[EXAMPLE] Fund Oversight Breach

... hypothesis statement

- **presumed relationship** *"The probability of breach in fund oversight processes (dependent variable) increases with the greater amount of activity in fund components, more breaches in similar fund components across different funds, more dominant fund risk factors, and with more errors in market and fund trading data (independent variable)."*
- **anticipated change** *"If the fund component activity, fund component behaviour, market data, and fund data change, the chance for a fund oversight breach changes as well."*
- **example** *"The fund oversight process will have no breaches when fund components have low activity, similar fund components in other funds have no breaches, and both market and fund data are correct."*

Independent Variables

1. fund component activity
    - activities in fund components include high volume of corporate actions or trades (fund transactions)
2. fund component behaviour
3. fund data
4. market data (prices, rates, and corporate actions)

Breach Definition

- breach is an exception in fund oversight processes
    - it is a failed validation during the fund oversight process
    - detected as a condition outside of tolerance
- breach is demonstrated by factors on 2 levels
    - LEVEL I: fund valuation confidence (predicting breaches means identifying this confidence level)
    - LEVEL II: operating variables (variables associated with changes in operating day of clients)

Commercial Value

"Predicting breaches in fund oversight processes gives organisations an indication of the necessary volume of work they need to allocate to the fund oversight."

- *organisations* will be able to know a complexity of oversight required as well (the pre-requisite type of controls)
- for example, we can look at market and say that there will be a volatility in market and commodities will be volatile (if minerals are expected to be volatile or some certain asset prices are downgraded)