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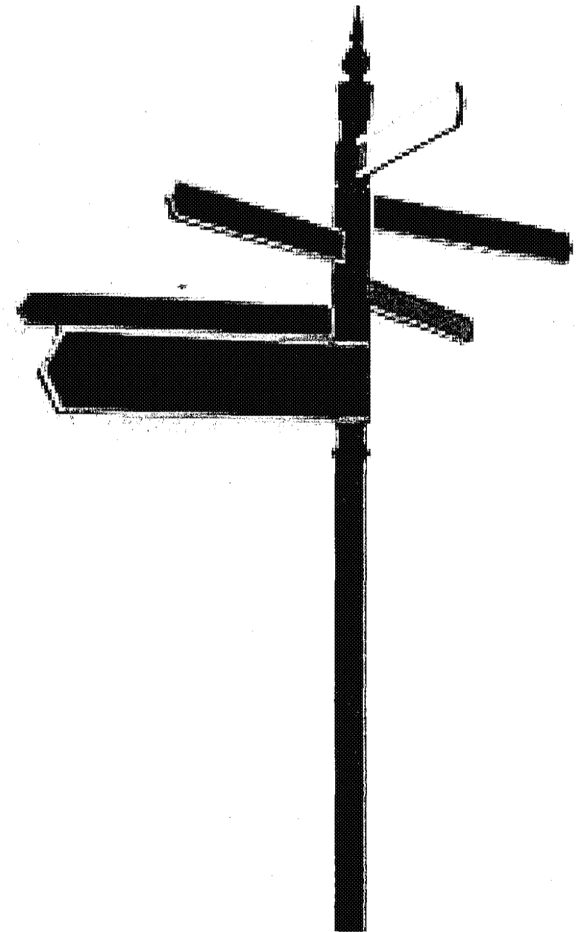
Project Spire

Planning the way forwards

Discussion document
May 2012

F/923/1

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2. Our Experience

Project Blade

Deloitte led a review at a large UK corporate business to confirm the validity and accuracy of transactional outcomes through their complex technology and process landscape, after a small number of high profile issues were publically reported. Despite the number of issues being a small % of total transactional activity, the accusation was that the processing environment was systemically "flawed".

The client appointed Deloitte to perform an independent 'end to end' review of the processing environment to report the extent and detail of any issues identified, including:

• all key aspects of governance and control, relating to data flow integrity, people, process and technology

•detailed substantive testing of a large, statistically based, sample of transactions.

Our work not only gave the client confidence to make statements on the integrity of their systems, but also identified a number of areas of improvement at a very detailed level, leading to both compliance and efficiency improvements in the client's business when remediated.
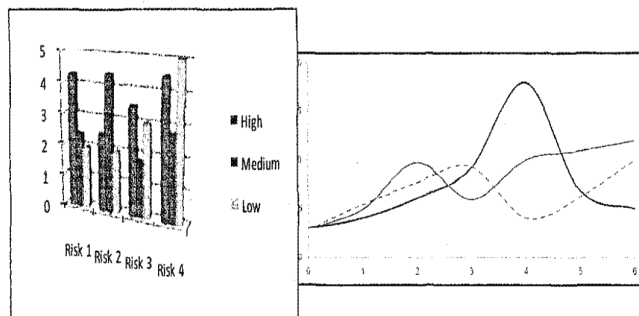
Sanctions reviews at large global financial institutions

Deloitte is a Global leader in the provision of processing integrity services relating to sanctions compliance and has led reviews at several global financial institutions over the past four years.

The institutions were required to perform retrospective reviews to confirm the integrity of processing of transactions and to determine if payments had been made in violation of sanctions legislation.

Deloitte assisted the institutions with a global end to end review of relevant transactions, touching on all types of error risks, whether manual or technological at their root cause. Deloitte performed:

• detailed reviews of customer and correspondent banking relationships to identify potential violations of US sanctions;

• mapping and visualisation of the payment systems, data flows, key applications and hubs from source into the payment network;

• analytic interrogation of the transactional population for characteristics of violation; and

• reporting into external legal counsels who conducted investigations, including root cause identification and remediation..

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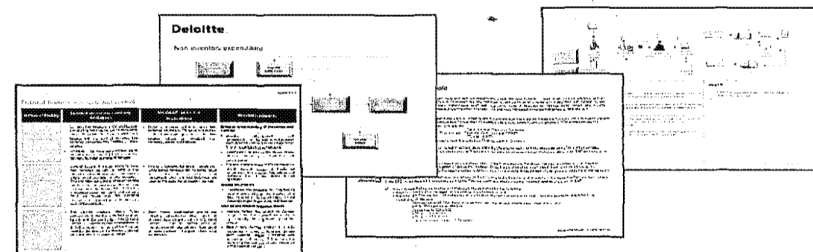
2. Our Thoughts on Approach

Step 1: Understand processes, data flows and key risks

Fundamental to the assessment of processing integrity is the understanding of the dataflows, processes and key risks in the end to end process.

