How to Manage your Spreadsheet Risk Across Multiple Business Units

Nadeem Chaudhry (Senior Manager, Risk Modelling Services, PwC)
Kostas Kizilis (Head of Financial Control, Legal & General)
“Spreadsheets support critical business activities”

Spreadsheet News

Did an Excel error bring down the London Whale?

Fannie Mae’s 1.3 Billion-Dollar Misstep

Fidelity Investment’s Minus Symbol Blunder
“Do you understand your exposure to end user computing risk, and if so, how are you mitigating the risk?”

End-user computing applications (EUCAs), in particular spreadsheets, are increasingly supporting critical business activities, and the answer to the question isn’t simple.

Organisations utilise EUCAs across their business without enough consideration for building in controls and adhering to best practice.

Some companies have defined and implemented detailed policies and procedures for the use of spreadsheets, but this will only mitigate spreadsheet risks if they are adopted and sustained across all material EUCAs.
Implement sustainable procedures and controls

Scope
- Define EUCAs
- Establish policies and procedures
- Conclude on EUCA ownership
- Determine EUCA population

Process
- Define and apply risk ranking metrics
- Determine control scope
- Define EUCA specific controls
- Apply controls to in scope EUCAs

People
- Defining roles and responsibility
- Establish governance
- Training and awareness
- Face to face engagement

Technology
- Define technology requirements
- Determine support strategy
- Implement technology
- Monitoring and reporting
Spreadsheet controls across 6 areas

We have determined 6 areas to assess the health of spreadsheets from a controls perspective. For each attribute there are best practice Standards to support the mitigation of spreadsheet risks.
Build a sustainable framework

- Clear guidance on scope that is refreshed regularly.
- Implement a process to include gap analyses and validation of controls. Use feedback to continually improve the standards.
- Engage and lead people through cultural change. Establish Governance and Director ownership.
- Use technology to monitor compliance and achieve efficiencies.
The robots are coming

- There is an ambition to automate EUCAs through robots.
- Use of robotics is a current hot topic to improve spreadsheet controls and reduce people strain.
- Our framework can be used as a mechanism to support robotics i.e. it is crucial to understand and refine spreadsheet risks before automation.
- Robots can reduce human error but a spreadsheet risk framework is still required.
The views expressed in this presentation are those of invited contributors and not necessarily those of the IFoA. The IFoA do not endorse any of the views stated, nor any claims or representations made in this presentation and accept no responsibility or liability to any person for loss or damage suffered as a consequence of their placing reliance upon any view, claim or representation made in this presentation.

The information and expressions of opinion contained in this publication are not intended to be a comprehensive study, nor to provide actuarial advice or advice of any nature and should not be treated as a substitute for specific advice concerning individual situations. On no account may any part of this presentation be reproduced without the written permission of the IFoA or authors.