

What Consolidation Software Needs To Offer



IDL Konsis

consolidation
from insightsoftware



insightsoftware



Preliminary Comments

The questions in this checklist are intended to serve as a source of insights and to provide you with an overview of necessary and useful features to look for in consolidation software.

You are also welcome to use the questions to classify and assess the scope of performance of the software tool you are already using or is included in the selection process. The list does not claim to be complete and not all questions must necessarily be answered with a yes.

The required scope of services of the tool can be broken down in more detail or be supplemented by additional questions based on your individual starting position or the requirement profile you desire.

The Following Thematic Points Will Guide You Through the Checklist

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At the end of the checklist, you will also find a list of questions that explicitly deal once again with the requirements that must be met on a technological basis.

1 Fields of Application

- ☐ Is it a cross-industry solution that can be used by companies of all sizes?
- ☐ Is it possible to display single or multi-level legal consolidated financial statements?
- ☐ Are management consolidations possible?
- ☐ Is it possible to carry out not only ACTUAL consolidation, but also PLAN consolidation and simulations?
- ☐ Can the consolidation software be integrated into a comprehensive performance management solution?

Space for Your Notes

2 General Requirements

- ☐ Can the various accounting standards such as HGB, IFRS, US-GAAP, Swiss GAAP FER, UGB, etc. be displayed (possibly in parallel)?
- ☐ Can “industry specifics” such as communal regulations, RechKredV, RechVersV or KHBV, be taken into account?
- ☐ Is the system multilingual, including support for non-Western European character sets?
- ☐ Is the system multi-user capable with freely selectable standards, also with regard to customizable role concepts and access rights?
- ☐ Has the software been tested according to the IDW PS 880 testing standard and is the software certification renewed at regular intervals?

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3 Master Data Management

- ☐ Does a flexible fact/data type concept enable the management of different data stocks such as ACTUAL, PLAN, Forecast, Fiscal, etc.?
- ☐ Is it possible to select different scopes and levels of detail for the preparation of monthly, quarterly and annual financial statements (also for different fiscal years)?
- ☐ Are deeper structures such as business units or profit centers supported in addition to legal organizational units?
- ☐ Can any Group and sub-Group definitions (legal structure and/or e.g. deviating segment views) be entered with a time reference (historicized) and according to reporting occasions?
- ☐ Is it possible to differentiate between company and Group charts of accounts (several are also possible?) and can accounts be assigned to any number of different charts of positions (e.g. for external and deviating internal business reporting)?
- ☐ Is mapping of statistical values planned?
- ☐ Do controlling characteristics that are assignable to individual users allow for the mapping of granular views according to functional areas or regional aspects, for example?
- ☐ Is there integrated support for classic transaction development displays such as the development of fixed assets or the development of equity on the level of individual companies and Groups?
- ☐ Are any individual transaction development displays such as development of maturities, development of loans or other statistical data provided?

4 Data Reporting and Validation

- ☐ Can the data import optionally be carried out via (certified) standard interfaces, automated transfer of common file formats such as txt, csv, xml or also via electronic reporting packages (xls)?
- ☐ Do automatic warnings and status messages ensure effective control (status monitoring) during the transfer and preparation of individual financial statements)?
- ☐ Can error statuses and to-dos be clearly visualized and analyzed?
- ☐ Can deadlines for data messages be stored and managed by the system?
- ☐ Is the adaptation to the uniform Group guidelines supported by the system?
- ☐ Is it possible to correct and adjust the company financial statements based on accounting entries?
- ☐ Can adjustments be classified according to facts in order to systematize the adjustments and make them analyzable?
- ☐ Can the deferred tax effect be taken directly into account when manually entering adjustment postings?
- ☐ Is it possible to manually add additional information to automatically transferred data?
- ☐ Is there explicit support for the delivery/entry of the disclosures in the notes?

- ☐ Does the system also offer integrated intercompany (IC) balance reconciliation at the individual document level while using clearing procedures?
- ☐ Can intercompany reconciliation be anchored already in the data reporting process?
- ☐ Are currency conversion procedures already included in the standard system?
- ☐ Can exchange rates be automatically transferred from the ECB's website to the consolidation system?
- ☐ Is historical equity translation fully traceable and supported with the appropriate treatment of currency translation differences?
- ☐ Are account balances carried forward automatically for data from the individual financial statements?
- ☐ Is an approval procedure integrated into the process?

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5 Scope of Functions for Consolidation

- ☐ Are full and proportionate consolidation and at-equity valuation supported with regard to the type of inclusion?
- ☐ Is a comprehensive set of business consolidation rules prepared in the standard scope of delivery of the software?
- ☐ Is it possible for business users who do not have any programming skills to influence disclosure options and/or e.g. simplification rules in the consolidation via parameters?
- ☐ Is there a central view of all work progress in the consolidation, if possible guided by traffic light control?
- ☐ Is there automatic support for consolidation of investments (initial consolidation, subsequent consolidation, mergers, deconsolidation ...)?
- ☐ Is it possible to manage goodwill in the local currency and is its continuation automatically supported?
- ☐ Is it possible to manage and automatically update “hidden reserves” and/or “hidden liabilities”?
- ☐ In case segment-related data and structures are available, is “matrix consolidation” supported?
- ☐ Is the calculation of minority interests carried out automatically, even with multi-level Group structures?
- ☐ Is the elimination of intercompany receivables and payables automatically supported during the calculation of elimination differences?

