

Sample
Compliance Program

The goal of the Compliance Program for _____ ("the Company") is to avoid regulatory agency enforcement action, civil penalties or criminal sanctions by implementing a program that trains and emphasizes the professional proficiency of our employees.

Every executive, manager, and employee is responsible and accountable for performing his or her function in compliance with applicable laws and regulations.

The Board of Directors is responsible for:

- Evaluating the risk of noncompliance
- Approving and Supporting the Compliance Program, and
- Overseeing the performance of the program to reduce risk.

Managers and Employees are responsible for:

- Conducting daily business in compliance with the laws and regulations
- Understanding the regulatory requirements of their job description, and
- Identifying issues to remediate weaknesses and prevent violations.

The Compliance Department is responsible for:

- Coordinating audits and examinations in connection with laws and regulations
- Acting in an advisory capacity on company policies, procedures, and laws and regulations,
- Coordinating the monitoring of transactions, and
- Communicating with the Board, Executives, Managers and Employees to ensure awareness, understanding, implementation of and adherence to the Compliance Program.

The following is a general description of the Compliance Program. The Program consists of the following seven components:

- (1) Compliance Department;
- (2) Compliance Committee;
- (3) Compliance Training Program;
- (4) Compliance Monitoring Program;
- (5) Reporting;
- (6) Remediation and
- (7) Prevention.

Each component is discussed in detail below:

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1. Compliance Department

[Compliance Name], [Compliance Title], heads the Compliance Department. It is the duty of the [Compliance Title] to give executive direction to the Compliance Program. He reports directly to the [Supervisor's Title], [Supervisor's Name].

The [Compliance Title] ensures [Trainer's Name], the [Trainer's Title], or her designee, trains company personnel and monitors transactions for compliance with laws and regulations. He also assists management in the development and implementation of forms, manual and system controls, policies, and procedures necessary to ensure compliance with these laws and regulations.

The [Compliance Title] also works closely with [Licensor's Name], [Licensor's Title], to ensure the Company obtains and maintains proper licensing for [Licensed Business Lines].

2. Compliance Committee

The purpose of the Compliance Committee is to offer a forum for the discussion and assignment of current compliance issues, in an effort to resolve or minimize exceptions to policies, procedures, laws, and regulations, as well as to fulfill the Company's responsibility to conduct day-to-day business in compliance with laws and regulations. The [Supervisor's Title] chairs the Committee. The [Compliance Title] acts as Secretary and keeps records and minutes of the meetings.

The Compliance Committee is composed of the following members:

[Supervisor's Name] – [Supervisor's Title] (Chair)

[Name] - Chief Financial Officer

[Name] – Chief Risk Officer

[Licensor's Name] – [Licensor's Name]

[Trainer's Name] - [Trainer's Title]

[Compliance Name] – [Compliance Title] (Secretary)

The Committee meets monthly or more frequently if needed. At the meeting, the [Trainer's Title] reports on the results of recent monitoring, compliance training recently completed, and the training schedule for the next month. Also at that meeting, the [Licensor's Title] reports on the status of pending and renewing licenses, as well as the status of exceptions identified from audits and examinations.

The Committee acts upon recommendations for improvement made by the [Compliance Title] affecting the Compliance function and may delegate responsibility for projects involving remediation or prevention of compliance exceptions. The persons assigned to the project(s) then report on the status or resolution of each issue at subsequent Compliance Committee meetings.

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A few of the laws and regulations with which the Compliance Committee is concerned are:

- A
- B
- C
- D

3. Compliance Training

The Company's training philosophy is founded on the premise that employees will conduct themselves in a correct and professional manner. With this philosophy in mind, it is the Company's responsibility to train employees so that they have a basic knowledge of consumer protection compliance. Due to the technical, complex, and ever-changing nature of these compliance laws and regulations, a comprehensive on-going training program that is varied and convenient and which recognizes proficiency is a necessity. To recognize the different expertise and experience of employees, compliance training has been broken down into two components: (A) Basic Compliance Education for new employees, and (B) Continuing Compliance Education for current employees.

A. Basic Compliance Education

The purpose of the Basic Compliance Program is to make new employees aware that the Company is a part of a regulated industry. The Basic Compliance Program is a portion of the Basic Training required for all new employees, as administered by the Training Department.

