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2012 State of Compliance Study

A Joint Initiative of PwC and Compliance Week
June 2012

Panelists

Sally Bernstein
Principal
Co-leader, Ethics and
Compliance Practice
PwC

Steve Koslow
Chief Ethics and
Compliance Officer
CUNA Mutual Group

Tony Heredia
Vice President of
Compliance and Risk
Target Canada

Bobby Kipp
Partner
Co-leader, Ethics and
Compliance Practice
PwC

Agenda

- About the 2012 State of Compliance Study
- Who is the chief compliance officer, today and tomorrow?
- Some of what we learned
- How to take a deeper look

About the 2012 State of Compliance Study

- Second annual study
- Developed with a committee of senior compliance executives from leading companies
- 35 questions focused in four areas:
 - *Scope* of responsibilities compliance departments:
 - *Metrics* used to gain assurance that the compliance program is effective;
 - *Technology* used by compliance departments; and
 - The staffing, *resources*, and oversight of the function

About the 2012 State of Compliance Study

- Survey remains open through ***December 31, 2012*** at www.pwc.com/us/compliancebenchmark2012
- *Participating companies receive a complimentary full benchmarking report that compares their response to the peer group for all 35 questions.*

Who is the Chief Compliance Officer today and tomorrow?

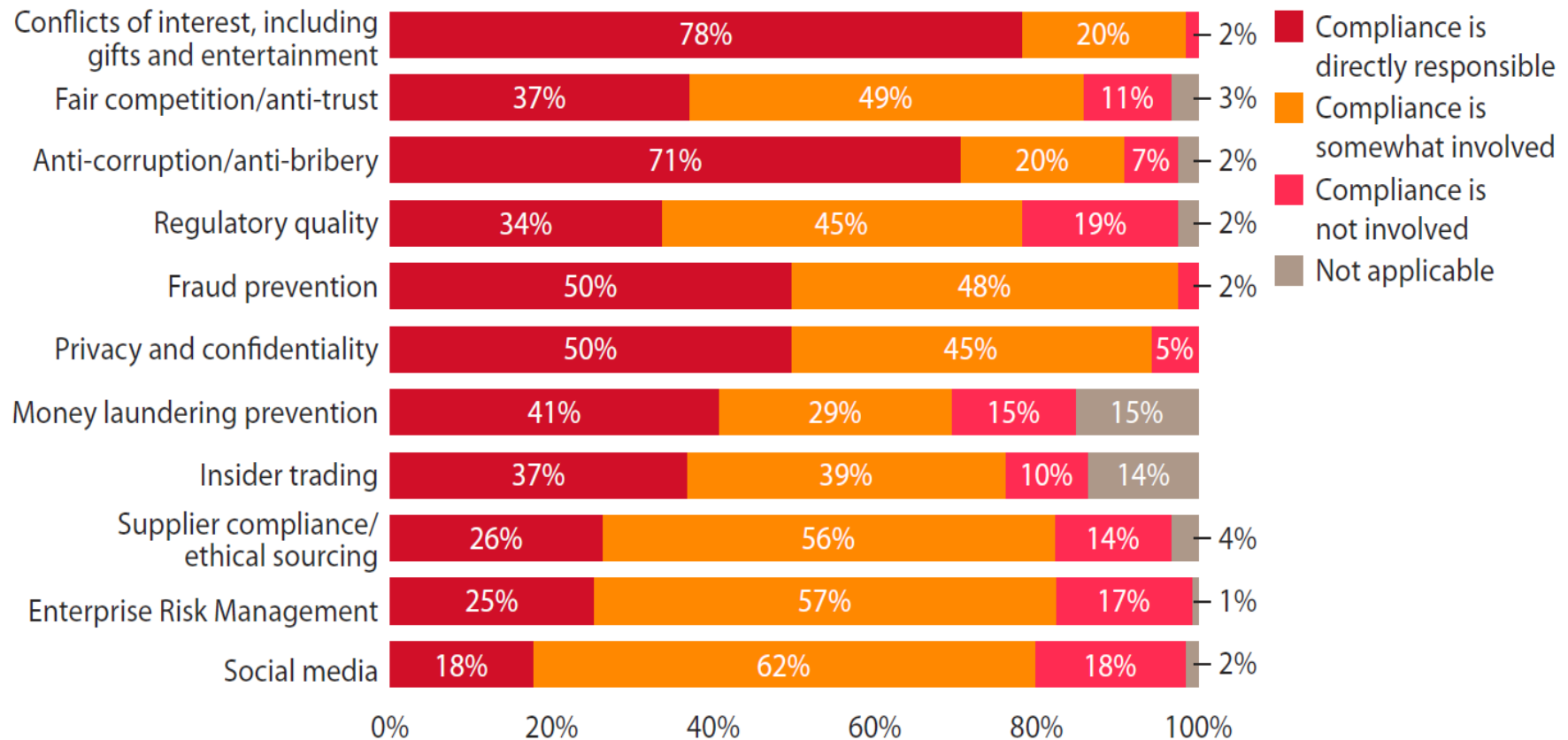
The role of compliance is evolving

- Much like that of a primary care physician
- Strengthening reporting at senior and board levels
- Highly collaborative: understands the core businesses and their risks
- Works with teams across the organization and with specialists who bring detailed knowledge of business issues, processes and risks
- Consults, advises and monitors, but does not “own” many compliance areas
- Ethics and compliance execution remains the domain of those who own and run the business

Compliance Scope

Compliance Reporting Relationships, Scope and Resources

Extent of the compliance department's involvement in various areas of the enterprise (partial list)



Compliance Reporting Relationships

Reporting Relationships, Scope and Resources

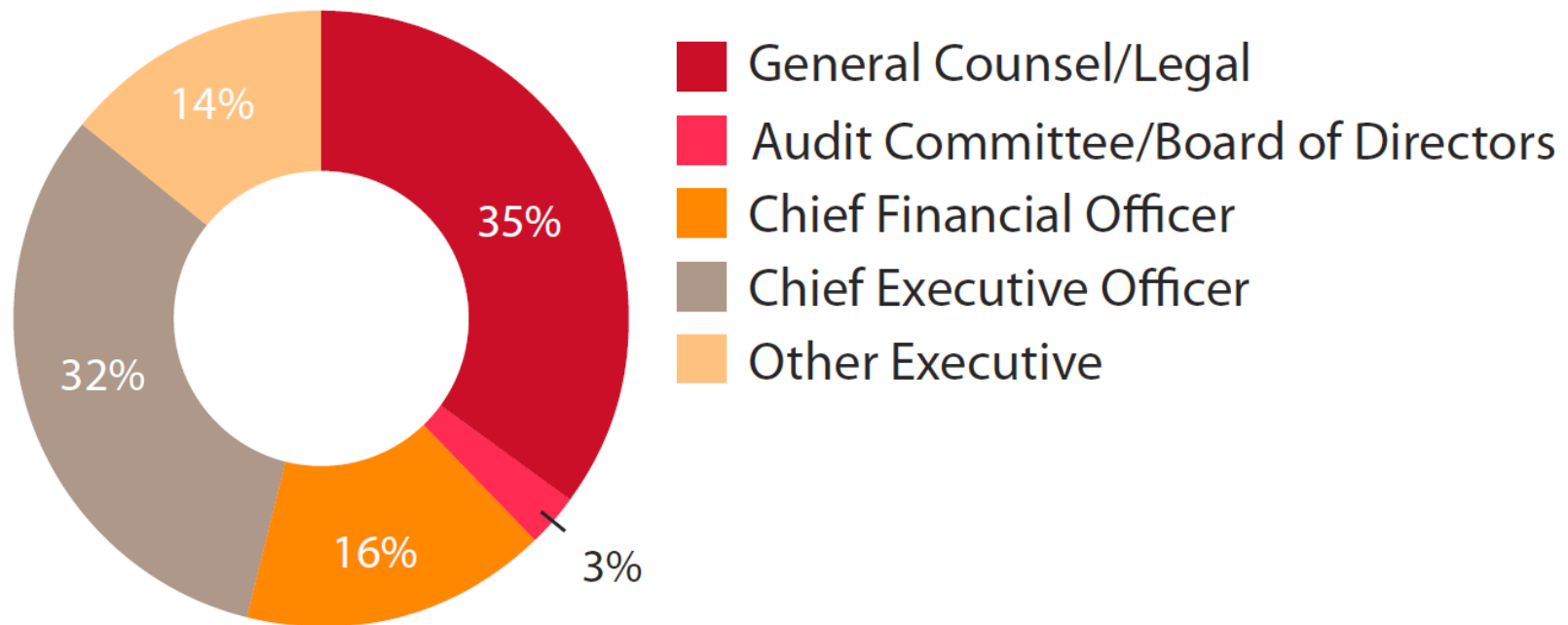
The chief compliance officer formally reports to the following individual(s):



