Control Risks Lurk at Every Step: Revealing Data and Process Risk in Regulatory Reporting

A conversation with:

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Chief Client Officer
AxiomSL
Moderator

Eli Feuer
Senior Solution Architect
AxiomSL

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AxiomSL

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Senior Implementation Specialist
AxiomSL
Introduction and Q&A by Mike Meriton
Co-Founder & COO, EDM Council

- Joined EDM Council full-time 2015 to lead Industry Engagement
- EDM Council Co-Founder & First Chairman (2005-2007)
- Former CEO GoldenSource (2002-2015)
- Former Executive for D&B Software and Oracle
- FinTech Innovation Lab – Executive Mentor (2011-Present)
Moderating by Harry Chopra  
Chief Client Officer, AxiomSL

- 30+ years of experience in global sales and financial services
- Oversees AxiomSL’s global business development efforts, implementing go-to-market strategies and building worldwide client-driven growth
- Held prior leadership roles at Citigroup, S&P and Credit Benchmark
### Control Risks within DCAM

<table>
<thead>
<tr>
<th>Ingestion</th>
<th>Enrichment</th>
<th>Pre-Processing</th>
<th>Validation</th>
<th>Attestation</th>
<th>Submission</th>
</tr>
</thead>
</table>
| - Data Quality Issue  
- Missing Data  
- Unexpected CDE Values  
- Adjustment Error  
- Adjustment Tracking Error  
- PII Data Breach | - Untraceable Requirement  
- Data Redundancy | - Lack of Visibility into Business Rules | - Reportable Data Validation Issue  
- Data Discrepancies Across Periods  
- Data/Logic Issues  
- Discrepancies Reconciling to GL  
- Unexpected Data Change | - Cumbersome Attestation Process  
- Inconsistency of Reportable Data Across Reports | - Unauthorized Code Change  
- Unauthorized Data Change  
- Lack of Filing History  
- Lack of Adjustment Transparency | |

### Lineage and Analytics

- Lack of BCBS 239 Compliance  
- Unmanageable Report Views

### Process Transparency

- Unauthorized Access  
- Undocumented Code Change  
- Audit Defense Challenges  
- Lack of Code Tracking  
- Ineffective User Communication  
- Data Opacity  
- Unauthorized Access  
- Undocumented Code Change
Ingestion

1. Data Quality Issue
2. Missing Data
3. Unexpected CDE Values
4. Adjustment Error
5. Adjustment Tracking Error
6. PII Data Breach
# Field Masking Capabilities

## Key | Field Name | Description | Title | Data Type | Size | Allow Nulls | Field Masking Entity
--- | --- | --- | --- | --- | --- | --- | ---
Customer ID | Customer ID | Customer ID | VARCHAR | 80 | | | Demo_Field_Masking
Gov ID | Government ID | Government ID | VARCHAR | 100 | | | Demo_Field_Masking

### CLNT_customer_data

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<tr>
<th>Status</th>
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<th>Government ID</th>
<th>Government ID Type</th>
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### CLNT_customer_data

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Enrichment

1. Untraceable Requirement
2. Data Redundancy
Rules to Socially Distance Data
1. Lack of Visibility into Business Rules
Detectable Data Cells

Visual Business Rules And Shorthands

SHORTHAND

3 Condition Mappings

Condition Mapping
- Default Condition
  * acct.part
  * acct

Models
- Calc_Deposits_Data_Acct_Part
- Calc_Deposits_Data_Acct

Conditions
- AND
  - Aggregation.acct_type = 'INT'
  - Aggregation.acct Ow... > 1
Validation

1. Reportable Data Validation Issue
2. Data Discrepancies Across Periods
3. Data/Logic Issues
4. Discrepancies Reconciling to GL
5. Unexpected Data Change
## Rerun Variance Report Output

**Current and Previous runtimes compared**

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<th>Previous Time Stamp</th>
<th>Current Version</th>
<th>Current Filling Version</th>
<th>Previous Version</th>
<th>Previous Filling Version</th>
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<th>MDRM</th>
<th>Current Amount</th>
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Attestation

1. Cumbersome Attestation Process
2. Inconsistency of Reportable Data Across Reports
CFO Attestation Dashboard By Reporting Period

- Attestation that actual and projected data reported on the FR Y-14 Forms were prepared in good faith using reasonable efforts to conform with the applicable Federal Reserve form instructions.

- Attestation that actual reported data are "materially correct to the best of [the CFO]'s knowledge".

- Attestation that actual data being reported are subject to internal controls over reporting that are effective and include those practices necessary to provide reasonable assurance as to the accuracy of such data.

- Attestation that internal controls "are audited at least annually by internal audit or compliance staff and are assessed regularly by management of the bank holding company".

- Agreement to report promptly material weaknesses in internal controls for the FR Y-14 Forms and material errors or omissions in submitted data.

<table>
<thead>
<tr>
<th>Report</th>
<th>Filing Date</th>
<th>Reconciliation Checks Pass %</th>
<th>Sign Off %</th>
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<th>Sign Off Comment</th>
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Submission

1. Unauthorized Code Change
2. Unauthorized Data Change
3. Lack of Filing History
4. Lack of Adjustment Transparency
Adjustments Example: An FR Y-9C Line Item
Lineage and Analytics

1. Lack of BCBS 239 Compliance
2. Unmanageable Report Views
3. Audit Defense Challenges
4. Lack of Code Tracking
LineageView – A ControllerView Native Application

Source tables

Visual business rules applied from source tables

A line item in a regulatory filing
1. Unauthorized Access
2. Undocumented Code Change
3. Ineffective User Communication
4. Data Opacity
### Powerful Drilldown Capabilities

#### FRY_9C - Consolidated Financial Statements for Holding Companies

**Date:** 30 Jun 2019

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<th>Column D</th>
<th>Column E</th>
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**Allocation by Risk-Weight Category:**
- 0%
- 2%
- 4%
- 10%
- 100%

**Balance Sheet Asset Categories:**
- Cash and balances
- Due from depositary institutions
- Securities
  - Held-to-maturity
  - Available-for-sale debt

**Report Line:**
- Total
  - HC_R_DIS_02
    - BHOKD962
    - BHOKD962

**Amount:**
- 1,018,000,000.00
- 56,000,000.00
- 962,000,000.00
## Control Risks within DCAM

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### Process Transparency
- Unauthorized Access  
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- Ineffective User Communication  
- Data Opacity
Questions?

AXIOM SL
PLATFORM FOR CHANGE

EDM Webinar

[Image of Axiom SL and EDM Webinar logos]
FOR MORE INFORMATION:

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AxiomSL
fgittins@axiomsl.com