- ☐ Does the consolidation of income and expenses support the elimination of intercompany income and expenses and the calculation of elimination differences?
- ☐ Is it possible to work with transaction currency in the clearing process?
- ☐ Does the software include a clearing procedure in connection with the elimination transactions?
- ☐ Is it possible to work with transaction currency in the clearing process?
- ☐ Does the software include a clearing procedure in connection with the elimination transactions?
- ☐ Is it possible to define simplification rules for the consolidation of liabilities, expenses and income (depending on the period, time or sub-Group)?
- ☐ Are intercompany profits and losses in current assets determined automatically and posted in a parameter-controlled manner?
- ☐ Are intercompany profits and losses in fixed assets calculated and posted automatically using parameters?
- ☐ Are there manual postings at Group level in addition to the automatic consolidation processing, which can be used for "late adjustments" or for the presentation of special issues, for example?
- ☐ Does the system support the determination of deferred taxes at Group level?
- ☐ Is it also possible to consistently carry forward all Group transaction development displays besides carrying forward and updating of all relevant consolidation postings (including all equity effects)?

6 Analyses and Reporting

- ☐ Is it possible to create any kind of transaction development display in reporting in addition to the classic display of the balance sheet, income statement and cash flow statement?
- ☐ Can key figures be displayed?
- ☐ Do verification reports visualize the transition from individual to consolidated financial statements?
- ☐ Are both multi-period/time series reports as well as comparative presentations and deviation reports possible?
- ☐ Can the reports be versioned?
- ☐ Can reports generated at different points in time (different versions) be compared with each other and thus the effects of late adjustments analyzed online?
- ☐ Can graphic presentations and Group organization charts be displayed in addition to tabular presentations?
- ☐ Can reports for individual companies be called up in addition to consolidated views?
- ☐ Is it possible to comfortably evaluate the history of the ownership structure?
- ☐ Are drill-down or drill-through options available for all reports?

- ☐ Is it possible to evaluate all master and report data as well as system settings?
- ☐ Are all inputs/imports of transaction data documented?
- ☐ Is there a print function for all views (master, transaction and report data) as well as a convenient option for data export?
- ☐ Are different file formats (pdf, csv, txt, xls ...) supported for data export?
- ☐ Is active and dynamic access to the consolidation database possible from Office products (e.g. MS Excel, MS Word)?
- ☐ Do you plan to transfer the data to other systems in a data format to be defined individually, if necessary?
- ☐ Can “mobile” reporting scenarios be mapped?

Space for Your Notes

7 Process Support and Application Comfort

- ☐ Do traffic light-controlled status monitors provide an up-to-date overview of data, progress and open tasks?
- ☐ Is the work oriented towards the typical workflow in the consolidation process?
- ☐ Have convenient release/approval procedures been integrated?
- ☐ Does the standard solution offer a high degree of automation with regard to the consolidation functions for ACTUAL and PLAN?
- ☐ Are comments on different elements and levels possible?
- ☐ Predefined models for various accounting standards optimize the projects and thus act as project accelerators?
- ☐ Are there definitions of customer-specific processing sequences in the form of quasi-macros for the automation of process steps and the acceleration of procedures?
- ☐ Can the dual control principle be mapped in the booking process?
- ☐ Are the changes in the main master and structural data logged and can these be evaluated conveniently?
- ☐ Does the system offer starting points for fast close considerations?

8 Audit and Compliance

- ☐ Does the software comply with the principles of proper accounting or analogous to the principles of proper Group accounting?
- ☐ If there is a complete audit trail can it be visualized and analyzed online?
- ☐ Are the posting lists categorized according to the posting facts and/ or consolidation measures in order to provide the auditors with the necessary transparency and analysis options?
- ☐ Are consistency and plausibility checks already provided for in the standard version?
- ☐ Can individual test rules be stored in addition to the standard tests, e.g. in order to quickly and easily validate the data states submitted for business plausibility?
- ☐ Has a checksum procedure been integrated into the standard version?and thus act as project accelerators?
- ☐ Is logging of changes for master data supported?
- ☐ Are changes in user permissions also logged?
- ☐ Can finalized data sets and/or periods be locked against changes?
- ☐ Do check digit algorithms, check rule catalogues and checkpoint evaluations with traffic light controls ensure process reliability and the quality of the figures?

List of Technical Requirements

- ☐ Can the database systems MS SQL Server and ORACLE be supported?
- ☐ Are multidimensional databases also supported (which ones, if any)?
- ☐ Is access via web browser possible?
- ☐ Are mobile application scenarios planned?
- ☐ Which server operating system does the solution use?
- ☐ Which operating system is required on the client side?
- ☐ Can the software be run on-premise and/or in the cloud?
- ☐ Can hybrid installation scenarios be mapped?
- ☐ Which release/approval concept is pursued?
- ☐ How are the individual software versions provided?
- ☐ What user concept is the licensing model based on?
- ☐ Can MS Office products be integrated into the process?
- ☐ Are there standardized and possibly certified interfaces?
- ☐ Does the software vendor provide technical support?
- ☐ Does the software vendor provide expert support?

We hope that this checklist will provide you with a good starting point for beginning to work with software-supported consolidation.

More exciting information, expert articles, studies and white papers on the topic of group consolidation and reporting can be found on insightsoftware.com/idl/

About insightsoftware

insightsoftware is a leading provider of reporting, analytics, and performance management solutions. Over 30,000 organizations worldwide rely on us to support business needs in the areas of accounting, finance, operations, supply chain, tax, budgeting, planning, HR, and disclosure management. We enable the Office of the CFO to connect to and make sense of their data in real time so they can proactively drive greater financial intelligence across their organization. Our best-in-class solutions provide customers with increased productivity, visibility, accuracy, and compliance

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