

# CCO Checklist

February 2021		Date Completed
<b>Correspondence and Email Review-</b> Review staff correspondence- <i>Monthly</i>	<input type="checkbox"/>	
<b>Review of Company Financials-</b> Review accounting records to confirm the company is in compliance with its home state's net capital requirements. If the firm is SEC registered, please make sure the company is solvent at all times. - <i>Monthly</i>	<input type="checkbox"/>	
<b>Review Trade Blotter-</b> Download Report from Custodian and/or fee billing/performance software and review for any irregular trading patterns or trade discrepancies. - <i>Monthly</i>	<input type="checkbox"/>	
<b>New Account Review-</b> Random sample of recently opened new client accounts to verify that account has been placed in a model to allocate its portfolio, compare the account's data to the client's paperwork and ensure the appropriate fee is billed. - <i>Quarterly</i>	<input type="checkbox"/>	
<b>Review Billing Statements/Fee Calculations Report-</b> Review billing statements/fee calculations report from custodian or billing program; take any necessary corrective action and document review; maintain in books and records. – <i>Quarterly/Monthly</i>	<input type="checkbox"/>	
<b>Review Checks Received Blotter-</b> Review the checks received/disbursed log for all client checks received by the RIA. The rule states these checks must be made payable to a third party (Custodian), then logged and forwarded to the appropriate third party by following business day. Client securities need to be delivered directly to the custodian by the client. Investment Advisors CANNOT receive securities without taking custody. If a client has securities to be delivered, it is best practice for you to provide an overnight package with a carrier that provides a tracking service (UPS / FedEx) to the appropriate third party. - <i>Quarterly</i>	<input type="checkbox"/>	
<b>Review of Client Portfolios-</b> Random review of client portfolios for consistency with Client objectives, restrictions and asset allocations and any unusual variances from the benchmark.- <i>Quarterly</i>	<input type="checkbox"/>	
<b>Review Quarter-End Client Reports/Statements</b> -Perform random spot check for discrepancies in client reports, accounts, fees - <i>Quarterly</i>	<input type="checkbox"/>	
<b>SLOA Custody Review (if applicable)-</b> Pull SLOA report from custodian, review and sign/document on the spreadsheet that the accounts or the third-parties with SLOAs on file are note related. Scan and save into a custody file. – <i>Semi-Annually</i>	<input type="checkbox"/>	
<b>Disciplinary Review of Supervised Persons-</b> At least semi-annually, the CCO will review the firms disciplinary report for all registered persons on IARD. SEC registered firms must disclose on the Form CRS if any person has a reportable disclosure. – <i>Semi-Annually</i>	<input type="checkbox"/>	

## February Focus: Importance of Testing & Documentation

### COMPLIANCE PROGRAM - TESTING AND DOCUMENTATION

Firms have a responsibility to monitor and test their compliance policies and procedures. Throughout the year, CRP provides a monthly CCO Scorecard to assist in the ongoing compliance testing. Each task or testing helps determine the effectiveness of a firm's compliance policies and procedures. Periodic and ongoing testing determines whether the firm's policies effectively prevent activities that the policies were designed to prevent. What resources assist firms in successfully monitor the effectiveness of our firm's policies? Let us start with four main areas:

- **CONFLICTS OF INTEREST** – has your firm identified business and/or compliance conflicts of interest?

**Each year (typically during the 1<sup>st</sup> Quarter), the Annual Amendment review and filing allows firms to revisit firm conflicts and ADV conflict language.**

- **RISK ASSESSMENT** – has your firm recently completed a risk assessment of their advisory business?

**Each June, July, and August, CRP focuses on reviewing the Risk Matrix to assess the various areas of risk/conflicts at the firm and revisit the policies in place to mitigate the risk.**

- **COMPLIANCE MANUAL** – has your firm tailored and updated its compliance policies and procedures to address those risks and conflicts detected in the above exercise?

**Annually in October (and throughout the year as deemed necessary), CRP publishes sample language for the Compliance Manual. Firms determine if updates are required to their Manual and tailor the language to the firm's business, services, and policies. Have you implemented all updates?**

- **ANNUAL REVIEW** – has your firm completed the annual review of their compliance policies and procedures for 2020 (...and previous years)?

**Annually in November, CRP provides a resource to assist in documenting the Annual Review. The review is a 'must' do for SEC registered RIAs (required per Rule 206(4)-7), AND most recently stressed in the recent SEC Risk Alerts published in November 2020.**