Regulatory Reporting
– the issue with issues
management

2025

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Introduction

A robust regulatory reporting issues management framework is essential to effective governance and control over regulatory reporting and without one it becomes increasingly difficult to conclude that regulatory reports are complete, accurate and in conformance with reporting instructions — all key components of CFO attestation.

Despite the importance, issues management processes are largely manual and often poorly documented, volumes are high, issue details can be vague or ambiguous, and current capabilities are generally lacking in advanced tooling and sustainability. As a result, stakeholders are often constrained in their ability to understand root cause and impact, compensating controls and remediation plans, and often struggle to demonstrate overall sustainable governance. These challenges, combined with increased regulatory focus, stress that action is required over the short, medium and long term.

This brief includes takeaways from the EY Regulatory Reporting Symposium and discusses common issues management challenges, enhancement opportunities and sustainability considerations.

Key issues management takeaways

At the most recent EY Regulatory Reporting Symposium, observations and insights regarding impact assessment and root cause analysis, remediation and communication were shared and included the following key points:

Impact assessment and root cause analysis

- Institutions should conduct detailed root cause analysis and impact assessment of their data quality errors impacting regulatory reporting.

- A comprehensive understanding of the issue and a gauge of the materiality of identified data quality errors, root cause analysis and impact assessments enables all stakeholders.

Remediation

- Tactical compensating controls can be implemented as temporary remediation measures but require ongoing monitoring.

- Strategic planning is essential to address long-term sustainability concerns.

- Revisions and associated actions should be based on well-defined escalation procedures and quantitative and qualitative materiality thresholds.

Communication

- Firms should exercise proper judgment and maintain frequent communication with regulators. This includes providing timely updates, clarifying reporting issues and communicating remediation strategies.

- Material issues, including root cause, remediation plans and restatement impacts, should also be communicated timely — open and transparent communication with the regulators is critical.

Addressing common challenges through framework enhancements

We have observed that firms with more mature regulatory reporting issue management frameworks have addressed their issue management challenges more strategically with design similar to the example below (see Figure 1).
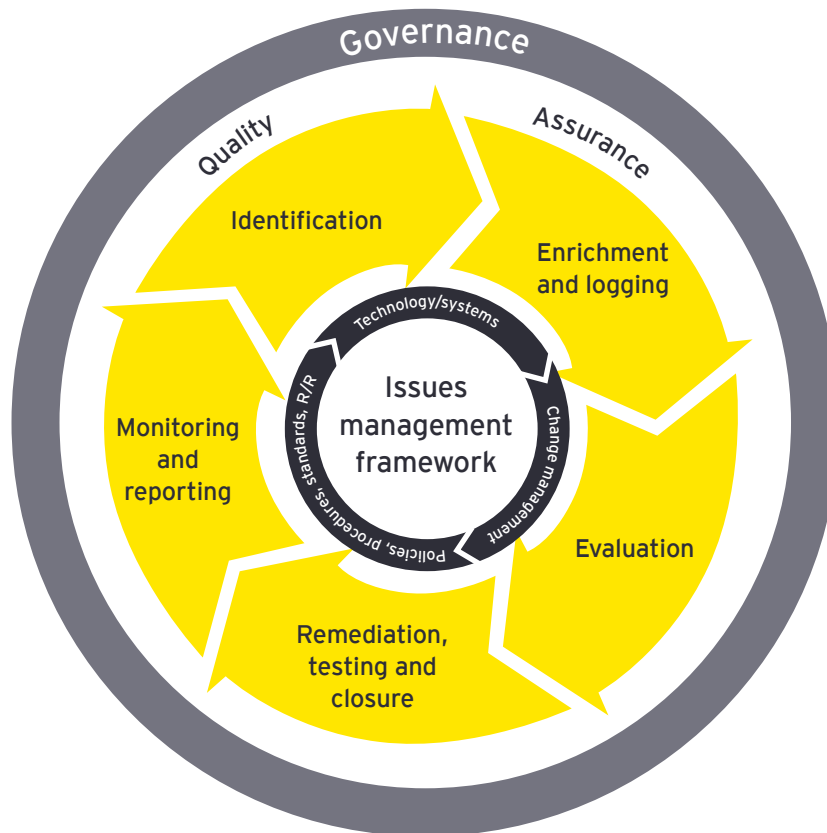

Figure 1: Regulatory reporting issues management framework (example)

The next table provides examples of observed industry challenges with considerations for best practices as they relate to regulatory reporting issue management.