B. Continuing Compliance Education

The purpose of Continuing Compliance Education is to reward and recognize employees for achieving and maintaining a professional level of compliance. The goal of the program is for every employee of the Company to achieve compliance certification for his or her job description. Because different jobs have different regulatory requirements and levels of complexity with the laws and regulations, training is tailored to the specific procedures and processes of the job. Each job description includes what is expected to achieve certification. These levels are established and periodically reviewed and updated by the members of the Compliance Committee, who analyze and identify the regulatory requirements for each of the employees.

Under the training program, the [Trainer's Title] tests employees first to determine whether they need additional training on the regulations that apply to their particular job function. If an employee achieves a score of 80% or above, he or she has the necessary experience and knowledge to comply with the laws and regulations, and no further training is necessary. The employee also becomes "compliance certified."

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If a score is lower than 80%, an employee may obtain training in several ways. Periodically scheduled seminars or class sessions offered by the Compliance Department and/or Training Department and/or Department Manager are available. Such sessions range in length from a half hour to a half-day to all day, depending on the circumstances and complexity of the regulation, but Trainers will make every effort to minimize the interruption of full staffing for customer service purposes.

In addition, materials are available from the Compliance Department for managers and supervisors to train staff for those who wish to conduct their own compliance training. Employees may then be re-tested to determine whether the additional training was successful. If the employee receives a score of 80% or above, the employee is then "compliance certified."

The [Trainer's Title] administers the testing, training, re-testing, and certification portions of the program. All employees receive a "Certificate of Achievement" for successful completion of the program, "compliance certified" is noted in their personnel files, and certification may be considered by supervisors in their evaluations of performance.

4. Monitoring

The purpose of monitoring is:

- To identify training needs
- To find problems early
- To correct problems promptly, at a minimal cost, and
- To report findings to Executive Management on the effectiveness of the Compliance Program.

The Risk Department conducts monitoring on an annual, quarterly, or monthly basis, as determined jointly with the Compliance Department. This separate Compliance Monitoring Program sets forth the schedule for monitoring, as well as the sampling formula.

The Monitoring Program is distinguished from the Quality Assurance function by the fact that the purpose of Quality Assurance is to perform a daily review of all transactions booked, while the Monitoring Program looks at a statistically valid sample on a much less frequent basis.

Similarly, the Monitoring Program is distinguished from any Internal or External Audit function by the fact that the purpose of auditing is to identify the effectiveness of controls, audits occur much less frequently, and audits normally cover a more limited number of transactions.

5. Reporting

The purpose of reporting is:

- To make executive management aware of compliance performance as it has been identified in monitoring, audits, and examinations

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- To recommend an action plan for the remediation and prevention of identified weaknesses through such means as:
 - Additional training
 - The development of preventative tools and measures such as job aids, and
 - The re-assignment of responsibilities, as necessary; and
- To summarize training that has recently been or will soon be conducted.

With assistance from the Compliance Committee, the [Compliance Title] reports on the compliance performance and activities on a regular basis to the Board of Directors and Executive Management.

6. Remediation

When monitoring, audits, or examinations detect prior serious violations of law or regulation, the Company must act in the form of remediation. Remediation is the correction of identified instances where reimbursement or other compensation is due the Company's customer.

In certain "high risk" situations involving a pattern or practice of violations, the regulations, examiners, or Company policy may require retroactive correction in the form of a complete portfolio or file review followed by correction of the identified problems. Examples of such situations include:

- Providing inadequate notices, or none at all
- Not reporting properly
- Exceptions beyond the tolerance level

The person or persons creating the exception, to reinforce their responsibility to conduct transactions in compliance with applicable laws and regulations, ideally perform remediation, with assistance from the Compliance Department and Risk Department as necessary.

7. Prevention

The purpose of prevention is to reduce the risk of exceptions to laws, regulations and procedures. Prevention involves an in-depth risk analysis and/or portfolio review to identify where the Company may need additional controls. The Company works to prevent exceptions through training, the implementation of procedures detailing the employees' duties and responsibilities as it relates to his or her job responsibilities, and through the implementation of adequate manual and system controls.