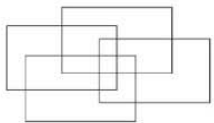


OFFICE OF FINANCE USER SYMPOSIUM 2008

Cognos Finance Facilitates Sox Compliance At GE Energy

Bob Kramer
GE Energy



LSA Solutions
Value Beyond Software



MERADOR

CONCESSIO
harmony through technology



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Agenda

- **Background Highlights of GE Energy**
- **Sarbanes - Oxley Primer**
- **Evolution of Sox 404 sustainable compliance**
- **Contents of the Cognos consolidation documentation**
- **Interface process from GL to Cognos to GE Parent**
- **Risk Control Matrix**
- **Audits**
- **Key Take-away**

How GE Energy leverages the attributes of the Cognos platform to meet Sox 404 requirements

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GE Energy

Thermal



- **Gas turbines**
 - Heavy duty (40–500MW)
 - Aero-derivatives (5-50MW)
 - Combined cycle systems
- **Coal**
 - IGCC
 - Steam turbines

Nuclear



- ABWR & ESBWR
- Adv nuclear fuel
- Candu fuel & services
- Reactor & field services
- Performance services
- Nuclear isotopes

Renewable



- **Wind**
 - Land based
 - Offshore
- **Solar**
 - Grid connected
 - Stand alone
- **Hydro**
 - Large (dams)
 - Small (irrigation)
- **Biomass**
 - Gas reciprocating
 - Non natural gas

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GE Energy - Results

Energy.....

(\$ in B)	<u>'06</u>	<u>'07</u>	<u>'08est</u>
Orders	\$21.7	\$27.5	\$31.6
Revenue		19.1	21.8
27.2			
OP Profit		3.0	3.8
4.7			
CFOA		3.0	4.4
5.1			
ROTC%	39.2%	48.5%	63.5%
Employment	34,223	37,010	40,800

Cognos Finance Platform



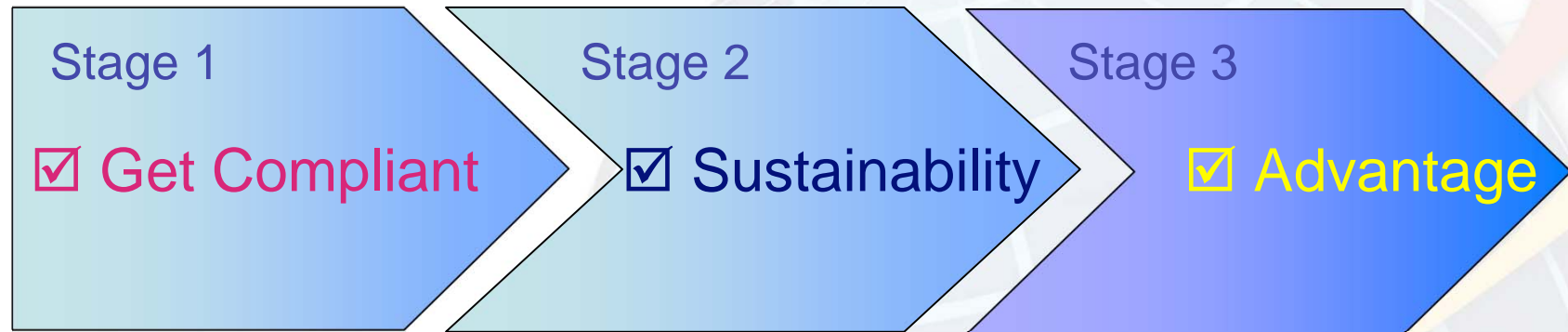
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Sarbanes - Oxley

- Introduced Significant Changes to financial practice and corporate governance regulation
- Act organized into 11 sections (302,404,401,409,802 and 902 most significant)
- Section 404 – Adequacy of internal control structure and procedures for financial reporting
- Basic documentation in place, key controls identified, test plans developed and most importantly, control issues that needed remediation completed.....
- Cost of compliance
 - Washington Post 11/2004 GE spent \$30M reviewing & documenting
 - FEI Survey of 200 companies ~\$6M/yr down 23% from '05

