



BUILDING A COMPLIANCE MANAGEMENT SYSTEM

A formal Compliance Management System (CMS) is necessary for the prevention of regulatory violations and essential for managing compliance risks. Every financial institution should have a robust CMS regardless of its size. Examiners expect to see a CMS, and the absence of one will greatly impact the course of the examination.

This BAI CMS checklist can be utilized to document the elements of your Compliance Management System, help create a culture of compliance in your institution, and illustrate a top-down approach to compliance.

COMPLIANCE MANAGEMENT SYSTEM	YES	NO	COMMENTS
Is the CMS formalized and in writing?	<input type="checkbox"/>	<input type="checkbox"/>	
Are the Board's expectations clearly communicated?	<input type="checkbox"/>	<input type="checkbox"/>	
Is the Compliance Officer board approved?	<input type="checkbox"/>	<input type="checkbox"/>	
Does the CMS include a complaint management program, a formalized compliance program, and an independent audit?	<input type="checkbox"/>	<input type="checkbox"/>	

CONSUMER COMPLAINT MANAGEMENT PROGRAM	YES	NO	COMMENTS
Is there a formalized complaint management program?	<input type="checkbox"/>	<input type="checkbox"/>	
Are complaints tracked?	<input type="checkbox"/>	<input type="checkbox"/>	
Are complaints reported to the Board of Directors or a committee thereof?	<input type="checkbox"/>	<input type="checkbox"/>	
Are complaints reviewed for any underlying compliance violations or other issues?	<input type="checkbox"/>	<input type="checkbox"/>	

COMPLIANCE PROGRAM	YES	NO	COMMENTS
Does the Bank have a written compliance program?	<input type="checkbox"/>	<input type="checkbox"/>	
Are there board approved policies and procedures?	<input type="checkbox"/>	<input type="checkbox"/>	
Are policies and procedures clearly communicated?	<input type="checkbox"/>	<input type="checkbox"/>	
Are policies and procedures current and reflect actual processes?	<input type="checkbox"/>	<input type="checkbox"/>	
Are all employees trained with materials specific to their job functions?	<input type="checkbox"/>	<input type="checkbox"/>	
Is the Board sufficiently trained on their role in the CMS?	<input type="checkbox"/>	<input type="checkbox"/>	
Is training well-documented?	<input type="checkbox"/>	<input type="checkbox"/>	
Does the financial institution have a process for self-monitoring?	<input type="checkbox"/>	<input type="checkbox"/>	
Is appropriate corrective action taken on any deficiencies noted during monitoring?	<input type="checkbox"/>	<input type="checkbox"/>	
Are deficiencies escalated and addressed timely?	<input type="checkbox"/>	<input type="checkbox"/>	
INDEPENDENT COMPLIANCE AUDIT	YES	NO	COMMENTS
Is an independent audit conducted on the effectiveness of the CMS?	<input type="checkbox"/>	<input type="checkbox"/>	
Is the audit risk based?	<input type="checkbox"/>	<input type="checkbox"/>	
Are deficiencies escalated and addressed timely?	<input type="checkbox"/>	<input type="checkbox"/>	
OTHER AREAS OF CMS	YES	NO	COMMENTS
Does the institution have policies and procedures addressing affiliate and third-party oversight?	<input type="checkbox"/>	<input type="checkbox"/>	
Are affiliate and third-party service providers monitored and trained appropriately?	<input type="checkbox"/>	<input type="checkbox"/>	
Does the CMS address marketing and advertisements?	<input type="checkbox"/>	<input type="checkbox"/>	
Does the institution have a record retention policy that is clearly communicated to all employees?	<input type="checkbox"/>	<input type="checkbox"/>	