We perform end-to-end walkthroughs of all key processes and controls, including documenting the supporting data flows for each process. We review all key matters involved in producing the outcome under review (for example transactional dataflows and the financial close activities in this case).

Following this, we identify any areas of potential improvement. This initial "top down" review highlights potential areas of weakness which we can focus on during the subsequent stages of our review.

Step 2: Understand governance and control arrangements

Governance and key controls assessments are structured around a "top down" review.

Using our Data Governance framework as a best practise benchmarking tool, we perform a current state analysis on the organisation, interviewing key personnel, examining documentation and reviewing systems.

We then provide observations alongside any recommendations for improvement.

Step 3: Sample to confirm data accuracy and integrity

Where reliance is placed on certain data fields, it is critical that they are complete and accurate. Where this is not the case, any conclusions drawn from this data may be erroneous.

Our data accuracy testing using substantive testing technicque to verify the accuracy of underlying data components, throughout their 'data flow journey'. This also helps to establish data "rules" within your data asset landscape which informs the population level data analytic work in Step 4.

Step 4: Perform population level data analytics

Data analytics provide a "bottom up" review of key data sets.

We design bespoke data analytics to identify areas of interest at a population level, including testing the operating effectiveness of key processes and controls. Through analytics and targeted testing we can provide a view of the adequacy and effectiveness of the entire system from end to end and highlight key areas of risk.

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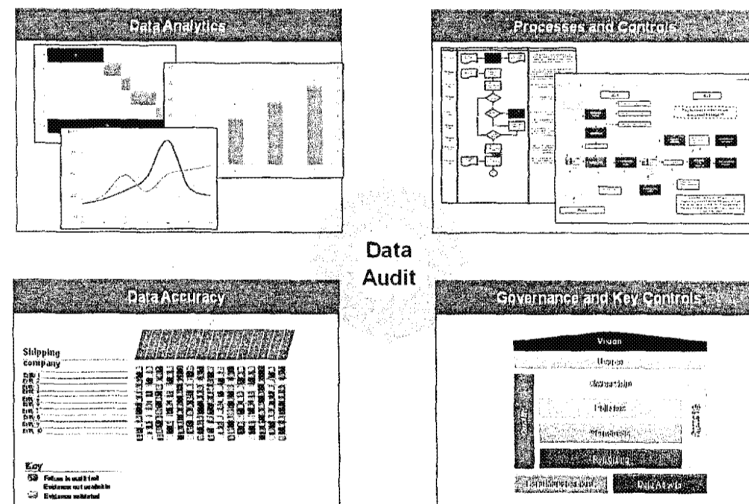
2. Our Thoughts on Approach

Our suggested approach for your requirements is outlined below. It is based upon our experience of performing similar reviews at large, multi-site organisations and we are confident it can be refined to deliver your required outcomes efficiently and effectively.

	Phase 1 Mobilisation	Phase 2 Data Flows & Key Controls Understanding	Phase 3 Governance and Controls Testing	Phase 4 Testing of Data & Transactional Detail	Phase 5 Reporting

Key Deloitte Activities	• Deloitte / POL project team mobilisation and introduction to key stakeholders.
	• Desktop review of prior, relevant work performed.
	• Perform detailed workshops to determine key system and process areas to be tested, refine testing boundaries and define characteristics that would represent 'issues' if identified.
	• Confirm how our review will be positioned with interviewee stakeholders
	• Finalise field work plan and milestones
	• Identify and obtain additional key items required for the review.
	• Agree data handling protocols.
		• For the "in-scope" financial close policies and procedures perform full end-to-end walkthrough.
		• Implementation testing of key manual and IT controls, including automated preventative/detective controls; change management procedures; and functional security access.
		• For the 'in-scope' transactions, perform end to end data flow walkthrough.
		• Review of incident management processes and of historical incident logs.
		• Review error logging and monitoring activities in key systems.
			• Review of existing policies and procedures around system use, training and other related governance principles.
			• Determine the adequacy of training for existing staff and the on-boarding process for new staff and how this is managed.
			• Review the processes used to communicate policies to sub-postmasters and how changes are implemented.
			• Understand support available to postmasters in the financial close procedures. including complaint and whistle-blowing procedures and how frequently these are used.
			• Perform field interviews
				• Work with POL to develop and finalise the scope of the substantive testing and analytics to test for existence of key risks identified in Phases 2 and 3.
				• Obtain full record and data needs and perform reconciliation.
				• Execute agreed scope of tests, this may include, for example:
				  • Potential surveys with postmasters
				  • Potential processing dummy transactions and tracing through the systems
				  • Potential analytics over data previously recorded
				• Validate the output with POL
					• Discuss and validate findings and produce draft report summarising key conclusions.
					• Close out meeting with key executive stakeholders and issue of final report.
					• Work with management, where required, to provide technical input and lay foundation for next steps.

