



## Managing Compliance Proactively

In association with



## Introduction

The global financial crisis has raised many questions regarding economic policies, regulatory shortcomings and business practice around the world and has sparked a backlash across the globe against loose standards of ethics and compliance in the financial services industry in particular. No doubt, there will be an increased focus on stronger regulations and enforcing compliance across all industries going forward.

Compliance is an integral aspect of risk management and corporate governance and is about applying the law to business. Failure to comply is a regulatory, financial and reputational risk to an organisation. The compliance officer acts as an adviser and assists management to fulfil its responsibility to comply with all the relevant rules, laws and standards that apply to that particular organisation. While responsibility for compliance ultimately resides with top management, an effective compliance programme requires compliance to be embedded into all business processes.

Many compliance programmes fail due to lack of resources and because they are isolated from other parts of the business. Compliance should be an integral part of a company's culture, not simply an isolated function.

Julie Methven, CEO of the Compliance Institute says that organizations with mature compliance cultures consider the compliance function a vital element of business operations and no decisions, for example on new business ventures or services, are taken in such organizations without the involvement of the compliance function.

## Typical process

Compliance has traditionally been gauged using tools that are readily available to all compliance departments at no significant cost. The use of excel spreadsheets and word documents are commonplace, but gathering the data is time consuming and cumbersome, often requiring multiple iterations to achieve a workable set of data. Collating the collected data, and the reports that can be drawn from such data, are also limited by the nature of the tools used. Due to the time taken to collate and analyse the data, often by the time the findings are reported, they are out of date.

While the use of these tools does allow a certain level of compliance management, it is not sufficient to build and run an effective company-wide compliance programme. As the compliance programme matures, so the need for a complete compliance management system increases.

## How can we make compliance part of our business ?

To ensure the compliance programme becomes an integral part of regular business processes, compliance must be reported to the board, and be regularly placed on the board's agenda. The board must become knowledgeable about the organisation's compliance through the effective reporting of the data collected in the compliance process.

Finally, the company must adopt a mindset that business and compliance go together, not only at the board level, but across all areas of the business. Compliance should be made part of the day to day business operations so that all employees understand the importance of complying with the law and the risks to the organisation of not complying.

## How do I monitor compliance effectively?

While there are many approaches to measuring compliance, they all share common elements. The first step in any compliance process is to determine the relevant laws or standards that apply to the business. Obviously this requires an in-depth understanding of the business so that all pertinent regulatory content is identified.

The next step is to translate the relevant regulatory content into measurable deliverables. These could be actions that need to be performed, or questions that need to be asked of various business units to ascertain the level of compliance.

Once these deliverables have been identified, it's important to include all relevant business units in the process. The only way to embed the mindset throughout the organisation that compliance is important is to involve people at every level and in every step of the process. All relevant business units must be assessed and the results must be collated.

As part of this process, weaknesses will naturally be identified. Remedial actions must be determined and assigned to the relevant parties. Again, the inclusion of the business units goes some way to ensuring that the compliance programmes will be positively received and adopted.

Reports on the progress of the programme must be prepared and presented to the relevant stakeholders for review. These reports must be used in any risk analysis and should inform any business decisions that are made.

The process is then repeated at regular intervals, taking into consideration any changes in the regulatory requirements, the controls in place or the risks of non-compliance.

## How The Compliance Institute can assist

The Compliance Institute of South Africa is a home to all compliance officers, but has a particular focus on the financial services industry at this time. The Institute offers a host of benefits to members that assist them in carrying out their role as professional compliance officers. In addition to training courses and conferences, the Institute also recently launched the Generally Accepted Compliance Practice Framework which sets standards for proficient compliance and provides not only theoretical content but practical applications as well. The Institute is also currently involved in a professionalism initiative which will introduce new levels of professionalism and tighter admission requirements for compliance officers operating in the financial services industry.

## How Cura comes into play

Cura's software and solutions enable businesses (whether small, medium, large or Global 500) in over 40 countries around the world to quickly achieve the bottom line benefits of compliance management. Cura manages the risk environment including compliance and governance in a smarter way than ever done before.

At Cura, we believe that information, if viewed appropriately, can present a compelling decision support system that will enable organisations to act smarter in the environment. This necessitates an approach that will allow the organisation to leverage its knowledge into a useful tool and to change the methodology by which it records the information in an easier and smarter method.

Cura enables companies to deal with risk and compliance at every stage of the management cycle – from identification of the risk or compliance issue, to management, assessment, reporting, and monitoring of all profiles at any organizational level.

With expert content, including questionnaires that can be targeted at the relevant business units, Cura is ideally placed to provide a compliance management product that achieves all the objectives set out above.

## About the Compliance Institute

The Compliance Institute is the recognised industry body for compliance officers in the South African financial services arena and it endeavours to enable professional compliance and to promote the application of international best practice. This is achieved by:

- Promoting the professional status, image and credibility of our members by means of our Accreditation / Professionalism Programme;
- Encouraging and facilitating the exchange of information among our members through communication;
- Promoting education and training by offering conferences, forums, seminars and workshops;
- Establishing, maintaining and promoting industry standards through our Generally Accepted Compliance Practice Framework.

## About Cura Software Solutions

Cura provides smarter software solutions designed to enable businesses around the world to quickly achieve the bottom line benefits of governance, enterprise wide risk management and compliance (GRC), coupled with performance management. Cura does this through fast implementation, easier configurability and true enterprise architecture.

Established in 2001, Cura is used by over 200 customers such as Thiess, Anglo American plc, Westfield, Allianz, V/Line, Old Mutual plc, GlaxoSmithKline, Standard Bank, Virgin Blue, as well as governments and consulting firms world-wide. Cura has offices in Boston, London, Sydney, Melbourne, Hyderabad, Singapore, Cape Town and Johannesburg, and has distributors in 10 countries.

Cura is a wholly owned subsidiary of SoftPro Systems, which is traded on the Indian NSE and BSE Stock Exchanges.