Cortell Australia Pty Ltd

CoreBIS APRA Solution

Customer Advisory Board (CAB) Meeting: 2

2020 Quarter 1

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For the purposes of the minutes, the initial references are:

- BA = Bank Australia
- BB = Beyond Bank
- TMB = Teachers
- 86 = 86400
- Cor = Cortell

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1. Introduction

Cortell:

- Cortell will take minutes

- Welcome Teachers and 86400.

- Introduction to Tania, the lead on the Support Desk for CoreBIS

- Cortell currently undertaking readiness assessments for two other banks:
  - one with $10b
  - neo bank with zero assets

- Whilst it is nice to be transparent with you about client progress, the CAB is not about us, it is about sharing experiences and feedback so we can extend the value of the product we offer for all our clients
  - We want to add value to the platform and grow it aligned to what our customers want
  - We have an amazing platform that is customizable to do a great deal

- Any questions

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2. Action Items – previous meeting

WHO	TIMELINE	ISSUE / ACTION	Comments
Cortell	Qtr 1 2020	User guides to be prepared	Cor - Complete Wiki getting setup to transition assets onto, JC to send email detailing access (a link will be deployed onto client CoreBIS instances) Assets here will evolve, it can act as repository for all applicable CoreBIS documentation, including FAQ's and release notes etc.
Cortell	Qtr 1 2020	Investigate issue of name change impacting the resubmissions	Cor - One off, case by case response only required
Cortell	Qtr 1 2020	Derivation rules on new Forms not always working	Cor - Resolved, any issues let us know
Cortell	Qtr 1 2020	Investigate specifics of old Form versions not working for BA	Cor - Resolved
Cortell	Qtr 1 2020	Setup template for recording of issues/items that we can identify issues and or trends that require addressing	Cor – will be added into the wiki with FAQ's
Cortell	On going	Email communication of changes for month to be sent last workday of month	Cor Release pack being distributed – going to be added to the wiki site for easy access of clients
KM	Qtr 1 2020	To advise whether Cortell assistance will be required for the 743 Form	Cor /BA – complete, Form still being provisioned in excel until limit reached for submission through D2A. Any additional assistance required, BB to reach out to Cortell
Cortell / KM	Qtr 1 2020	Decide whether manual adjustments for table should be on the landing page	Cor - Added to landing page, KB will take us through an example. BA – are the adjustments made into a separate cube Cor - yes
KM	Qtr 1 2020	Send JC the rec's they are completing manually in excel	Cor - Resolved through validation rules

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Cortell	Qtr 1 2020	Investigate the reconciliation process to identify what needs to happen to bring additional value to the process	Cor - Resolved through reconciliation process. KB has setup a cheat sheet for common formulas that you will use in the custom reports section. This will be added to wiki site.
			BA – can we expand the reconciliations in CoreBIS to detail what the reconciliation differences are?
			BA - Is it also possible to have a reconciliation control between the data mart and CoreBIS?
			BA - Is it also possible to have a reconciliation between the various cubes?
			Cor – to consider and revert

3.   Demonstrable assets

- Cor - Manual Input Sheets on landing page. This has been provided to all clients. Users enter the details into the input sheet, and the data (through mapping) will flow through to all Forms that require the data. This is different to the manual adjustments that are made against an individual attribute on a Form, providing a faster approach to entering adjustments that are re-used.

  To add data elements to the input Form, you do this through the dimension "Base_Manual Input measure".
  Further instructions can be seen in the user guides.

- Cor - CUFSS report now up and running. It can be found in Custom reporting section

- Cor – APRA Return Management now has New Form Version Analysis. This allows users to identify what changes if any have been made by APRA to Forms. This facilitates the period end process; the user can also drill down to see what the difference in the Form is

- Cor – APRA Return Management also has Copy Mapping functionality. If there has been a change in Form versions, users can copy mapping from one period to the next by selecting the button option here.

- Cor - Add an existing cube to a dimension. This feature can be seen in the dimension setup. It allows users to easily add a dimension facilitating change management (It effectively creates a new cube, copying data from the old cube to the new). The User guides will provide further details.

- Cor - Archive Data Feature permits users to remove historic data from base cubes, removing any pressure on storage capacities.

4.   Daily Liquidity reporting

- Cor – Daily Liquidity reporting built into custom reporting and working. APRA will not have the taxonomy available until June unfortunately.

