



Compliance Check

Q&A: Navigating Regulatory Compliance

Q2 2025



Ask CrossCheck

If you are grappling with a regulatory compliance issue, we invite you to send your query to [Ask CrossCheck](#). Our team of compliance experts are ready to provide the guidance and support you need.

In the following sections, we delve into key questions surrounding board oversight, including the board's role in setting the tone for compliance, the type of information Compliance should report to the board, and how to effectively document the board's oversight and involvement.

Our next issue of Compliance Check will cover an in-depth review of compliance matters that should be approved by the board as well as compliance training that should be provided to the board.

The Board of Director's Role in Compliance Oversight

- ① What is the role of the board of director's (Board), or other similar governing body, in the compliance program?
- ✓ The Board is ultimately responsible for the overall direction and management of the institution, and regulators view an engaged and knowledgeable Board as fundamental to ensuring that compliance management is integrated into the institution's operations at all levels. The board sets the tone from the top, establishes the institution's culture, and approves strategic objectives and policies. While the board has overall responsibility, the directors rely on compliance staff, specifically a compliance officer or director appointed by the institution's management (Compliance), to provide the information they need, either directly to the board or through a designated committee such as an audit or risk committee, to fulfill their oversight duties and make informed decisions.



Compliance Reports for the Board



What information should Compliance convey to the Board?



The information shared by Compliance should be relevant, risk-focused, and provide the Board with a clear understanding of the institution's compliance program through regular and comprehensive reporting of key metrics, including complaint data, examination, internal audit, and compliance monitoring findings, staff compliance training progress, and compliance initiatives. In addition, the reporting should include timely notification of significant compliance issues, regulatory changes, enforcement actions, or internal control weaknesses that could impact the institution. The frequency of compliance reporting to the Board may be determined by the size and complexity of the institution. In larger or more complex companies, a quarterly compliance report is typical, while quarterly or monthly reports may be more appropriate for smaller institutions. CrossCheck recommends the following agenda topics in compliance presentations.

1. Policy review – Cover all compliance related policies along with a summary of current revisions on at least an annual basis or more frequently as off-cycle revisions are made.

2. Annual risk assessments – Provide an executive summary of the current risk assessment along with an explanation of significant changes from the prior version and plans to mitigate high-risk rated areas for which internal control weaknesses have been identified. Risk assessments should address consumer protection and other applicable regulations, including fair lending and unfair, deceptive, or abusive acts or practices (UDAAP), as well as anti-money laundering (AML) and Office of Foreign Assets Control (OFAC). If significant business changes (new products/services, mergers and acquisitions, new/revised regulations, etc.) occur during the year, a revised risk assessment may be required and should be presented to the Board.

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3. Quarterly compliance monitoring, testing, and audit plan status – Provide a dashboard to show progress towards completion of the plan. If the plan is undergoing a periodic update based on changes to products, regulations, or the risk assessment, present a summary of the updates.

4. Quarterly compliance monitoring, testing, and audit results – Provide executive summaries of compliance reports issued since the prior meeting including internal audit, second line compliance monitoring, and federal and state regulatory compliance examination reports. Highlight any significant issues which may create compliance, financial, or reputational risk to the institution or that may require Board approval for proposed remediation plans.

5. Quarterly issue tracking – Compliance issues should be formally tracked from identification through resolution, including post-resolution testing, and reported to the Board. Many institutions require detailed discussion of high risk issues and issues past their target implementation date. Be sure to include updates on any enforcement or supervisory actions to which the institution may be subject.

6. Quarterly complaints – Provide a summary of complaints received since the prior presentation and include not only those received directly by the institution but also complaints received by third parties such as regulators, state attorneys general, the Better Business Bureau, and third-party service providers. As with issue tracking, many institutions require detailed discussion of high risk complaints with a summary of lower risk complaints. Complaint trending analysis may be beneficial if your institution has a high volume of complaints.

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7. Quarterly AML/OFAC – Regulators expect that certain aspects of the institution’s AML/OFAC program will be discussed with the board including annual appointment of the AML Compliance Officer, summary (subject names should be omitted) of filed suspicious activity reports (SARs), summary of positive matches identified during section 314(a) searches, accounts closed or blocked due to adverse AML findings, etc.

8. Annual compliance training update – Provide a high-level report of staff compliance training progress with completion metrics. If certain individuals did not complete the required training, be prepared to discuss the reasons that training was not completed.

