ACUIA
Association of Credit Union Internal Auditors

Auditing Compliance Management

Presented by:
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Principal, Internal Audit

10.2.17

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Agenda

- NCUA Guidance
- Board & Management Oversight
- Compliance Program
- Violations of Law & Consumer Harm

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NCUA Guidance

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NCUA Guidance

- LCU 17-CU-02
- Supervisory Letter 17-01
  - Exam Procedures
  - Evaluate CU's Overall Approach to Managing Compliance Risk

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NCUA Guidance

- Updated Compliance Risk Indicators
  - Board and Management Oversight
  - Compliance Program
  - Violations of Law and Consumer Harm

Board & Management Oversight

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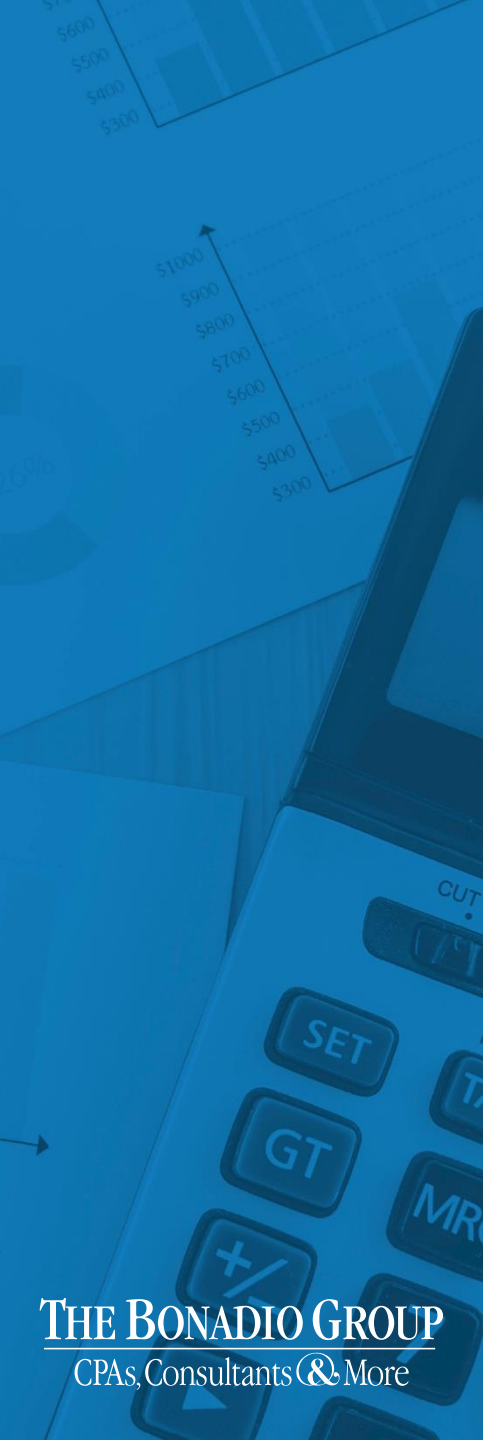
Board & Management Oversight

- Compliance Policy Should:
  - Note Board/Management Responsibilities
  - Cover All Applicable Regs
  - Be Responsive to Reg Changes



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Board & Management Oversight

- Board/Management Should:
  - Be Aware of Responsibilities
  - Be Knowledgeable of Laws/Regs
  - Be Supportive of Reg Compliance Process
  - Provide Appropriate Culture of Compliance
  - Provide Significant Compliance Resources
    - Systems, Capital, H/R
  - Take Appropriate Action on Compliance Issues/Violations

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Board & Management Oversight

- Board Can't Delegate *Ultimate* Responsibility
- Can Appoint Compliance Officer or Committee
- How Is Board Kept Informed?
  - Director on Compliance Committee?
  - Compliance Minutes in Board Packet?
- Change Management Process

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Compliance Program

- Compliance Program Should Include:
  - Policies & Procedures
  - Training
  - Monitoring/Audit
  - Consumer Complaint Response

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Compliance Program

- Policies & Procedures Should:
  - Be Comprehensive
  - Provide Standards to Manage Compliance Risk in Products, Services and Activities
  - Be Current

Compliance Program

- Training Should:
  - Be Comprehensive, Timely & Appropriate
  - Be Proactively Updated for New Regs/Products
  - Include Volunteers
  - Be Well Documented

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Compliance Program

- Monitoring/Audit
  - Compliance Calendar
  - Effective Monitoring System
  - Include Applicable Regs
  - Avoid Duplication
    - IA vs. RC
  - Regularly Update Programs/Checkilsts

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Compliance Program

- Consumer Complaint Response
  - Need Strong Process in Place
  - Timely Responses
  - Monitor for Trends

