



Process Excellence in Action:
Siemens Medical Solutions

**Managing Sarbanes-Oxley: Siemens
Medical Solutions Takes IDS Scheer
Compliance Solution for a Test Run**

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Kay Bower
Siemens Medical Systems

Organization

Siemens Medical Solutions (SMS)

Industry

Healthcare Equipment

Challenge

SMS needed a solution to address Sarbanes-Oxley compliance across its organization.

The Solution

Create an SOA organization focused on the assessment of internal control over financial reporting.

Solutions Deployed

ARIS Audit Manager

Benefits

SMS has established a management testing tool for its SOA initiatives.

Siemens Medical Solutions (www.siemensmedical.com), an operating division of Siemens AG (NYSE: SI), with headquarters in Malvern, Pennsylvania and Erlangen, Germany, is one of the largest suppliers to the healthcare industry in the world. From imaging systems for diagnosis, to therapy equipment for treatment, to patient monitors, hearing instruments and beyond, Siemens innovations contribute to the health and well being of people across the globe, while improving operational efficiencies and optimizing workflow in hospitals, clinics, home health agencies and doctors' offices. Siemens Medical Solutions (SMS) brings together innovative imaging equipment, information technology, management consulting and services to help customers achieve tangible, sustainable clinical and financial outcomes.

The Business Challenge

With the emergence of the Sarbanes-Oxley Act, enacted into law in 2002, SMS required a solution that would ensure accurate financial reporting and the integrity of their internal controls. To achieve SOX compliance, the company needed standards for documentation, including required content and templates, and tools for management and reporting. The first step was the creation of an SOA organization. Section 404 of the Act (SOA-404) requires management to report on its assessment of internal control over financial reporting. The SMS SOA-404 organization consisted of a combination of Executive and Management oversight boards, the establishment of SOA Project Offices in several geographic locations around the world, and the creation and empowerment of SOA Project Teams and Leaders within specific business units and functional areas.

The Business Solution

SMS turned to the compliance experts at IDS Scheer to help the company provide role-based test management, capture results of testing activities and generate management reporting of test results. The overall goal of the SMS implementation was to meet the testing documentation requirements of the Sarbanes-Oxley Act section 404.

Using its ARIS Audit Manager, IDS Scheer assigned SOX responsibilities to the following SMS SOA organization members:

- ▶ System Admin – Setup, maintenance and results tracking within the tool
- ▶ SOA Project Lead/SOA Duty Responsible – Oversight and management of the testing and verification of test results prior to capture in the ARIS Audit Manager tool

- ▶ Tester – Perform the assigned tests, record the results and submit results to SOA Project Lead/SOA Duty Responsible
- ▶ SOA Management – Use test results captured in ARIS Audit Manager to test progress and monitor any problems with testing or results that indicate ineffective controls

SOA Testing using ARIS Audit Manager

IDS Scheer worked with SMS to develop in-depth SOA testing and results data capture, in relation with the following criteria:

- ▶ The test was performed and the controls proved to be effective (Status = Control Effective)
- ▶ The test was performed and the controls proved to be ineffective (Status = Control Not Effective)
- ▶ The test could not be performed for some reason (Status = Not Testable)
- ▶ The tester did not perform the test within the allowed time period (Status = Not Tested). This status is assigned by ARIS Audit Manager when the due date for the testing has been reached but test results have not been recorded
- ▶ Test is underway (Status = In Progress)

The Results

Management of SOA Testing at SMS

In conjunction with IDS Scheer, SMS participated in administrator training and developed a unique, proprietary process flow to better suit its testing approach and needs.

The ARIS Audit Manager has given SMS the following key metrics:

- ▶ Assignment and tracking from the vantage point of testers to the actual testing process
- ▶ Status tracking
- ▶ "Test Papers" capture results of manual tests (e.g., actual invoice numbers, tester comments, tester signature and date completed)
 - ▶ E-mail reminders to testers that tests have been assigned
 - ▶ Testing time is 75% over but testing status still set to "New"
- ▶ "Test Papers" and other documentation can be attached to the test case within ARIS Audit Manager
- ▶ ARIS Audit Manager statistics keep management continually updated on testing progress and ineffective controls identified