



Incisive Concourse: Giving Internal Audit Teams the Visibility They Need for Managing Spreadsheet Risk

White Paper

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EXECUTIVE SUMMARY

Spreadsheets remain essential tools for enterprises, especially for analyzing and reporting financial results and providing evidentiary support for decision-making. Because enterprises use so many spreadsheets, and because those spreadsheets have become so large and complex, internal audit teams have a difficult time ensuring that all spreadsheets are accurate, error-free, and compliant with internal policies and industry regulations.

To help auditors solve this problem, Incisive Software has developed a spreadsheet analysis and management solution for spreadsheet risk management, analysis, and control. The Incisive solution consists of three applications: Concourse, a collaboration, management, and control platform; Locator, a solution for finding spreadsheets and assessing their risks; and Xcellerator, a solution for exploring and assessing individual spreadsheets, cell by cell.

The Concourse platform provides powerful features for auditors in four key areas:

- **Collaboration** – Users check spreadsheets in to and out of a secure repository, ensuring that one user does not overwrite another user's work.
- **Management** -- Auditors assign spreadsheet ownership and access rights. They also assign tasks and track their completion.
- **Control** -- Auditors can identify and correct risks and errors in spreadsheets.
- **Reporting** – Concourse generates alerts based on specific types of risks. It reports on spreadsheet inventories, risk levels, and compliance status.

Through these features, Concourse delivers important benefits to internal audit teams and the enterprises they serve:

- Increased visibility and automated insight into spreadsheet risk
- Increased confidence in corporate information
- Increased control and governance
- Increased productivity and efficiency for both internal auditors and spreadsheet users

Even in largest enterprises managing thousands of spreadsheets, Concourse provides rigorous management and reporting capabilities that give internal audit teams the visibility they need into spreadsheet risks.

SPREADSHEET RISK MANAGEMENT REQUIRES ENTERPRISE-WIDE VISIBILITY

No matter how much financial applications and database technologies evolve, spreadsheets remain essential tools—the analytical bedrock, as it were—for enterprises.

In organizations of all sizes and in all industries, spreadsheets provide the evidentiary foundation for making critical business decisions and accurately reporting financial results. To support this important work, spreadsheet applications themselves are evolving and becoming more powerful. The latest version of Excel supports 1,048,576 rows, 16,384 columns, and 66,530 hyperlinks.¹ In addition, spreadsheet applications are now sometimes used as the user interface for more advanced analytical applications from which information has been extracted for manipulation and analysis.

Like any powerful applications managing complex formulas and critical data, spreadsheets require oversight. In large enterprises, internal audit teams are tasked with assessing and reducing spreadsheet risks. Internal auditors must ensure that spreadsheets are accurate, that they use the correct formulas and call the proper references, and that they are accessed and edited only by authorized employees. Errors or deviations can be costly, resulting in bad business decisions, regulatory penalties, and even lawsuits.

Because enterprises use so many spreadsheets—some enterprises use hundreds or thousands of them as part of their daily operations—because many of these spreadsheets are large and complex, and because spreadsheets are accessed by so many different employees, internal audit teams have great difficulty assessing spreadsheet risk. How can audit teams ensure that only authorized employees are editing critical spreadsheets? How can they reduce the odds of one spreadsheet user overwriting the work of another? How can they ensure that spreadsheets adhere to company policies and industry best practices?

When files are scattered across multiple file servers, and inter-departmental communication often reduced to ad hoc hallway communications and email, it's impossible for internal auditors to gain the comprehensive, systematic visibility they need into the status of all their organization's critical spreadsheets.

Internal audit teams need an automated solution for spreadsheet visibility. This solution should:

- Identify the name, location, and risk status of all relevant spreadsheets
- Promote best practices by highlighting deviations from spreadsheet style guides and best practices
- Scale to support hundreds or thousands of very large spreadsheets
- Foster collaboration among spreadsheet users to reduce errors and confusion
- Alert auditors to risks quickly and easily

Such a comprehensive, automated solution would give audit teams immediate visibility into the location, status, and riskiness of all their spreadsheets.

¹ <http://office.microsoft.com/en-us/excel-help/excel-specifications-and-limits-HP010342495.aspx>

REQUIREMENTS FOR REDUCING RISKS AND INCREASING ACCURACY

If an enterprise wants to minimize the chance of costly errors in spreadsheets, it needs to implement a systematic, cross-departmental solution for spreadsheet analysis.

Here are the requirements for implementing such a solution:

- **Completeness**

Enterprises need a way of automatically discovering and cataloging all spreadsheets, so that no relevant collection or analysis of data is excluded from error-checking and analysis.

- **Speed**

Enterprises need to be able to check spreadsheets, even 100 MB spreadsheets, quickly. Manual inspection often takes days or weeks.

- **Accuracy**

Error-checking should automatically uncover risks and errors and improve the accuracy of spreadsheets.