- BA – there are additional Covid reporting requirements, BA to send to Cortell who will review

- Cor – any peripheral Forms to D2A that clients are expected to report, please feel free to share them with Cor and we can see about inclusion in CoreBIS

- TMB – monthly capital reporting required for APRA

- TMB – have lots of small manual entries

- BA - Challenges raised with respect to data mart being designed for month end reporting and not daily

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5.   APS920

- Cor - APS920 also built into custom reporting, however further development required before it will be working

- BB – BB not opted in

- TMB – not opted in

6. Beyond Bank and Nexus Merger

- BB – merger with Nexus. Legal merger effective 31/3/20, system integration for June. Key learnings:

    - Nexus were not required to complete the same EFS Forms as BB, therefore they needed to collate some of the data for the first time
    - GL and Treasury data flowing through fine, core banking system data still separate. Challenges arose on calculation of average balances, where not all detailed account data available or manually intensive to derive the correct balances.
    - Best mechanism for uploading data is bulk manual adjustments, data can be loaded against attributes directly, and data can also be copied and paste into the table adjustments functionality

- Cor – offer is open to consult with Cortell if you are going into a merger and would like support with the process

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7.   Two Tier Review process

- TMB proposed a two-tier review on Forms in place of the existing three tier. This would aid their period end process & help with when people are away on leave.

- BA and BB going to consider whether this would work for them and revert to Cortell

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8. First Home Loan Guarantee Insurance scheme

- First home loan guarantor scheme, the flag is in the core banking system for BA, not currently being used however

- BB – Flag has been added but again not being used currently

- 86 – too early for them

- Cor – reach out to Cortell if you would like assistance with using the flag

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9.   Other Feedback

Movement Report

- BA – can we have the movement report that is the same alignment to the Form?

- Cor – this should be the case unless you select more than one Form

- BA – the issue appears to lie in the liquidity reporting, the trend lines are fine, but the movement reporting appears differently

- Cor – will investigate and revert

Working Group

- BA – can we organize a working group(s) that can collaboratively test and work through build initiatives and ensure the optimal outcomes, and then they can work on these items between the CAB.

- All – agreed this was a good idea

- TMB – we have a dedicated TM1 employee so he would be great to have in this group

- Cor – circle back on this

WIKI Content

- BA – could we have a product roadmap on the wiki site for everyone to access and leverage when it comes to accessing funding for further developments. It will be handy to see the prioritized list of target deliverables.

- Cor – yes this should be no problems and can be held on the wiki site again

Reconciliation Module

- TMB – can we consider some more of the control points, namely around reconciliations in the data flows from data mart to CoreBIS. Is there a way we can automate these?

- Cor – we will take it onboard along with BA's comments and revert back

ECL Model

- TMB – what initiatives are underway for the ECL with CoreBIS?

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- Cor – we have a rudimentary model and have various discussions with a few parties who are interested, it is about getting a strategic development partner(s) to work with on this. We can show you what we have developed to date if that is of interest.

Capital Model

- Cor – we were also engaged with another client for the development of a capital forecasting model. Unfortunately, with Covid all their project spend has been put on hold.

- TMB – was the model going to accommodate scenario modelling

- Cor – yes, it was going to be deployed under a phased approach

Workflow Changes

- TMB – we would also be interested in SLA's being attached to the workflow tasks. This is under discussion between Cortell and the TMB project team

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10. Data Quality Reporting

- Cor – APS310 audit will incorporate the EFS benchmark requirements under RPG702, we want to ensure all our clients are using the report and understand how it works

- Cor the monthly report could and should be used for reporting through to the risk committee

- Cor – we have added an annual report that shows you the delta's month on month. The highlighted tolerance level breaches are not necessarily incorrect, they should however be investigated with additional assurance applied over the top of these data points.

- Cor – would you be interested in exec summary reporting? What do you currently do?

- BA – they use the report along with the data lineage reporting. They provide qtrly reporting to the Audit committee

- BB – currently not using the report

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APPENDIX 1: Action Items – From meeting held 30th April

Who	Action
Cortell	Setup and provide access to wiki for user guides, FAQ's, release notes and all relevant reference material, including product roadmap
Cortell	Investigate reconciliation options for between: - Datamart / source and CoreBIS - Between cubes
Cortell	Consider expanding existing reconciliation process, incorporating a list of the reconciling differences that require consideration
All	Send through a list of additional reporting requirements APRA are imposing on you outside of D2A, Cortell will review and consider options for onboarding into CoreBIS
BA / BB	Consider a two-review process for Form approval and whether this is something they would like to see
Cortell	Investigate layout of movement report for ease of navigation (alignment to the Form itself)
Cortell	Consider how the working group of cross company employees could be used to support development initiatives in the product
All	By way of no feedback to Cortell, all parties agree that they are willing to share email addresses from parties within the CAB

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APPENDIX 2 – Data Quality Reporting Reference

Some relevant information we thought you may find useful when leveraging the Data Quality reporting capabilities.

