

CORPORATE GOVERNANCE EXPERTISE:

- Risk & Controls Evaluation
- Special Investigations
- Internal Audit

corporate governance



veris

VERIS CONSULTING, LLC
www.verisconsulting.com

Veris Consulting, LLC

Founded in 2000, Veris Consulting, LLC, provides highly specialized accounting, financial, and business advisory services in particular market niches. The name Veris reflects the cornerstone of our services—integrity and objectivity—and was derived from “verify” and the Latin for “truth.”

As part of our formation, Veris acquired certain practice areas of Johnson Lambert & Co., a niche-focused CPA firm created in 1986 by Veris’ founder, Larry Johnson. Veris’ operations have grown considerably since our formation and today consist of forensic accounting and litigation support, corporate governance advisory, outsourced internal auditing and accounting, and information technology consulting and assurance services. Veris currently serves a diverse clientele throughout the United States, as well as clients in Europe and Bermuda.

We expect to continue expanding our resources and service areas as opportunities arise that we believe are consistent with our strategic vision: to provide value and an unparalleled quality of service by concentrating on specialized market niches, remaining committed to technical leadership in those market niches and applying an entrepreneurial spirit that seeks out opportunities in a rapidly changing world.

The management of Veris will continue to dream in color and act in black and white.

Corporate governance today is a “high-stakes” challenge. In the United States, the Sarbanes-Oxley Act and more stringent listing standards require management and the board of directors to focus on governance systems and internal controls. In the United Kingdom (UK), the Combined Code (1998) has been updated to incorporate recommendations from reports on the role of non-executive directors (the Higgs Report) and the role of the audit committee (the Smith Report). The UK approach starts from the position that good governance is a tool that can improve the board’s ability to manage the company effectively, as well as provide accountability to shareholders. Similarly, in other parts of the world corporate governance is being hailed as a key indicator of corporate health and well-being. At a micro level, specific industries are introducing and/or updating existing governance standards. For example, the Basel II Capital Accord is an effort by the Basel Committee on Banking Supervision to improve the consistency of capital regulations internationally, make regulatory capital more risk sensitive, and promote enhanced risk-management practices among the international banking community.

While regulation enhances controls, investors are increasingly resorting to court action against management and boards. Simultaneously, savvy investors are rewarding organizations that recognize and implement higher governance standards. Rating and other agencies are also developing indices that include good governance practices as key criteria to guide investors in their investment decisions.

It is therefore critical to demonstrate good governance — one of the pillars of corporate sustainability. A company that is well governed is one that is accountable and transparent to its shareholders, other stakeholders and society at large. Better corporate governance will allow companies to recognize and fulfill their social responsibilities and accordingly, contribute to long-term, sustainable growth.





So what is at stake?

Plenty! To begin, the following are a few important consequences:

- Sharp decline in share prices and/or inability to attract capital
- Inferior quality of financial reporting (restatements)
- Regulatory compliance issues

There are other adverse consequences as well; however, all of them are rooted in one common cause — inadequate governance practices. In the post-Enron era, a great deal of research has focused on corporate governance and its implications. Some of the common concerns that have been consistently highlighted in the literature are discussed below.

Poor Management of Risk Interdependencies. While most organizations have adequate controls and processes to manage individual risks, the same organizations fail to identify and address the relationships between different risks. Consequently, the preferred response to one type of risk (e.g. strategic) may elevate the exposure to another type of risk (e.g. operational or compliance).

Ambiguous/Ineffective “Tone at the Top”. Creative accounting, performance-based compensation, management override of established procedures and entity-level controls have severely undermined the governance structure of companies. The importance of ethical behavior needs to be reiterated and, more importantly, demonstrated in deeds and actions.

Poor Quality and/or Lack of Timely Information. Lack of quality information on a timely basis has rendered several well-established control frameworks ineffective. Management must have access to relevant information on the impact of risk and cost of control options on a near real-time basis to effectively evaluate and implement the optimum control solution.

The growing complexity of operations in a global marketplace and accelerated rates of change contribute to a more dynamic risk environment. Companies and their management must take ownership of risks to the business and adopt an integrated approach to risk management to ensure effectiveness of the controls designed to mitigate those risks.

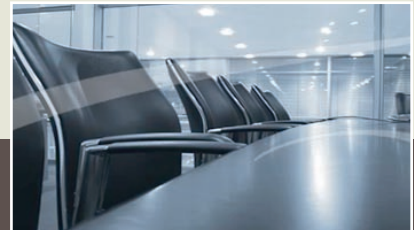
Veris' Corporate Governance practice assists executive management and boards to effectively address these challenges and protect their companies' value in this rigorous legal and regulatory environment. The professionals at Veris have specialized expertise in internal controls, accounting and financial reporting, as well as substantial litigation and forensic accounting experience. This experienced group has the resources and skills to help clients — from family-owned firms to diversified multinationals — plan and implement effective corporate governance, ethics, and compliance programs.

Further evidence of the quality of our professionals and our expertise is demonstrated by the nature of some of the services we have provided, which have ranged from advising executives, directors and board committees on matters related to board of directors and special committee composition, practices, and procedures, to implementing and monitoring a robust compliance framework. Our professionals have been, and continue to be, active in the accounting standards-setting process, as well as the national and regional internal audit organizations, serving in leadership positions on their local boards.

Our comprehensive corporate governance services include:

- Reviewing and revising existing programs, policies, and procedures
- Drafting a code of business conduct and related policies
- Structuring and documenting a compliance oversight process
- Monitoring, auditing, and reporting on corporate governance systems
- Conducting board awareness and training programs
- Conducting internal investigations
- Providing internal audit services, including IT consulting and assurance

As companies, managements and boards grapple with a complex and evolving corporate governance landscape, they will be exposed to a variety of firms of experts — for expertise specific to governance, risk and internal controls, Veris has no peer. Our references will confirm that.



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