



SATCom FSA compliance self assessment tool kit

This document is a sample report containing a selection of pages from an actual report generated by mysatcom.net. As this is only a sample, some pages have been removed and page numbering is not contiguous.



www.mysatcom.net
effective compliance solutions



SATCom[©] from Branko Ltd

Self-Assessment Toolkit for Compliance



Report for GFFS

Based on a questionnaire completed Friday 19th October, 2007

Introduction

We have now worked through your answers to assess what progress your firm has made towards achieving compliance in four key areas – Governance, Finance, Selling and Training & Competence.

This is your personalised report which will steer you towards full compliance.

You will appreciate that the SATCom[©] questionnaire would need to have been extremely lengthy to cover every aspect of compliance in minute detail. To help overcome this problem, you will find that your report offers additional guidance on certain points. We believe this will enhance the usefulness of this report.

Remember: SATCom[©] is a generic assessment of compliance in four key areas and the information we provide is based solely on the answers you have given. As we have not been on-site validating your actual compliance with FSA requirements, SATCom cannot be considered professional advice – rather it is a tool that enables you to check with APCC experts (Association of Professional Compliance Consultants) the progress that you consider you have made.

Another important point applies to virtually all areas of compliance: "If it isn't documented, it doesn't happen". In other words, it isn't enough to **be** compliant, you must be able to **demonstrate** you are compliant.

In your answers you indicated partial compliance with some of the questions that included the necessity for documentary evidence. This is an excellent practice, but it is vital you continue to document all your processes and keep appropriate records.

One other point to remember is that the FSA expect the implementation of regulation to be proportional to size and complexity of the business. They would not expect small firms to have the same systems and controls in place as they would larger firms. They would however expect all firms to review the rules and requirements and make appropriate changes to their business to ensure that they comply.

We trust you will find this report informative and helpful. Please do call us on 01904 520833 if you would like any further assistance.

Contents

1. Governance

1.1. Senior Management Arrangements, Systems and Controls	Questions: 57
	Yes: 49 No: 3 Partially: 3 N/A: 2
1.2. Threshold Conditions	Questions: 9
	Yes: 6 No: 1 Partially: 1 N/A: 1
1.3. Approved Persons/Fit	Questions: 23
	Yes: 18 No: 2 Partially: 2 N/A: 1
1.4. Appointed Representatives (ARs)	Questions: 35
	Yes: 28 No: 2 Partially: 3 N/A: 2

2. Finance

2.1. Prudential Requirements	Questions: 18
	Yes: 14 No: 2 Partially: 1 N/A: 1
2.2. Client Assets	Questions: 37
	Yes: 30 No: 4 Partially: 2 N/A: 1

3. Selling and Policy Administration

3.1. Insurance: Conduct of Business	Questions: 65
	Yes: 55 No: 3 Partially: 4 N/A: 3
3.2. Complaints	Questions: 15
	Yes: 11 No: 1 Partially: 2 N/A: 1

4. Training & Competence

4.1. Training & Competence	Questions: 32
	Yes: 26 No: 2 Partially: 2 N/A: 2

5. Summary

6. Further help from mysatcom.net

Appendices

- A. Compliance Activity Log

1.1. - Governance - Senior Management Arrangements, Systems and Controls

Questions: 57 Yes: 49 No: 3 Partially: 3 N/A: 2

You responded to the following questions by answering 'No'.
Attention should be paid to the following items in this section.

SY1.4 Is the person allocated the oversight role available and able to perform this role on a day to day basis?

At least one individual must take responsibility for the "CF8" function, that is the "apportionment and oversight" function. This person must be accessible to the firm on a day to day basis to ensure that they can perform the role effectively.

SY4.11 Has the firm established written procedures in regulatory returns (e.g. RMAR)?

regulatory returns, e.g. the Retail Mediation Activities Return (RMAR) - your procedures should identify how you will collect the information required for the RMAR, who will be taking responsibility for collating information and preparing the return and who will be responsible for submitting the return. These procedures should also identify any third party help that may be required such as accountants and also when you need to submit the return;

SY10.1 Has it covered profit share agreements, volume/other over rider arrangements, corporate hospitality and gifts, claims handling and binding authorities, training support and soft loans?

We suggest that your firm undertakes a review of all areas of the business to identify and manage conflicts of interest. This review should cover the following areas:

- Profit share agreements
- Volume/other over rider arrangements
- Corporate hospitality and gifts
- Claims handling
- Binding authorities
- Training support
- Soft loans

We would also suggest that you implement a conflicts of interest policy and an entertainment register.

You responded to the following questions by answering 'Partially'.
Attention should be paid to the following items in this section.

SY1.1 Has this been communicated to, and made accessible to, all employees?

Having identified roles, authority levels, supervisory and reporting lines for the firm, these must then be communicated clearly to all members of staff, and must be regularly updated (we would suggest at least annually). These records must then be retained for six years.

SY4.4 Has the firm established written procedures in reconciliation of bank accounts?

2.1. - Finance - Prudential Requirements

Questions: 18 Yes: 14 No: 2 Partially: 1 N/A: 1

You responded to the following questions by answering 'No'. Attention should be paid to the following items in this section.

PRU1.5 Do you have in place professional indemnity (PI) insurance covering Ombudsman awards made against the firm?

The minimum limits of cover for the PI insurance are €1m per claim and an aggregate of €1.5m or if higher 10% of annual income. The minimum excesses are based on whether you hold client money and are as follows

The greater of the following		
Holding client money	£5,000	3% of annual income
Not Holding client money	£2,500	1.5% of annual income

Your professional indemnity must cover Financial Services Ombudsman Awards made against you.