Compliance Reporting Relationships

Reporting Relationships, Scope and Resources

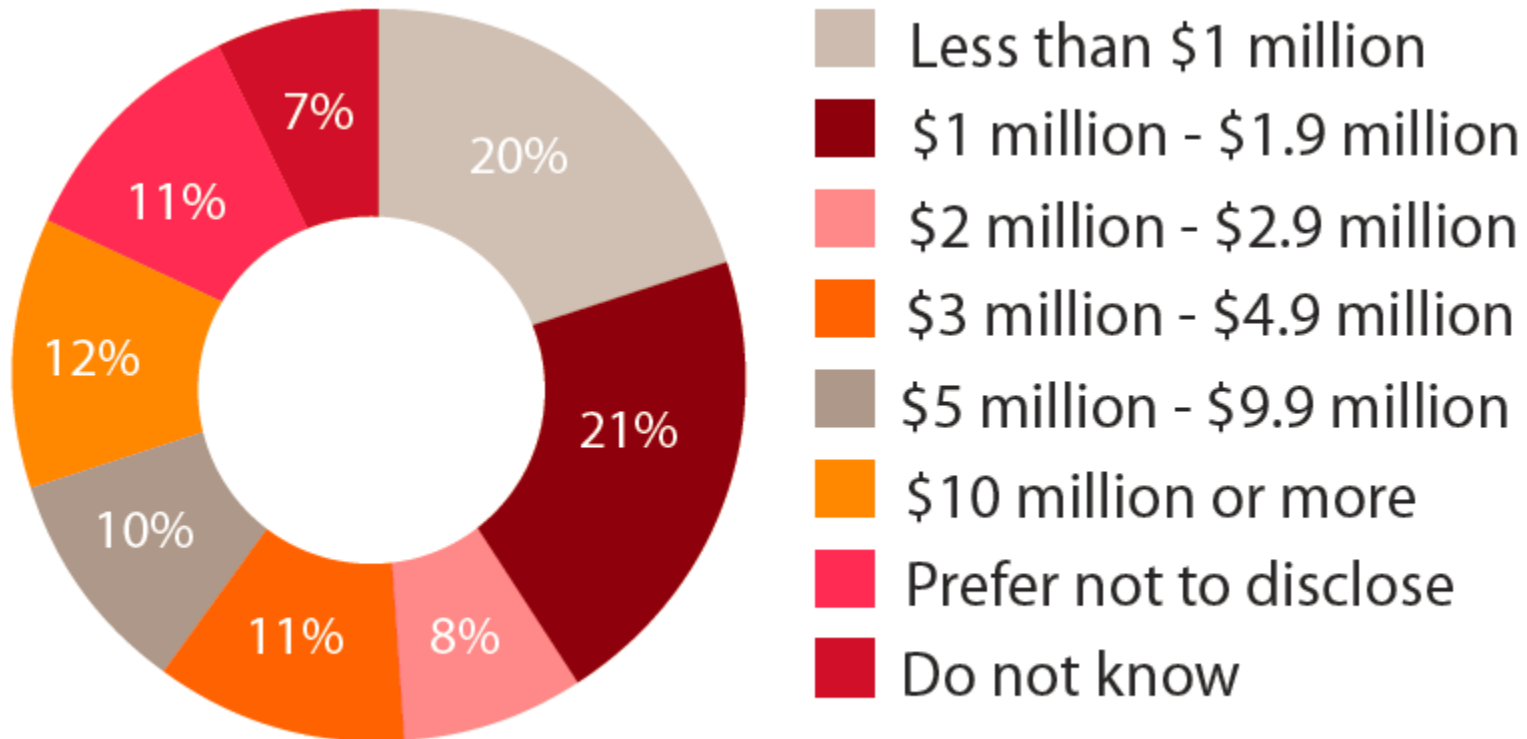
Day-to-day chief compliance officer reporting relationships



