

**COMPLIANCE WEEK**



# **RISK & COMPLIANCE INTEGRATION BENCHMARK SURVEY**



# Survey highlights need for better integration between risk and compliance

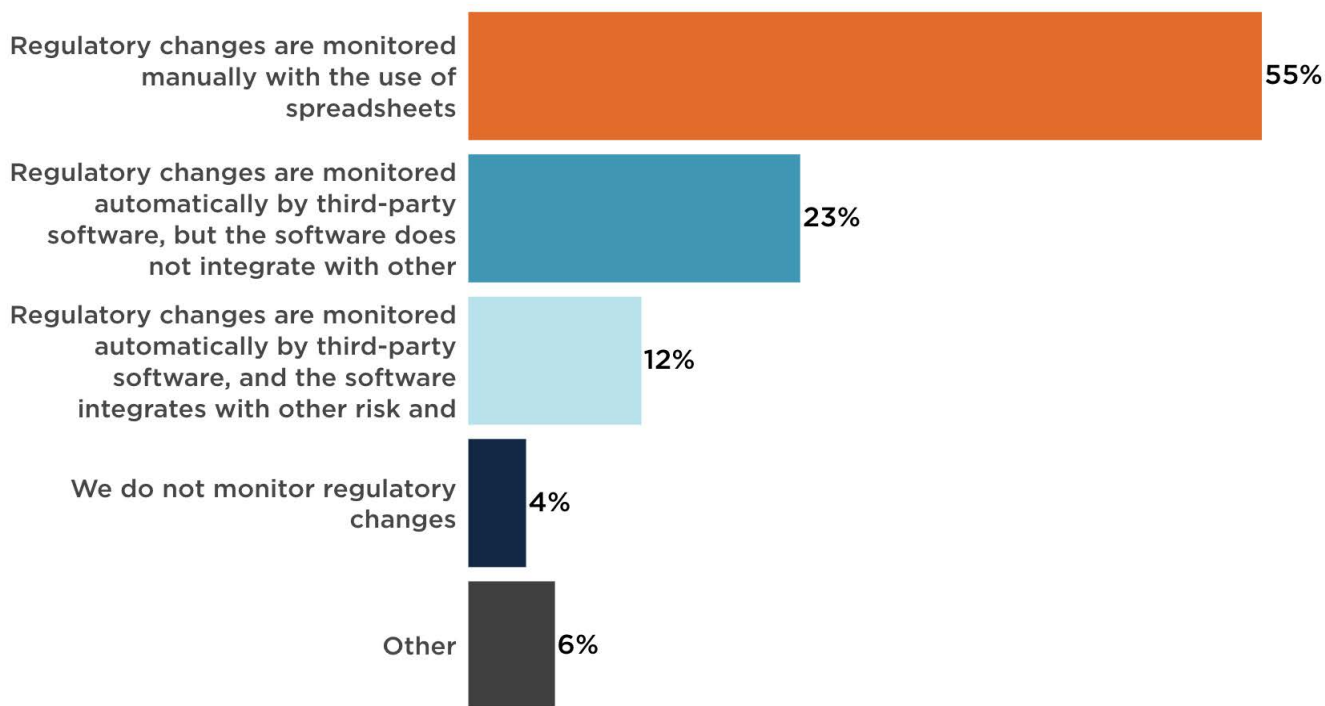
A recent survey from CW and Riskconnect presents a compelling argument for bridging risk management and compliance data, writes **Jaclyn Jaeger**.

A lack of integration between risk, compliance, and audit data continues to impede the ability of many companies today to detect and respond to new and emerging risks, according to a new survey by Compliance Week and GRC software provider Riskconnect.

According to the global survey of 200 compliance, risk,

and audit executives, 56 percent said their organization's data is stored in multiple internal and external sources, while another 24 percent said data is siloed across the organization and is difficult to pull together. Just 16 percent said their data resides in one centralized location where they have an integrated view of their compliance, risk, and audit data.

## In general, how would you describe how you monitor regulatory changes today, and how that data integrates with other risk and compliance data?



“The biggest hindrance that most organizations have is that they don’t know the best way to establish a GRC methodology.”

