

Compliance Testing Action Plan



Maintaining a strong compliance program requires regular testing. Whether you need a custom framework or support with an existing plan, ACA can help.

Take a fresh look at your program with a critical lens and consider the following questions to ensure robust compliance testing:

Foundational questions

Question

What compliance risks are applicable to your business?

Action step

Tailor testing to your firm's unique risks.

Question

What controls are (or could be) in place to mitigate risks?

Action step

Ensure your testing plan is complementary to other types of controls - probe for weaknesses and fill in gaps.

Question

What are the key issues with respect to each policy that could be identified through testing?

Action step

Look for trends, patterns, and/or anomalies that are inconsistent with expectations, rules, and/or firm policies.

Question

What resources (data, systems, personnel, etc.) are available to you?

Action step

Ensure your testing plan has sufficient data to analyze or adequate technological and/or human resources to conduct the analysis.

Question

What period should the testing plan cover?

Action step

Choose a period that produces meaningful results without being unmanageable.

Question

What sampling size and methodology is appropriate?

Action step

Determine whether a representative sample or risk-based sample can make testing more efficient and effective, or whether technology can eliminate sample size risk.

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Question

What material changes to the business and/or policies have been implemented (e.g., as a result of new rules or regulations, launch of a new investment strategy or product, etc.)?

Action Step

Include these areas in your testing for assurance your firm has effectively mitigated its risks via appropriate processes and controls.

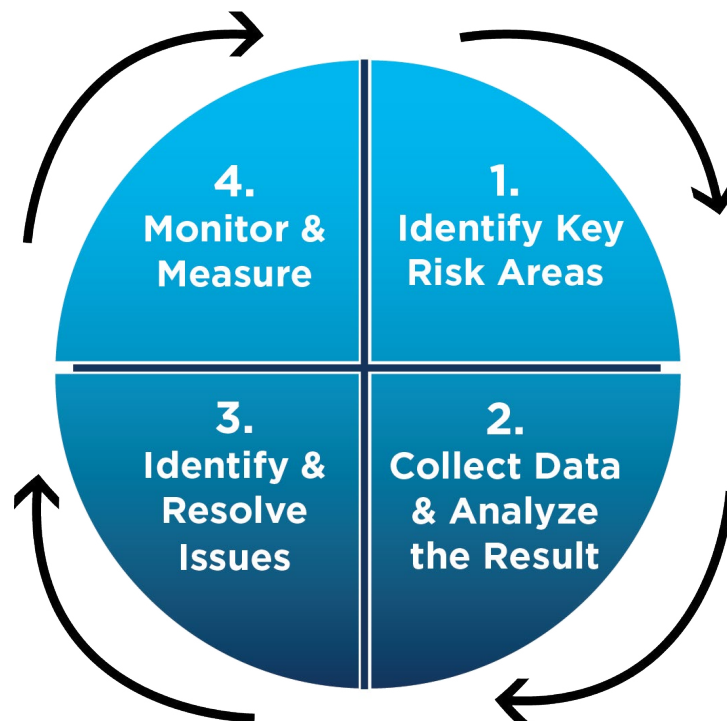
For more information, contact us [here](#).

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Forensic testing cycle

The cycle of testing, illustrated below, highlights the process firms should follow as they evaluate their unique risks. This cycle of testing, discovery, and remediation helps to enhance your firm's compliance program and internal controls by providing additional insight and visibility into the key risk areas.



Key risks to consider

- » Vendor Diligence
- » Soft Dollars
- » Deal Information Flow and Barriers
- » Disclosures and Filings
- » Safeguarding of Client Assets
- » Proxy Voting
- » Advertising & Marketing
- » Solicitation
- » Books & Records
- » Code of Ethics
- » Insider Trading
- » External Business Activities
- » Gifts & Entertainment
- » Information Security/Cybersecurity
- » Privacy
- » Contingency-Disaster Recovery
- » Investment Valuation
- » Trading
- » Portfolio Management
- » Investment Mandate Compliance
- » Telephone Recording and eComms Surveillance
- » Payment for Research
- » Anti-Money Laundering and Financial Crime
- » Senior Managers and Certification Regime (Conduct Risks)
- » Trade and Transaction Reporting (MiFID, EMIR, and SFTR)
- » Best Execution
- » Trade Surveillance (Market Abuse and Financial Crime)
- » Conflicts of Interest Management

For questions or to discuss how ACA can help your firm strengthen its testing program, complete your testing requirements, and ensure your regulatory obligations are met, reach out to your ACA consultant or contact us [here](#).

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