Final Mile Assurance for Financial Reporting

Integration of Investran® and ClusterSeven to Ensure Reporting Integrity for a Swiss Bank's Private Equity Business

Background

Successful private equity investing demands the analysis, management and dissemination of large amounts of qualitative and quantitative data. Investran® (an integrated SunGard software suite) meets these needs by simplifying private equity workflow, facilitating each step of the private equity lifecycle from fundraising to portfolio monitoring. The Investran Accounting, Relationship Manager® and SunGard DX® products work in harmony to connect front and back-office processes in order to:

– Offer centralized portfolio and partnership transaction processing
– Help streamline front-office investor relations workflow
– Bring stakeholders together for communication and document management
– Generate standard or user-defined reports with drill-down capabilities

Investran is used in the Fund Accounting area of a major Swiss Bank's Private Equity Business. They use Investran mainly via an IE Browser, with several e-rooms set up to provide access control to different recurring reports. Users click on a link to the Investran e-room they want to report on, to receive the most up to date live feeds from a wide variety of external data sources (such as web data or databases) configured for that particular report. These reports are essentially Excel spreadsheets which often require finalization by management prior to publication for books and records.

> //
>
> Many compliance products claim to deliver permanent business efficiencies but come up short in the areas of governance and risk management. ClusterSeven thoroughly meets these demands while enabling financial institutions to cut costs and make the most of the systems they have, placing it in a unique position within the world of spreadsheet management.
>
> //
>
> **Neil Rowatt, founding partner of silverminute**

Final Mile Assurance for Financial Reporting

Key Risks

The primary risk is that the critical financial models and reports are not compromised during final accountant modification. The pressures of FAS 157 to explain the valuation methods used for illiquid securities introduce particular complexities for private equity.

Requirement

Integrity assurance requires:

1. That changes to reports and models are tracked. Key changes that need to be captured are function changes, macro changes, as well as data changes so that a full history of all activity can be captured for auditing.

2. That changes are accountable across successive modifications by accountants and other authorized users.

Solution

ClusterSeven reports all changes to the spreadsheet as during the subsequent manual amendment of reports there should be no structural changes (i.e. functions or macros). This ensures that the underlying model of the report is never changed. Data changes/ manipulations due to financial adjustments are allowed, but need to be monitored to provide accountability in case of a mistake or fraudulent motive. For each financial report ClusterSeven delivers a full audit history from version to version giving the detail of changes as well as named accountability for each change.

In order to provide a fully self-contained document the audit information is also imported from the ClusterSeven database into a new sheet in the Excel report. This summary page securely documents all the changes within the period for the finalized file, and the accountability for who made them.

ClusterSeven's technology enables businesses to manage their End User Computing (EUC) applications (i.e. spreadsheets and MS Access® databases) for compliance and reduced operational risk by:

– Locating business critical files
– Applying risk assessment criteria
– Applying appropriate security to these files
– Maintaining a continuous audit check on files
– Notifying anomalous activity via alerts and exception reports
– Delivering enhanced productivity and new business insight
– Accelerating EUC replacement projects

Final Mile Assurance for Financial Reporting

Summary workflow following integration of Investran and ClusterSeven:

Step 1 – The Fund Accountant accesses Investran through the Browser and selects a report to run.

Step 2 – The Investran reports are pre-configured to pull data from an external source (DB/Web Feed/Etc…)

Step 3 – The Data is then output to an Excel file which has macros. This file also has formulas which drive calculations of the data imported. The macro purpose is to save the workbook to a specified location which ClusterSeven is monitoring, with a specific naming convention. The 'Save As' command is disabled so as to not allow the user to save to any other location.

Step 4 – The accountant makes necessary changes to the particular report version. This process can be repeated as necessary by the accountant during the reporting period (weekly/monthly/etc…)

Step 5 – A management level fund accountant looks at the periodic last version of the file (weekly/monthly/etc…) and runs the finalize macro. This macro will lock down the entire workbook and resave the modified file to the specified file location. The macro also applies a pre-specified naming convention to the file to match the pre-configured consolidation definition in ClusterSeven.

Step 6 – A report is imported from the ClusterSeven database which incrementally grows per file version, showing all the statistics and changes for the file, until the finalized version. This is based on a pre-existing ClusterSeven report, but is automatically triggered to run upon save, rather than on demand. The last version of the periodic file then contains a full set of entries of changes, signoffs, etc… to provide a complete audit history.

Our extensive research focused on front office solution providers recognises key players such as ClusterSeven and its leading presence in the global financial services market.

Michon Schenck, COO of Financial Insights, an IDC company

ClusterSeven

Final Mile Assurance for Financial Reporting

Adopting ClusterSeven opens the door to a wide range of benefits that will take you way beyond your expectations of a control solution. Contact us at inquiries@clusterseven.com or the telephone numbers below to get started.

About ClusterSeven
ClusterSeven has offices in London and New York with distribution partners located globally. Our software is currently used in many countries across five continents, providing enterprise-wide, strategic spreadsheet and data management solutions to financial institutions and Fortune 500 financial reporting divisions.

Get in touch

T 020 7148 6270
E info@clusterseven.com

ClusterSeven Inc
140 Broadway, New York
NY 10005 USA

T +1 212.858.7790
F +1 212.858.7750

ClusterSeven
10 Throgmorton Avenue
London EC2N 2DL UK

T +44 20 7148 6270
F +44 20 7377 9124

@clusterseven
clusterseven.com