

# In Focus Compliance Trends Survey 2014

A Collaboration between Deloitte and Compliance Week

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## **OBJECTIVE:**

This survey was conducted in order to answer the question:

How do compliance functions efficiently and effectively manage the risks associated with the increasing demands of numerous stakeholders and position themselves for success in the future?

## **METHODS USED:**

The 2014 Compliance Trends Survey was drafted by Senior Compliance Week editors and Deloitte in January 2014. 35 questions were asked and 209 qualified responses were collected from senior-level corporate compliance audit, risk and ethics officers worldwide from a broad range of industries. 28% of respondents had the title of chief compliance officer. The largest industry group represented was financial services at 25 percent, followed by life sciences and healthcare at 19 percent. Respondents were asked to disclose annual revenue and workforce size within a range. The survey was self-reported and Compliance Week did not attempt to verify the reported data.

Questions asked fell under the following categories:

- The resources that compliance departments have
- The compliance risks associated with their operations
- The risks within the extended enterprise
- The use of technology

## **KEY FINDINGS:**

- 50% of respondents say their company now has a standalone chief compliance officer (CCO), up 13% from the previous year. This suggests that companies are taking compliance more seriously.
- The likelihood of having a standalone CCO increases as the size of the company increases:
  - 39% for companies with less than \$1 billion in annual revenue
  - 69% of those with \$50 billion or more in annual revenue
- 45% of respondents have five or fewer full-time staff devoted to compliance and ethics, which suggests that compliance is not getting the resources it needs.  
Larger companies with over \$1 billion in annual revenue did better in this area.

- Close to half of the respondents expect budget increases in 2015 and beyond and the others expect no change. Virtually none expect budget cuts.
- 85% of all respondents stated they are re-assessing or increasing the monitoring of their business links with joint-venture partners, suppliers, distributors, etc.
  - 5% specifically reduced third-party relationships and brought activities back in-house.
- 70% of respondents stated they measured the effectiveness of their compliance programs through internal measures such as analyzing internal audit findings, hotline calls, and tracking completion rates of required compliance trainings. The use of external measures such as benchmarking studies and independent evaluations were considerably less at 45%.
- Staff-level compliance professionals (managers, directors, vice presidents) are more confident in their company's measurement of effectiveness than C-level compliance executives.
  - 64% of staff-level compliance professionals are confident or very confident that the metrics they use give them a true sense of how well the compliance function works, compared to 52% of CCOs.

#### **CONCLUSION:**

- Well-crafted and executed surveys are one of the best tools a CCO can use to determine how well understood compliance risk policies are.
- Regulators expect companies to do more rigorous due diligence, oversight, and compliance reviews regarding their vendors and third parties.
- Tone at the top is nothing more than an aspiration if the organization isn't acting on those values. Stronger support with middle management should be built since they are the ones who operationalize the compliance programs.

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