



Our Perspective

Compliance 2.0, part 1: The foundations

“Compliance should not be seen as a stand-alone activity but should be part of the organisation’s overall strategic objectives.”

Bill Howarth, International Compliance Association

The last three years have seen a change in the role and authority of the Compliance Officer within a regulated company, but what do these changes involve, and how do we restructure our compliance department to bring it into line?

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- Is the compliance department viewed as an important partner in the business and not simply as a support function or a cost centre?
- Is compliance given the personnel and resources necessary to fully cover the organisation’s needs?

If the answer to these questions is ‘no’, then the structure and culture of your organisation needs to be addressed from the top down. Board-level buy-in to compliance is essential for Compliance 2.0 to work in practice. Only by gaining such buy-in can ethical behaviour cascade downwards, with effective codes of conduct for staff being put into place.

Compliance 1.0 v Compliance 2.0 - a summary of change

The Compliance Officer:

Then - 1.0

Part of Legal
Reported to General Counsel
Regulatory necessity
Lawyer
Blocked by silos
Under-resourced and under-valued

Now - 2.0

Independent
Reports to CEO/Board
Empowered to do job
Compliance expert
Line of sight
Has champions, staff and budget

Other considerations to factor in

Once you know where you are in relation to where you want to be, some other points to consider before you start are:

- Know your industry - appropriate regulations and potential areas of risk - and communicate this to staff
- Make appropriate staff accountable so they have the authority to manage that risk

Where are you now?

Consider the role of your compliance department within your organisation. *Andrew Ceresney*, Director of the SEC’s Enforcement Division, gave a keynote speech in November 2015 at a conference for the *National Society of Compliance Professionals*. During this speech he recommended that, to measure effectiveness, you ask yourself:

- Are compliance personnel included in critical meetings?
- Are their views typically sought and followed?
- Do compliance officers report to the CEO and have significant visibility with the Board?

Further reading & reference:

- Compliance 2.0 Architecture, Donna Boehme: <http://compliancestrategists.com/upgrade/wp-content/uploads/2016/05/Compliance-2.0-Infographic-1.pdf>
- Andrew Ceresney, Director, SEC Division of Enforcement. Keynote address, 2015 National Society of Compliance Professionals, National Conference. <https://www.sec.gov/news/speech/keynote-address-2015-national-society-compliance-prof-ceresney.html>
- The Brave New World of Compliance 2.0, Kasalana White Paper 6, May 2016. <http://www.kasalana.com/story/the-brave-new-world-of-compliance-2-0>

The next steps

If you have the fundamentals of corporate structure and culture set up as above with best practice in mind, the next steps to Compliance 2.0 are:

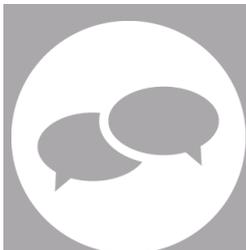
- Internal policies, processes and training
- Reporting channels for compliance concerns

These will be the subject of parts 2 and 3 in the *Our Perspective* Compliance 2.0 series, available in January and April 2017 respectively.

Kasalana Resources

Kasalana publishes quarterly issues of *Our Perspective* covering subjects relevant to our industry. These and our more in-depth White Papers can be found in the Knowledge Centre on our website at www.kasalana.com/knowledge-centre.

If you prefer to receive publications by email, please contact us at info@kasalana.com.



Consultation meetings:

If you would like a free consultation with *Kasalana*, please email info@kasalana.com, or call +44 (0)1580 212832, quoting reference OP13C.

Why we do what we do

At *Kasalana* we have a client-centric approach to intelligence and believe in giving our clients what they need. The information we supply is openly asked for and freely given, and all our work is overseen by senior consultants with many years' experience in their field. With an ethical approach to investigation, we support improvements in global business practices and security.

All our intelligence is individually sourced and produced at the time of commissioning to answer the specific needs of our clients. We work honestly and transparently using a global network of resources to provide timely and accurate information to international clients. To read case studies, please go to www.kasalana.com.

Who we are

Formed in 2005, *Kasalana* is a specialist corporate intelligence company that conducts investigations globally on behalf of clients across all industries. We are experts in enhanced due diligence, background checks and litigation support, solving complex issues on behalf of our clients through investigation. Our clients include FTSE100, FTSE 250 and Fortune 500 corporations, global financial institutions, major law firms and leading private equity houses.

Prior to forming *Kasalana*, *Sam Pope* was Head of Business Intelligence, Deputy Director of Corporate Investigations and EMEA Director of Fraud & Forensic Services for a leading global security risk management company, where he led a team of 40+ investigators. A former defence journalist, Sam has extensive experience of investigating fraudulent activity including asset misappropriation, bribery and corruption, securities and investment fraud, regulatory and anti-trust violations. He frequently works in close collaboration with clients' other professional advisers. He is a member of the American Society for Industrial Security and the Association of Certified Fraud Examiners.

Gareth Crooker joined *Kasalana* in 2010 after working as Director of Corporate Investigations, South-East Asia, for a leading global security risk management company. He has been a business risk consultant for more than 20 years and specialises in pre-investment and compliance-driven due diligence and corporate intelligence. Gareth has also conducted bespoke research and analysis into the political, commercial and security risk environment in Europe and the Former Soviet Union. As well as his native English, Gareth has near-fluent French and Spanish, together with basic Italian and Dutch.

Kasalana Limited
Bedgebury Business Park
Bedgebury Road
Goudhurst, Kent
TN17 2QZ
UK

UK 0844 593 0230
Int +44 (0)1580 212832
E info@kasalana.com
W www.kasalana.com
[@KasalanaRisk](http://www.linkedin.com/company/kasalana-limited)