Knute Ohman, Internal Audit and Compliance Product Manager, Riskconnect

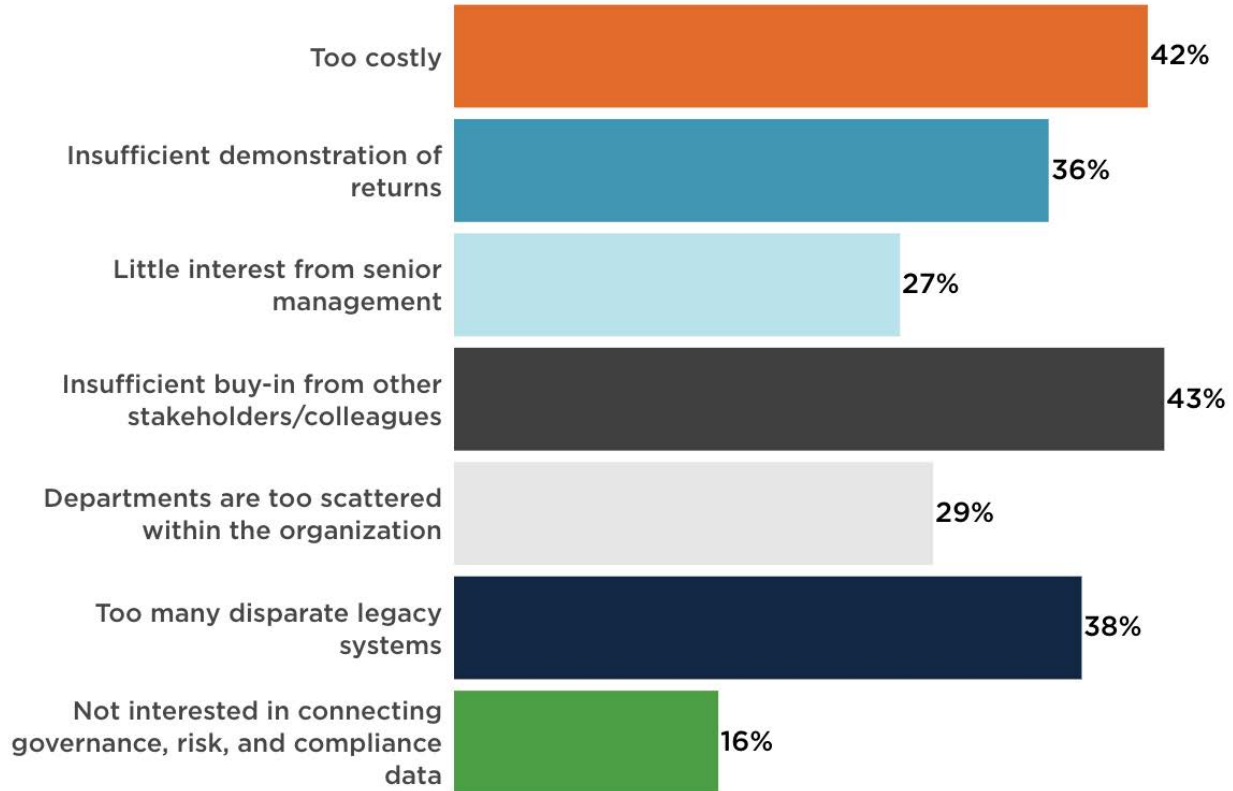
The reason for the disconnect is that most organizations still monitor regulatory changes manually through spreadsheets, as indicated by 55 percent of respondents. Another 23 percent said regulatory changes are monitored automatically by third-party software, but the software does not integrate with other risk and compliance data. Just twelve percent said they monitor regulatory changes using third-party software that does integrate with their risk and compliance data. Four percent said they do not monitor regulatory changes at all.

Among those organizations with no integrated view of

their data, 66 percent said the disconnect between the risk and compliance functions has slowed their ability to detect and respond to new and emerging risks. Just 30 percent said it has not slowed down their ability. Four percent were unsure.

“The findings speak to the opportunity to streamline activities, enhance collaboration, and reduce risk through a centralized approach,” says Knute Ohman, internal audit and compliance product manager at Riskconnect. Having a “single source of truth” results in a variety of benefits, including enabling organizations to monitor compliance regulatory chang-

### If any, what obstacles are preventing your organization from further connecting governance, risk, compliance, and audit data? (Please choose all that apply.)





es in real-time, ensure policies remain up-to-date, and reduce exposure to compliance missteps and regulatory failures.

