IBM® Cognos Financial Statement Reporting (FSR): A unified platform for public sector financial management and reporting

Federal budgeting and reporting professionals go to extraordinary efforts to manually prepare most of their critical reports and documents with data from fragmented financial systems, causing data integrity issues and audit concerns. Federal agencies are now bridging the technology gap between the private and public sector by implementing proven solutions that quickly automate financial management; enhance financial governance; and streamline the planning, budgeting and reporting processes.

IBM Cognos FSR integrates with any existing data source to ensure data integrity and provide a single, secure platform where many contributors can collaborate to prepare and manage financial data and prepare disclosures using familiar tools such as Microsoft® Word and Microsoft® Excel® with appropriate levels of security, oversight, process ownership, controls and audit trail.

The problem

Today, agency budget and finance professionals face a big challenge: completing accurate and timely strategic plans, budgets, and performance and accountability reports while using fragmented data sources and manual reporting processes that are inefficient and lack strong internal controls.

A broken process

Many agencies use manual processes to manage data and prepare critical reports, such as budget formulation documentation and performance reports. Rudimentary financial data is exported from multiple IT systems across various programs and re-keyed into 'master' spreadsheets with little or no controls in place. Separate text documents containing narrative statements such as MD&A, footnotes to financials, and appendices are then wrapped around key financial and statistical data and emailed down, across and up the organization for review, editing and approval.

This process increases the risk of having multiple versions of spreadsheets and unsecured text documents, which leads to data integrity issues, audit concerns, and efficiency issues. Because so many people are involved in these budgeting, planning and reporting processes with data coming from several disparate sources, complex procedures are required to tie out numbers with little or no controls in place and virtually no audit trail. These manual processes make it difficult for management to review the status of the reports, and difficult for auditors to confirm whether proper controls were in place and whether the appropriate approvals were given during the reporting process.

"Nucleus found that by adopting IBM Cognos FSR, organizations can achieve benefits that go beyond regulatory compliance. By automating the gathering of financial data and the processing of numerous last-minute accounting changes, the application makes accountants, report builders and their managers more productive."

"L9 - Research Note - Assessing the Benefits of IBM Cognos FSR," Nucleus Research, 2011

Demand for transparency and oversight is rising…

In these challenging economic times, the taxpaying public, OMB, FMFIA officials, OIG and GAO turn to agency CFOs to ensure accountability and transparency as well as to seek ways to improve government credibility. Agencies need to demonstrate the existence of effective internal controls that will prevent the misuse of financial resources. Furthermore, they need to expand access to reliable financial and performance information through timely publication of agency reports detailing what was accomplished with taxpayer dollars and the challenges that remain.

… and agencies need to be positioned for better reporting

The U.S. GAO recently released a statement that found that controls over financial statement preparation needed to be improved in nine CFO Act Agencies and stated that new financial reporting standards will require a clearer and more comprehensive assessment of the federal government's financial condition over the long term – including new reporting requirements using XBRL (eXtensible Business Reporting Language).

