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Given the known predisposition of financial spreadsheets toward error ("91 percent of audited spreadsheets contained at least a 5 percent error in a bottom-line value" ¹), it would be advisable to specify that not only should the accuracy of supplemental information be confirmed and the numbers reconciled to the underlying accounting records, but the control practices and environment surrounding the files should also be considered and tested. PriceWaterhouseCoopers presented a seminal white paper in 2004 on ten essential controls every high risk or key financial spreadsheet should have, but these do not go far enough in interrogating the integrity and the degree of design best practices in the given files. At Experis, our "User-Developed Applications Risk Advisory Services" thought leadership team has developed a "Controls Checklist" gleaned from experience with some of the world's largest corporations' spreadsheet applications, which we use in lieu of sometimes absent Spreadsheet Control Policies at a client.

This checklist is implemented in conjunction with a "Remedial Roadmap" to assist in bringing offending spreadsheets into compliance with at least best practice controls. As part of the roadmap, we provide a maturity model as follows:

CORPORATE CONTROL POLICY COMPLIANCE	RISK REDUCTION & CONTROL		SUSTAINABILITY
	RISK CONTROL	RISK CONTROL METHOD	
Compliant in <5 Controls	Low	Not in place	Initial - file logic and mechanics are fully dependent on Application Owner (AO) knowledge for accurate completion, no modular approach, and no documentation.
Compliant in <10 Controls	Low	Fully manual	Defined - as above, but with documentation of logic and assumptions.
Compliant in <15 Controls	Medium	Partially manual	Repeatable - although not fully compliant with corporate policy, less dependent on AO knowledge for accurate completion, may contain partially identified modular approach elements.
Compliant in all Controls	Medium	Partially automated	Managed , corporate compliant, totally modular application development, promotes efficiency, and effective risk reduction through full workbook automation, flexible structure accommodates future reporting (e.g.) changes - within reason.
Sustainable Compliance enabled	High	Fully Automated	Optimizing - as above, sustainability demonstrated through repeated use / extensive parallel run testing. AO regards as 'Business As Usual'.

We have had clients who engaged our firm to identify high risk spreadsheets, risk rank them, interrogate them, and remedy the weaknesses, as well as create a corporate spreadsheet control policy and

sustainability practices, only to have them back off after noticing that their external auditors never asked about their controls over and within high risk financial files. Is this the direction we want to go and which promotes the accuracy and completeness of supplemental financial statement information, as well as the standard statements themselves? Instead, the risk of both fraud and misstatements can be reduced by examining the structural design and, using automated spreadsheet interrogation software, conduct a cell-by-cell review of the formulas and links within the target files. There is excellent software available and proven techniques and providers to conduct this kind of necessary review.

Thank you for improving auditing standards.

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¹*What We Know About Spreadsheet Errors*. Raymond R. Panko, Published in the
Journal of End User Computing's
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