Compliance Resources

Compliance Reporting Relationships, Scope and Resources

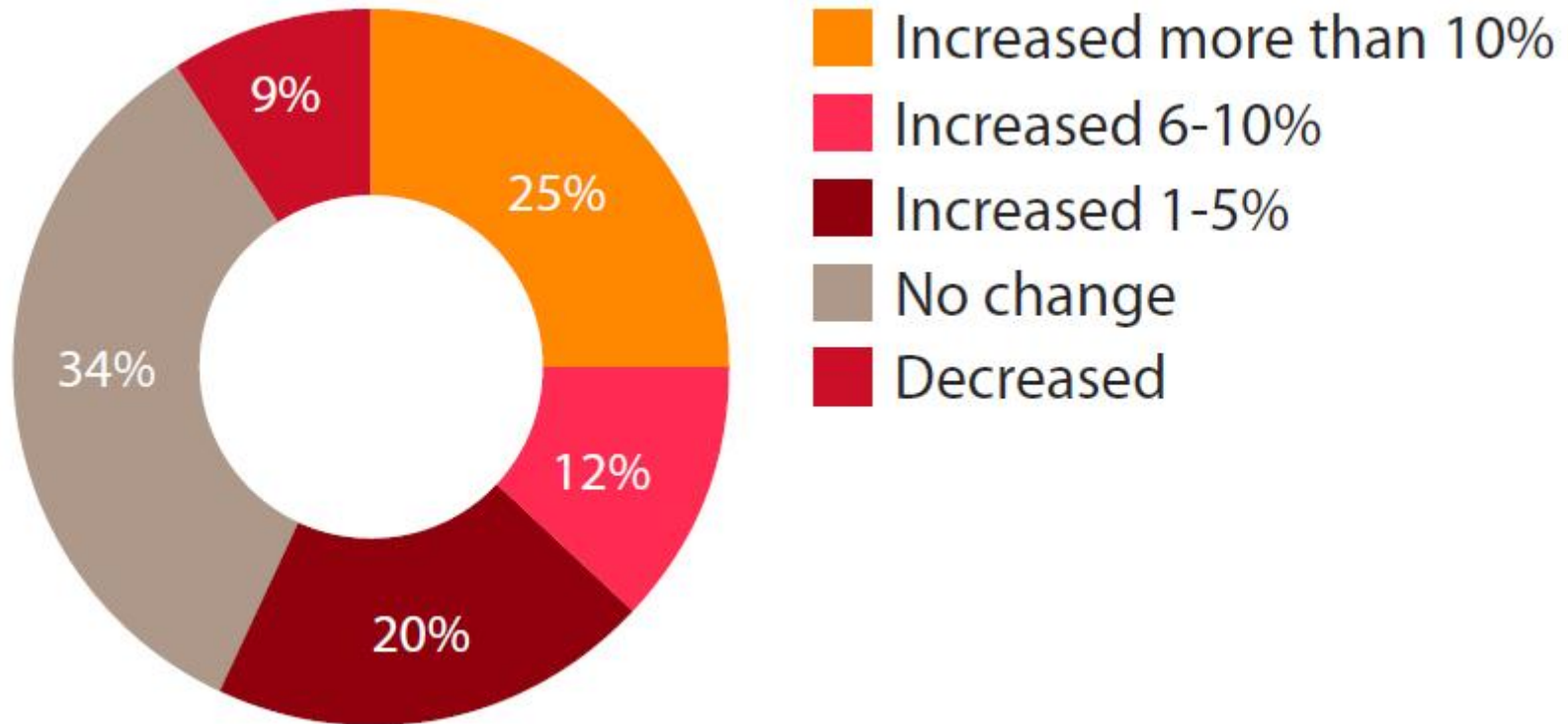
Annual budget for compliance and related activities at the compliance department level



Compliance Resources

Compliance Reporting Relationships, Scope and Resources

Change in FTE compliance department staffing over the past 18 months



Increasing pressure to demonstrate effectiveness

Effectiveness: Metrics and Assurance

Respondents who anticipate increased board and audit committee demands for evidence of effective compliance

