



Newsletter Article

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BSA OVERSIGHT: GETTING AND KEEPING YOUR BOARD'S ATTENTION

By Angela Lucas

ABOUT THE AUTHOR

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**BSA for Board and Senior Management
Regulatory Requirements and Emerging Risks**

**Webinar: March 24, 2016
12:00 – 1:00 pm ET**

Speaker
Angela Lucas
Managing Partner and Co-Founder
Sterling Compliance LLC





Regulatory requirements, Executive oversight expectations, current BSA issues, plus case studies on costs of both compliance and non-compliance



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2-Part Webinar Series
March 14, 2016
12:00 – 1:30 pm ET
2:30 – 4:00 pm ET

Speaker
Ric Carey
Director – Peak Performance Consulting
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What you need to know, what to do, industry best practices, and how Umpqua Bank has successfully managed it since 1995!

Attention for the sake of attention is not a good thing. “Bad” attention is even worse. If you’ve ever undergone a regulatory examination, you know these two statements to be truths. As a BSA Officer, you may feel that you are on an island, individually charged with the responsibility of maintaining an effective program on a daily basis. No easy task. When things go wrong or are not exactly right, the finger comes pointing back to you. However, the Board is ultimately responsible for oversight of the BSA function. While you have been designated as “it” on a daily basis, your success should be a direct reflection of the support and engagement you receive from your Board. If there is an absence of support or engagement from the Board and senior management, I suspect you will be seeking positions elsewhere. And therein lies a problem for your Board: They can lose a highly qualified, experienced and dedicated BSA Officer due to the lack of Board attention or support. So, how do we get and keep our Board’s attention? How do we make them see beyond the regulatory requirements they hear about every year? Remember, hearing isn’t always listening. Let’s talk about some ways to get them to listen, engage and stay engaged.

Accentuate the Positive, Don’t Eliminate the Negative

Seeing the world through rose-colored glasses can be a merry way to view life. Unfortunately, too much of a rosy glow can fog our vision of real or emerging risks that we need to address. When it comes to talking with our Boards, we need to begin with the good. Everyone likes to receive accolades from time to time and your Board is no different. Tell them what is working. Tell them about the compliments you received from your auditors or examiners. Tell them how your bank compares to others, highlighting your strengths. You are going to balance out the dialogue by also presenting a discussion of functions or areas that are not functioning as effectively as they should. The intent of this discussion is not to build them up only to lower the BOOM. The intention is to ease into a sometimes difficult conversation about challenges you are facing on a daily basis.

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Don't Present a Problem Unless you are also Prepared to Present a Solution

This concept is not new, but one that is commonly overlooked in everyday life. We can be quick to complain, but when asked to present a solution, we may not always be prepared to do so. Think about the problem in advance of your discussion with the Board. If you need additional resources, do not present that need in vague terms. Be specific. Outline the needs within your department – or on your one-person ship as the case may be – then brainstorm solutions to the need, highlighting the pros and cons of each possible solution. Present the problem or need to your Board in this manner and they will be more receptive. It's human nature to respond more favorably to someone who is presenting you options and solutions than to someone who only brings problems to your doorstep.

Think Outside the Box for Training

Yawn...That's the last thing you want to witness when you are communicating with to or training your Board. Sure, it could be a silent scream for coffee after a day of meetings, but it is also an indication that the individual is not engaged. Give them a reason to be engaged. We've been approached many times for Board training that needs to be "20-minutes tops" to cover ALL annual compliance training. "20 minutes tops" is not going to scratch the surface or provide your Board the perspective they need to effectively oversee any compliance function. When it comes to BSA specifically, it is no exception. Yes, time with the Board is limited, but take the time they give you and make it worth their while and possibly leave them wanting more.

You have a responsibility to cover specific concepts as a minimum:

1) Strengths and weaknesses within your program

Going back to accentuating the positive, but not eliminating the negative

2) Results of your most recent independent audit

Again, going back to accentuating the positive, but not eliminating the negative

3) Reports filed since the preceding meeting

Including any upticks in filing of CTRs and SARs and the reasons for the fluctuation

4) Adequacy of Resources

Presenting your problem AND your solution

Training must go above and beyond these items and when it comes to training, this is where you can really get their attention, make the concepts interesting and engage their oversight on an ongoing basis as they attend to their personal responsibilities and respective jobs. Go outside the box. Bring in examples from the media – better yet – bring in examples from popular television shows and movies. When you can relate money laundering, terrorist financing and fraud to situations they have witnessed while actively engaged in their favorite TV show or movie, you are relating it personally to them in a way they will remember. They will be able to identify examples of illicit activities in other storylines and – this is where the rubber meets the road – in daily life! Your frontline will no longer be your primary eyes and ears – your Directors will be actively engaged in helping you maintain compliance and identify suspicious activity. You will find that the

more interactive and interesting you make your training session, the more active and interested your Directors will be. No longer will you hear “20-minutes tops”; you will hear “we take the time we need”.

If you employ these tactics in communicating with your Board, you will find that they will be more supportive, more engaged and more likely to meet your resource needs. It won't happen overnight, but it will happen with discipline and a dedication to ongoing, effective communication that goes both ways.

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David Peterson
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Michael Glover
Technical Consultant - ERISA
Ascensus

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Part 1 - Contributions
MARCH 29, 2016 (12:00 - 1:00 PM ET)

Part 2 - Distributions
MARCH 30, 2016 (12:00 - 1:00 PM ET)

Part 3 - Beneficiary Distributions
MARCH 31, 2016 (12:00 - 1:00 PM ET)

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