- **Scalability**

Analysis tools that might work on a few 10 MB spreadsheets might become impractical when there are 25 spreadsheets averaging 100 MB each. At many large enterprises, the core business may be managed through tens of spreadsheets averaging 80-100 MB each. The solution should be able to accommodate this much data or more.

- **Ease of use**

Once risks are identified, correcting them should be fast and easy. Finance users should not have to switch back and forth between reports and spreadsheets or databases and spreadsheets in order to assess errors and apply corrections. They should be able to assess risks and make changes directly in the spreadsheet itself.

- **Rapid training**

Intuitive design and helpful documentation should make it easy for audit teams and finance departments to adopt a spreadsheet risk management solution. By reducing training requirements, the risk management solution boosts spreadsheet users' productivity.

- **Support for best practices**

Spreadsheet analysis and risk notification should support industry and organizational best practices for developing and maintaining spreadsheets. For example, if a spreadsheet risk analysis application flags errors by reformatting spreadsheet cells, it might create confusion in organizations that use formatting such as color-coding to identify different types of cells, such as input cells. Risk analysis should highlight risks without altering or overwriting spreadsheet contents.

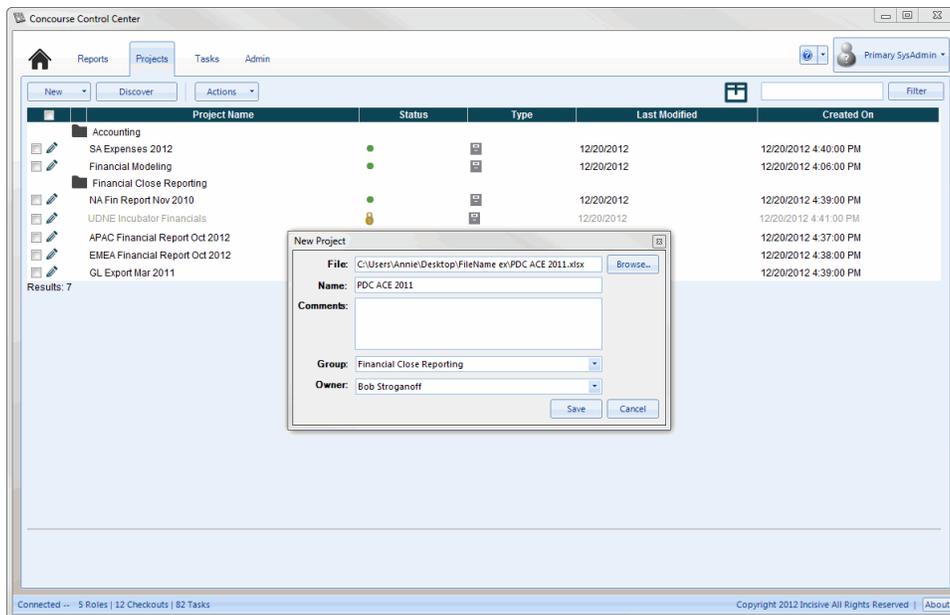
THE INCISIVE CONCOURSE SOLUTION FOR SPREADSHEET RISK MANAGEMENT

Incisive Software has developed a spreadsheet analysis and management solution that meets enterprise requirements for spreadsheet risk management, analysis and control. Building on 100 staff-years of research and development of spreadsheet analysis, the Incisive solution is a flexible, scalable software suite built on three special applications:

Giving Internal Audit the Visibility Needed to Manage Spreadsheet Risk

- **Concourse**
A collaboration, management and control environment for all users involved in the creation, maintenance, and auditing of critical spreadsheets. Concourse facilitates collaboration between spreadsheet users and audit and risk teams, making it easy for managers to encourage good work habits that boost productivity without applying excessive demands.
- **Locator**
Fast, accurate spreadsheet discovery and risk assessment. Locator gives enterprises confidence that they have found all critical spreadsheets so they can be tracked, and managed.
- **Xcellerator**
Powerful investigative features for identifying risks and finding and fixing even the most subtle errors in the largest spreadsheets. Xcellerator's sophisticated logic is completely independent of Microsoft Office Excel and delivers higher-level functionality and unprecedented accuracy. Unlike other spreadsheet error detection applications, Xcellerator appears to be part of Excel while maintaining the integrity of the spreadsheet application.

Once Locator has identified the location of spreadsheets on the local network, spreadsheets can be collected and checked into the Concourse repository. Permission-based check-in/check-out functions limit access to authorized users, and prevent users from overwriting one another's work. Concourse can also be used to monitor and evaluate spreadsheets outside its repository.



Concourse makes it easy to track the location, source, and creation and edit history of critical spreadsheets.

Once spreadsheets have been inventoried, Concourse provides an easy-to-use framework for managing their access and editing. Concourse provides features in four key areas:

- Collaboration
- Management
- Control
- Reporting

Giving Internal Audit the Visibility Needed to Manage Spreadsheet Risk

Let's examine each of these areas in detail.

