

Consolidation and compliance

External markets want accuracy and accountability, shareholders want a timely view of corporate performance, and stringent regulatory deadlines demand a rapid response. Can one technology address all these issues? John Simpson of **Simpson Associates** answers Jim Banks' questions.

Organisations of all kinds need to make their data work harder, not only for competitive reasons, but also to meet the growing demands of regulators and shareholders for timely and accurate financial reporting. Companies want to have better insight into performance, greater clarity and accountability in the reporting process and a single version of the truth to work from.

Managing data effectively and efficiently to deliver information that meets all these criteria is critical to many large organisations today, not least those that are undergoing rapid transformation.

'Growth and acquisition are the key drivers of financial consolidation. Organisations need to assimilate results and perform due diligence in the early days after an acquisition, and this can't be done manually. Consolidation is important if there is any change in corporate structure or reporting requirements,' says John Simpson of Simpson Associates.

A Cognos Platinum partner, Simpson Associates has a track record of advising on performance management implementations. For Simpson, the simple solution to these many challenges is to implement a specialist consolidation and financial reporting solution.

'Companies can't change their ERP systems to reflect the new nature of the organisation, so they use the base accounts from these systems and use a consolidation system for reporting and analysis,' Simpson adds.

Specialist consolidation systems allow an organisation to respond quickly to changes in legislation, which would otherwise make the consolidation process much more complex. They enable the collection of certified data, accommodate different accounting standards and can ensure compliance with regulations such as SOX, IFRS and IAS.

Ultimately, they deliver repeatable and auditable processes that are nevertheless sufficiently adaptable to the high pace of change in today's business world.

For the CFO, focused on organisational performance, this delivers accurate, visible and timely data reporting to internal and external audiences, and ensures compliance standards are met.

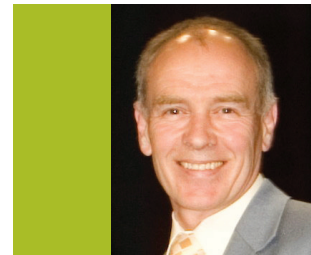
For the finance controller there are visible improvements in the closing and reporting processes through a sustainable, efficient and cost-effective process.

'Financial consolidation is not just the preserve of accountants, but has an impact across the entire organisation.'

'The finance director wants security that he is reporting numbers that are accurate and is less worried about how cost-efficient it is to reach that stage. He wants traceable data that he can substantiate to auditors. The financial controller takes the brunt of the effort, so wants efficient processes that can deliver results fast,' says Simpson.

The end for spreadsheets?

More stringent demands on data and reporting mechanisms mean that traditional spreadsheets are risky. Their use tends to slow down data collection and distribution, they often lack integration with reporting systems, they are prone to formulae errors, and above all their inadequate control of the process means that ensuring data lineage is a problem.



Specialist consolidation solutions can take away much of the complexity of consolidating data from disparate sources, eliminating inter-company balances and movements, performing currency conversions, incorporating changes from corporate reorganisation, while also improving reporting compliance. The result is lower risk and a smaller organisational burden.

Automation makes the reporting process faster, more efficient, auditable and sustainable.

'Also, once the data is in the financial consolidation application it can be used to report back into the business. It can bring management information to life, which helps people to manage the business better. Financial consolidation is not just the preserve of accountants, but has an impact across the entire organisation,' explains Simpson.

By freeing up resources in the finance team and giving the organisation greater confidence in its data, financial reporting and management information processes, consolidation software could well become one of the most important investments a company can make in the year ahead. ■

Further information

Simpson Associates
Website: www.simpson-associates.co.uk