

# COMPLIANCE MONITORING



HUNTSWOOD

# BACKGROUND

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With the regulatory landscape continuously evolving, it is vital that firms undertake robust compliance monitoring to ensure they are meeting regulatory requirements and managing their regulatory risk. The FCA outlines the need to maintain a permanent and effective compliance function which acts independently and oversees the effectiveness of internal controls and procedures and adherence to these. Critically, it is seen to take corrective action when shortcomings are identified, ensuring your firm meets its regulatory obligations.

With the introduction of the Senior Managers and Certification Regime (SMCR) the need for robust and effective compliance monitoring has never been greater. Compliance monitoring allows the Compliance Oversight Function to discharge their responsibilities and can also act as an independent check to support the individual responsibility of senior managers within the business.

Independent compliance monitoring prevents any repetition of past failings due to the function being too close to the business or being unable to see existing and developing risks.

Independent compliance monitoring is also valued by customers. Research carried out by Huntswood in conjunction with the University of Surrey and the University of Exeter, determined that 70% of customers felt that independent compliance monitoring would protect them against the potential risk of being mis-sold a product that didn't meet their needs.

The research found that customers' trust in a firm, and intention to purchase from them, is increased when that firm's approach to sales and service (and claims or collections, where relevant) has been reviewed and assessed by an independent third party.

A man with short, light-colored hair, wearing a dark suit jacket, a light-colored shirt, and a dark tie, is sitting and smiling. His hands are clasped in front of him. The background is a solid light blue color.

**70% OF CUSTOMERS  
FELT THAT INDEPENDENT  
COMPLIANCE MONITORING  
WOULD PROTECT THEM AGAINST  
THE POTENTIAL RISK OF BEING  
MIS-SOLD A PRODUCT**

**PAUL FRANKLIN**  
SENIOR CONSULTANT

# A FLEXIBLE AND ROBUST APPROACH

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An effective compliance function is key to identifying and mitigating regulatory risk, protecting the company's brand and reputation, and avoiding regulatory censure.

There is no one-size-fits-all approach to compliance monitoring.

At Huntswood, we are able to support you on every step of your compliance monitoring journey by tailoring a programme to suit your firm's specific needs. This can be either:

- Working with you to carry out an initial risk assessment of your business so that we can identify any high-risk areas and from there develop a compliance monitoring plan for your business. We can then support you in the execution of this plan

OR

- If you have already developed your own plan, we can support you with the execution of this. We will use our experience and knowledge to effectively review the risk areas which you have identified and will produce a detailed plan to remedy any issues we identify

# DELIVERY MODELS

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Depending on the level of support you require, we can provide different risk-focused approaches to develop and deliver your compliance monitoring plan and to ensure your business's regulatory risks are appropriately monitored and managed.

Each of these delivery options can be flexible to suit your needs, with the capacity for support to be drawn upon regularly or on an ad hoc basis as and when required.

### CO-SOURCED / PARTNERSHIP DELIVERY

Execution of the compliance monitoring plan is shared between your business and Huntswood. We can work with your team to ensure that you are fully supported with appropriate governance in place, to deliver a robust and effective compliance monitoring programme aligned to good customer outcomes, industry best practice and regulatory expectations.

This benefits by allowing:

- Huntswood to share our experience with your team and help to upskill them
- You remain in control of the design, build and control of your compliance monitoring plan
- A bespoke and tailored approach to suit your needs with flexible resourcing when required

### OUTSOURCED / PROGRAMME DELIVERY

Execution of a full scope, risk-focused, independent compliance monitoring programme delivered by Huntswood.

This benefits by allowing:

- Huntswood being responsible for development and delivery of the plan, on an ongoing basis
- It is a good option for firms who do not have an established compliance monitoring function to ensure that they are meeting their regulatory expectations
- We are able to offer competitive rates meaning in most cases we cost less than a firm's in-house team
- Higher impact compliance monitoring protects your firm from the consequences of adverse regulatory interest

### SECONDMENT / INTERIM RESOURCE

Provision of additional resource to supplement your monitoring resource requirements and provide an additional external perspective and view of good industry practice that you need to deliver your plan but that you do not have in-house.