INTRODUCTION

ADIs and RFCs required to report under the EFS reporting standards (reporting entities) must meet quality control requirements that require them to have in place systems, processes and controls to assure the reliability of reported information
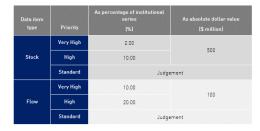
APRA acts as a reporting conduit under the EFS collections for both the ABS and RBA. The ABS uses the data in the publication of the National Accounts, whilst the RBA uses the data to construct Australia's monetary policy purposes, and also make the data available for wider research and analysis purposes.

To address the importance of these activities, the agencies; through APRA introduced Data Quality benchmarks to work in unison with CPG 235 - Managing Data Risk, to provide guidance for reporting entities and auditors alike, as to which data items they consider of priority for reporting accuracy.

A reporting error as identified in RPG702 is:

"A difference between the data reported to APRA and the data required to be reported to APRA under EFS reporting standards that is outside the agencies' expectations for data quality. A reporting error may arise at any point in the data's life cycle, including, but not limited to, data capture, processing, retention, preparation and submission of reports."

The ADI benchmarks for those entities not considered a Large institution (Large institution >$200b in total assets on a domestic books basis) are listed below:

Data item type	Priority	As percentage of institutional series (%)	As absolute dollar value ($ million)
Stock	Very High	2.00	500
	High	10.00	
	Standard	Judgement	
Flow	Very High	10.00	100
	High	20.00	
	Standard	Judgement	

These benchmarks are applied to nominated data points within each of the EFS Forms.

CoreBIS EFS Data Quality Reporting

CoreBIS providers its users with EFS Data Quality Benchmark reporting across each of the EFS Forms the entity needs to report on.

The reporting automatically provides users the list of Very High and High Priority items and alerts users to these items that are in excess of the benchmarks

Ther are two reports available for users:

Monthly EFS quality report: this provides the most recent period analysis against prior month

Annual EFS quality report: a month on month comparison of data points that will provide the benchmark analysis across the whole year

The monthly report can be used for commentary capture to from assurance that movements in the reported data has been investigated and understood.

It is important to note that the EFS Data quality reporting within CoreBIS does not identify reporting errors, it identifies those items that have moved more than the identified benchmarks.

KEY POINTS ON DATA QUALITY:

o CoreBIS can be used as contribution to an entity's proces for data life cycle management, including, but not limited to, data processing, retention, preparation and submission of reports (note this can also apply for data capture where manual adjustments are made)

o APRA and the agencies also expect that, in the event of reporting errors, a reporting entity would review its data quality processes and controls, including escalating knowledge of frequent or large reporting errors. Cortell suggests incorporating the completed monthly EFS Data Quality report into your monthly risk committee meetings or reporting packs.

o clients should still undertake thematic reviews of data items incorporating a deep data dive. CoreBIS cannot attest to such items as source system controls or model risk for calculation engines outside of CoreBIS., so these thematic reviews should still be undertaken and CoreBIS reporting can compliment these reviews. Note APRA can request a copy of assurance findings from thematic reviews.

o To assess the magnitude of a reporting error for a flow data item that naturally exhibits significant period-to-period volatility, it may be appropriate to consider the difference between the data item reported and the 3- or 6-month average of the series that is required to be reported

o For cost/value of funds, margin and benchmark rate data, the agencies do not expect that changes to a reporting entity's internal calculation methodology would be classified as a reporting error

o for standard priority items, APRA suggests having a policy in place for the monitoring of these data points

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APPENDIX 3: Terms of Engagement for CAB

CAB Context

The **CoreBIS** Customer Advisory Board (CAB) has been established to ensure the **CoreBIS** platform provides its users with the best features and functionality possible to achieve their regulatory deliverables.

CAB will provide a forum where member improvement ideas can be tabled, shared, and agreed upon in a collaborative environment before moving forward into development and release into their respective production environment.

The CAB will also provide an opportunity to openly discuss regulatory changes impacting the industry and any relevant flow on effects that will impact CAB members and CoreBIS.

It is expected the CAB forum will provide valuable input into its members internal and external audit processes and support their own internal risk management processes. In addition, CAB documentation can support supervisory reviews and/or site visits from APRA.

CAB Meetings

Meetings to be held once per quarter, in the month leading into Quarter end, on a date as agreed by consensus with members

- A quorum of two members is required for voting, with a majority required before moving forward with any feature enhancements or development initiatives
- Members are welcome to have more than one attendee at the meetings; however only one vote is permitted per member client
- Cortell will take notes and distribute minutes of meetings to each member

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