



## Policies and Procedures Documentation

**If your stock plan administrator disappeared, could you process an exercise, run a report, file a Section 16 form, or audit an ESPP purchase?** One of the most common mistakes companies make is underestimating the value of thorough, accurate policies and procedures documentation. As a result, all of the knowledge and history regarding your stock plans reside in people's heads. Without that documentation, you are dependent on these employees and vulnerable to inconsistent practices, manual errors, and workaround solutions.

**Stock & Option Solutions can help you solve this challenge!** Our Strategic Solutions team has extensive management experience in a wide range of stock plan administration functions and can assist you in identifying and documenting key processes. We bring the full range of our equity compensation knowledge to support you, including expertise in global stock plans, accounting and financial reporting, and organizational development. We also dedicate high-end resources to accomplish your goals and deadlines at a time when you might have limited bandwidth. Our team understands Sarbanes-Oxley Section 404 compliance requirements, so we can develop your documentation to address these needs.

**What does policies and procedures documentation achieve for you?** Documentation of your stock plan practices is a critical first step for Sarbanes-Oxley Section 404 compliance, where outside auditors will test your company's control processes relating to financial data based on documented procedures. An up-to-date, comprehensive manual gives you a tool for training new staff and ensuring daily processes are followed correctly and consistently during staff absences or after terminations. Consistent application also minimizes process errors and exception cases. Policies and procedures documentation is particularly useful after undergoing a major change, such as an IPO, new plan rollout, or new vendor implementation.

### **What is the typical process for this type of documentation?**

- Typically consisting of a Senior Logistics Manager and Senior Project Lead, the SOS project team meets with you to review the functional areas to be documented. Topics may include the full spectrum of stock plan administration tasks or specific processes at your request.
- SOS conducts a thorough due diligence process by evaluating written documentation and interviewing various members of your team to understand roles and responsibilities, tasks, procedures, and specific challenges. Your third-party vendors may be involved in this process as well, such as an outsourcing provider. This phase may be conducted onsite at your designated location or remotely.
- Once the due diligence phase is completed, SOS organizes the collected data into key categories and compiles the information into a formal process document. The document follows a standard stock plan administration cycle and is fully customized around your current procedures. Details such as contacts, data flow charts, process frequency, impact to other tasks, audit controls, and sample forms are typically included.
- SOS works with you through revision cycles to obtain a completed working document. Depending on the extent of information covered, this document may be anywhere from 10 to 100 pages. The final version is typically delivered as a printed material; at your request, SOS can also develop a web-based version to store on your Intranet.
- Once the document is complete, we can help with the next phases, including updates to the documentation and additional content as processes change.