

In Focus: 2016 Compliance Trends Survey

Deloitte Risk and Financial Advisory
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OBJECTIVE:

The survey aims to provide detailed information on the structure of an organization's compliance and ethics programs and the role that the Chief Compliance Officer takes when addressing the effectiveness of these programs.

METHODS USED:

The survey produced 743 total responses. Any submission where the respondent's title was not directly related to corporate activities ("partner" or "administrative assistant," for example) was excluded from the data analysis. The result was 558 qualified responses from senior-level executives.

Of those respondents, just over a third held the title of chief compliance officer, chief ethics officer, chief audit executive, general counsel or other C-level titles. 20% held a VP or director level title while another 20% were at the compliance manager level. The rest held various titles in some way related to compliance.

KEY FINDINGS:

- 21% of companies do not have a designated Chief Compliance Officer (CCO).
- A majority of responses said that the designated CCO (or person responsible for compliance if not designated) directly reported to either the chief executive officer (32%) or the general counsel (23%). At a distant third, 14% reported to the board or a board committee.
- 59% reported having a total annual budget for enterprise-wide compliance functions — including people, processes, and technology — of less than \$5 million.
- 43% reported that the CCO held a seat on the CEO's executive management committee. This is an area where the CCO clearly could receive more top-level visibility.
- 47% of respondents reported that managing third-party risk was the most challenging aspect of an organization's compliance and ethics program.
- In regards to assessing the culture of ethics and compliance, 57% of respondents reported that they used information reported through whistleblower hotlines, internal reporting channels, and/or exit interviews to assess the culture.

CONCLUSION:

- The survey shows a continued upward trend for a more supported and resourced compliance function, even while the traditional challenges face compliance programs, such as confidence in program effectiveness measuring, persist.
- Compliance officers generally lack the IT resources they need to take advantage of predictive analytics, task automation, and protection against cyber risk.

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