

Rabobank Automates Spreadsheet Control Using ClusterSeven to Ensure Regulatory Compliance

The challenges

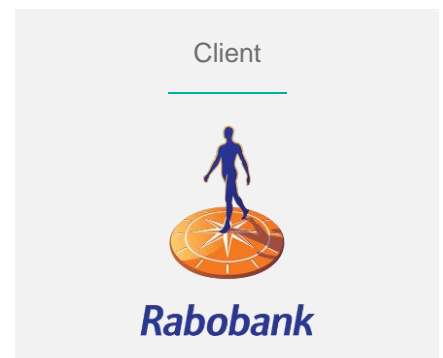
Following internal focus from departments such as Audit, it was identified that the spreadsheet and End User Computing (EUC) landscape on the trading floor was vast with minimal management controls. The need to demonstrate control over these spreadsheets is imperative in recognition of the demands of regulators today to eliminate spreadsheet-related mishaps.

Foremost, this required an inventory of all relevant trading floor spreadsheets. A few years ago, the organisation had invested in the ClusterSeven Enterprise Spreadsheet Manager (ESM), which applies a control framework to provide visibility of changes made to spreadsheets and EUC files over a period of time. However, the solution was located in a different part of the organisation and consequently was grossly under-utilised. Exacerbating the issue was that fact that due to a lack of enforceable spreadsheet and EUC policy, securing user participation to adopt ESM was proving a challenge. This made the process of spreadsheet discovery problematic.

The solution

In consultation with ClusterSeven, Rabobank deployed ClusterSeven's Inventory Management System (IMS) and, in parallel, devised a corporate policy to support the spreadsheet and EUC control and risk management exercise. This solution provided the bank with the capabilities it needed to create an up-to-date inventory of all the EUC files and spreadsheets. Chris Casswell, Business Manager, Rabobank, elaborates, "Additionally, IMS provided the ability to focus our attention on putting the emphasis of using spreadsheets back on the end users and to a large extent, make them accountable and responsible for the EUC files they used."

The integration between the IMS and ESM solutions has automated the entire process – from registering and bringing an identified spreadsheet/EUC under control across its lifecycle, through to retirement and replacement in the enterprise system. The ClusterSeven solution is deployed in the main Market hubs at Rabobank.



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The benefits

For the trading floor, Rabobank today has complete visibility of its landscape of spreadsheets and EUCs, which run into hundreds of files. Using IMS, the bank has created a template solution, which provides the ability to categorise the criticality of every spreadsheet into high, medium and low risk, based on end user responses to a questionnaire, in-line with the requirements set out in the internal EUC policy.

All spreadsheets and EUCs with a high and medium criticality rating are habitually monitored by ESM. The solution automatically applies baseline spreadsheet controls using templates per risk rating. User defined controls are added after spreadsheet and EUC review. Through the application of business logic and workflow, the administrators are able to evaluate the files, and automatically send alerts for sign-off. For instance, post submission of prices, if there is a deviation from those last submitted, the inconsistency mechanically gets highlighted for resolution or clarification. ESM also enables the organisation to monitor structural changes to spreadsheets down to the granular level of even reviewing and signing off changes in very specific, critical cells in high-risk files.

“Our inventory and EUC universe isn’t huge compared to other organisations, but because these trading spreadsheets are used in critical processes, it is important to have complete control,” added Casswell.

Additional improvements

The ClusterSeven solution has encouraged Rabobank to change its support model with the creation of a central administrative function to ensure continuous EUC control. Rabobank has also created a designated folder structure on the network drive from where all spreadsheets and EUCs can be monitored - all traders are required to relocate their spreadsheets into this Distributed File System.

“IMS is an extremely powerful tool that has enabled us to gather information in a standardised way and attribute ownership of each spreadsheet and EUC to designated individuals,” elaborates Casswell. “Ownership of EUCs is instrumental to achieving a controlled environment.”

Rabobank is now looking at the second phase of its EUC control and risk management programme, whereby the organisation will look to make comparisons of ‘like for like’ spreadsheets to assess the difference in approaches to risk assessment across regional offices. The ClusterSeven solutions will also be rolled out in other global locations and areas of the bank.



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Further Uses of IMS

The IMS solution has provided Rabobank tremendous flexibility and enabled a thorough and even unique approach to risk management – saving time and effort, in addition to providing a full historical record and an audit trail.

With regulatory requirements increasing, particularly in the front office, demonstrating compliance effectively of the various laws and policies can be extremely manually intensive.

Rabobank has used IMS to create multiple registers that cover periodic regulatory, compliance and policy attestations. Traders are required to complete any relevant questionnaire and perform an attestation that is recorded using a time/date stamp and their individual login. This has entirely eliminated ambiguity surrounding the compliance processes that have been followed by the traders. The process is totally automated with emails triggered when an attestation is due.

These registers cover a wide scope of policies ranging from regulatory to internal policy as well as identification of other control issues such as operational incidents. This ability has greatly reduced the administrative time wasted on the previous manual processes.

Alex Subba Row, Sales Manager at ClusterSeven, commented, “Rabobank is among a handful of organisations that has truly leveraged the functionality and flexibility of IMS to not only create a spreadsheet and EUC management approach that uniquely meets its business requirements, but also to leverage it for other attestation processes. We look forward to the next phase of the bank’s spreadsheet and EUC management programme and seeing what other processes IMS can support for Rabobank.”

About ClusterSeven

ClusterSeven addresses the operational risk, control and compliance impact of financial institutions’ continuing reliance on spreadsheets for developing and managing complex financial instruments and supporting key operations.

ClusterSeven’s enterprise spreadsheet management software provides non-invasive, passive monitoring and tracking of spreadsheets down to a cell level across an institution, reducing operational risk, facilitating compliance, improving data management and protecting business-critical information.

ClusterSeven was formed in 2003 and has offices in New York and London. ClusterSeven already has customers in investment banking, capital markets and energy trading.

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