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Sarbanes Oxley 404



➤ At Any Cost –
time & money

➤ Extensive use of
external consulting
services

➤ Use Manual
processes to plug
the gaps

➤ Replace manual processes
with technology

➤ Sustain compliance

➤ Attack costs

➤ Leverage collaboration

➤ Leverage compliance
for competitive gain

➤ Better controls to focus
on driving the business

➤ Move compliance thinking
to governance thinking

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GE Energy –Consolidation Documentation



GE Energy

Sarbanes-Oxley - 404

GE Energy: Headquarters
Cognos Consolidation

GE Energy - Sarbanes-Oxley - Cognos Consolidation documentation
Revised 04/18/2007

Part 1 of 1

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Risk Control Matrix

Control Point	Control Type	Cost Reporting Appropriately Aligned With Legal Entities And Changes To Cost Reports Are Properly Restricted And Monitored.(A)	Consolidation Of Financial Statement data Are Complete And Accurate.(C,E,A,V,O)	Only Authorized Personnel Can Maintain Data Feeds And Maps To The Associated GE Energy Level Financial Consolidation Systems.(A)	Access to 404 critical systems is properly controlled such that only authorized people can gain access and users are granted the appropriate level of access.(A)	Data transmitted over a system interface maintains its accuracy and integrity.(C,A)
CP1 *	3,5,9		X			X
CP2	2, 6		X	X		
CP3 *	8	X		X		
CP4	8	X		X		
CP5 *	6,7			X		
CP6 *	2,3	X	X			X
CP7	2,3	X	X			X
CP8 *	2,6		X	X		
CP9	8					X
CP10	6,7				X	

Control Objective Category

- C - Completeness
- E - Existence
- A- Accuracy
- V - Valuation
- O - Obligation and Rights
- P - Presentation

* Key Control Points

Control Types
 1) Segregation of Duties
 2) Management Reviews
 3) Configuration Controls
 4) Access Controls

4) Key Performance Indicators
 5) Exception Reports / Edit Reports
 6) Authorization Controls

7) System
 8)
 9) Interface

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Key Control Points

- CP1 – A Cognos Consolidation vs. General ledger Validation script is run to validate the transfer of data into Cognos. This report is automatically emailed to system administrators and any exceptions must be corrected before the data may be posted to MARS.
- CP3 – Each account file imported overwrites the previous one to keep account hierarchies current.
- CP5 – Cognos users cannot change actual DR4 / USDRQ financial data within Cognos.
- CP6 – A manual check of the actual DR4 / USDRQ file data is performed by the HQ accounting and finance teams before the file is fed into MARS.
- CP8 – Cognos admin and accounting teams must approve the DR4 /USDRQ as being accurate & complete before each extract is sent to the MARS system.
- CP10 – To gain access to the system, Cognos business owners must give their approval.

Interface Controls GL / Cognos / MARS

- Interface Controls between GL and Cognos
 - Step 1 - Extract of GL data into flat files
 - Step 2 - Load GL flat files into Cognos finance application
 - Step 3 - Validation of Cognos data vs. GL data
 - Step 4 – E-mail validation results to system administrators
- Interface between Cognos and MARS
 - Consolidation of actual GL data
 - Batch file of Trial balance (GL data)
 - Multiple loads during close

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Financial Reporting Process Flow