# OUR APPROACH

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## ONCE YOUR DELIVERY MODEL IS SELECTED WE CAN TAILOR THE LEVEL OF SUPPORT YOU REQUIRE

Whatever the level of support required, Huntswood will ensure the execution of a risk focused compliance monitoring programme supporting your overall business objectives and ensuring you robustly manage and mitigate the regulatory risk pertinent to your business.

We can work with you to validate your existing monitoring plan, or produce a new one if required ensuring it is appropriately risk-based.

From there we will agree with you the programme of work, including the number of reviews and review areas. We will also agree an appropriate review frequency and support you to determine the types of review to be performed. This could include, amongst others, product reviews, business unit reviews and thematic reviews.

Working closely and collaboratively with you, with appropriate governance in place, we will ensure a robust and effective compliance monitoring programme aligned to fair customer outcomes, industry best practice and regulatory expectations is delivered.

As part of the offering we can provide:

- A regulatory risk assessment - to identify the principal regulatory risks across the business and where poor customer outcomes could occur
- A risk based annual compliance monitoring plan - to include a mixture of thematic, business unit, product and deep-dive reviews. We can also help you to determine the resource requirements for effective and efficient delivery of the plan

- Delivery of compliance monitoring reviews through a diverse range of fieldwork activities including:
  - Review of documented policies and procedures to ensure that they meet regulatory requirements and ensure fair customer outcomes
  - Interviews with key stakeholders responsible for the activity being reviewed
  - File testing or call listening to ensure fair outcomes for customers have been achieved in practice

Where issues are identified we can support you to create a pragmatic action plan to remedy these effectively and efficiently.

We can also support you to develop a framework to support your compliance monitoring activities which could include:

- A compliance monitoring methodology and approach detailing the procedures to be followed when undertaking a review including planning, fieldwork, reporting and closedown of actions

- The creation of standardised templates to be used when undertaking reviews to ensure quality consistency and a robust audit trail
- Development of governance arrangements for compliance monitoring activities

# BENEFITS

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## INDEPENDENCE

- The potential for conflicts of interest in the delivery of compliance monitoring is removed by having this delivered by an independent firm
- An independent compliance monitoring function allows for your business to demonstrate to the regulator that you are meeting regulatory requirements
- From our research, 70% of customers felt that independent compliance monitoring would protect them against the potential risk of being mis-sold a product that didn't meet their needs

## ACCESS TO WIDER REGULATORY EXPERTISE

- Huntswood's independent compliance monitoring team is exposed to industry best practice on a daily basis and uses this knowledge to support the wider business
- Having access to a broad range of expertise that cannot be obtained in-house ensures that you have people with the right expertise and experience at the right time to make a thorough judgement of the compliance of your business
- In addition to delivering the reviews, our team can provide a horizon scan which ensures your approach to compliance monitoring and policy is continually aligned to regulatory requirements

## HELP MANAGE REPUTATIONAL RISK

- The ongoing monitoring of activity will help to ensure that issues are identified - reducing the likelihood of regulatory intervention and avoiding reputational damage to your business
- Ongoing monitoring of activity will enable the consistent delivery of good customer outcomes - helping maintain a strong brand, reputation and generating customer advocacy

## VALUE FOR MONEY

- By taking a truly risk-based approach and drawing on Huntswood's expertise your compliance monitoring work load can be reduced by being more focused and impactful

# WHY HUNTSWOOD

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## PROVEN EXPERTISE

Huntswood have a successful track record in providing compliance monitoring across a number of firms within the financial services industry



## SKILLED PERSON PANEL

Huntswood is appointed to the FCA Skilled Person Panel for the provision of 'conduct of business' and 'governance and individual accountability' skilled person reviews.



## PRAGMATIC APPROACH

Our risk-based, proportional approach means that we deliver a practical solution that can be easily implemented by your business.



## REGULATORY INSIGHT

We regularly engage with the regulator on hot topics and interpretation of their publications / recommendations to ensure our advice to clients draws on the most up to date insight.



**FLEXIBLE  
SOLUTION**

We deliver a solution tailored to your specific needs that protects your organisation now and on an ongoing basis.



**BLEND OF  
EXPERTISE**

We have a range of experts to support a blended approach to your compliance monitoring needs across conduct risk and financial crime risk.



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