

BCube Compliance Delivery Platform

Role of Compliance Pillars in Successful Compliance Operations



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Table of Contents

Introduction.....	3
The Basics.....	3
The BCube C-Gap Manager and Pillars of Compliance.....	4

Introduction

Compliance in today's post Dodd Frank and Affordable Care Act world is more complicated than in the years past. Regulations are more complex, implementation times shorter and the Agencies more demanding. This means you need to increase your compliance effort and budget just to stay even. But since compliance is not optional and heightened regulatory demands increase your regulatory and reputational risk, there is no prudent course of action but to have a winning compliance program.

In today's environment, Agencies often want additional steps be taken to ensure that the operations that support compliance requirements have been addressed. With the BCube compliance Delivery Platform (CDP), we address this mandate using the ***Pillars of Compliance***. The "Pillars" provide a uniform structure to ensure the critical supporting aspects of your operations have been addressed and you comply with all the requirements of the regulation.

Reference our paper titled "***A Winning Compliance Strategy with the BCube Compliance Delivery Platform (CDP)***" that outlines 8 simple steps to address the entire compliance life cycle. In this paper, we help you understand the role of the ***Pillars of Compliance*** and how they should be integrated across your business operations to ensure a winning compliance strategy.

The Basics

In the OCC 2011-12 bulletin titled "[Sound Practices for Model Risk Management: Supervisory Guidance on Model Risk Management](#)", the agency recommended that developmental evidence, such as the theoretical approaches that were evaluated in the development of a model be documented to support the soundness of the approach selected. Similar direction was provided in the multi-agency guidance for the Basel Advanced rule, so it is clear that addressing supporting operations should be part of any comprehensive treatment of a regulatory requirement. Bottom line, to have a first rate compliance effort supporting systems (governance, policies and procedures, systems, controls, testing, reporting, validation, training and documentation), must also be addressed and remediated if they do not adequately support compliant operations as required by the rule.

A pillar can be addressed using a "pillar level gap" or as part of a remediation plan. The BCube CDP supports the integration of "pillar gaps" into your project gap analysis and provides the ability to link documentary evidence associated with the pillar to the gap or remediation plan.

Listed below are the nine pillars and a brief description of each. When creating a gap analysis, to document your implementation of the rule, you may create a pillar level gap for each pillar that applies to ensure you have developed a comprehensive treatment for the requirement. In this way, you will have a complete coverage of all aspects that the agencies expect to see in your operations.

Pillars of Compliance	Description of the Pillars of Compliance
Governance	Provides oversight & control functions by the BOD, Senior Management Committees, Business Unit Managers etc.
Policies and Procedures	Provides written documentation of the practices & processes used to execute day-to-day operations of the system or processes.
Systems	Automated & manual systems used to execute transactions & related

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	operations to address the requirements of the rule.
Controls	Processes and procedures that ensure operations are being executed as intended and in accordance with approved policies and procedures
Testing	Testing plans and results to demonstrate that transactions, calculations, etc. are accurate and functioning as intended.
Validation	Both initial and ongoing validation. Best practice consist of a 3-tier framework: Business Management; Validation committees – Senior Management, Executive Management & BOD; Internal Audit.
Reporting	Meaningful & timely reports to provide management with the information needed to make informed decisions.
Training	Provides the required training & materials so your staff has sufficient knowledge to execute the new / modified operations as intended.
Documentation	Evidentiary documentation, including developmental evidence that details the implementation process, methodologies considered and selected approaches, technical information, related systems, processes, etc.

The BCube C-Gap Manager and Pillars of Compliance

The BCube CDP's C-Gap Manager provides you with a Uniform Compliance Process to incorporate pillar level gaps into your program. When you adopt this 8-step best practices methodology for compliance, as shown in [Figure 1](#), this process becomes easy and seamless.

If you use the CDP's survey subscription, you can automatically generate a draft gap analysis that will include pillar level gaps to address the supporting systems for each section of the rule. Once the draft analysis is created all your staff need do is to ***review the draft information and then customize it for your specific operations and desired approach.***

The CDP's gap analysis is structured at the section & paragraph level to ***ensure complete coverage of the rule.*** It also provides navigators to go directly to any section or paragraph in ***1-click.*** The regulatory text and supporting authority is displayed on a ***split screen*** with the entry fields for the gap analysis at the bottom. Using the CDP you can quickly enter and maintain a current state, gaps (at the pillar level) and remediation plans. It's comprehensive, faster and easier than any other system available. You even have the ability to ***attach documentary evidence*** at the section or paragraph level. The CDP also provides ***section level RBAC and a full audit trail.*** In short all the elements to create ***a comprehensive gap analysis*** to satisfy the requirements of a best practice compliance effort. As an added bonus, it provides firm-wide visibility and control over the entire compliance program.



Figure 1: 8 Steps to Best Practice Compliance

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