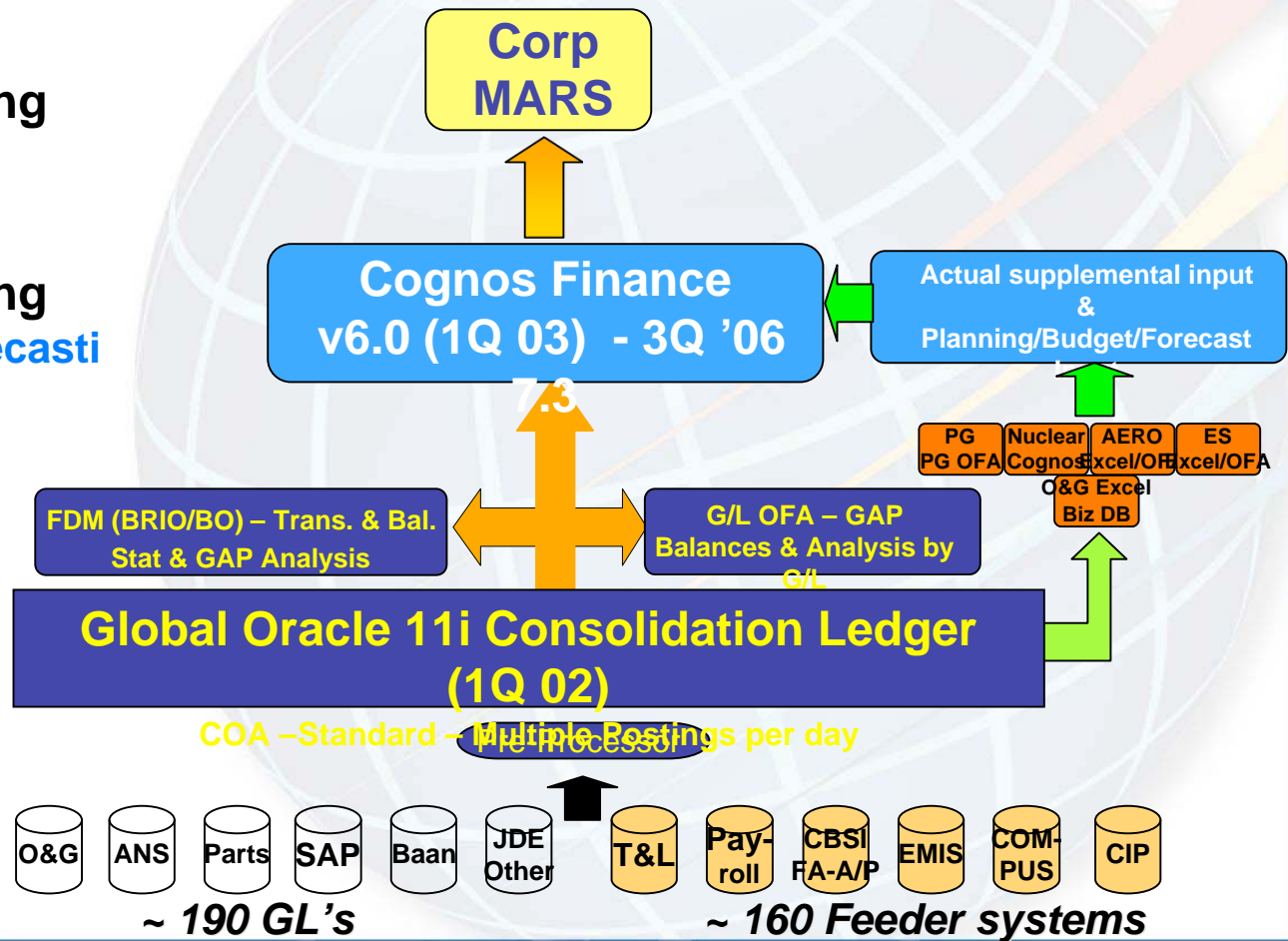
Summary Detailed

Corporate DR Reporting

Corporate DR Reporting
Planning/Budgeting/Forecasting

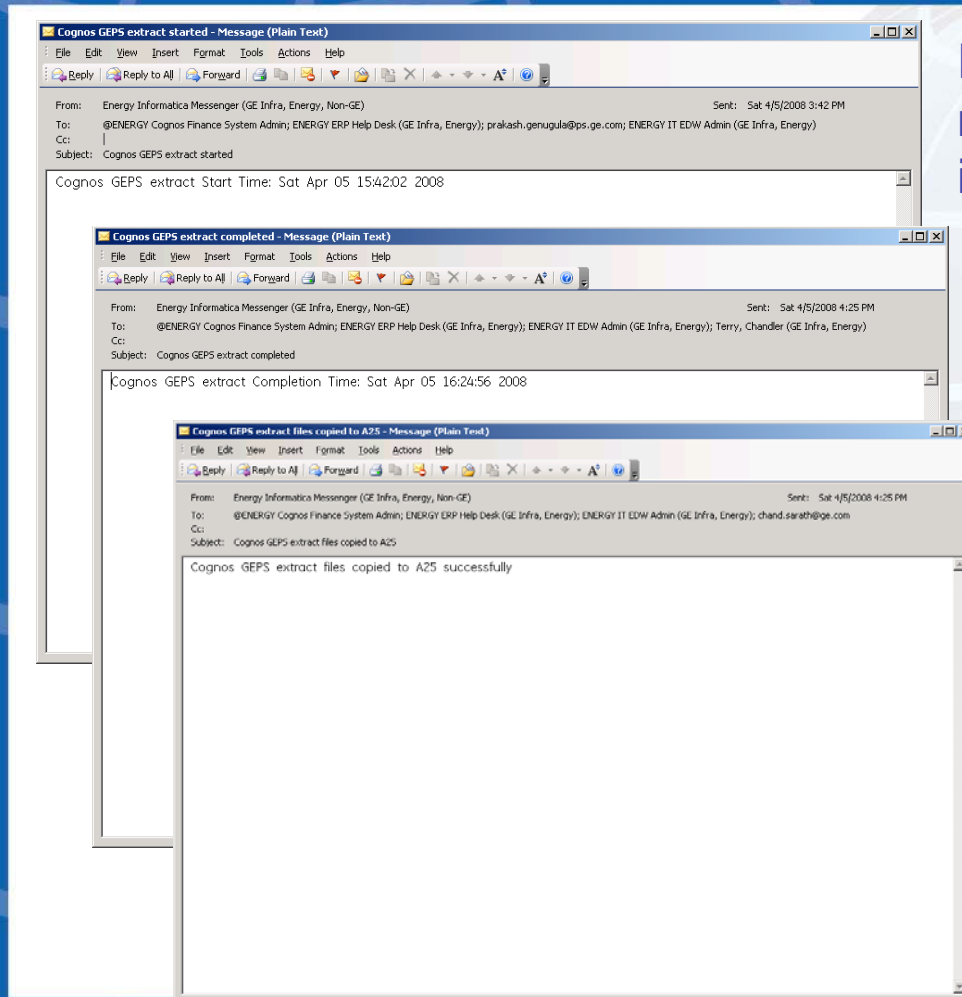
G/L Closing
Tools
G/L Closing

Business ERP's &
Legacy



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Control Point #1 Process



From Financial Data Mart listener notifying ledger complete and extract is starting

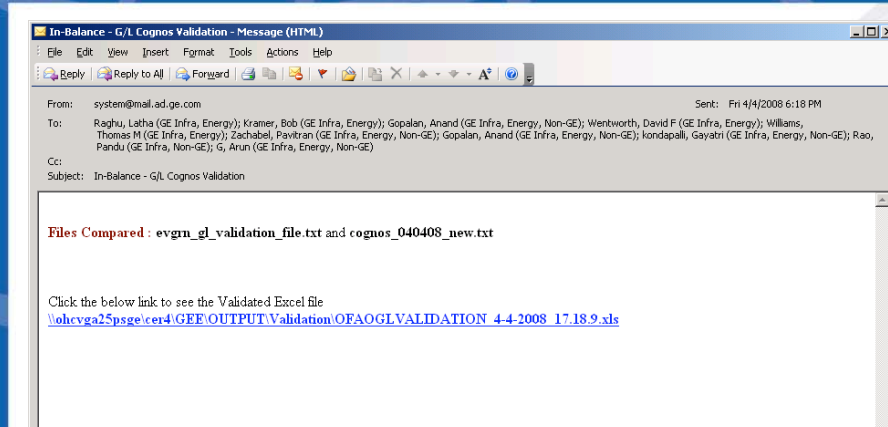
From FDM sending trigger to apps notifying extract complete and files sent

Informatica notice... files successfully copied to app server

Cognos command line kick off.....
load / calc

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Control point #1 continued



Leveraging Cognos Batch reporting module and command line

Java script program collects files and performs the balance analysis and sends the message required:

- ☑ In Balance
- ☑ Not in balance < 5 Accounts
- ☑ Not in Balance > 6 Accounts

Files Compared : evgrn_gl_validation_file.txt and cognos_040408_new.txt

Account	Description	G/L YTD	Cognos YTD	Variance
10000000	CASH IN BANK	385804251.3	385804251.3	0
10000001	CASH IN BANK	9856955.22	9856955.22	0
10000002	CASH IN BANKS-USAGE RESTRICTIONS	7124639.91	7124639.91	0
10000003	SHORT TERM INVESTMENTS	10701132.45	10701132.45	0
10000004	CASH	28288734.73	28288734.73	0
10000007	CASH-BANK OF AMERICA LOCKBOX GE	-53772983.64	-53772983.64	0
10000008	CASH-BANKERS TRUST CO EFT GE	24255647.3	24255647.3	0
10000009	CASH-FLEET DISBURSEMENT	-147937.52	-147937.52	0
10000200	CASH- BARCLAY DISBURSEMENT	2080375.46	2080375.46	0
10000300	CIB APEX RBC POORMAN DOUGLAS - CADUSD	452551.1	452551.1	0
10000301	CIB APEX RBC WIRES - CAD	788016.63	788016.63	0
10000302	CIB APEX RBC POORMAN DOUGLAS - USD	26207385.17	26207385.17	0
10000303	CIB APEX RBC WIRES - USD	-21960166.93	-21960166.93	0
10000304	CIB APEX BARKLEY - GBP	-970630.99	-970630.99	0
10000310	CIB EUR BASED	630307.25	630307.25	0
10000360	CIB AUD BASED	7756.43	7756.43	0

In Balance File ...

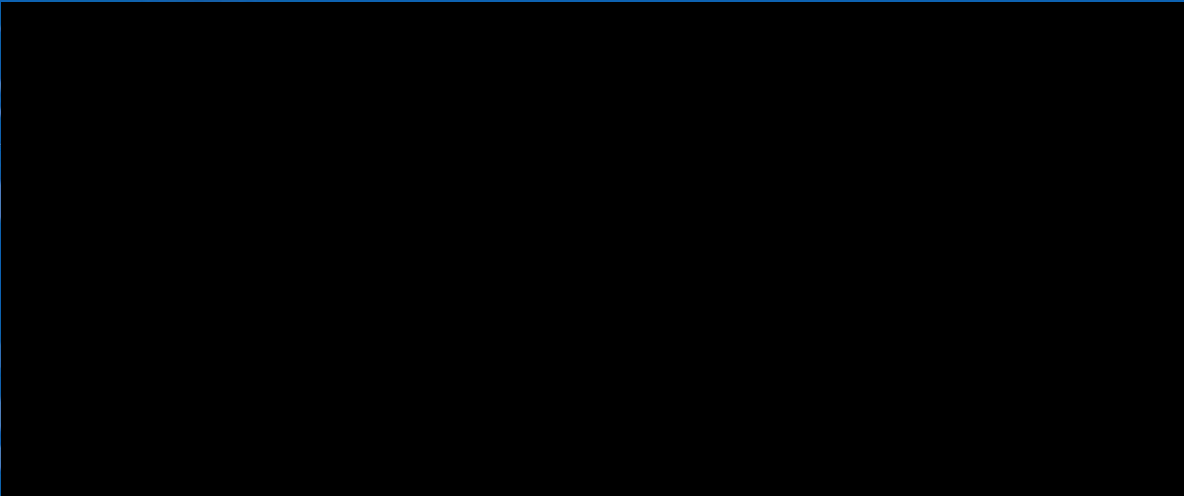
Audits

- Quarterly - Outside Auditors
 - Collects the following files:
 - Flat file from Cognos
 - Cognos / Mars Trial balance
 - Infromatica in/out balance file
 - Files from link
 - FDM extract balance file
- Semi Annual internal audit process validation
- Annual review and update of Risk control Matrix by Financial reporting leaders and team

Key Takeaways

- **Embedding compliance firmly in ongoing operations**
- **Establish repeatable operationally sound processes**
- **Leverage tools to minimize and control risks**
- **Enabling technology structure to automate and execute in a cost efficient manor**

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Thank you.
Any questions?



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