





data. The IT function should also be responsible for implementing the data policy set out under Pillar II as well as translating the business definitions and requirements needed by the actuarial teams into technical controls that enable the actuaries to use the data with minimal changes.

Key to the success of any spreadsheet governance project is the early involvement from all stakeholders; typical spreadsheet governance projects will include the following steps:

#### **Step 1: Formalise EUC policies and procedures**

Under Pillar II, insurance companies must establish an enterprise wide system of governance and risk management. Many companies have created data policies to meet the increasing scrutiny that the regulators will be placing on data. Whether it is part of the data policy or as a separate policy, end user computing needs to be included and form part of the policy suite under Pillar II.

#### **Step 2: Know your spreadsheets**

A key step in any end user computing project is to create an inventory of your spreadsheets. An inventory of all spreadsheets used throughout the data paths from source systems into the internal model is an exercise worth carrying out not only because you will need to demonstrate to the regulator the full flow of data into internal model, but this also gives the organisation an understanding of how endemic

end user computing is within the organisation.

There is an opportunity here for organisations to reduce their end user computing environment by finding other sources for the same data, improving system interfaces and combining data from a number of spreadsheets.

Organisations are finding novel ways of encouraging staff to rely less on non critical spreadsheets; one insurance company has introduced charity contributions for each spreadsheet that is “decommissioned” resulting in a significant reduction in the number, reducing their spreadsheet risk as well as providing for a good cause.

#### **Step 3: Risk assess your spreadsheets**

Once the initial inventory is minimised, a risk assessment should be carried out for each of the spreadsheets remaining in the inventory. The risk assessment methodology should be defined in the EUC policies and procedures (Step 1) and would be based on a number of criteria such as complexity, functionality, change frequency, materiality etc.

The EUC policies and procedures should also specify the controls expected for each spreadsheet based on the resultant risk rating of the spreadsheet. At this stage, the control requirements may seem far more than previously perceived; therefore this is another opportunity to review the inventory and attempt to reduce it further. At this point the IT function’s involvement becomes more apparent as they should be

active providing solutions such as interfaces or centrally managed databases etc.

#### **Step 4: Control your spreadsheets**

Once you have a complete view of your end user computing environment (and hopefully a much reduced one!), you should be left with a subset of critical spreadsheets which will need to be controlled. When looking at controlling these spreadsheets, organisations need to make sure that the data quality requirements of appropriateness, completeness and accuracy are taken into account. Typical controls to consider include:

- Documentation
- Version control
- Change control
- Development lifecycles
- Archiving
- Access control
- Data Integrity
- Segregation of Duties
- Input control
- Analytics and logical inspection
- Backups

***The deadline for Solvency II compliance is fast approaching. Typically when large programmes come to their final stages, there is a scramble to reach the deadline and corners can get cut; don't let your spreadsheets make the pillars you've put up come crashing down!***

---

#### **About Kingston Smith Consulting LLP**

Kingston Smith Consulting is the specialist consulting practice of the top 20 accountancy firm Kingston Smith LLP.

Kingston Smith was originally formed in 1923 and the firm has grown to its current position through organic growth and mergers. Kingston Smith is a member of KS International which is an association of independent accounting firms in 50 countries around the world:

#### **Kingston Smith Consulting LLP**

Devonshire House, 60 Goswell Road, London EC1M 7AD, UK Telephone +44 (0)20 7566 4000 Fax +44 (0)20 7566 4010  
[info@kscllp.co.uk](mailto:info@kscllp.co.uk) [www.kscllp.co.uk](http://www.kscllp.co.uk)

A list of partners is available for inspection at the above address.

Registered in England and Wales as a Limited Liability Partnership: No OC341786 Registered office: Devonshire House, 60 Goswell Road, London EC1M 7AD