COLLABORATION

Concourse gives internal audit teams and project managers easy-to-use tools for working together with spreadsheet users. Audit teams and administrators use access controls to limit spreadsheets viewing and editing to authorized users. Users check spreadsheets into and out of the Concourse repository. Spreadsheet location and status is visible to all authorized users, eliminating guesswork.

Concourse's features are designed to be intuitive and non-obtrusive. Users continue editing spreadsheets in Excel, while performing project-related tasks in Concourse.

MANAGEMENT

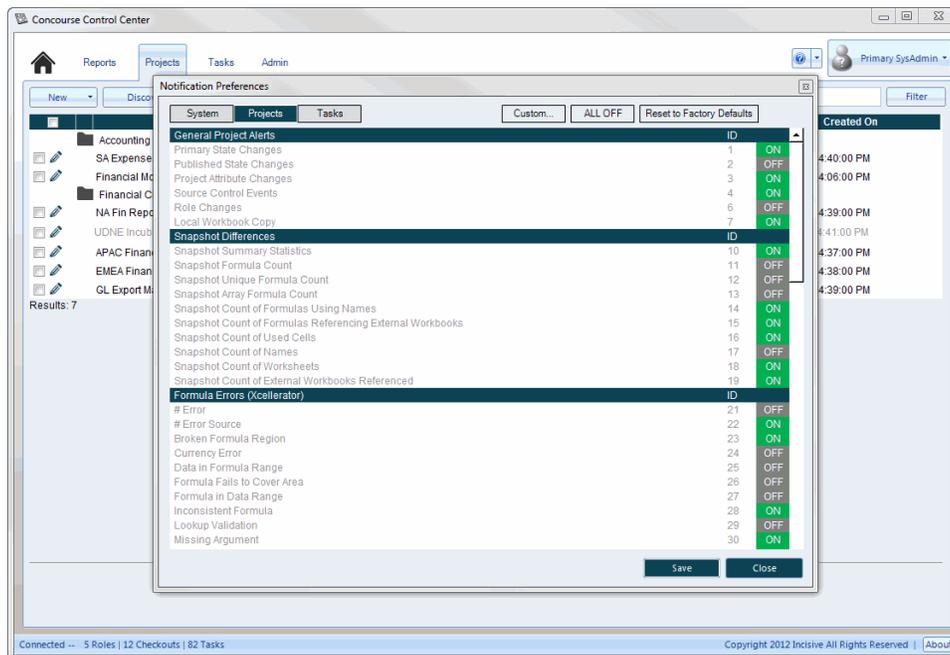
Internal audit teams and administrators can assign the ownership of a spreadsheet to a specific user or group of users. They can also assign tasks to users and track task completion for project management. Audit teams can enforce best practices not only through error-checking and risk analysis of spreadsheet contents, but also through planned sequences of tasks performed by specific users with specific responsibilities and areas of expertise.

CONTROL

Concourse assesses the risks of every spreadsheet under management. Auditors can ensure that the proper formulas and references are being used, and that style guidelines are being adhered to. When risks occur, auditors are alerted, enabling them to make inquiries to spreadsheet owners before possibly erroneous data is used for business decisions or financial reporting. Through dashboards and reporting, audit teams can be made aware if specific users or departments are routinely deviating from company standards or best practices.

REPORTING

Concourse provides a wide selection of standard reports for audit teams and other spreadsheet users. Through fine-grained controls, auditors and administrators can select which types of alerts they want to receive for which spreadsheets.



Through Concourse, auditors can control which types of checks and risk analysis are performed on spreadsheets. They can also view summaries of the overall status of spreadsheets, and track alerts by spreadsheet, user, and department.

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BENEFITS

Through its features for collaboration, management, control, and reporting, Concourse delivers these important benefits to enterprises and their internal audit teams:

- Increased visibility and automated insight into spreadsheet risk
- Increased confidence in corporate information
- Increased control and governance
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Even in largest enterprises managing thousands of spreadsheets, Concourse provides rigorous management and reporting capabilities that give internal audit teams the visibility they need into spreadsheet risks.

CONCLUSION

Spreadsheets remain critical analysis tools for enterprises. In the coming years, spreadsheets can be expected only to grow in size and complexity. For internal audit teams and others, the challenges of managing spreadsheets and spreadsheet risk will only increase.

Incisive Concourse helps internal audit teams and other spreadsheet users monitor and manage critical spreadsheets to reduce risks. Through automated risk analysis and powerful collaboration tools, Concourse makes spreadsheet users more productive and spreadsheets more accurate. Concourse gives enterprises an automated, scalable solution for assessing and reducing spreadsheet risks today and in the future.

For more information about Concourse and other Incisive solutions, please visit www.incisive.com, or call +1 (408) 660-3090.