78%

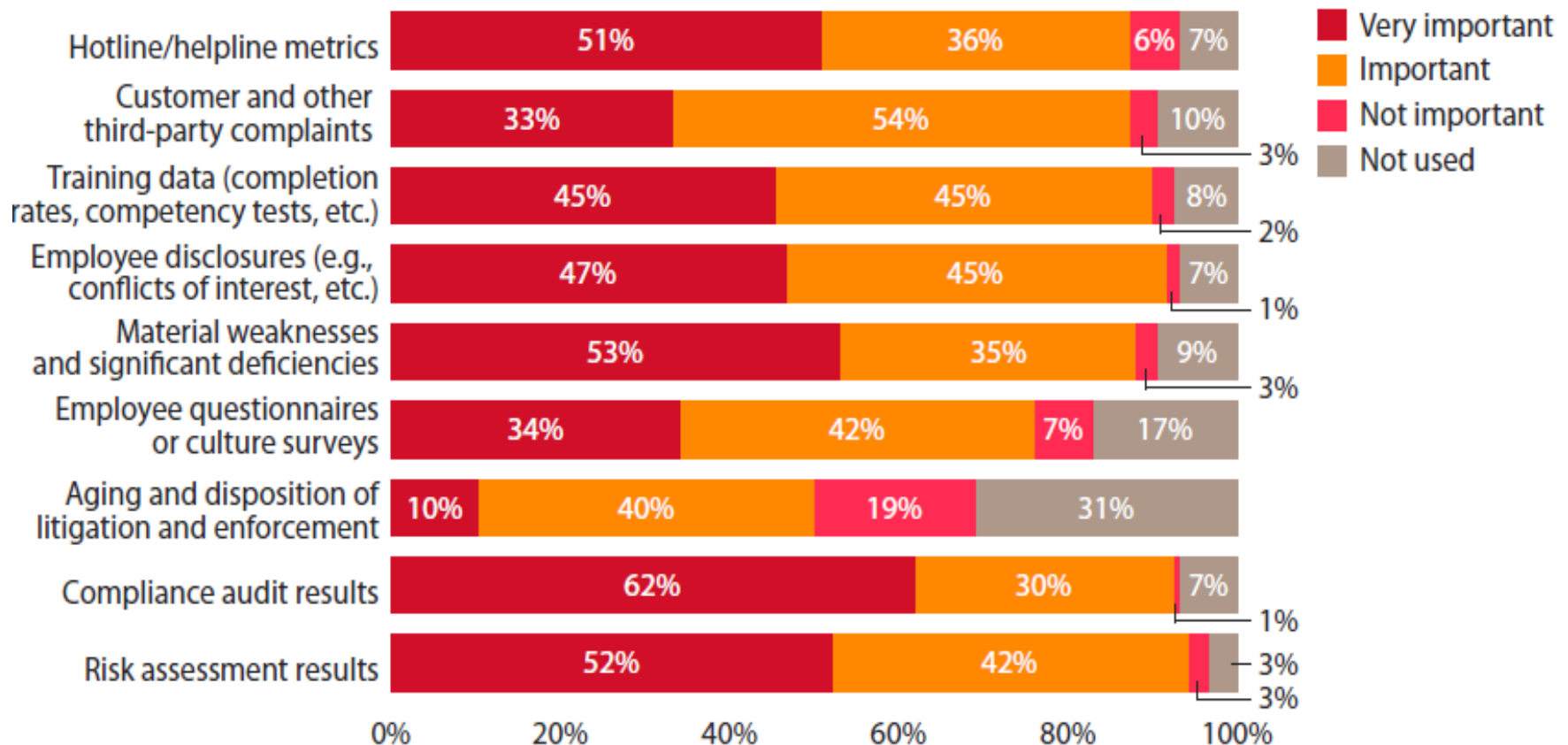
Respondents who are very satisfied with the assessment of the effectiveness of the compliance program

