End-User Computing for IFRS

**Background**

On February 13, 2008, the Accounting Standards Board (AcSB) confirmed 2011 as the official changeover date from Canadian generally accepted accounting principles (Canadian GAAP) to International Financial Reporting Standards (IFRS) for all publicly accountable enterprises in Canada. Although it may be easy to dismiss this looming transition as an issue solely for accountants, the implications and ramifications of IFRS will hit home for everyone within a company, including the IT function. To put this in context, since IT systems support and enable the financial process, this could represent small, medium or large-scale changes to not only the financial systems themselves, but also supporting interfaces and data.

While companies seek to embed IFRS requirements and business rules into their existing transaction systems, in reality this will be a gradual process that will be achieved over a period of time. In the interim, companies are likely to use several End-User-Computing solutions to address their immediate challenges. This approach, while being practical, has associated risks.

Data is a key requirement for supporting new disclosures, presentation of financial balances as well as creating reporting packages to address Dual-GAAP (CGAAP and IFRS) reporting during the comparative years. Assessing IFRS needs, and then addressing them in a structured manner with a formal governance and risk mitigation framework, are key to deriving long-term benefits.

**What is End-User Computing?**

End-User Computing (EUC) usually refers to PC-based spreadsheets or databases, which are often used to provide critical data calculations or information related to financial risk areas within the scope of internal and external reporting.

EUC can support complex calculations and provide significant flexibility. However, with flexibility and power comes the risk of errors, an increased potential for fraud, and misuse of critical spreadsheets. Not following a proper software development lifecycle also leads to risks and inefficiencies in the financial close process.

The distinguishing factor of EUC is not the technology, the size of the applications, or the sophistication of the application, but the fact that the user has the ability to create an application, manipulate data, and determine access to data—all with limited assistance from an intermediary such as an information systems department.

**Potential issues**

Organizations often rely on EUC and frequently deploy processes for it that are outside of the standard and accepted company policies and procedures. At times it will be difficult for organizations to ensure the information derived is complete, accurate and reliable.

The following are potential EUC issues your organization may currently be experiencing:

- Reports are not timely and don’t facilitate business decision making and organizational agility;
- Quality of data in the reports is not completely reliable;
- Manual tasks result in costly and error prone report production cycle;
- Data used for reports is stored in multiple places and is difficult to aggregate, which limits ad hoc analysis capabilities;
- Data analysts are performing “data grunt” activities instead of value-added work;
- Difficulties complying with statutory or regulatory reporting requirements;
- Need to enhance the control processes, often driven by internal or external audit; and
- Complex, specialized and undocumented spreadsheets create key person risk.
Our approach

We develop and implement customized and industry-based solutions using a number of well-established tools, techniques and methodologies to help your company achieve an end-to-end solution on EUC. We add value by identifying and managing data-related risks through:

- Reviewing the underlying data to ensure it is fit for purpose prior to any analysis or reporting;
- Designing auditable, supportable programs to analyze and aggregate data from disparate systems and sources to assist in providing information previously hidden from the organization;
- Independently modeling the client’s business rules and processes on our own systems in order to re-perform and prove analyses and reporting deployed. This ensures that reports and systems are operating as expected and can be relied upon to run the business and meet any compliance requirements; and
- Overlaying with governance and performance improvement by recommending and/or implementing options for enhancement and/or automation of key manual processes.

EUC controls framework

1. Identify key drivers and benefits
2. Decompose the EUC use into four universal use steps
3. Identify improvement opportunities along people, process, technology, standards, and governance
4. Create a formal project structure to deliver the benefits

How PwC can help

Your organization needs to feel confident that the information generated from the data held within the business can be relied upon to help you make the right decisions and accurately identify opportunities and risks as well as comply with statutory or regulatory reporting requirements.

We focus on helping organizations better manage their data and reporting. We have specialists across the country with a wide range of proven methodologies and tools.

In addition to deep technical knowledge, our team is able to draw upon a wealth of industry-specific and financial experience. Contact us today for help in understanding your data and addressing any associated risks.

Who to call

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