

28-April-2008

To: The Board
Audit & Risk Committee

Through: Chief Executive Officer

From: Dushy Visvanathan

Compliance Plan and the Framework

Background

A compliance management framework has been in existence for some time. The framework is part of an overall Governance framework of the Institute.

Purpose

The objective of this report is to analyse the existing governance framework and recommend improvements to proactively manage the compliance risks associated with the Institute's business. This memo accompanies a report that comprehensively analyses compliance issues incorporating a plan. I believe the expansion of the framework is very much necessary to meet the dynamic nature of the compliance obligations.

ACI's compliance program is discussed in detail in terms of each of the principles of AS-3806 standard for compliance program.

Conclusion

ACI has a robust governance framework in place. This ensures the good governance of the Institute involving a risk management and compliance frameworks. ACI's constitution requires specific committees to be formed with delegated authority to manage its business activities.

It has been established that the framework does cover a depth of policies but lacks a robust monitoring mechanism

Recommendation

- Appoint a dedicated Compliance Officer with appropriate seniority who should have independence and access to Audit & Risk Committee.
- Direct the Chief Compliance Officer (CCO) to review the plan for appropriateness including sufficient controls.
- Ensure adequate monitoring mechanisms in place, including Key Risk and Control Indicators are developed.
- Direct the CCO to provide regular reports on the performance of the compliance plans.
- Direct the CCO to review and enhance the controls on a regular basis.