

BEST PRACTICES OF A LEAN COMPLIANCE TEAM



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INTRODUCTION

Compliance regulations in the financial services space have increased in recent years. However, many firms' compliance departments are increasingly struggling to add staff positions to their teams or replace employees who leave for other opportunities. Senior leaders in some companies unfortunately embrace the misperception that, because the firm has not been the subject of any previous enforcement actions, the compliance department's funding must be adequate.

If your compliance department is tasked with doing more with less, these best practices can help you stay on top of your regulatory obligations – ultimately protecting your firm, clients, employees, and stakeholders.

BEST PRACTICE #1:

ENSURE TEAM MEMBERS UNDERSTAND THEIR ROLES

When you have a lean compliance team, it's more important than ever to ensure that staff members understand their responsibilities and how those responsibilities fit within the bigger picture of the compliance department and firm as a whole. You also have a vested interest in keeping your team satisfied, as turnover in a thinly-staffed compliance department can add additional stress to an already overburdened team.

Training and cross-training are also critically important for roles handling time-sensitive tasks. When compliance team members know there is someone else on staff who can back them up during time away from the office, they will likely be happier with their jobs. This, in turn, can lead to decreased staff turnover. Cross-training also empowers employees to do more with their skills and background, which is another "win" in the employee satisfaction category.

BEST PRACTICE #2:

ENCOURAGE AND FOSTER COLLABORATION

Any size organization can benefit from increased collaboration, but it is especially important when your team is smaller than you would like. Holding regular team meetings, encouraging questions and discussions, and keeping the lines of communication open can all help your team feel like a team – and not a collection of individuals who simply come into the office, do their own work, and leave.

Of course, each team member has his or her own responsibilities, but encouraging collaboration can limit the risk of a potential issue falling through the cracks when staffing levels are tight.

Having a more cohesive team can help ensure that if a compliance problem or issue arises, that it is identified and addressed appropriately.

BEST PRACTICE #3:

REEXAMINE TRADITIONAL PROCESSES

While it's a good exercise for any compliance department to reexamine and reevaluate policies and procedures periodically, lightly-staffed teams can realize significant benefits from doing so.

Just because your team and department has always reviewed employees' personal securities transactions a certain way or has always tracked employee certifications using spreadsheets does not mean those are the best ways of handling those tasks. It is easy to get in the habit of handling compliance oversight and supervision a certain way; change can be hard. However, there may be simpler ways of accomplishing the same end goal – without sacrificing the integrity of your compliance program or team personnel.

Look at each internal policy or desk procedure independently, with an objective eye. Ask yourself the following questions:

- » What rule or regulation is the policy designed to address?
- » Is each step in its current form critical?
- » Are there other ways of approaching the policy that would have the same or a better end result?

This exercise is one example of where a collaborative team approach can be beneficial, with each team member bringing their own background and experience to light as you seek to identify and implement process improvements.

BEST PRACTICE #4:

INVEST IN SCALABLE TECHNOLOGY

Perhaps the single most important thing you can do to ensure compliance with a lean staff is investing in a RegTech solution designed to help your team do more with less, and to grow along with your firm.

Implementing technologies designed specifically for the regulatory compliance space can free up staff resources while actually improving your firm's compliance.

For example, rather than paying an employee to manually create, send, review, and track periodic attestations, you can leverage RegTech to do the job in a fraction of the time. Your compliance technology can identify outliers or potential compliance issues so team members' time and attention can be devoted to more meaningful work.

Today's RegTech solutions have a variety of applications, covering everything from personal trading and preclearance to complex issue management. With customizable workflows, you can ensure that someone on your team is notified and that issues are escalated immediately and appropriately. This means potential violations can be addressed promptly, limiting risk to your organization.

With on-demand, real-time reporting capabilities and functionality designed to interface and "talk to" your firm's existing systems, you will also have information at your fingertips that can further reduce risk and improve compliance.

BEST PRACTICE #5:

USE METRICS TO STRENGTHEN YOUR REQUEST FOR ADDITIONAL FUNDING

Of course, at the end of the day, you need a fully-staffed compliance department. Without data behind your staffing request however, you could fall victim to the "if it ain't broke, don't fix it" mentality from senior leaders in your firm who don't grasp the need for proactive and comprehensive compliance efforts.

When you implement a RegTech solution, you will have a wealth of information at your fingertips.

Leverage those metrics to help bolster your request for additional staff or resources, as needed.



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