
Overview

This standard is about designing and overseeing procedural controls to monitor compliance risks and non-compliance with legislation and regulations. These must be flexible and responsive to changes in the legislative, regulatory or market environment and weak / ineffective controls, or those that can be easily circumvented, must be identified. You must report all areas which have been identified by the procedural controls as needing improvement to those responsible.

Performance criteria

You must be able to:

1. agree and design robust procedural controls to manage compliance risks
2. implement procedural controls to manage compliance risks
3. develop working relationships with other control functions
4. identify the resources needed to implement the procedural controls, including assigning responsibilities to staff for compliance activity
5. determine the frequency with which compliance risks should be monitored
6. assess the efficiency of the procedural controls on a regular basis to identify potential shortcomings and improvements
7. report all areas which have been identified by the procedural controls as needing improvement to those responsible and accountable
8. confirm when agreed remedial action is completed

Knowledge and understanding

You need to know and understand:

1. the importance of designing and implementing procedural controls to check for compliance risks, which protect the interests of the organisation and its different stakeholders
2. the specific issues which the procedural controls should address, including how the management of compliance risk fits with risk and audit functions
3. how to monitor your organisation's exposure to risks and the reporting methods to use
4. who your colleagues and other key stakeholders are, and the resources needed to implement procedural controls
5. the importance of monitoring the effectiveness of the procedural controls and the reporting methods to use
6. the importance of updating the procedural controls following changes to legislation and regulations, internal changes and new products
7. possible reasons when the procedural controls may fail to meet evaluation criteria
8. the importance of following up on actions
9. legislation and regulations that apply to your organisation

Glossary

Regulatory bodies

This term should be extended (where appropriate) to any authority, body or person having, or who has had, responsibility for the supervision or regulation of any regulated activities or other financial services, whether in the United Kingdom or overseas.

Regulations

This term encompasses (where appropriate) the range of obligations including rules, principles, codes and guidance plus all primary and secondary legislation, as well as supervision to which your organisation is accountable.

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