Massachusetts
Division of Banks

Compliance Management Review

Entity Name: [Click&type]

Prepared by: [Click&type]

Charter/License Number:

Date:

Examiners should use this template to evaluate the entity's compliance management system. The review should cover the items listed below (and detailed on the following pages) that are the common elements of an effective compliance management program.

I. Board of Directors and Management Oversight ..... [#]

II. Compliance Program ..... [#]

A. Policies and Procedures ..... [#]

B. Training ..... [#]

C. Monitoring and Corrective Actions ..... [#]

III. Consumer Complaint Response ..... [#]

IV. Compliance Audit ..... [#]

Massachusetts
Division of Banks

Compliance Management Review

Entity Name: [Click&type]

Prepared by: [Click&type]

Charter/License Number:

Date:

I. Examination Procedures - Board of Directors and Management Oversight	
To evaluate board's and senior management's oversight of the compliance management system, examiners should:	***Comments***
1. Review board meeting minutes and supporting materials during the period under review for coverage of compliance matters.	[Click&type]
2. Determine board committee structures and delegated responsibility for compliance matters, such as to an audit committee or risk committee, and review the meeting minutes and supporting materials of those committees for coverage of compliance matters.	[Click&type]
3. Determine any management committees with delegated authority and accountability for compliance matters, including fair lending, and review their composition, functions, and reporting to committees of the board or to the board.	[Click&type]
4. Determine the authority and accountability for compliance matters of regional or business unit governance bodies; and review their composition, functions, and reporting.	[Click&type]
5. Review policies for: a. Clarity, comprehensiveness, and currency; and b. Appropriate reflection of risks to consumers posed by the organization's practices, including compliance issues and risks facing the organization.	[Click&type]
6. Review the formal written compliance function document adopted by the board of directors or an appropriate committee of the board, and determine the resource	[Click&type]

allocation to compliance as part of the entity's budget and planning process.	
7. Identify the chief compliance officer and other responsible individuals.	[Click&type]
8. Review the role of the chief compliance officer for authority to lead a compliance program and independence from business units.	[Click&type]
9. Review board and board committee records for evidence of the chief compliance officer's independent access to board members and governance bodies.	[Click&type]
10. Review processes for the identification of new regulatory requirements, changes in requirements, and planning for implementation.	[Click&type]
11. Review processes for development and implementation of new consumer financial products or services, distribution channels or strategies to determine degree of compliance function participation. Determine whether these processes consider fair lending compliance risk.	[Click&type]
12. Determine degree of compliance review of draft marketing material (including scripts) and their implementation.	[Click&type]
13. Review reporting for the identification and resolution of issues and the timeliness and completeness of such actions.	[Click&type]
14. Review board or committee consideration of compliance audit matters for coverage of key risks, independence from business functions, and resolution of identified issues.	[Click&type]

Massachusetts
Division of Banks

Compliance Management Review

Entity Name: [Click&type]

Prepared by: [Click&type]

Charter/License Number:

Date:

Conclusions - Board of Directors and Management Oversight
Draw preliminary conclusions about the strength, adequacy, or weakness of board and senior management oversight. Consider whether the board and management has: a. Demonstrated clear expectations about compliance within the entity and to service providers; b. Adopted clear policy statements regarding consumer compliance; c. Appointed an appropriately qualified and experienced chief compliance officer; d. Provided for other compliance officers with authority and accountability; e. Established a compliance function to set policies, procedures, and standards; f. Allocated resources to the compliance function commensurate with the size and complexity of the entity's operations and practices and the state and federal consumer financial laws and regulations to which the entity is subject; g. Addressed consumer compliance risks of harm to consumers throughout product development, marketing, and account administration; h. Addressed consumer compliance risks of harm to consumers through the entity's handling of consumer complaints and inquiries; i. Required audit coverage of compliance matters and reviewed the results of periodic compliance audits; and j. Provided for recurring reports of compliance risks, issues, and resolution through a committee structure or to the board. Confirm the preliminary conclusions through a risk-focused review of the compliance management system.
[Click&type]

