

Automating Spreadsheet Controls in Financial Services

A Case Study on automating internal controls over critical spreadsheets used in investment banking.

Spreadsheet Risks

During an internal controls assessment, a major, diversified financial services company identified a heavy reliance on uncontrolled spreadsheets in key business processes governing their investment banking division. Although these spreadsheets had proven to be powerful and flexible tools for end users, they contained many high risk account balances, and had proven error-prone and difficult to monitor. Without a controlled environment for tracking and reporting on changes, gaining visibility into key financial metrics was impossible. To meet aggressive company growth objectives while effectively mitigating business risk, the company identified the need for a scalable technology platform to automate controls over critical spreadsheets.

Inventory and Risk Assessment

At the project onset, the goal was to move all critical spreadsheets into a controlled environment with security and access control, version control, and change tracking. The initial spreadsheet inventory identified 1,000s of spreadsheets which were evaluated by functional managers according to four key criteria:

- Does the spreadsheet affect general ledger entries?
- Does the spreadsheet impact daily/weekly profit and loss (P&L) reporting?
- Does the spreadsheet impact the internal Risk Management System?
- Does the spreadsheet feed affect regulatory reporting?

Spreadsheets satisfying one or more of these criteria were imported into the controlled environment managed by the Prodiance Spreadsheet Compliance Edition software. Each spreadsheet was then documented, and a baseline audit was performed to identify any logic errors requiring remediation.

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- Director of Internal Controls.

Why Prodiance?

“We wanted a solution that could provide a controlled environment for our key financial spreadsheets and one that would be easy for our finance, operations and risk management end users to adopt,” said the director of internal controls at the company. “Prodiance provided us with a comprehensive solution for spreadsheet controls, enabling users to continue working in their native Microsoft Excel environment, yet ensuring that compliance with corporate governance and Sarbanes-Oxley mandates is inherent in our everyday business processes.”

The Prodiance Spreadsheet Compliance Edition solution delivers the following key IT controls:

- Comprehensive cell-by-cell audit trail for tracking changes to financial data, formulas, macros and VB code
- Formula and cell analytics for identifying structural and logic errors
- Powerful visual differencing tools to compare changes between two versions of a spreadsheet or two separate spreadsheets

- Spreadsheet versioning and change control
- Cell locking based on user permissions
- Spreadsheet encryption to protect sensitive financial data
- Electronic signatures
- A scalable, web based enterprise content management (ECM) repository to manage, archive and collaborate on critical spreadsheets
- A robust security model for controlling access to spreadsheets via a set of pre-defined user privileges
- Integrated workflow automation for managing and auditing spreadsheet change requests
- Powerful full-text and keyword indexing to make spreadsheets searchable based on their content
- Built-in records retention and archival

Improved Compliance, Better Visibility and Control

With the Prodiance solution, the company has improved controls over critical financial spreadsheets, automated review and approval workflows for critical spreadsheets, increased visibility over key financial data, and reduced spreadsheet errors.

“We chose Prodiance as a strategic partner for this initiative because they had a deep understanding of our business problem, and the most comprehensive solution that would stand up to auditor scrutiny,” said the director of internal controls for the company.

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