PRU2 Have you reviewed your capital resources requirement?

You are required by the FSA to hold a minimum amount of capital known as the capital resources requirements and to ensure that you are able at all times to meet your liabilities as they fall due known as solvency requirement. The minimum capital resource requirement is based on whether you hold client money and if you do so whether you hold retail client money in a statutory or non- statutory trust account. The minimum capital resource requirements are set out in the table below

Type of firm	Capital Resource Requirement
A firm that does not hold insurance client money.	£5, 000 or if higher 2.5% of firm's annual income from regulated activities.
A firm that holds insurance client money in a statutory trust.	£10,000 or if higher 5% of its annual income from regulated activity.
A firm which holds commercial insurance client money in a statutory or non-statutory trust.	
A firm which holds retail insurance client money in a non-statutory trust.	£50,000 or if higher 5% of its annual income from regulated activity.

3.1. - Selling and Policy Administration - Insurance: Conduct of Business

Questions: 65 Yes: 55 No: 3 Partially: 4 N/A: 3

You responded to the following questions by answering 'No'.
Attention should be paid to the following items in this section.

IC1.5 Do you have written procedures in place covering cancellations?

In order to demonstrate that your business is complying with the Insurance Conduct of Business rules we would recommend that you have documented procedures in Cancellations - how a retail customer can cancel and what your responsibilities are.

IC7 For retail telephone sales, do you provide (at least the minimum "limited") status disclosure - and do you obtain explicit consent from the customer to provide this limited disclosure?

For retail customers, if the contract is concluded over the phone then, provided you have the explicit consent from the customer you may provide limited disclosure to the customer. If you do not obtain explicit consent then full disclosure must be given prior to conclusion of the contract. Limited disclosure includes:

- the name of the firm;
- (if the contact is initiated by the firm) the commercial purpose of the call;
- the name of the person in contact with the customer and his link with the firm; and
- any other information is available on request.

IC13.1 Do you show separately any fees relating to non-insurance (i.e. non-FSA regulated) business (e.g. a finance arrangement or non-insurance-backed warranty)?

If you are selling an insurance product with a non insurance related product e.g payment protection insurance with a finance product then you must disclose the fee or premium for each separately.

You responded to the following questions by answering 'Partially'.
Attention should be paid to the following items in this section.

IC1.2 Do you have written procedures in place covering the sales process?

In order to demonstrate that your business is complying with the Insurance Conduct of Business rules we would recommend that you have documented procedures in the sales process - this should include categorisation of customers (retail or commercial) new sales, scripts for telephone sales, checklists that you may use, when documentation needs to be issued, when it should be issued and the manner you will be issuing it (including status disclosure, demands and needs statements and product disclosure.

IC3.3 If you issue financial promotions, do you review these to ensure any limitations on savings have the same prominence as savings, e.g. font size, etc?

If you issue financial promotions you should ensure that if it implies that premiums can be

4.1. - Training & Competence - Training & Competence

Questions: 32 **Yes:** 26 **No:** 2 **Partially:** 2 **N/A:** 2

You responded to the following questions by answering 'No'.
Attention should be paid to the following items in this section.

TC1.4 Are job roles regularly updated, at least annually?

Job roles should be reviewed and where necessary updated on a regular basis at least annually.

TC6.3 Do you have Clearly defined manager/supervisor competences and authority levels?

You need to ensure that you have a suitable and appropriate policy in place for supervision of staff. To do this you need to clearly define the authority levels of the supervisors.

You need to ensure that you have a suitable and appropriate policy in place for supervision of staff. To do this you need to have clearly defined management competences linked to the job descriptions which set the standards that need to be met.

You responded to the following questions by answering 'Partially'.
Attention should be paid to the following items in this section.

TC1.1 Do you have a documented recruitment process?

You should ensure that you have a documented process for recruiting new staff.

TC4 Do you have a formal appraisal process in place for all staff?

We would recommend that all staff have a formal appraisal at least once a year. You may decide this should be more frequent for certain roles such as sales advisors or for new staff. An appraisal process should include:

- a review of the past year;
- setting objectives / targets for the next review period;
- a review of any training needs; and
- an assessment as to whether competence has been maintained/achieved

You responded to the following questions by answering 'N/A'.
However, you should review these responses regularly to ensure your compliance status has not altered.

TC3 Do you have documented criteria AND a documented process for assessing competence?

TC7.3 Do you have records in place for all employees covering training needs?

6. Further help from mysatcom.net

To help you meet your FSA requirements we recommend one or more of our other compliance solutions. Including:-

- Our FSA DIY Compliance Manual has a number of templates which would help you implement the necessary changes required in systems and controls, approved persons, and training and competence.

For further information or to obtain a copy of the FSA DIY Compliance Manual please contact manual@mysatcom.net

- Our Training and Competence managed service - TrackRecord - with which you will benefit from an increased level of awareness of your staff in terms of development, training needs and planning. Your employees can also use the system to record their own development plans, store notes and information from training sessions and take online exams.

For further information about TrackRecord, please contact enquiries@mysatcom.net

- We would be happy to undertake a full review of your business, including an on-site visit, covering systems and controls, approved persons, training and competence and CASS. As a result of this review we would be able to provide you with the necessary advice and tools to become fully compliant.

For further information or to arrange an on-site visit, please contact consulting@mysatcom.net

- In Appendix A of this document, you will find our Compliance Activity Log to help you plan your regulatory compliance actions for the following year. An editable version of this document is also available, free of charge, in Microsoft Excel (XLS) format. To obtain a copy of this file, please email cal@mysatcom.net

Alternatively, if you would like to explore any of the options above, please call mysatcom.net on 01904 520833.