# Achieving Sanctions/OFAC Compliance

### PROBLEM

Regulators identified inadequacies in the Sanctions/OFAC compliance program at a major bank.

### SOLUTION

Alacer consultants identified weaknesses in programs and systems and provided recommendations for remediation.

### RESULTS

Changes in staffing, reporting, technology and procedures resulted in an enhanced program that meets regulatory expectation.

## OVERVIEW

Concerns were raised by regulators regarding the adequacy of a Fortune 100 bank's Sanctions/OFAC compliance program. As a regulatory requirement, banks must have in place an effective Office of Foreign Assets Control (OFAC) compliance program to mitigate the risks of non-compliance with U.S. economic and trade sanctions. Given the heightened regulatory scrutiny, bank management is forced to take steps to ensure adequate sanctions screening processes for identifying, reviewing, and escalating known or potential Sanction/OFAC risk(s).

## CHALLENGES

Bank management faced challenges including regulatory and audit fatigue, systems and technology issues, lack of expertise, staffing levels and training for key personnel performing Sanctions/OFAC roles and responsibilities. Additionally, the bank relied on third party vendors/service providers for tools and systems with several weaknesses. To improve effectiveness of their program, bank management hired a Sanctions/OFAC Compliance Officer to provide greater oversight of its entire program. The Sanctions/OFAC Compliance Officer created an action plan, obtained funding, and hired senior consultants from The Alacer Group to conduct an assessment of the Sanctions/OFAC screening processes at the bank.

## RESULTS

Alacer's senior consultants worked with the Sanctions/OFAC Compliance Officer and bank management to fully document all processes. Roles and responsibilities were defined for personnel and business units involved. Alacer developed a work plan including a test script, documented its approach and issued a report within the specified time frame. They identified weaknesses associated with the processes, including operating procedures and internal controls, and provided recommendations to mitigate these weaknesses. Bank management acknowledged Alacer's work and took swift actions to remediate the deficiencies including hiring qualified staff, funding dedicated technology resources including more robust tools and systems, and improved MIS reports to better identify, measure, monitor and report on Sanctions/OFAC compliance risks. The resulting enhanced Sanctions/OFAC compliance program enables the bank to have greater oversight and management of Sanctions/OFAC related risks, requires fewer time consuming direct contacts with banks and card issuers and meets regulatory expectations.

Historical client engagement. Results reflect the original case study; outcomes vary.