Agency CFOs are looking to technology solutions to improve controls and better position their budget and finance teams to prepare timely and reliable financial data and analysis. They also want to leverage this investment to enhance internal communication, create efficiencies in financial management processes, and converge data from fragmented financial and operational systems. IBM Cognos FSR is a single, secure platform that converges data from existing IT systems, enhances transparency, internal controls and audit trail, all while providing tools to streamline every step in the planning, budgeting and reporting process – including XBRL.
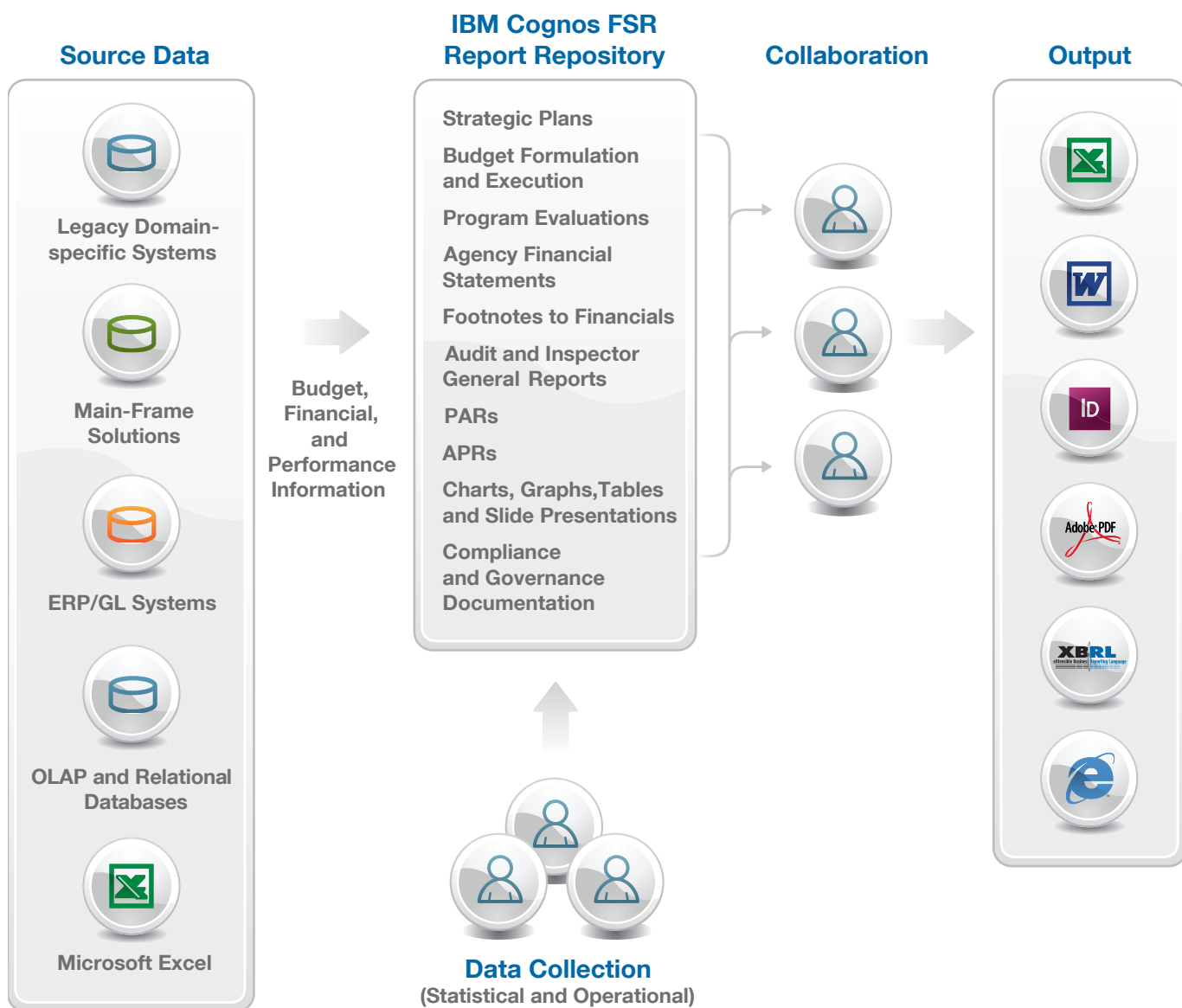
"IBM Cognos FSR has been a tremendous help in getting our reports done and filed, and has significantly reduced the time pressure. Showing the financial community that you are solid and on track by producing visibility into your financial affairs quickly and accurately is a very valuable thing. IBM Cognos FSR helps us do just that!"

— Roughan Sheedy, Group Financial Controller, LGC

The solution

IBM Cognos FSR is a secure platform for converging data and automating the preparation of all federal agency documents and reports.

Source Data

- Legacy Domain-specific Systems
- Main-Frame Solutions
- ERP/GL Systems
- OLAP and Relational Databases
- Microsoft Excel

Budget, Financial, and Performance Information

IBM Cognos FSR Report Repository

- Strategic Plans
- Budget Formulation and Execution
- Program Evaluations
- Agency Financial Statements
- Footnotes to Financials
- Audit and Inspector General Reports
- PARs
- APRs
- Charts, Graphs, Tables and Slide Presentations
- Compliance and Governance Documentation

Data Collection
(Statistical and Operational)

Collaboration

Output

Features

Automate and streamline the preparation of budget materials, APRs and strategic plans

IBM Cognos FSR streamlines the production of any agency or program documents that contain narrative and financial data. Creation of these reports is still accomplished using Microsoft Excel and Microsoft Word, however they are no longer stored as separate .doc or .xls files. They are stored, managed and secured directly in the data mart inside IBM Cognos FSR. This provides collaboration, security, period-to-period information rollover, audit trail and workflow – all the elements necessary for a more efficient and effective planning, budgeting and reporting process.

