

What is lurking behind your information?

- **Desktop tools, such as Microsoft Excel, provide rapid and efficient reporting to aid critical decision-making.**
- **Over 80% of all spreadsheets contain errors.**
- **Internal controls over end user computing help to ensure integrity of information.**

Studies show that many organizations make critical business decisions using information created from Microsoft Excel, Access or other desktop applications, known as end user computing, or EUC. Shorter development times, convenience, flexibility and ease-of-use are main reasons for the widespread appeal and use of these applications. In a 2012 Oracle survey, 63% of state government respondents indicated they used EUC applications to consolidate financial data.

Yet, all the advantages of these applications can be quickly overshadowed by unintentional consequences, such as poor decisions based on inaccurate or incomplete information. As a result, it is important for EUC processes to be well controlled.

Below are a few embarrassing EUC errors recently reported by the media:

- The Utah Department of Education experienced a \$25 million budget shortfall when the number of expected students was understated due to a “faulty reference” in a spreadsheet. Consequently, two senior officials resigned.
- The synchronized swimming event during the 2012 London Olympics was oversold by 10,000 when an employee keyed an incorrect number into a spreadsheet. To resolve the issue, organizers notified ticketholders and offered entry to other Olympic events, including more sought-after venues.
- The Kansas governor repeatedly said that spending had significantly declined under his administration. The information was later found to be flawed, caused by a spreadsheet error in a budget division report. The corrected information showed spending

had actually not decreased, but had slightly increased since the previous administration.

Surveys reveal that more than 80% of all spreadsheets contain errors. Errors occur because end users are responsible for the controls. These users are often not familiar with the potential risks and not aware of possible controls. They also may believe that layering on controls could defeat the primary benefits of EUC – speed, convenience and flexibility.

Still, there are certain controls end users can put into place to reduce errors and potential embarrassment. These include:

- Using password protection on sensitive spreadsheets, reports and databases.
- Securing documents and databases in limited-access files, on agency networks to ensure routine back-ups.
- Using spreadsheet protection controls to lock formula cells and prevent unintentional changes or deletions.
- Establishing change control procedures, such as independent testing after changes are made.
- Performing reconciliations to validate the completeness and accuracy of source data.
- Including reasonableness testing to verify that results are consistent with expectations.

Suggested action steps: Think about and identify critical reports and decisions made using information created through EUC applications. Take steps to establish standard procedures and controls for managing EUC development and maintenance.

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