

# HYPERION FINANCIAL MANAGEMENT AND SARBANES-OXLEY COMPLIANCE

## KEY BENEFITS

Hyperion Financial Management gives the finance team a way to improve the financial close and reporting process, reduce risks, and move into the role of active business partner with the rest of the enterprise.

Hyperion Financial Management helps to address the requirements of

- Section 302
- Section 404
- Section 401
- PCAOB Auditing Standard No. 5
- Accelerated reporting as required by the SEC

*Oracle's Hyperion Financial Management – System 9 builds a sustainable compliance framework and reduces the cost of compliance with the Sarbanes-Oxley Act and regulatory mandates.*

### How Sarbanes-Oxley Impacts Your Finance Organization

The Sarbanes-Oxley Act (SOX) was signed into law in August 2002. Requiring CEOs and CFOs to certify their financial results or be subject to severe civil and criminal penalties, this law demands much-greater auditing oversight of public companies than in the past.

SOX created the Securities and Exchange Commission's Public Company Accounting Oversight Board (PCAOB). The PCAOB requires in its Auditing Standard No. 5 of May 24, 2007 that public companies of all sizes focus on the integrity of the financial statements. They maintain that the internal control environment extends to the period-end financial reporting process, including the preparation of both annual and quarterly financial statements, including controls over procedures used to record recurring and nonrecurring adjustments to the financial statements (for example, consolidating adjustments, report combinations, and reclassifications).

The Auditing Standard states: "While control deficiencies and significant deficiencies represents an important component of management's assessment, the overall focus of internal control reporting should be on those items that could result in material errors in the financial statements."

What does this mean to you? Only your auditor can say for sure, but it's clear that as a result of SOX, the SEC wants you to focus on the controls related to financial statements and to use financial statements to help assess control risk.

### Gain Confidence in Certifying Your Financial Statements

Hyperion Financial Management can help you control your financial information and help senior managers become more confident when certifying their annual and quarterly results, including disclosure controls and procedures. Oracle and partner consultants can assist with the implementation of Hyperion Financial Management so that you can easily enhance your internal control processes, document data flow to allow for electronic sign-off with comments, and use data locking for security and responsibility. When complete, you will have a documented process that is transparent and provides a documented 10K/Q to general ledger audit trail. Furthermore, the finance staff can rapidly deploy Hyperion Financial Management, speeding the close and reporting process and delivering a positive ROI.

### **Address Compliance with Hyperion Financial Management**

Hyperion Financial Management helps public companies to comply with critical aspects of SOX.

#### **Section 302 Requirements**

CEOs and CFOs must certify the following:

- They have reviewed the quarterly or annual report.
- The report fairly represents the company's financial position.
- They are responsible for disclosure controls and procedures.
- They have evaluated the effectiveness of the controls and procedures.
- They have disclosed any weaknesses or control changes to external auditors.

Hyperion Financial Management has features that help you gain confidence that

- All submissions are completely loaded, reviewed, approved, and electronically signed off prior to external reporting.
- All submissions contain an audit trail of the subcertification process with commentary.
- CEOs, CFOs, and their management team can verify that all submissions have been reviewed and approved from the lowest level throughout the management hierarchy before signing off on the consolidated results.

#### **Section 404 Requirements**

Internal control report and external auditor attestation:

- Each annual report must contain an internal control report
- The internal control report requires external auditors to attest to management's assertions about internal controls and procedures for financial reporting

Hyperion Financial Management features:

- Full compliance with U.S. generally accepted accounting principles (GAAP), International Accounting Standards Board requirements, and local statutory requirements for financial consolidation and reporting
- Controls that prevent or detect errors to improve completeness and accuracy during the financial consolidation reporting cycle
- Improved timeliness, automated detection controls (including e-mail alerts), and mandatory review and approval procedures to reduce control risk and increase the likelihood of an unqualified external audit
- Compliance with IT standards for mission-critical data, including Secure Sockets Layer, external authentication, database mirroring, and others

#### **Section 401 Requirements**

Conditions for use of non-GAAP (pro forma) financial measures:

- Requires public companies that release non-GAAP financial measures to include a presentation of the most directly comparable GAAP financial

measure and a reconciliation of the disclosed non-GAAP financial measure to the most directly comparable GAAP financial measure