Connect with any source data

IBM Cognos FSR was built to integrate with any data source including: OLAP and relational databases, homegrown financial management systems, ERP systems, GL systems, financial consolidation applications, and Microsoft Excel files. By connecting directly to the appropriate source systems, IBM Cognos FSR will ensure that the data in the budget materials, strategic plans and performance reports matches the source data – at all times.

Enhance internal controls and optimize audit process

IBM Cognos FSR provides a comprehensive set of embedded internal controls to verify and validate that proper steps are being followed and that the data presented is credible and reliable. Specific disclosures can be linked directly to supporting documentation for easy reference. Edit checks, user-based security and continuous controls monitoring eliminate the risk of material weakness and help achieve a clean audit opinion.

Workflow, checklists and e-signatures

Workflow enables agency management to monitor the status of each data point of any mission-critical documents in IBM Cognos FSR, identify which sections are overdue, and see the approval hierarchy for each disclosure. The "mission control" dashboard provides complete visibility into the overall report at any time in the reporting process.

Compliance checklists and e-signatures can be embedded into each section of any budget, plan or report to ensure proper authority and oversight over financial and operational data and corresponding narrative analysis, and to ensure that internal controls policies were followed.

Audit trail

All users must log in to IBM Cognos FSR, providing robust control over access to confidential data. Once logged in, IBM Cognos FSR captures every change made to any spreadsheet, diagram, or document from each user. Agency CFOs can quickly and easily compare any two versions of reports from the beginning of the reporting process all the way through to the final version to see what changed, who changed it and exactly when the changes were made. The audit trail data is saved within the IBM Cognos FSR database and can be used for subsequent audits after the budget and reporting process is completed.

Business rules and validation

Create business rules and schedule tests against those rules to prevent inaccuracies during the aggregation of financial and operational data into agency-wide annual financial statements.

Link operational, financial and statistical data within multiple reports

IBM Cognos FSR securely creates and synchronizes complex documents or reports that contain the same data and/or text. With IBM Cognos FSR you can streamline and automate:

• Budget formulation and execution
• Program evaluation and management
• Legislative coordination
• Grants and audit documentation
• Monthly and quarterly financial statements
• Performance and accountability reporting

The benefits and proof

Reduced personnel workload
With the ability to pull data from multiple sources, built-in workflow, multiple output options and a familiar user interface, your budget and finance departments will realize significant benefits:

- Workload reduction through more efficient processes
- Reduction in overtime hours
- Increased review time resulting in more 'actionable' insights into the business

Reduced risk
Risks of material deficiencies are mitigated with IBM Cognos FSR workflow, collaboration, audit trail and central database features. Benefits include:

- Reduced risk of error
- Reduced risk of late completion and delivery
- Reduced risk of non-compliance

Reduced preparation time
By automating the overall budgetary and performance reporting process to reduce production timelines, time is gained to conduct more comprehensive internal reviews, discussions, and analysis, resulting in increased confidence in the financial and performance data at every step in the planning, budgeting and reporting cycle.

- Reduced review time required
- Fewer manual processes

"We weren't aware of anything on the market like IBM Cognos FSR, so the product sold itself. We realized straight off that this was the control mechanism we needed. Overall, the reduced risk of data inaccuracies and the availability of an audit-trail feature convinced us to purchase, and we're glad we did."

— Jeff Brister, Reporting Development Manager
Group Financial Reporting, British Airways

About IBM Business Analytics
IBM Business Analytics software delivers complete, consistent and accurate information that decision-makers trust to improve business performance. A comprehensive portfolio of business intelligence, predictive analytics, financial performance and strategy management, and analytic applications provides clear, immediate and actionable insights into current performance and the ability to predict future outcomes. Combined with rich industry solutions, proven practices and professional services, organizations of every size can drive the highest productivity, confidently automate decisions and deliver better results.

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