II. Compliance Program

A. Examination Procedures - Policies and Procedures

To determine the strength, adequacy, or weakness of policies and procedures, examiners should:	***Comments***
1. Request and review policies and procedures related to consumer compliance, including fair lending and other state and federal consumer financial laws, and policies and	[Click&type]

procedures related to offering consumer financial products and services.	
2. Review policies and procedures for changes management committed to make following recent monitoring, audit, and examination findings and recommendations.	[Click&type]
3. Review policies and procedures to determine whether and how they address new or amended state and federal consumer financial laws and regulations since the preceding examination by the Division, CFPB, or prudential regulator, as applicable.	[Click&type]
4. Request and review policies and procedures to determine whether they cover consumer financial products or services introduced since the preceding examination by the Division, CFPB, or prudential regulator, as applicable.	[Click&type]
5. Review policies and procedures relating to compliance with specific regulatory requirements (such as fair lending or the privacy of consumer financial information) and their implementing procedures.	[Click&type]
6. Review for outdated content, the names of unaffiliated entities, or other indicators that policies are overly general or not tailored to the needs and actual practices of the supervised entity being examined.	[Click&type]
7. Review policies and procedures for products with features that may inhibit consumer understanding or otherwise pose heightened risks of (a) unfair, deceptive, or abusive practices, or (b) fair lending concerns.	[Click&type]

Massachusetts
Division of Banks

Compliance Management Review

Entity Name: [Click&type]

Prepared by: [Click&type]

Charter/License Number:

Date:

8. Review policies and procedures for products containing features that may pose heightened risk of unlawful discrimination. Such features may include: 9. particular incentives created by employee compensation structures; 10. discretion over product selection, underwriting, or pricing; or 11. distinctions related to geography or prohibited bases (such as age or marital status).	[Click&type]
12. Review policies and procedures designed to ensure that the entity's service providers comply with legal obligations applicable to the product or service of the examined entity and the provider.	[Click&type]
13. Review policies and procedures maintained by different regional, business unit, or legal entities subject to the same corporate or board-level policies for consistency.	[Click&type]
14. Review policies and procedures for record retention and destruction timeframes to ensure compliance with legal requirements.	[Click&type]
15. If compliance procedures are embedded in automated tools or business unit procedures, determine that a qualified compliance officer or contractor reviewed these tools for consistency with policies and procedures and compliance with applicable state and federal consumer laws and approved them for the purpose for which they are utilized.	[Click&type]
Conclusions - Policies and Procedures	

Massachusetts
Division of Banks

Compliance Management Review

Entity Name: [Click&type]

Prepared by: [Click&type]

Charter/License Number:

Date:

Draw preliminary conclusions regarding the strength, adequacy, or weakness of policies and procedures. Consider whether policies and procedures: a. Are consistent with board-approved policies; b. Address compliance with applicable state and federal consumer financial laws; c. Cover product or service lifecycles; and d. Are maintained and modified to remain current and to serve as a reference for employees in their day-to-day activities. Confirm the preliminary conclusions by identifying business units, delivery channels, or offices for transaction testing. Test to confirm that actual practices are consistent with strong or adequate written policies and procedures. Test to determine the impact of apparently weak procedures.
[Click&type]

Massachusetts
Division of Banks

Compliance Management Review

Entity Name: [Click&type]

Prepared by: [Click&type]

Charter/License Number:

Date:

B. Examination Procedures - Training	
To evaluate the quality of the entity's compliance training program, examiners should:	***Comments***
1. Request and review the schedule, record of completion, and materials for recent compliance training of board members and executive officers.	[Click&type]
2. Determine the involvement of compliance officer(s) in selecting, reviewing, or delivering training content.	[Click&type]
3. Request and review policies, standards, schedules, and records of completion for compliance-specific training of compliance professionals, managers, and staff, and documents demonstrating that service providers who have consumer contact or compliance responsibilities are appropriately trained.	[Click&type]
4. Request and review samples of the content of training materials and comprehension tests, including training related to fair lending, new regulatory requirements, new products or channels of distribution, and marketing (including scripts).	[Click&type]
5. Request and review training developed as a result of management commitments to address monitoring, audit, or examination findings and recommendations or issues raised in consumer complaints and inquiries.	[Click&type]
6. Determine whether the program is designed to provide training about the specific regulatory requirements relevant to the functions of particular positions for loan officers,	[Click&type]

