

LV= Tightens Controls across Internal and External Reporting

THE SITUATION

A combination of rapid growth and a desire to stay ahead of the rapidly changing regulatory environment had a profound impact on the Group Finance department at LV=. The team commissioned an extensive report from Ernst & Young to review the financial environment and identify areas for improvement. Year-end reporting, reports to the Board of Directors, and the efficiency of the interfaces between financial systems were investigated. The review encompassed more than 30 subsidiary finance departments at LV=, including the Corporate Group Finance department — and the results were a mixed-bag.

“On the plus side, we were found to be ‘error-free’ in our reporting but there were concerns about the control the department had over the numbers with our manual processes for gathering and creating reports, as well as over-exposure to numerous and complex spreadsheets,” said Andy Young, Head of Finance at LV=. “So, we hopped right on it, setting up a working party to review the Ernst & Young report and identify where we could improve our controls — and therefore our efficiencies — and mitigate our risks in the process.”

Disclosure Management Customer Profile

Company Name:

LV=

Industry:

Financial Services

Key Result:

Decreased risk, improved process controls, increased confidence in reports.

LV= Tightens Controls across Internal and External Reporting Processes

The finance team at LV= determined that they had good control over the policy and source systems, the interface to the general ledger, and the ledger itself. In general, it was a well-controlled process until the team had to report out from the general ledger. Not surprisingly to Young, control became more difficult to maintain when multiple Microsoft Excel and Microsoft Word files came into play, along with the transformation of a consolidated spreadsheet into Adobe InDesign to produce the 'glossy' accounts.

"Our subsidiary Statutory Accounts were prepared in Word and were produced from Excel files from our trial balances. These Word documents were rekeyed into our consolidated spreadsheet. That got us our subsidiary information, with a fair amount of pain, and then that consolidated spreadsheet had to be put into a Group Accounts template, which was then copied into a desktop application — Adobe InDesign — to produce our reports for filing," said Young.

The process left the company exposed to significant risk. The transfer of data between sources was complex; manual efforts were needed to keep the numbers accurate; there was scarcely any audit trail available; and amendments to accounting policies and notes which occurred at the subsidiary level sometimes resulted in consistency problems.

"But the biggest single issue was changes coming from the subsidiaries — from the bottom up — at the ninth-hour, always a critical time, when we had to get the reports done and filed, limiting our review and checking time, which in turn put pressure on us not to miss key changes to the information," said Young. "In effect, it was the 'last mile' in producing reports that was exposing us."

THE TRANSFORMATION

LV= set out to find a solution that would improve controls and, according to Young, "...get away from the onus on our highly qualified financial staff to be production experts and free up their time to add true-value in accordance with their training and expertise to our operations."



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LV= found very little on the market that fit the bill, until discovering Certent CDM. “We saw a few supposed competitive products but from what we could tell, they really didn’t compete against CDM. We weren’t aware of any other solution on the market that did what CDM does,” said Young.

“Simply put, CDM gives us one version of the truth. Since CDM pulls straight from our trial balances, rather than pushing data through Microsoft Excel, we have that assurance that key data is coming straight from our General Ledger. The old, laborious and error fraught method was to pull information into multiple spreadsheets, move it about in these spreadsheets, and then into Microsoft Word to produce the accounts. CDM cuts out many stages of re-processing information that characterized our mainly manual, past processes,” confirmed Young.

More than half of LV= subsidiaries were set up to report using CDM and all teams reported substantial control improvements and user adoption of the solution. “Existing Word and Excel formats were easily copied into CDM and our auditors loved that they, and ourselves, were able to track changes between versions, to the point where we had a single version of the truth when we produce our Company Annual Accounts,” said Young.

As the implementation of CDM continued and the solution was introduced to the broader organization, the production of monthly management reports, weekly Management Information reports, financial risk reporting, and more became a part of the process as well.

THE RESULTS

“We’re pulling all the accounts into CDM now, and we built our CDM solution so that it refreshes quickly, straight from the underlying data, and then reviewers and management can look at our results a lot quicker than previously,” said Young.



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For the weekly Management Information pack alone, prior to CDM one person would spend several days a week collating data from different areas to gather the necessary information to produce the report — with CDM that process was cut down to 30 minutes.

“Before we were producing eight separate monthly management information packs, which overall totaled 200-250 pages. We’ve pushed that all into CDM so when we now issue our monthly packs they’re all created from the same place, with consistent data appearing across the whole package, rather than having people pulling different information from different areas across the company, in different ways.”

Currently there are over 70 people using CDM and Young successfully rolled the solution out across the organization to improve accountability, consistency, and process control across all departments and making sure that all “keepers of data sources” are aware of their responsibilities surrounding data.

With Certent CDM, LV= experienced a significant reduction in time spent producing recurring internal and external reports, increased controls around the process, gained a vote of confidence with their auditors, and reduced overall risk.

Contact us today to see how you can do the same.



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Production of the weekly Management Information pack was cut from several days to just 30 minutes.

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