

Top-side Entries to HFM

Background

During the review of an account balance on a consolidated basis, it was noted there was a discrepancy between the actual balance and the supporting subledger. An investigation determined that the discrepancy was due to an amount recorded on an Adjusting Company Ledger in HFM. The balance on the Adjusting Company resulted from an entry posted directly to HFM and not present on the local ledger system. The entry on the Adjusting Company was a recurring carry-forward entry that had been made for several years for which no support for the entry or reconciliation of the account balance could be located. Since the balance excluding this entry was supported, a reversal of the Adjusting Company entry was made which impacted the income statement.

Additional analysis has determined that other HFM balances contain top-side adjustments or eliminations recorded either directly to HFM, or through Hyperion Financial Data Quality Management (FDM -which then interfaces with HFM), rather than through the local ledger system.

Control Breakdowns:

Journal entries: Entries were posted directly to HFM and did not have appropriate supporting documentation and approval.

Account reconciliations: Account reconciliations were not prepared for these HFM balances.

Lesson Learned

As a result of the error identified and the recognition of additional balances recorded directly to HFM or FDM, we have learned that control procedures around HFM ledgers should be reiterated and emphasized.

The “Balance Sheet Account Reconciliation and Controllership Scorecard” (BSAR) policy indicates adjustments shall not be directly recorded in HFM unless a policy exception is granted for each type of adjustment by the Regional and Corporate Controller. This policy would also be applicable to entries made directly to FDM, since they are also not included in the local ledger.



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Management should strive to eliminate the recording of these types of entries, as this bypasses the normal general ledger control processes.

In the event entries are permitted to be made directly to HFM or FDM through the policy exception, supporting documentation and evidence of review must be maintained.

Balances on all HFM ledgers, including adjustment and elimination companies, must be reconciled in accordance with the BSAR policy to ensure the balances are understood and supported. The Controllership Scorecard must be supported by a Lead Schedule containing all HFM accounts. The Scorecard attests to the reconciliation status of all HFM balances.