such as the Truth in Lending Act and the Equal Credit Opportunity Act.	
7. Review records of follow-up, escalation, and enforcement for units with training completion rates that do not meet the supervised entity's standards or deadlines.	[Click&type]
8. Request and review the supervised entity's plans for additions, deletions, or modifications to compliance training over the next 12 months and any plans for changes to the overall training resources and compare actual training activities to prior plans.	[Click&type]
Conclusion - Training	
Draw preliminary conclusions about the strength, adequacy, or weakness of the compliance training program. Consider whether: a. Compliance training is current, complete, directed to appropriate individuals based on their roles; b. Training is effective, and commensurate with the size of the entity and nature and risks to consumers presented by its activities; c. Training is consistent with policies and procedures and designed to reinforce those policies and procedures; and d. Compliance professionals have access to training that is necessary to administer a compliance program. Confirm the preliminary conclusions through a risk-focused review of the compliance training program.	
[Click&type]	

Massachusetts
Division of Banks

Compliance Management Review

Entity Name: [Click&type]

Prepared by: [Click&type]

Charter/License Number:

Date:

C. Examination Procedures - Monitoring and Corrective Action	
To evaluation whether monitoring and audit programs are adequate and comprehensive, examiners should:	***Comments***
1. Determine the chief compliance officer's role in the compliance monitoring element of the compliance program.	[Click&type]
2. Request and review the monitoring and testing schedule for the current year or next 12 months and review the currency of reviews in process against the current schedule.	[Click&type]
3. Request and review the risk assessments or other documents that led to the monitoring and testing program plan, including any fair lending risk assessments.	[Click&type]
4. Discuss with the compliance officer or monitoring manager the coverage of service providers that have contact with consumers.	[Click&type]
5. Determine whether and to what extent monitoring includes calculation tools, the content of consumer disclosures and notices, marketing materials, and scripts or guides for employee contacts with consumers.	[Click&type]
6. Request and review all compliance monitoring, testing, and corrective action reports completed during a specific period of time. Include reports related to fair lending compliance, such as fair lending "self-evaluations." (But do not request reports of fair lending "self-tests" that meet the strict requirements set forth in 12 CFR 1002.15.)	[Click&type]
7. Review reports for indications of systemic weaknesses, repeat violations of law and resulting risks or harms to	[Click&type]

consumers, or other matters of significant concern such as potential discriminatory effects of policies or procedures or particular business units with continuing or high levels of non-compliance.	
8. Review a sample of reports and supporting documents covering potential unfair, deceptive, or discriminatory practices or related matters that pose heightened risks to consumers for thoroughness of review, accuracy of findings, and appropriateness of recommendations.	[Click&type]
9. Determine whether monitoring results in corrective action that is timely and appropriate in size and scope.	[Click&type]
Conclusions - Monitoring and Corrective Action	
Draw a preliminary conclusion regarding the strength, adequacy, or weakness of the compliance monitoring and corrective action program. Consider whether: a. Monitoring is scheduled and completed and leads to timely corrective actions where appropriate; b. Monitoring confirms that transactions and other consumer contacts are handled according to the entity's policies and procedures; c. Monitoring and testing consider the results of risk assessments or other guides for prioritizing reviews; d. Monitoring addresses deficiencies identified in internal or external audits and the board's or management's directives on resolving the deficiencies; and e. Findings are escalated to management and to the board of directors if appropriate. Confirm the preliminary conclusions by selecting areas for further review either because of lack of coverage by the monitoring program or to confirm monitoring or corrective action findings.	
[Click&type]	

Massachusetts
Division of Banks

Compliance Management Review

Entity Name: [Click&type]

Prepared by: [Click&type]

Charter/License Number:

Date:

III. Examination Procedures - Consumer Complaint Response

To evaluate the adequacy of the consumer complaint responses, examiners should:	*Comments*
1. Obtain and review records of recent consumer complaints and inquiries received by the Division about the entity and its service providers.	[Click&type]
2. Review industry or other benchmarking complaint data collected by the Division.	[Click&type]
3. To the extent available, obtain and review records of recent consumer complaints against the institution from: a. The prudential regulator; b. Other state regulators; c. CFPB; d. State attorneys general; and e. Private or other industry sources.	[Click&type]
4. Request and review the institution's policies and procedures for receiving, escalating, and resolving consumer complaints and inquiries.	[Click&type]
5. Request and review the record of consumer complaints and inquiries received by the institution for a specific recent period of time.	[Click&type]
6. Identify complaints alleging deception, unfair treatment, unlawful discrimination, or other significant consumer injury and review some or all of those complaints for handling, timeliness, disposition, and any prospective and retrospective corrective actions.	[Click&type]

