

# Hyperion Financial Management And Sarbanes-Oxley



*"It is becoming increasingly clear that something has gone wrong, seriously wrong, with respect to our capital markets. We confront an increasing crisis of confidence that is eroding the public's trust in those markets. I frankly believe that, if it continues, this erosion of trust poses a real threat to our economic health."*

Maryland Senator Paul S. Sarbanes  
(Addressing the U.S. Congress regarding the Public Company Accounting Reform and Investor Protection Act of 2002)

Recent events have caused worldwide concern about the integrity of the financial statements of publicly traded companies. Completeness, accuracy and compliance with Generally Accepted Accounting Principles (GAAP) are being called into question as never before.

In August 2002, The Sarbanes-Oxley Act of 2002 was signed into law. In addition to more auditing oversight, the new law requires CEOs and CFOs to certify the financial results or suffer severe civil and criminal penalties. Many Hyperion customers have already gained control of their financial information, ensuring that management is comfortable certifying the annual and quarterly financial results, including disclosure controls and procedures. Here's a summary of how Hyperion's newest financial consolidation and reporting solution, Hyperion® Financial Management, provides out-of-the-box features for complying with the new regulations.

Requirement	Hyperion Financial Management Features
<b>Section 302 – CEO and CFO Must Certify:</b> <ol style="list-style-type: none"><li>1. They have reviewed the quarterly or annual report</li><li>2. The report fairly represents the company's financial position</li><li>3. They are responsible for disclosure controls and procedures</li><li>4. They have evaluated the effectiveness of the controls and procedures within 90 days of the report</li><li>5. They have disclosed any weaknesses or changes in the controls to external auditors</li></ol>	<ul style="list-style-type: none"><li>• Hyperion Financial Management has features to ensure that all submissions are completely loaded, reviewed, approved and electronically signed off prior to consolidation and reporting.</li><li>• All submissions contain an audit trail of the approve/reject process with commentary.</li><li>• CEOs, CFOs and their management team can see for themselves that all submissions have been reviewed and approved from the lowest level throughout the management hierarchy prior to signing off on the consolidated results.</li></ul>
<b>Section 404 – Internal Control Report and External Auditor Attestation</b> <ol style="list-style-type: none"><li>1. Each annual report must contain an internal control report.</li><li>2. The internal control report requires a company's external auditor to attest to management's assertions about internal controls and procedures for financial reporting.</li></ol>	<ul style="list-style-type: none"><li>• Hyperion Financial Management is fully compliant with U.S. GAAP, International Accounting Standards and local statutory requirements for financial consolidation and reporting.</li><li>• Also, controls that prevent or detect errors can be added to the system to ensure completeness and accuracy during the financial consolidation reporting cycle.</li><li>• Improved timeliness, automated detection controls (including e-mail alerts) and mandatory review and approval procedures reduce control risk and increase the likelihood of an unqualified external audit.</li><li>• Furthermore, Hyperion Financial Management complies with IT standards for mission-critical data, including SSL, embedded Win2K Domain security, LDAP, RDBMS mirroring and more.</li></ul>



Hyperion®

### Hyperion Worldwide Headquarters

Hyperion Solutions Corporation  
1344 Crossman Avenue  
Sunnyvale, CA 94089  
Tel: +1 408 744 9500  
Fax: +1 408 744 0400

### Product Information

Tel: 800 286 8000 (U.S. only)

### Consulting Services

Tel: +1 203 703 3000  
E-mail: northamerican\_consulting@hyperion.com

### Education Services

Tel: +1 203 703 3535  
E-mail: education@hyperion.com

### Web Site

[www.hyperion.com](http://www.hyperion.com)

### Contact Us

[www.hyperion.com/contactus/](http://www.hyperion.com/contactus/)

#### Requirement

##### Section 401 – Conditions for Use of Non-GAAP (pro forma) Financial Measures

- Regulation G 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.

##### U.S. Auditing Standards Require:

1. A solid control environment – a foundation for internal controls
2. Risk assessment by management of relevant risks and how they will be addressed
3. Documented control activities
4. Information and communication supporting all control components
5. Ongoing monitoring of internal control procedures

##### Accelerated Reporting (to be phased in over a three-year period)

1. Annual reports (10Ks, etc.) must be filed within 60 days, down from 90 days.
2. Quarterly reports must be filed within 35 days, down from 45 days.

#### Hyperion Financial Management Features

- Hyperion Financial Management is built to handle multiple organizational hierarchies and multiple charts of accounts to make Regulation G reconciliations an automatic process.
- Hyperion Financial Management is a comprehensive, Web-based application that delivers global collection, financial consolidation, reporting and analysis in a single, highly scalable solution.
- Hyperion Financial Management is a key component of a solid control environment on top of similarly controlled transaction systems (general ledgers).
- With Hyperion Financial Management, customers centrally manage and collaborate on financial information and processes with global employees, via Internet, intranet, extranet and a standard Web browser.
- Employees, branch offices and partners operate with a single unified view of key financial data at any moment in time.
- Hyperion Financial Management supports detailed analysis of actual results vs. budget or plan to help highlight risks before they become problems, over the Web using Hyperion® Reports, the graphical report writer included with Hyperion Financial Management.
- A collaborative, Web-based solution can take days and weeks out of the close cycle.
- The ability to input text commentary and line-item detail over the Web helps ensure that the right information is submitted the first time, reducing the number of submission iterations.
- Validations to 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.