPART C

SPECIFICATION

§ 1520. Destruction of corporate audit records, requires audit records, notes, etc. to be kept for at least five years.

DATA SANITIZATION SIMPLIFICATION

Minimize liability and the costs for data discovery by applying data sanitization to records after mandatory retention period. (5 years)

What is Data Sanitization?

According to the Data Sanitization Consortium, “Data Sanitization is the process of deliberately, permanently and irreversibly removing or destroying the data stored on a memory device to make it unrecoverable. A device that has been sanitized has no usable residual data, and even with the assistance of advanced forensic tools, the data will not ever be recovered. There are three methods to achieve data sanitization: physical destruction, cryptographic erasure, and data erasure.”

Visit www.clarabyte.com to read our eBook on [Data Sanitization Best Practices](#).

Clarabyte’s intuitive and flexible data erasure software allows highly regulated organizations to easily automate their data sanitization processes to improve security, eliminate the risk of human error when processing devices, and to guarantee compliance with SOx. Clarabyte’s proprietary algorithm offers data erasure for the entire spectrum of hard drives and solid-state drives, with verification of successful erasure, and tamper-proof reporting. This unmatched level of control over data removal provides assurance that no trace of target data remains on a device and compliance is guaranteed.

[Click here to learn how ClaraWipe Pro](#) can protect your data and assure compliance with Sarbanes Oxley.

References:

<https://www.sec.gov/rules/final/33-8180.htm>

<https://www.sarbanes-oxley-101.com/>

<https://www.datasanitization.org/>