

**The Nightly Business Report**  
**Boardroom Changes – Are They Real?**  
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I'm often asked: has there been much change in corporate boardrooms since the scandals and the enactment of the Sarbannes-Oxley Act?

The answer is yes. I have served on fourteen public company boards in the last twenty years and currently serve on five. This is the most dramatic change I have seen. And the new law, plus new rules from the SEC and the stock exchanges, makes these reforms permanent.

A couple of examples:

Sarbannes-Oxley requires that CEOs and CFOs certify quarterly about the truthfulness of the company's financial statements. Their certifications – and the internal process that produces them – are reviewed by the board's independent audit committee. Then they go to the SEC. Failure to certify would be a red flag. And, if fraud is found, the CEO and CFO are liable for stiff penalties. This may well be the most important reform.

Executive sessions of independent directors without management are now required. This gives directors the opportunity to air concerns, and this is producing tangible results.

The more subtle change is the renewed vigilance. Directors are asking more probing questions of management. We are looking behind the numbers to know how decisions were made and why. There is more due diligence, time, and energy in the boardroom.

As these reforms take firmer root, I hope investors will take more comfort in the accuracy of financial reporting.

I'm Barbara Hackman Franklin