



**Deloitte.**

Corporate Regulatory  
and Ethical Compliance  
Survey Findings 2015

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## Deloitte's annual Ethics and Compliance Survey of Corporate Compliance Officers seeks to benchmark the progression and challenges faced by Compliance functions in response to changes in their business and the regulatory environment. This year's survey identified key themes around the evolution of the compliance risk landscape, perception of the compliance function and management of third party risk.

Compliance risk exposure is still increasing but we are seeing some stabilisation in the Compliance risk landscape since our survey this time last year. There is also a marked decrease in the proportion of functions expecting changes to their structure and remit in the next 12-18 months. This may present an opportunity for Compliance functions to consolidate their positions and tackle the thornier challenges of achieving an integrated enterprise wide approach to Compliance risk and leveraging Compliance data analytics.

The perception of the Compliance function has shifted in the past 12 months reflecting a continuing trend and appreciation of the value Compliance can bring to enhancing the organisation's competitive advantage. However, there remains a challenge to ensure that organisations have the right level of investment in Compliance. Over half of the organisations surveyed are not sure, or do not believe that, their organisation has made a sufficient level of investment in Compliance. Yet only a third of those surveyed received an increase in their Compliance budget in the last 12 months meaning that many functions are needing to deliver more with their current resources.

With extended use of third parties and complex global relationships, effective third party risk management has been a continued challenge for many compliance functions. It is positive that we have seen extensive use of risk aligned third party due diligence and audits. However it is clear that there is an opportunity for greater integration and coordination of third party risk management across organisations.

The positive role that today's Compliance functions are looking to play has come across clearly. Whilst there is more to be done, this year's survey is encouraging that progress is being made. Thank you to the organisations who took part in our survey. We hope you find this summary helpful.

## Compliance demographics – a profession that is growing up

Corporate Compliance functions continue to mature with a continuing increase in the proportion of dedicated Compliance professionals.

27%



of practitioners in the teams we surveyed are lawyers (down slightly on last year – 29%).

25%



of Compliance teams we surveyed are Compliance practitioners, an increase of 2% on 2014, but up from 2% in 2012.

## Stabilisation of the Compliance risk landscape

Compliance risk exposure is still increasing but we are seeing some stabilisation in the Compliance risk landscape since last year. Whilst there is a marked decrease in the proportion of functions who are expecting to make changes in their structure and remit in the next 12-18 months, we still see many compliance functions looking to make changes with structure and/or remit of the function being the most common areas for change.



43%

of respondents feel their Compliance exposure has increased in the last 12 months (down from 71% last year), several pointing out that new acquisitions change their risk profile year on year.

Data privacy and anti-bribery & corruption continue to be perceived as the greatest Compliance risks to organisations, closely followed by competition and industry specific regulations.



25%

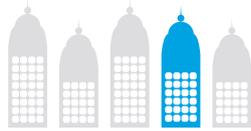
of respondents foresee change to the structure of their function in the next 12-18 months (down from 70% last year).



38%

expect change to the remit of the Compliance function in the next 12-18 months (down from 72% last year).

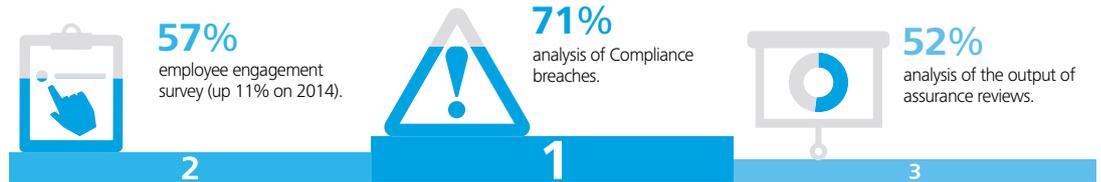
## Compliance culture remains a challenge for some



**1 in 5**

organisations do not believe they have a strong Compliance culture.