7. Determine whether corrective action is offered or taken for any complaint resulting in a conclusion of violation of law or regulation.	[Click&type]
8. Determine whether complaints involving service providers or other third parties referring business to the supervised entity receive prompt and appropriate handling and follow-up by the entity.	[Click&type]
9. If a supervised entity maintains multiple consumer response centers or units, determine whether it employs a common set of best practices as applicable.	[Click&type]
10. Determine whether evaluations of consumer contacts are shared within the supervised entity and included in compliance management reporting to the Board and senior management and whether such information is used in modifying policies, procedures, training, and monitoring.	[Click&type]

Conclusions - Consumer Complaint Response

Draw preliminary conclusions regarding the strength, adequacy, or weakness of the entity's response to consumer issues and concerns. Consider whether:

a. Consumer complaints and inquiries are appropriately recorded and categorized;
b. Complaints and inquiries regarding the entity or its service providers are addressed and resolved promptly;
c. Complaints that raise legal issues involving potential consumer harm from unfair treatment or discrimination, or other regulatory compliance issues, are appropriately escalated;
d. Complaint data and individual cases drive adjustments to business practices as appropriate;
e. Consumer complaints result in retrospective corrective action when appropriate; and
f. Weaknesses in the compliance management system exist, based on the nature or number of substantive complaints from consumers.

Massachusetts
Division of Banks

Compliance Management Review

Entity Name: [Click&type]

Prepared by: [Click&type]

Charter/License Number:

Date:

Confirm the preliminary conclusions by identifying business conduct areas, specific regulations, or organizational units for more detailed review.
[Click&type]

IV. Examination Procedures - Compliance Audit	
To determine the adequacy of the compliance audit program, examiners should:	***Comments***
1. Request the supervised entity's audit plans and schedules for the prior year, current year, and the following year.	[Click&type]
2. If compliance audit is performed by a third party, request and review the engagement letters or contracts covering the prior year and the current year.	[Click&type]
3. Determine the basis for the audit plan and schedule and whether reporting is to the board of directors or to an audit committee or other committee of the board.	[Click&type]
4. Request and review all compliance audit reports for a specified period of time, including any fair lending audit reports.	[Click&type]
5. Determine whether written audit reports identify the scope, sampling techniques, findings/deficiencies, recommendations for corrective action, and management responses with time frames for corrective action.	[Click&type]
6. Determine whether audit scopes include previous audit and examination findings, new requirements, new products and channels, and self-identified higher risk areas of the supervised entity's operations.	[Click&type]

Massachusetts
Division of Banks

Compliance Management Review

Entity Name: [Click&type] **Prepared by: [Click&type]**

Charter/License Number: **Date:**

7. Request and review audit workpapers for a sample of audits covering fair lending laws and regulations; potential unfair, deceptive, or abusive practices; or other areas that may pose heightened risks to consumers.	[Click&type]
8. Determine whether corrective actions are tracked and any delay in appropriate management response or lack of corrective action is escalated.	[Click&type]
9. Determine whether the supervised entity's chief compliance officer and appropriate business unit head(s) receive copies of audit reports, so that adjustments can be made to compliance program elements in a timely manner.	[Click&type]
10. Review audit function structure and policies and procedures to ensure that the audit function, whether internal or external, is sufficiently independent of the business line and compliance management function.	[Click&type]

Conclusion - Compliance Audit

Draw preliminary conclusions about the strength, adequacy, or weakness of the compliance audit. Consider whether:

a. The audit program is sufficiently independent and reports to the board or a committee of the board;
b. The audit program addresses compliance with all applicable state and federal consumer financial laws;
c. The schedule and coverage of audit activities is appropriate to the size of the entity, its consumer financial product offerings, and its manner of conducting its consumer financial products business;
d. All appropriate compliance and business unit managers receive copies of audit reports in a timely manner; and
e. Audit results lead to appropriate, timely corrective action.

Confirm the preliminary conclusions by identifying areas for further review based on gaps in audit coverage or to confirm the accuracy of audit findings and reporting.

[Click&type]