35%

Indicators and Metrics Used to Evaluate Effectiveness

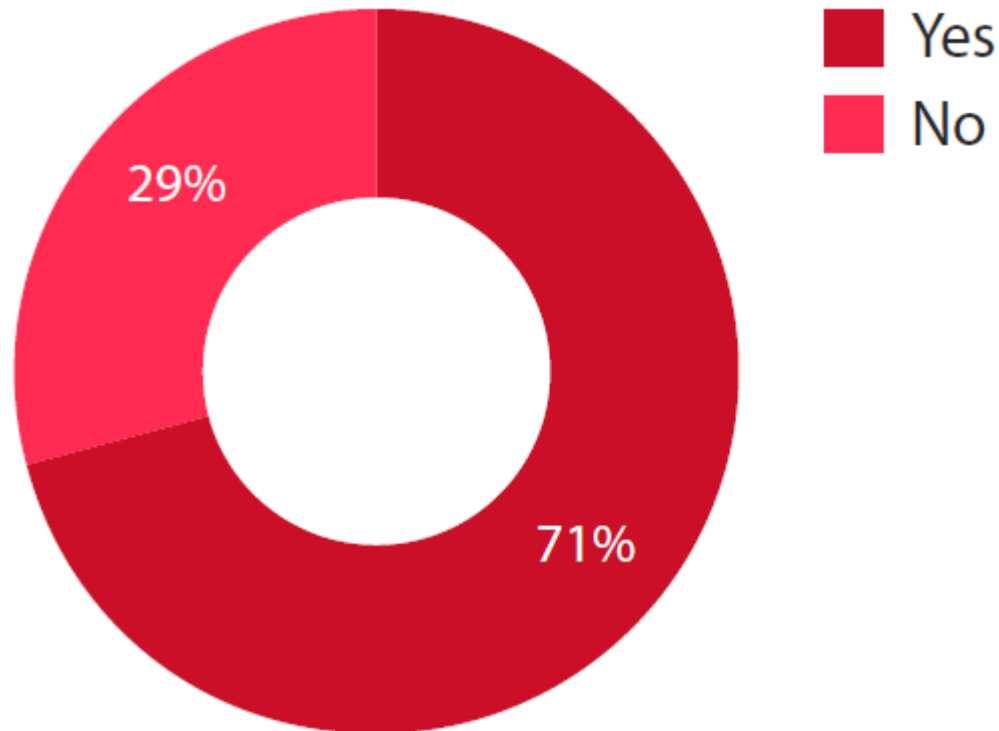
Effectiveness: Metrics and Assurance

Importance of various indicators and metrics in evaluating the effectiveness of your ethics and compliance program



Use of In-house Compliance Committees The Increasing Role of Compliance Committees

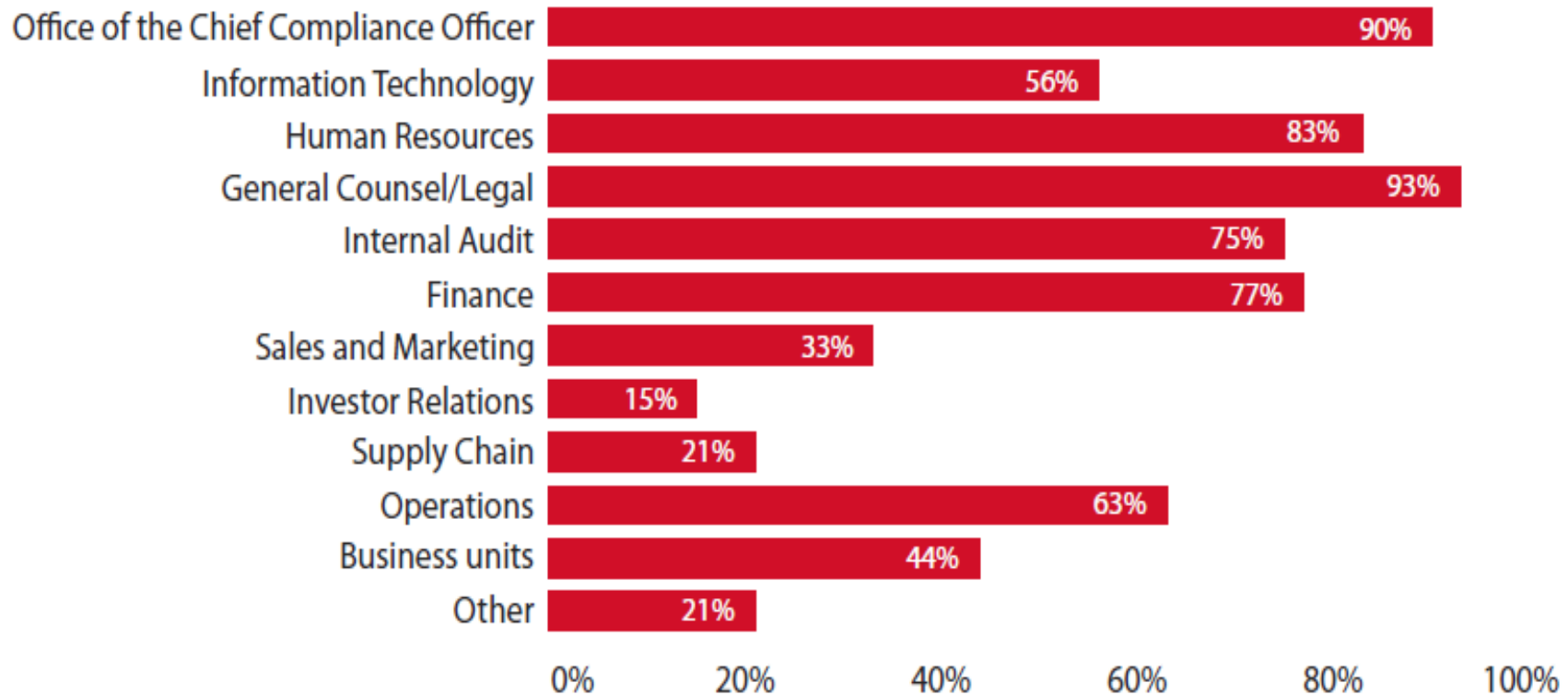
Does your company have an in-house compliance committee to support compliance efforts?