Data integration also brings with it other benefits. The top benefits cited by respondents include “better business strategies,” “cleaner, more accurate data,” “more optimized business processes,” and “more effective reporting.”

### Overcoming obstacles

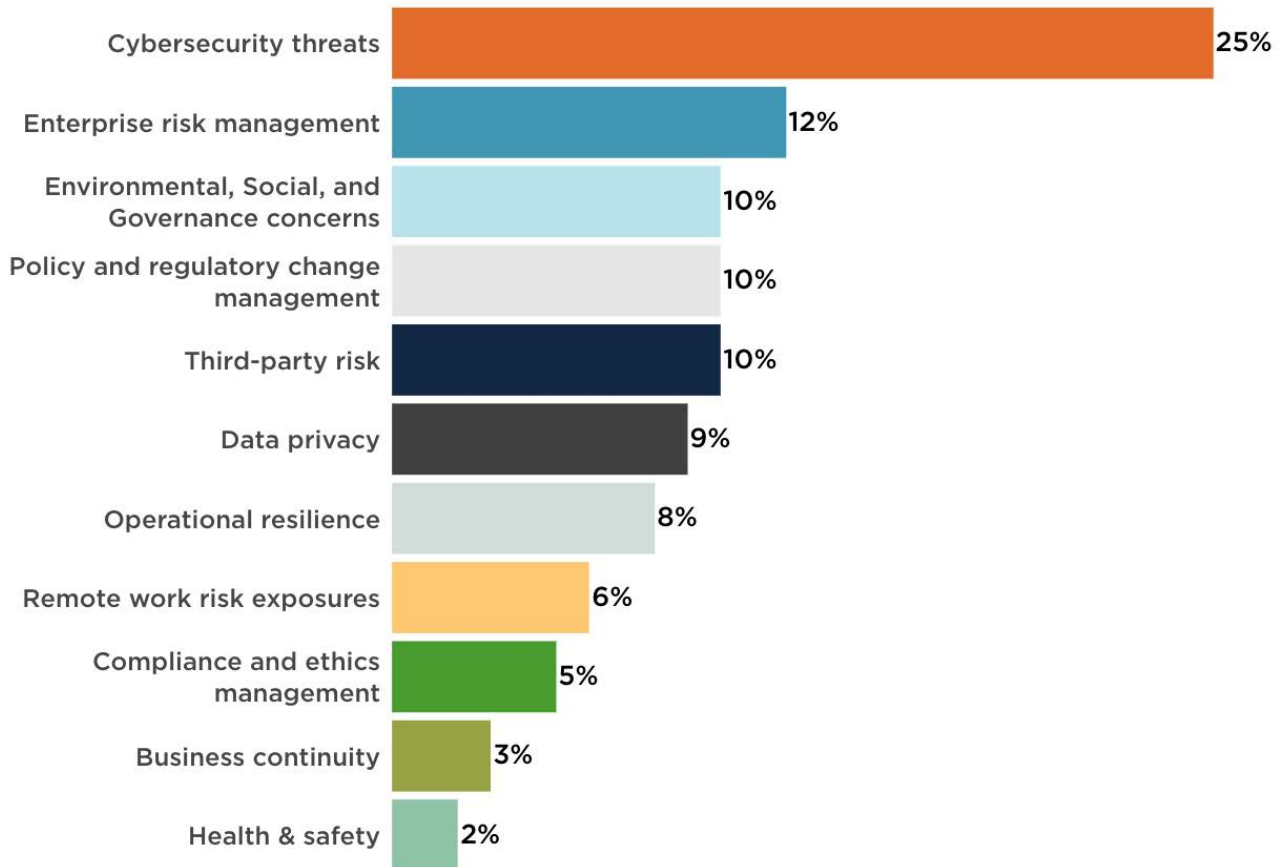
To bridge the gap between risk and compliance data, organizations must overcome numerous obstacles preventing them from seamlessly connecting risk, compliance, and audit data. Among the obstacles cited by respondents include insufficient stakeholder buy-in (cited by 43 percent of respondents), too costly (42 percent), too many disparate legacy systems (38

percent), an insufficient demonstration on returns (36 percent), and little interest from senior management (27 percent).

