If You Are Here Because Your Organization…

1. Is Either Over Complying or Under Complying.

2. Has Challenges Understanding Regulations and Managing Regulatory Changes.

3. Is Struggling to Identify Gaps In Compliance and to Streamline Corrective & Preventive Actions.

4. Wants to Increase Cost Efficiency By Automating Processes and Reducing Overlapping Resources and Tools Across Departments.
Five Steps to Manage Regulatory Compliance

1. Roles and Responsibilities of Key Management Functions
2. Regulatory Knowledge Base & Taxonomy
3. Regulatory Workflow Automation
4. Internal Controls & Reporting
5. Regulatory Compliance Software
Panel Experts

**Joe LeBas** – Principal and Founder, Carswell, LLC – Risk and Compliance Industry Executive

**Dwayne Jorgensen** – CIA, CFE – Governance/Risk/Controls/Audit Expert

**Ed Sattar** – CEO, 360factors, Inc.

**Chris Duden** – COO, 360factors, Inc.
Rising Regulations and Cost

CHART 1

Obama’s First Term: Costs and Number of New Major Regulations, by Agency

Figures are for January 21, 2009, to January 20, 2013.

<table>
<thead>
<tr>
<th>COSTS</th>
<th>Savings from Reducing Regulation</th>
<th>Cost of Regulations</th>
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<tbody>
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<td>Environmental Protection Agency</td>
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<td>Securities and Exchange Commission</td>
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<td>Commodity Futures Trading Commission</td>
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<td>Department of Homeland Security</td>
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<td>Federal Reserve Board</td>
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<tr>
<td>All other</td>
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Federal agencies have reported new annual regulatory costs totaling about **$70 billion**. The highest costs come from the Environmental Protection Agency ($37.8 billion) and the Department of Transportation ($15.9 billion). Savings from reductions in regulatory burdens total only $857 million.
Q. Can we safely assume that as the complexity of the regulation increase the risk also increases?

Q. Would it make sense to first get an understanding of the regulatory change management framework before an organization jumps into automating the process?
Step 1. Roles and Responsibility

Q1. Why is it important to define the roles and responsibilities before you create a Regulatory Compliance Framework?

Q2. What are the barriers to creating a Regulatory Compliance Framework?

Q3. Is there a specific role and responsibility structure or can it vary from organization to organization?
Step 1. Roles and Responsibility

COMPONENTS OF ROLES AND RESPONSIBILITIES

- Key Roles and Structure: Risk, Compliance, Audit, Security
- Key Functions
- Key Actions: Compliance, Reliability, Quality, and Sustainability
- Outcome / Results

Regulatory Compliance Framework

- Roles and Responsibility
- Regulatory Knowledge Base
- Regulatory Compliance Software
- Regulatory Workflow Automation
- Reporting
Step 2 - Regulatory Knowledge Base & Taxonomy

Q1. What are the components of a Regulatory Knowledge Base?
Step 2- Regulatory Knowledge Base & Taxonomy

COMPONENTS OF REGULATORY KNOWLEDGE BASE

- Regulatory library management
- Translate regulatory requirements into action, evidence, subject, frequency
- Monitor & notify of regulatory change
- Regulations in effect to proposed
- Mapping- regulatory requirements mapped to CAPA, policy procedures and evidence
- Regulation Applicability

Q. In order to be able to address the complexity that is associated with the interoperability and communication between each component, do you think it can be managed through a manual process or is automation required?
Step 3 - Regulatory Workflow Automation

Q1. Is Automation Cost Effective?
Q2. What processes can be automated and what processes will continue to be manual?
Step 3 - Regulatory Workflow Automation

**PROCESSES THAT CAN BE AUTOMATED**

- Automate Corrective Action to Increase speed, eliminating waste and cutting cost
- Scheduling, tasking & tracking
- Transparency & Accountability
- Management of change

**PROCESSES THAT CAN’T BE AUTOMATED**

- Staff Translation
- Subject matter expertise cannot be automated
Q1. What are internal controls?

Q2. What is management’s responsibility with regard to internal controls and reporting?

Q3. What is audit’s responsibility with regard to internal controls and reporting?

Q4. What is the board’s responsibility with regard to internal controls and reporting?
Step 4 - Internal Controls & Reporting

EXAMPLE OF INTERNAL CONTROL MODEL

- Business impact

- Risk Analysis

- Roles and Responsibility around Regulatory Change Management

Regulatory Compliance Framework

Roles and Responsibility

Regulatory Knowledge Base

Regulatory Compliance Software

Reporting

Regulatory Workflow Automation

Three60factorsinc
Step 5 - Regulatory Compliance Software

Q. Is Technology perceived as a catalyst for growth and performance?

Q. Are people or technology barriers to Regulatory Compliance Automation?
Step 5 - Regulatory Compliance Software

BENEFITS OF VERTICALLY INTEGRATED GRC PLATFORM

Source: Global survey by KPMG, Inc
Step 5 - Regulatory Compliance Software

WHY PREDICT360? IT'S A VERTICALLY INTEGRATED SOFTWARE