Use of In-house Compliance Committees

The Increasing Role of Compliance Committees

Departments or functions that serve on the compliance committee



Use of In-house Compliance Committees The Increasing Role of Compliance Committees

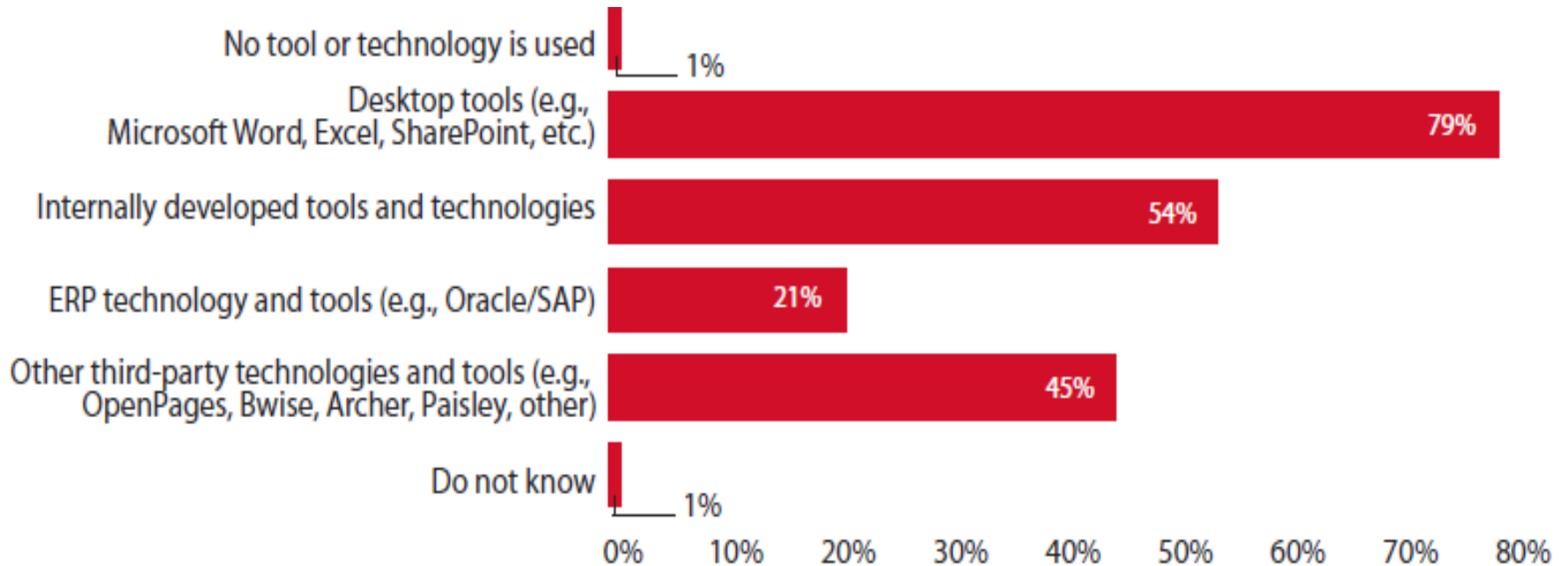
A crucial question is whether the composition of those compliance committees reflects the risks that organizations faces?

*The State of Compliance survey suggests that right now, the **committees do not.***