9. As needed, regulatory changes and compliance initiatives – As the institution adds or changes products and services, or as regulatory requirements and/or industry practices change, include an overview of how those changes impact the institution’s compliance program.

In addition to receiving updates about the compliance program, the board should also receive periodic training which is addressed in a later Compliance Check issue.

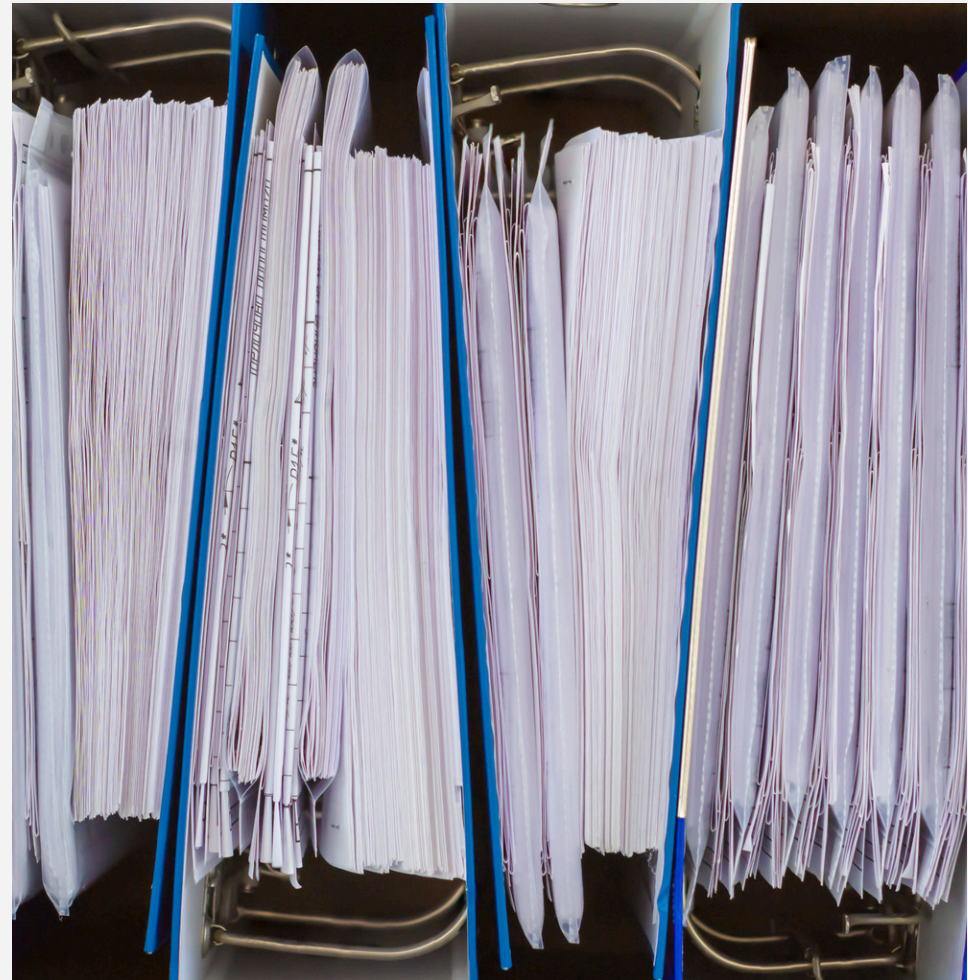
Ensuring Effective Documentation



How should the Board's compliance oversight and involvement be documented?



Adequate documentation is the best demonstration that the Board is fulfilling its oversight and leadership responsibilities effectively. A standing meeting agenda that outlines all areas to be included in Board compliance presentations will ensure key information is not inadvertently omitted from the discussion. Each meeting agenda should clearly note when an agenda item is not included during a particular meeting and why. Presentation materials should be clear and concise, using language that is easily understood by individuals with diverse backgrounds. Executive summaries that highlight key points supported by visual aids can help to present complex information in an easily digestible format. Visual aids can be particularly effective for demonstrating trends. Finally, be sure to address the presentation and key points of the discussion in the Board meeting minutes.



Contact Us

CrossCheck Compliance LLC is a nationwide regulatory compliance and risk management consulting firm focused on providing regulatory compliance, internal audit, fair lending, loan review, due diligence, and litigation support services for the financial services industry. The firm's professionals have deep regulatory understanding and operations experience to develop effective compliance strategies and deliver high impact outcomes for clients.



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