Reconciliation Tool Presentation

Slide 1:

Good afternoon, everyone. I’m Alex from the Risk Dept. Today, I’m going to show you the reconciliation tool for FR2052A. The tool is used to assure the data quality of 2052A reporting. I developed this tool in July and William has tested it and help me improve its performance. The goal of this meeting today is to show you how it works and see if it can be further improved from the perspective of Accounting and IT. Feel free to stop me if you have any questions or concerns throughout the meeting.

Slide 2:

The introduction is structured as the following. First, I’m going to show you what are the target data we want to reconcile. Next is the reconciliation framework. And finally, the actual too usage.

Slide 3:

The two data sources I focus on are the Financial Data Table (FDT) and the Cash Flow Table (CFT). The reference number is an ID number to refer a transaction. It is used as key to link FDT, CFT, and FR2052A. If an error is found, you can use the reference number to search transaction info in all three tables. The other data are used to check mismatch in transaction values, maturities, counterparty info, and Asset/Liability Indicators. The Asset Inflow category has a slightly different treatment than other categories. I will show you later.

Slide 4:

This is the framework of the reconciliation tool. There are two parts. First, we reconcile the data in CFT/FDT. After we make sure records in CFT/FDT can match, then we use the reconciled CFT/FDT to check whether each category data has mismatch with the previous two tables.

Slide 5:

Let’s see the first part.

Slide 6:

(Excel) First, we open the “Reconciliation\_CFT\_FDT\_TestVer2.0” file. In the workbook, you can see three worksheets, reconciliation, input of FDT, and input of CFT. On the input sheets, you click the clear button to delete old data for last month. Then you copy/paste new data for this month. Please make sure that the column names are on the second row and leave the first line blank. Then we click the “reconcile” button on first sheet.

Slide 7:

As you can see, it will refresh and pop up error records. (PPT) There are six types of errors. The focus is on two things: whether there are missing records, FDT data not in CFT, or CFT data not in FDT; and whether the values can match, both values in original currency and in US dollar. For each line of questionable transaction, I give you its reference number, counterparty name, CFT value, FDT value, error type, item, and GL number. The last two columns are used to detect what type of transaction we are looking at. For now, the most common error is missing commitment, item 4.1. If the aggregate commitment amount can’t match, you can find the missing ones here. Please be aware of that, for now, some of the reported missing records are expired commitments, which have no unused amount left. Sean from the IT Dept. is working on filtering these records. Once the problem is fixed, you should only see the truly missing records. For the value mismatch part, the commitment value problem is also being fixed by the IT dept. They should also disappear once the commitment data issue is fixed. For item 1.6, they are loans. They show up because principal amount cannot match between CFT and FDT. The difference is that the principal in CFT include aggregate interests in the future while FDT does not report these interests. So they definitely won’t match. If you use CFT-split to do reconciliation, they won’t show up. I also list the FX Swap items because they are missing. They are another issue that IT has been working on. Sean has adjusted the logic of FX Swap. It should reduce missing records after the new logic is released. So that’s all for the CFT/FDT part. Any questions? Cool, then let’s see the second part.