Broader Perspectives; Higher Performance. State of Compliance: 2012 Study

PwC and Compliance Week

June 2012

Objective

The State of Compliance report aims to give compliance officers a comprehensive view of how they and their peers work, what their responsibilities are, what resources they have, as well as other vehicles of insight.

Methods

Between February 28 and April 6, 2012, survey data supporting the Compliance Week-PwC State of Compliance 2012 Study was collected. The survey was directed toward senior-level compliance officers at U.S. corporations with annual revenue of at least $1 billion belonging to a wide range of industries including manufacturing, finance, insurance, retail, and many more.

Key Findings

- 71% of companies now have a compliance committee—up from last year’s 57%.
- 75% of respondents were directly responsible for conflicts of interest or abuses in gifts and entertainment.
  - Only 33% said sales and marketing representatives served on their compliance committees.—where gifts and entertainment offered to customers have long been concerns, and in some industries, regulated.
- 91% of regulators, 72% of audit committees, and 70% of business partners want to see evidence of an effective compliance program.
- 35% of respondents labeled surveys of workforce culture as very important.
  - 94% rated compliance audits as important or highly important.
- 47% of respondents said their internal audit department uses its own IT tool
  - 20% of respondents said they share one IT tool with other functions.
- 46% of respondents monitor social media sites for hints of misconduct
- 54% review social media postings as part of pre-hiring due diligence
- 46% of compliance officers say they plan to spend more money on compliance-related technology and tools in the coming 12 months
- The percentage reporting budgets of $3 million to $10 million jumped from 14% last year to 21% in 2012.
- 4% of compliance departments consisted of one employee. (Last year, 12%)
- 80% of respondents said their compliance departments grew at least modestly in the last year
  - 25% of respondents reported that their compliance departments jumped by more than 10%


- One-third experienced no change.
  - Fewer compliance officers report to the general counsel on a daily basis (35% in 2012, 41% last year)
    - The number reporting on a daily basis to the CEO held steady at 32%.
  - 84% of compliance officers say they are satisfied with their assessment of effectiveness.

**Conclusion**

Despite the positive changes in many areas, room for improvement still remains. For instance, 8% of companies have no formal chief compliance officer at all.