Tools and Technologies Used Today

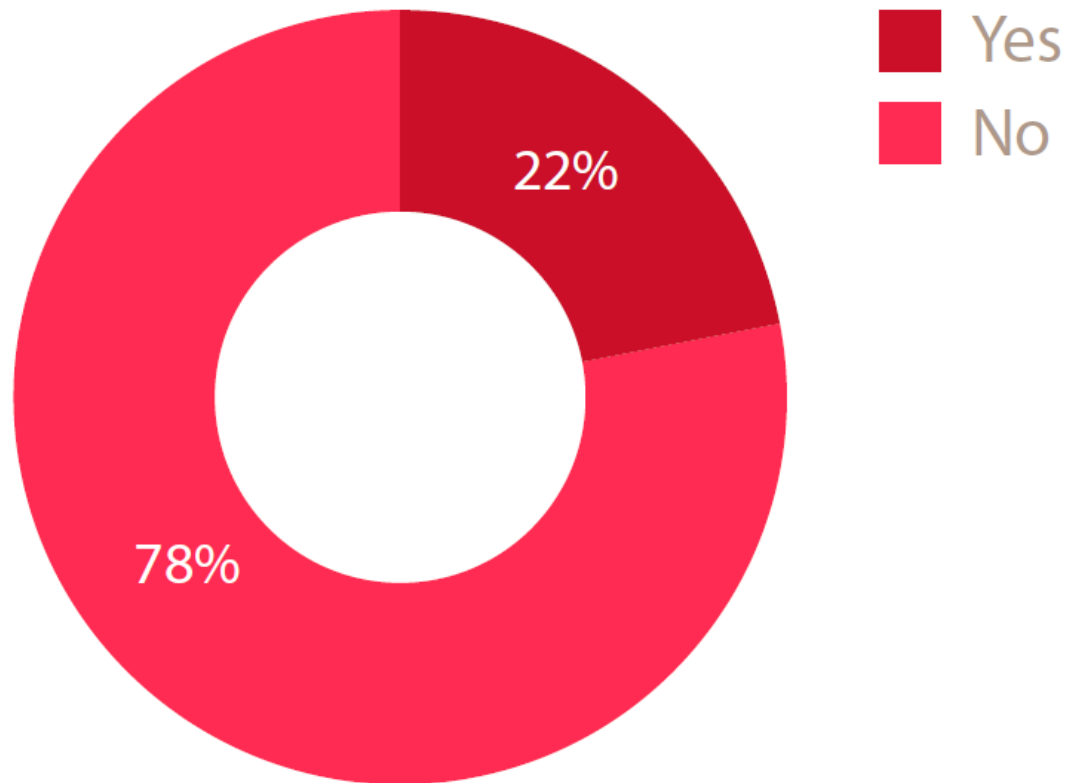
Leveraging Technology

Tools and technologies used by GRC functions to capture and report GRC-related data (compliance function only)



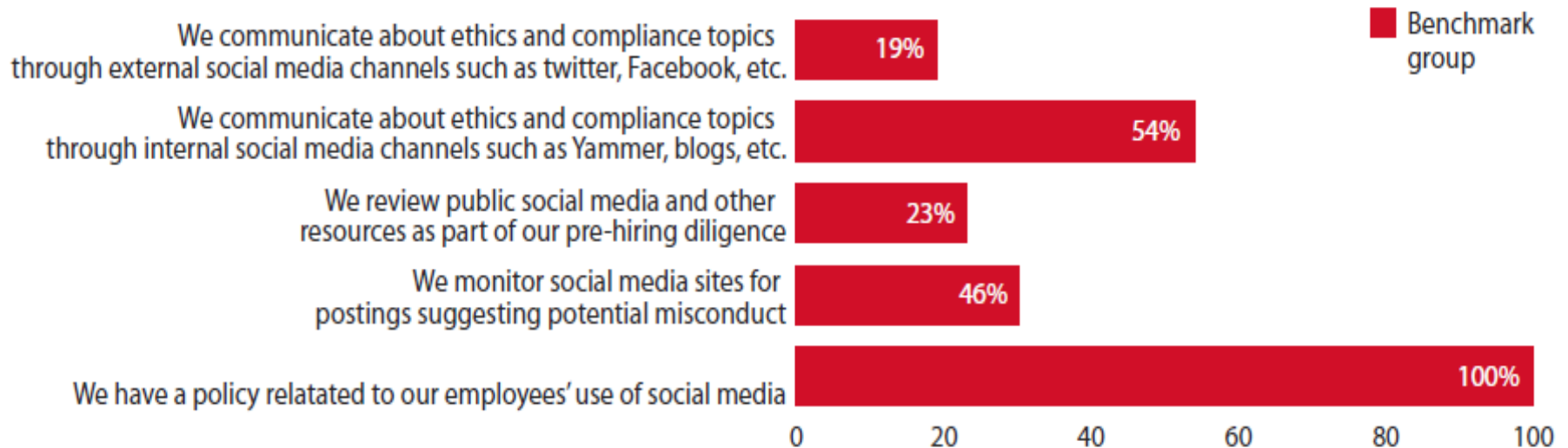
Social Media and Compliance

Social media is used as part of the compliance and ethics program



Social Media and Compliance

Ways social media is used as part of the company's compliance and ethics program



How To Take A Deeper Look...

www.pwc.com/us/compliancebenchmark2012

Sally Bernstein
Principal
Co-Leader Ethics and Compliance Practice
PwC
sally.bernstein@us.pwc.com
617-530-4279

Barbara “Bobby” Kipp
Partner
Co-Leader Ethics and Compliance Practice
PwC
barbara.h.kipp@us.pwc.com
617-530-4602

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