

CMP Methodology

Compliance Monitoring Programme — How the annual monitoring plan is built, executed and evidenced.

Purpose

Provide assurance that controls addressing in-scope obligations are operating as designed, at a frequency and depth proportionate to risk. Feed residual-risk inputs to the CRA and identify findings for remediation.

Plan construction

- 1 Inputs: CRA inherent ratings, prior-cycle results, regulatory-change feed, breach themes, appetite breaches.
- 2 Frequency banding: critical (continuous/quarterly), elevated (semi-annual), moderate (annual), low (biennial).
- 3 Sample sizing: published lookup driven by population, risk band and prior-cycle pass rate.
- 4 Method: walk-through, re-performance, inspection, observation, data analytics — selected per control type.

Execution discipline

- Tester independence: 1L cannot test their own control.
- Working papers: standardised template; result, evidence, deviations, conclusion.
- Findings: graded (minor / moderate / significant / critical); each carries owner, root cause and target.
- Closure: re-test required for significant and critical findings; closure evidence sealed.

Reporting & escalation

Quarterly to Risk & Compliance Committee; annual to board. Critical findings trigger same-day escalation. All test results flow into the CRA residual recompute on save.

JFSC expects the CMP to be the engine that turns the CRA into a living document — not a one-off annual exercise. Every monitoring test must be traceable to an obligation and must move the residual rating it informs.

2026 Handbook anchors & CPF depth

- CPF-specific test scripts: sanctions-list freshness, dual-use goods red-flag handling, virtual-asset counterparty screening, DPRK/Iran nexus reviews.
- Frequency uplift: CPF-tagged obligations rated residual-elevated or above are tested at least semi-annually regardless of base banding.
- Reporting line: CPF findings escalate directly to the MLRO and to the board via a CPF dashboard line — not buried in aggregate AML reporting.

CRA ↔ CMP linkage (closed loop)

The CMP draws its plan from CRA residual ratings (frequency, sample size, method) and writes test outcomes back to the CRA on save. The loop is closed: an out-of-appetite residual without a remediation finding, or a critical CMP finding without a residual recompute, raises a methodology alert. This is the trail a JFSC reviewer walks: obligation → residual → planned test → working paper → finding → re-test → updated residual → board pack.

Compliance Risk Events taxonomy

All monitoring outcomes that aren't a 'pass' are captured as Compliance Risk Events in a single register. The event_type classifier — near miss, breach, control failure, policy deviation, procedure deviation, process weakness, complaint root cause, external event — preserves thematic analysis across the loop (a JFSC COP §3.5 and ISO 37301 §10.1 expectation). Events triaged as 'reportable=yes' are promoted to the immutable Breach Register; the source event remains the analytical record so near misses and control failures aren't lost when a breach is notified.

Why one register, not two: splitting near misses from breaches breaks root-cause trending and creates reclassification churn. RegAlign keeps the single-stream model with two lenses — the Compliance Risk Events register (analytical) and the Breach Register (notification record).

Test delivery stages

Every scheduled monitoring test moves through five delivery stages: planned (in the annual plan, not yet started) → in progress (fieldwork underway) → awaiting response (work paused pending 1LOD evidence or an external response) → complete (working paper signed off, residual recomputed) → overdue (past its scheduled due date without sign-off). The Tests register surfaces the current stage as a status chip; the Overview tile aggregates due and overdue counts.

- Awaiting response — applied when the tester has formally requested evidence or a written response from the first line (or an outsourced provider) and cannot progress further without it. Surfaced as an amber 'Awaiting response' chip on the Tests register and called out as a sub-note on the Overview 'Tests overdue' tile.
- Excluded from overdue — time spent in awaiting response does not count toward SLA breach, because the delay is not within the second line's control. The wait period is tracked so it is visible in board reporting rather than hidden.
- Conversion rule — if the outstanding dependency is not resolved within the threshold set in the test's sampling plan, the test reverts to overdue and is escalated through the standard findings route. This stops 'awaiting response' becoming an indefinite parking state.

JFSC reviewers expect the CMP to distinguish 'late because the second line did not get to it' from 'late because the first line did not provide evidence'. The awaiting-response stage is the audit-trail mechanism for that distinction — every transition is timestamped and shown in the test's history.

JFSC anchors: Codes of Practice §3 (Compliance monitoring) · AML/CFT/CPF Handbook §3 (Risk-based monitoring) · JFSC AML/CFT/CPF Handbook 2026 update — CPF-specific monitoring expectations