

QUALITY OF RISK MANAGEMENT MATRIX

OCC Examiners should use the following matrix, as appropriate, when assessing the quality of risk management

Strong	Satisfactory	Weak
Management fully understands the risk and exhibits a strong commitment to compliance.	Management reasonably understands the key aspects of compliance and its commitment is generally clear and satisfactorily communicated.	Management does not understand, or has chosen to ignore, key aspects of compliance risk. The importance of compliance is not emphasized or communicated throughout the organization.
Compliance considerations are incorporated into all products and areas of the organization.	Compliance considerations were overlooked or weak in one or two areas, but management promised corrective action when it was identified.	Compliance considerations are not incorporated into numerous areas of the organization.
When deficiencies are identified, management promptly implements meaningful corrective action.	Problems can be corrected in the normal course of business without significant investment of money or management attention. Management is responsive when deficiencies are identified.	Errors and weaknesses are not self-identified. Management may respond only when violations are cited.

Strong	Satisfactory	Weak
<p>Authority and accountability for compliance are clearly defined and enforced, including the designation of a well-qualified BSA officer or compliance committee. BSA/AML staffing levels are adequate to handle the workload.</p>	<p>Authority and accountability are defined, but some refinements are needed. A qualified BSA officer has been designated. Staffing levels appear generally adequate, but some deficiencies are noted.</p>	<p>Authority and accountability for compliance have not been clearly established. No or an unqualified BSA officer may have been appointed. Role of the BSA officer is unclear. Management has failed to provide appropriate staffing levels to properly execute the BSA/AML compliance program.</p>
<p>Independent testing is in place and effective.</p>	<p>Overall, independent testing is in place and effective. However, some weaknesses are noted.</p>	<p>Independent testing is not in place or is ineffective.</p>
<p>The board of directors has approved a BSA/AML compliance program that includes policies, procedures, processes, and information systems that are adequate.</p>	<p>The board has approved a BSA/AML compliance program that addresses most policies, procedures, processes, and information systems, but some weaknesses are noted.</p>	<p>The board may not have approved a BSA/AML compliance program. Policies, procedures, processes, and information systems are significantly deficient (e.g., there are substantial failures to file CTRs or SARs).</p>
<p>Training is appropriate, effective, and covers applicable personnel, and necessary resources have been provided to ensure compliance.</p>	<p>Training is conducted and management provides adequate resources given the risk profile of the organization; however, some areas are not covered within the training program.</p>	<p>Training is not consistent and does not cover important regulatory and risk areas.</p>
<p>Effective customer identification program (CIP) and account opening procedures are in place.</p>	<p>CIP and account opening procedures are generally in place, but not well applied to all banking operations.</p>	<p>CIP and account opening procedures are absent or ineffective.</p>

Strong	Satisfactory	Weak
<p>Management has identified and developed controls that are applied appropriately to high-risk products, services, customers, and geographies.</p>	<p>Management is aware of high-risk products, services, customers, and geographies, but controls are not always appropriately applied to manage this risk.</p>	<p>Management is not fully aware of high-risk products, services, customers, and geographies. Lack of appropriate policies, procedures, and processes have resulted in instances of unreported suspicious activity, unreported large currency transactions, structured transactions, or substantive violations of law.</p>
<p>Compliance policies, procedures, and processes are adequate and quickly adapt to changes in various lists (e.g., OFAC, FinCEN, and other government-provided lists).</p>	<p>Compliance policies, procedures, and processes are generally adequate and adapt to changes in various government lists (e.g., OFAC, FinCEN, and other government-provided lists).</p>	<p>Compliance policies, procedures, and processes are inadequate to comply with and adapt to changes in various government lists (e.g., OFAC, FinCEN, and other government-provided lists).</p>
<p>Compliance policies, procedures, and processes effectively identify and appropriately report suspicious activity. Processes are commensurate with risk.</p>	<p>Compliance policies, procedures, and processes generally identify suspicious activity. However, monitoring systems are not comprehensive or have some weaknesses that allow under-reporting.</p>	<p>Compliance policies, procedures, and processes are ineffective in identifying and reporting suspicious activity.</p>
<p>Low volume of correspondence from IRS indicates that CTRs are accurate.</p>	<p>Volume of correspondence from the IRS indicates some errors in CTR reporting.</p>	<p>Volume of correspondence from IRS indicates a substantive volume of CTR reporting errors.</p>
<p>Appropriate compliance policies, procedures, and processes are implemented to identify compliance problems and assess performance.</p>	<p>No significant shortcomings are evident in compliance policies, procedures, and processes. The probability of serious future violation for noncompliance is within acceptable tolerance.</p>	<p>The likelihood of continued compliance violations or noncompliance is high because a corrective action policies, procedures, and processes do not exist, or extended time is needed to implement such a policies, procedures, and processes.</p>