The top 3 techniques used to internally measure the maturity of the existing Compliance culture are largely reactive, after the event measures:



The top challenges to embedding a Compliance culture continue to relate to achieving alignment with business processes, linking cultural strength to business performance incentivisation and measuring culture



Misalignment between Compliance requirements and business processes



An inability to attribute improved business performance to Compliance culture



Lack of incentives for employees to deliver the Compliance culture



An inability to measure the culture

## Improvements in the perception of the Compliance function

The perception of the Compliance function has started to shift in the past 12 months reflecting a continuing trend and appreciation of the value Compliance can bring to enhancing the organisation's competitive advantage.



**33%**

of respondents felt that they were perceived as a back office function or enforcer, compared to 53% in 2014.



**29%**

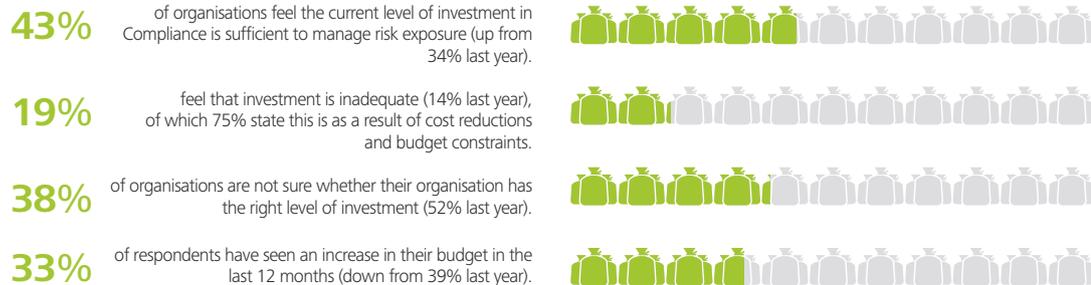
feel they are now perceived as trusted advisors against 67% who would like to be perceived as advisors. This has improved since 2014 with 22% and 71% respectively.

Compliance functions are using a number of mechanisms to ensure that the Compliance function makes a greater impact with the business:



## Securing investment in Compliance remains an ongoing challenge

Corporate Compliance functions are becoming clearer about the investment that they need, but only a third are seeing Compliance budgets increasing.



Key drivers for investment have been:



**94%**

mitigating the potential for the financial or reputational cost of non-Compliance.



**82%**

an increased awareness of Compliance risk exposure.

### Scope for co-ordination of third party risk management

There is widespread use of risk aligned third party due diligence and audits. Looking ahead there is an opportunity for greater integration and coordination of third party risk management across organisations.

#### Top three third party risk areas:



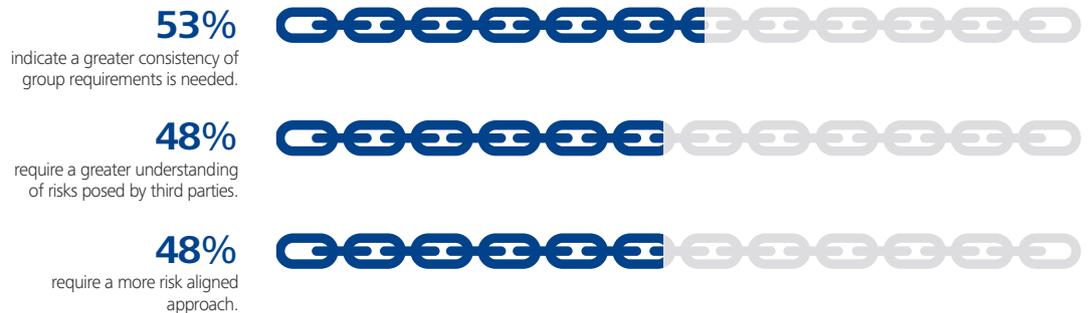
#### Top three factors in determining third party risk:



There is scope for greater integration and co-ordination of third party risk management



Key factors to enabling greater co-ordination of third party risk management include achieving greater understanding of third party risks and a consistent, aligned approach across the group





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