Violations of Law & Consumer Harm

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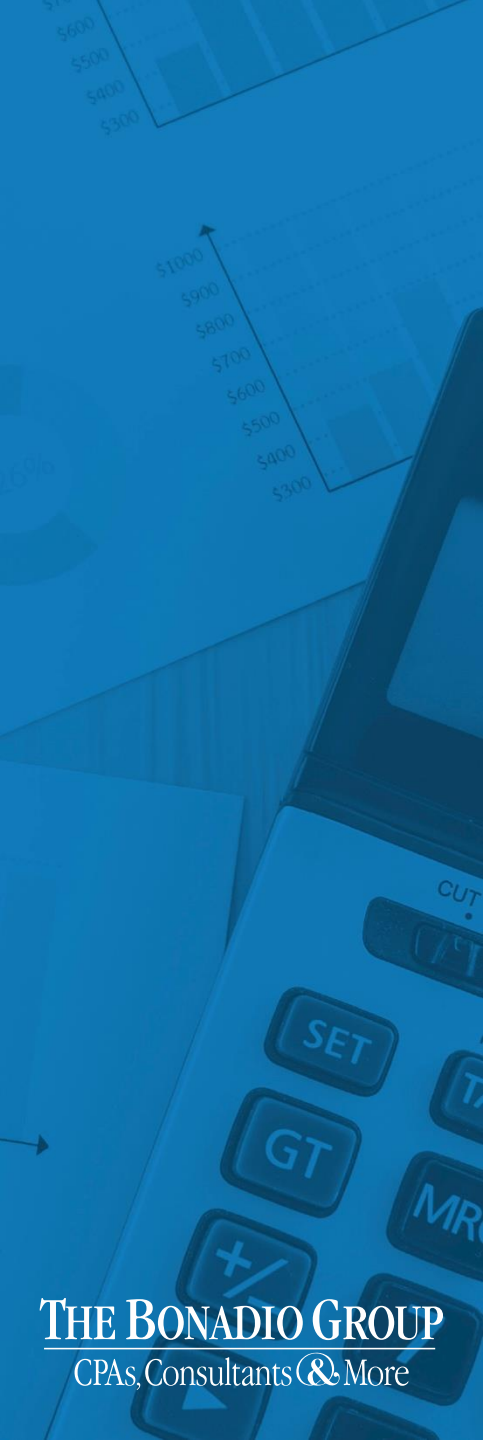
Violations of Law & Consumer Harm

- Root Cause
- Severity
- Duration
- Pervasiveness



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Violations of Law & Consumer Harm

- Review Process in Place For:
  - Reporting Reg Violations
  - Enforcing Remediation of Violations

Violations of Law & Consumer Harm

- Root Cause
  - What Caused the Violation?
  - If a Compliance Program Weakness, Ensure Properly Addressed
- Severity
  - How Will This Harm the Consumer?

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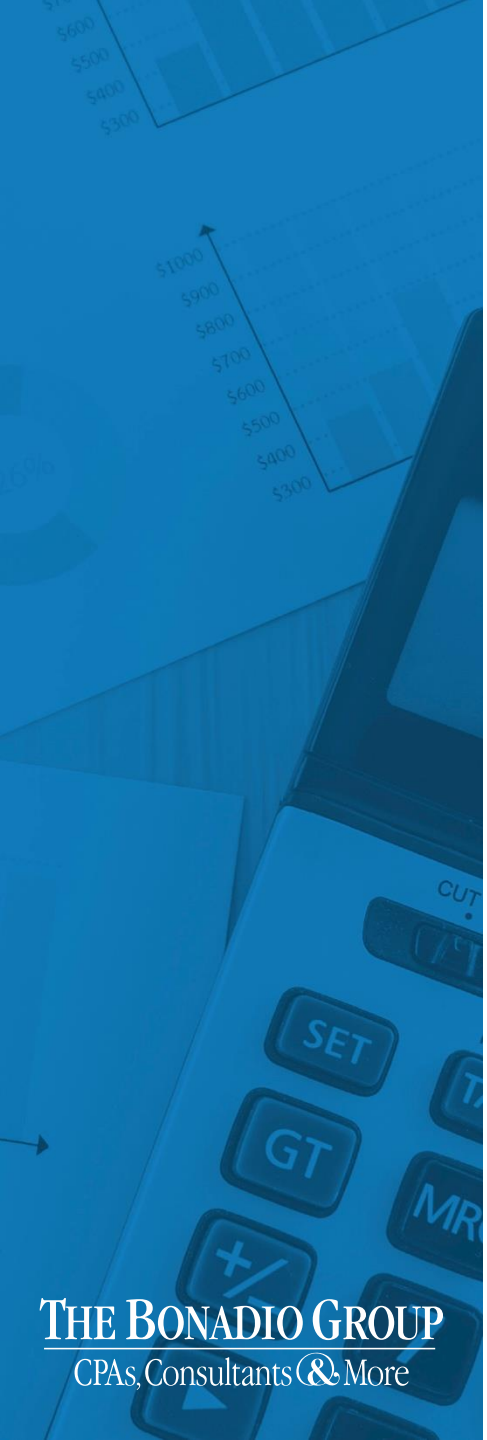
Violations of Law & Consumer Harm

- Duration
  - How Long Has This Occurred?
- Pervasiveness
  - Isolated?
  - Limited?
  - Widespread



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Common Findings

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Common Findings

- Weak Board Oversight
- Compliance Officer Has No “Juice”
- Vague Minutes
- Slow/Poor Response to New Regs
- Silos
- Training Issues

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Questions

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Thank You!

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