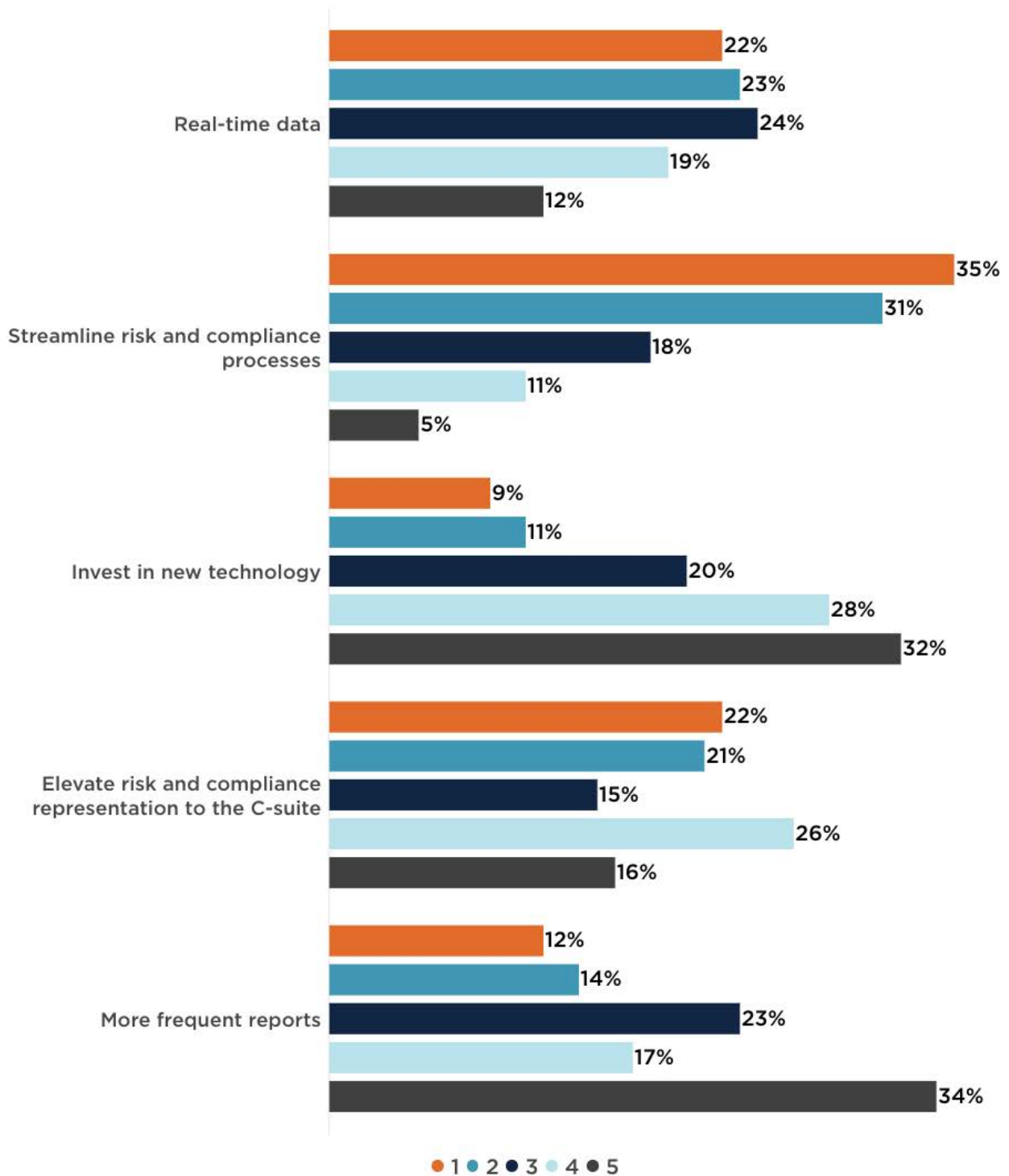
Such obstacles speak to the importance of risk and compliance teams developing a compelling story to show other stakeholders the value-add in implementing a centralized risk management information system. Referring to the operational benefits that other organizations have realized, like the ones mentioned earlier, can help tell that story, Ohman says.

Whether you are implementing a risk management information system for the first time or replacing a legacy system, “there is going to be a slight mourning period for the lost way of doing things,” Ohman says. Also, there needs to be an acknowledgement from all stakeholders involved that, while there may be a slight dip in efficiency at the start as all the

## What is the single most important issue your risk and compliance function will be focusing on the next 6-12 months? Please choose one.