Selected component	Examples of observed challenges	Leading practice
Identification, enrichment, logging, and evaluation	▪ Unclear ownership of issues and remediation plans ▪ Incomplete or incorrect data in the issue logs ▪ Data defect and issue management processes are not linked	▪ Well-documented record of issue ownership and remediation plans ▪ Centralized repository for regulatory reporting issues, including enriched data, which is reviewed regularly ▪ Data defects are evaluated and assessed for thematic issues
Remediation, testing, and closure	▪ Ambiguous remediation plans and lack of strategic considerations ▪ Undefined closure validation processes	▪ Able to connect the dots to other strategic data programs, and identify tactical fixes and compensating controls ▪ Ability to recalibrate and retest issues with formal linkage between findings from regulatory reporting issues management, quality assurance, and other independent verification programs ▪ Able to move issues to closure/risk acceptance in a manner aligned to enterprise data governance and enterprise issue management policies

Selected component	Examples of observed challenges	Best practice
Monitoring and reporting	▪ Limited to no interaction between regulatory reporting and enterprise data teams for issue identification, monitoring and remediation ▪ Unable to demonstrate accuracy improvements to critical reports such as the FR Y-9C or to loan-level reporting on FR Y-14Q Schedule H1 and H2	▪ Proper channels for governance, escalation, remediation and monitoring of data issues, including key performance indicators (KPIs) to measure progress ▪ Use of data analytics to monitor trends and assess remediation effectiveness
Governance	▪ Ineffective or unknown escalation paths ▪ Lack of meaningful linkage to the attestation process ▪ Unclear roles and responsibilities	▪ Representation from the business at regulatory reporting committee meetings ▪ Communication of material issues at established executive-level forums ▪ Enhanced escalation and enforcement protocols, materiality standards and prioritization frameworks with solidified linkages to attestation ▪ Clear, well-documented governance framework/procedures and RACI matrix ▪ Audit trails to evidence changes to issue documentation, status, etc., in the issue registers

Sustainable issues management and AI opportunities

Clear roles and responsibilities, centralization of issues impacting regulatory reporting via tooling, timely remediation by accountable stakeholders, robust change management and effective enforcement mechanisms are indicative of sustainable regulatory reporting issue management programs.

The use of appropriate tools should factor in an institution's complexity, size and the number of issues impacting regulatory reporting — a centralized tracker also needs to be well governed, easily integrated and contain the right attribution for reporting, thematic analysis and other uses. It is important for stakeholders to rely on these frameworks and tools to identify and escalate the most critical reporting risks across the end-to-end data supply chain.

Users of a central issue tracker for regulatory reporting generally have the ability to:

- Assign responsible owners across the end-to-end data supply chain.
- Link similar issues and avoid duplication.
- Capture and monitor compensating controls.
- Identify key themes either manually and/or leveraging AI/machine learning (ML) algorithms.
- Leverage metrics and dashboards to monitor the effectiveness of the issues management process and measure improvements to report accuracy.

As part of centralized tracking, firms may also consider key requirements such as reporting capabilities, document management, customizability or integration with other systems in addition to issue tracking functionality and workflow management.

AI has the potential to significantly enhance the above capabilities, in part by automating the identification and categorization of issues within regulatory reporting and by leveraging machine learning algorithms to analyze historical data to detect patterns and trends.

We have also seen cases made for a more responsive and agile issue management framework with enhanced AI-driven communication and collaboration (e.g., providing intelligent recommendations for issue resolution based on past experiences and outcomes).

Additionally, greater use of AI-enabled processes for issues management can enable more efficient resource allocations and improvements to data quality, thereby increasing attention and focus on higher-value activities.

Furthermore, AI-powered analytics can provide valuable insights into the effectiveness of regulatory reporting issue management, key performance indicators can be monitored in real time and decision-making capabilities can be improved with advanced data visualization tools and dashboards.

The way forward

An integrated issues management framework rightsized for the institution, with board-level accountability, along with well-controlled and intuitive processes are essential to governance and control over regulatory reporting, yet common challenges observed across the industry have limited the effectiveness and sustainability of issues management programs.

Understanding leading practices and expectations around impact assessment/root cause analysis, remediation and communication highlighted in this brief and then taking action will be critical next steps to addressing these challenges. The use of centralized trackers, deployment of automation initiatives and implementation of AI-enabled solutions will play a major role in improving regulatory reporting issues management and should be top of mind in an era of changing regulatory expectations.

Key contacts

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