

# Compliance controls top FINRA focus for 2016

The quality of a firm's compliance controls is climbing higher on the priority stack in both the boardroom and on regulators' examination checklists. In February, for instance, the founder and CEO of a multi-billion dollar human resources software company stepped down over inadequate compliance procedures and internal controls.[1]

The same month, the Financial Industry Regulatory Authority (FINRA) urged [2] firms to review their supervisory and compliance controls as a top focus for the year: "We will assess five indicators of a firm's culture: whether control functions are valued; whether policy or control breaches are tolerated; whether the organization proactively seeks to identify risk and compliance events; whether supervisors are effective role models of firm culture; and whether subcultures that may not conform to overall corporate culture are identified and addressed."

When FINRA conducts reviews as part of this exam sweep, they will evaluate the processes a firm uses to identify policy breaches, including the types of reports or other documents a firm relies on, to determine whether a breach has occurred.

FINRA is particularly interested in how a firm measures compliance with its cultural values and what metrics, if any, are used.

Implementing integrated compliance management software can help a firm establish and maintain regulatory, cultural and ethical values. Risk assessments and staff certifications can instantly be generated, for example, along with output-ready reports. Compliance documents and data can be centrally stored and easily accessed, providing regulators with evidence on-the-fly that a financial firm or consultant is taking proactive steps to maintain a culture of compliance.

Click here to learn how.

[1] <https://www.zenefits.com/blog/zenefits-names-david-sacks-ceo>

[2]

<http://www.finra.org/industry/establishing-communicating-and-implementing-cult>

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