**What is executive leadership's highest priority for risk and compliance? Rank their priorities from 1 (most important) to 5 (least important).**



kinks get worked out, those growing pains are only temporary.

Taking a phased approach and starting out with small changes will help temper resistance from other stakeholders. One small step may be to populate all internal policies into a centralized system first, which also will help individual business functions keep policies current as a starting point.

Also, while implementing a new technology always requires an upfront cost, “the overall efficiency gains greatly outweigh the upfront investment,” Ohman says. For one, having a centralized system resolves the issue of no longer having disparate legacy systems, he says.

Data integration enables risk and compliance teams to spend less time massaging the data into a readable format and more time analyzing the results for how to respond to emerging risks effectively. Among the top risk and compliance issues respondents will focus on over the next six to 12 months: cyber-security threats (cited by 25 percent), enterprise risk management (12 percent), ESG (10 percent), policy and regulatory change management (10 percent), and data privacy (9 percent).

“The biggest hindrance that most organizations have is that they don’t know the best way to establish a GRC methodology,” Ohman adds. Doing GRC effectively is more than buying a tool and knowing how to use it. It’s about maximizing data analytics to make smarter, actionable business decisions, he says.

### Senior leadership priorities

The survey also asked respondents whether senior leadership has changed their interest level in risk and compliance over the last 18 months since the pandemic, to which 66 percent answered “yes.” When asked whether their organization has made any sort of investment in people and technology over this period, however, 58 percent indicated just some level of investment had been made, while another 18 percent said no investment has been made.

Asked what executive leadership’s highest priorities are for risk and compliance, 35 percent of respondents cited “streamlined risk and compliance processes” and 22 percent indicated “real-time data” and “elevating risk and compliance’s representation to the C-suite.” The problem is none of these priorities can be achieved when compliance and risk data is stored in disparate systems or across multiple spreadsheets, Ohman says.

Often, senior leadership will express the desire for the organization to do things in a better, faster, and more cost-effective way but then hesitate to make the additional investments needed to achieve those objectives in practical terms. “It’s counterintuitive,” Ohman says. “There is a lot of want to do better, but is the appetite there from an investment standpoint and a user-acceptance standpoint?”

### Case study

During a recent CW webcast, sponsored by Riskconnect, Chris Henrichsen, senior vice president of risk and litigation at Discount Tire, shared how the privately held tire and wheel retailer is working to bridge risk and compliance and enhance those operations across its 1,100 stores in the United States.

When the company first reached out to Riskconnect in 2017, it originally was seeking a way to consolidate its claims and incidents data. At the time, the environmental, health, and safety (EHS) team and risk management and compliance operations were operating in siloes, and the business really needed a way for these teams to work better together and close that gap.

One of the firm’s many goals was to come up with a scorecard related to safety, quality, delivery, and costs. Achieving that required EHS to collaborate with business intelligence to create an internal dashboard on the company’s intranet.

While claims and incident issues reside within EHS, the EHS team is “inextricably intertwined” with risk management and compliance operations, Henrichsen explained. In practice, the Riskconnect platform empowers risk and compliance to turn data into key performance indicators (KPIs) against which each operational team in every region where Discount Tire has locations nationwide can score their own performance against those four risk areas—safety, quality, delivery, and cost. “We have a consistent scorecard against which we can measure operational compliance,” Henrichsen said.

If a specific store or region is performing poorly in a specific risk area, they can see where improvements need to be made—whether it has to do with employee injuries, general liability claims, or vehicle damage claims, for example. “From a risk management perspective, having clearer visibility into this data further helps inform both operational teams and executive leadership as to whether issues are specific to a particular region or if they extend nationwide,” Henrichsen said.

Discount Tire’s risk and compliance journey is “a work in progress,” Henrichsen said. Moving forward, it plans to use the Riskconnect platform to eventually track things like job hazard data, including the frequency and severity of job hazards by job type and task, and improve its monitoring of inspections.

The survey findings—and the positive transformations experienced by companies like Discount Tire—highlight the long-term benefits of data integration and the elements that make it successful. Those include executive-level and stakeholder buy-in, an effective training implementation plan to manage user expectation and adoption, and a gradual process for connecting data together in a centralized system. Organizations that have all those elements will not only achieve better business strategies, cleaner data, more optimized business processes, and more effective reporting, but will also be able to dramatically reduce regulatory compliance risk overall. ■