Hyperion Financial Management features:

- Ability to handle multiple organizational hierarchies and multiple charts of accounts to make multi-GAAP reconciliations an automatic process

### **PCAOB Auditing Standard No. 5 Requirements**

Risk of fraud and period-end financial reporting process requirements demand:

- Controls over significant, unusual transactions, particularly those that result in late or unusual journal entries
- Controls over journal entries and adjustments made in the period-end financial reporting process
- Controls over related parties transactions
- Controls related to significant management estimates
- Procedures used to enter transaction totals into the general ledger
- Procedures related to the selection and application of accounting policies
- Procedures used to initiate, authorize, record, and process journal entries in the general ledger
- Procedures used to record recurring and nonrecurring adjustments to the annual and quarterly financial statements
- Procedures for preparing annual and quarterly financial statements and related disclosures
- Inputs, procedures performed, and outputs of the processes the company uses to produce its annual and quarterly financial statements
- The extent information technology involvement in the period-end financial reporting process
- The locations involved in the period-end financial reporting process
- The types of adjusting and consolidating entries
- The nature and extent of the oversight of the process by management, the board of directors, and the audit committee.

The PCAOB recommends the Committee of Sponsoring Organizations of the Treadway Commission framework for internal controls. Refer to [www.coso.org](http://www.coso.org).

Hyperion Financial Management features:

- A comprehensive, Web-based application that delivers global collection, financial consolidation, reporting, and analysis in a single, highly scalable solution—helping with communication and monitoring.
- A solid control environment on top of properly controlled transaction systems.
- The capacity for you to centrally manage and collaborate on financial information and processes with global employees by way of the internet, an

intranet, an extranet, and a standard Web browser. This is a key control activity and includes risk assessments.

- The capacity for employees, branch offices, and partners to operate with a single, unified view of key financial data at any moment in time. This helps with communication and monitoring.
- The ability to support detailed analysis of actual results versus a budget or plan to help highlight risks before they become problems. This key risk assessment can be done online with Oracle's Hyperion Financial Reporting – System 9, the graphical report writer included with Hyperion Financial Management.

### Requirements for Accelerated Reporting as Required by the SEC

- Annual reports must be filed within 60 days, reduced from 75 days.
- Quarterly reports must be filed within 40 days.

### Reduce Your Financial Close Cycle

Customers report that the following key features of Hyperion Financial Management help shorten the closing cycle:

- A collaborative, Web-based solution that saves days or weeks.
- The ability to input text commentary and line item detail over the Web to help ensure that the right information is submitted the first time, reducing the number of submission iterations.
- Validations and the new transaction-matching feature to help ensure that intercompany balances are matched and that the balance sheet balances prior to consolidation are key to driving down the close cycle.
- Custom dimensions for product profitability and standard dimensions for external reporting reduce the need for additional reporting systems and the additional reconciliation procedures they typically require.
- A journals module with auditable Dr/Cr topside adjustments speeds the close. Local transaction systems need not be opened again for late adjustments.
- Support for extensible business reporting language (XBRL), soon to mandated by the SEC.

### Contact Us

For more information about how your organization can leverage the power of Oracle's Hyperion Financial Management– System 9, please visit [www.intelligent.co.za](http://www.intelligent.co.za), email: [info@intelligent.co.za](mailto:info@intelligent.co.za) or call 011 607 8200 to speak to an Intelligent representative.



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**RELATED PRODUCTS****HYPERION FINANCIAL  
PERFORMANCE  
MANAGEMENT  
APPLICATIONS**

Oracle's Hyperion Financial Performance Management Applications are an integrated suite of software modules that unite the entire financial management cycle by linking strategies to plans, continuously monitoring and optimizing execution, and reporting results in a timely, accurate manner. Part of Oracle's Enterprise Performance Management System, Hyperion Financial Performance Management Applications can be quickly and easily deployed out of the box, extended with Oracle's business intelligence product family, or tailored to meet your organization's specific needs.

**RELATED PRODUCTS:**

Hyperion Financial Performance Management Applications include the following products:

- Hyperion Planning - System 9
- Hyperion Performance Scorecard - System 9
- Hyperion Strategic Finance
- Hyperion Workforce Planning
- Hyperion Capital Expense Planning