

Compliance Management System

Failure to develop and implement a thorough CMS can subject your company to litigation, monetary penalties and formal enforcement actions.

In a typical Compliance Management System examination, the CFPB evaluates both the understanding AND the application of the institution's compliance efforts. The CFPB is currently examining mortgage companies of all sizes, including originators, brokers, and servicers to confirm compliance with CMS requirements.

So what exactly is a Compliance Management System? A CMS is a grouping of mandatory organizational configurations, corporate governance, senior management accountability measures, policies/procedures and controls for initial and ongoing risk assessment and monitoring. A company's CMS should be both a top-down (i.e. corporate governance, management responsibility) and a bottom-up (i.e. policies and procedures, internal controls, transactional monitoring) approach to compliance.

Contact us today to learn how Richey May can help you with your required CMS responsibilities.



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Richey May can provide you with an objective assessment of your existing CMS to ensure the existence of adequate interdependent control components and to assist you in the development of a comprehensive CMS.

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According to the CFPB, an entity's CMS should...

Establish its compliance responsibilities.

Communicate those responsibilities to its employees.

Include a review of operations to ensure responsibilities are carried out and that legal responsibilities are met.

Take corrective action and update tools, systems, and policies as necessary.

Why is a CMS needed?

The CFPB expects every regulated entity under its supervision and enforcement authority to have an effective compliance management system.

Allows an entity to self-identify issues and establish corrective action plans before regulators identify them..

A weak CMS can result in violations of laws and regulations and associated harm to consumers.

What are the components of an effective CMS?

Board and management oversight.

Compliance program that includes policies and procedures, training, monitoring and corrective actions.

Timely responses to consumer complaints.

Compliance audits.