<b>Model Risk Management</b>	Validation	Report
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Validation of Financial Forecasting Model

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Example Corporation

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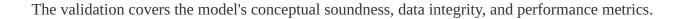
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#### 2. Model Overview

The financial forecasting model is designed to predict revenue trends based on historical data and market indicators.

- To provide accurate revenue projections for strategic planning.
- Statistical Time-Series Model
- Used by the finance department for annual budgeting.

### 3. Validation Scope and Objectives



- Assess model assumptions and limitations.
- Verify data quality and preprocessing steps.
- Evaluate predictive accuracy against benchmarks.

### 4. Validation Methodology

The validation methodology includes a combination of qualitative reviews and quantitative tests.

Key validation activities include:

- Review of model documentation and assumptions.
- Stress testing under various scenarios.
- Backtesting against historical data.

# **5. Validation Findings**

The validation identified minor issues in data preprocessing, but the model performs within acceptable thresholds.

Finding ID	Description	Severity	Status
F001	Inconsistent handling of missing data in preprocessing.	Low	Open
F002	Limited documentation for certain assumptions.	Medium	In Progress

#### 6. Recommendations

The following recommendations aim to addres	s the identified findir	ngs and enhance model
reliability.		

- Implement automated data cleaning protocols.
- Update model documentation with detailed assumption justifications.

The financia term reliabil	forecasting model is fit for purpose, with minory.	r improvements needed to ensure

# 8. Appendices

Additional details and supporting documents are provided in the appendices.
<ul><li> Model Documentation</li><li> Validation Test Results</li></ul>