POL Inputs	• Allocation of a POL "point of contact". • Attendance at workshops. • Supply of existing documentation and historic reviews • Agree data handling protocols. • Agree detailed timetable.	• Timely access to key POL staff. • Timely provision of supporting information, such as reports from systems, and existing documentation. • Validation of accuracy of initial findings.	• Timely access to key POL staff. • Timely provision of supporting information, such as reports from systems, and existing documentation. • Validation of accuracy of initial findings.	• Contribute to detailed tests scope. • Provision of required data. • Support reconciliation • Input into validation / follow-up of analytic outputs to identify higher risk items and root causes.	• Validation and discussion of draft findings.

Outcomes (deliverables if stated)	• Detailed Project Plan and communication protocols.
	• Change Order relating to any changes to original scope
	• Meeting plan for future phases
	• Agreed data handling plan.
		• Schedule of key risks identified (including characteristics of transactional error)
		• High level data flow diagram for in scope transaction and summary of financial close process.
		• Draft data request for phase 4.
			• Draft of key observations identified
			• Finalised data request for phase 4.
				• Draft of key observations identified.
				• Output for each of the tests/analytics for POL investigation and root cause analysis
					• Final Deliverable:
					  › Executive Summary providing key 'themes' from the review
					  › Detailed observations and recommendations
					  › Appendix containing key dataflow and process maps and an Excel workbook of underlying analytic schedules.

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3. Detailed Scoping Considerations
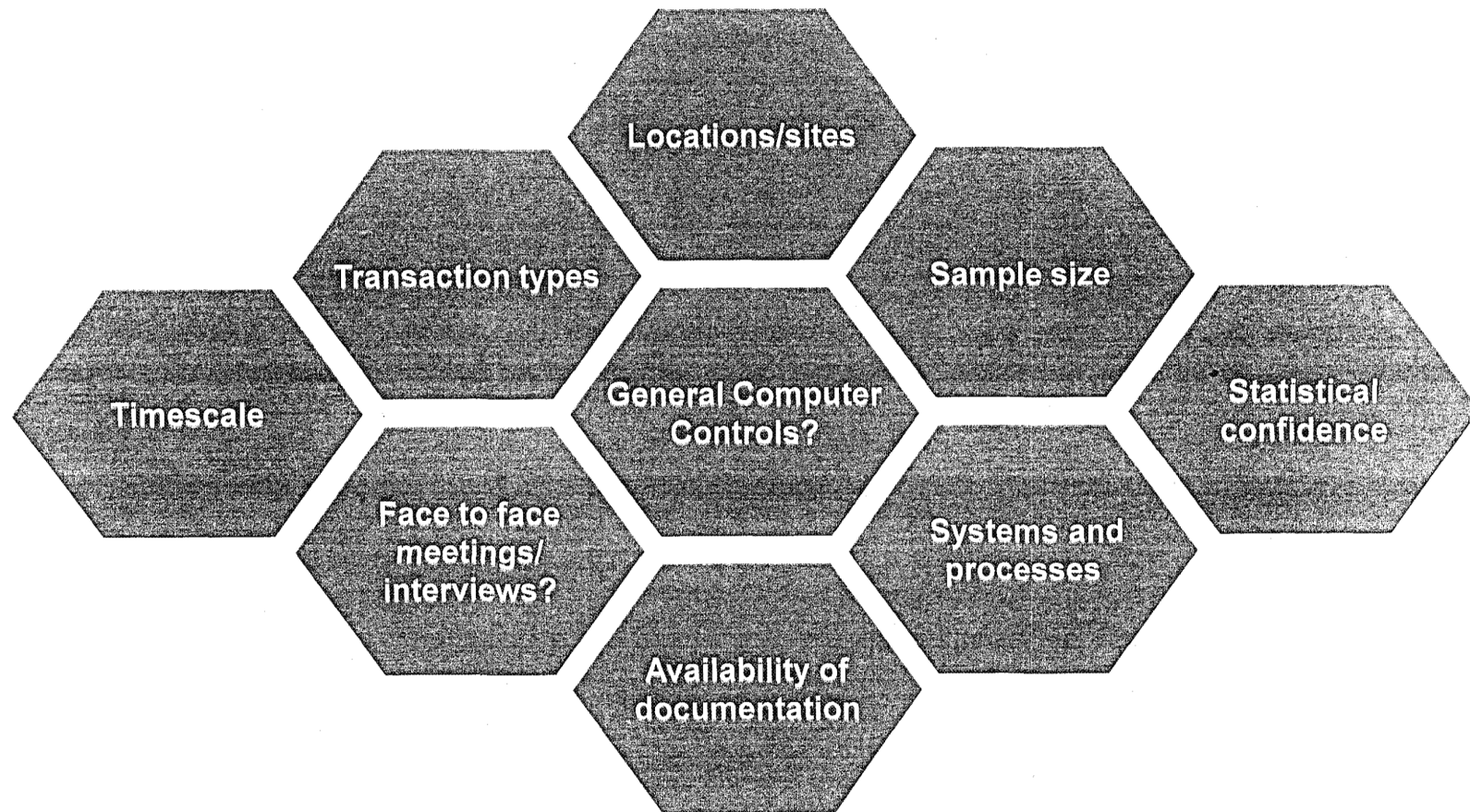
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