



# Realize the hidden value of compliance transformation

From strategy to execution, KPMG  
can help you enhance the value.

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# Introduction: the strategic opportunity

**Constant change may be the new normal, but it can also signal ongoing opportunity. It's the opportunity to reassess and retool compliance, and it's here KPMG firms can help. KPMG works alongside your team to help you transform your compliance efforts into a more effective, efficient, and sustainable compliance structure — one that can take you from strategy to execution — so it continues to deliver value well into the future.**

**Taking a thoughtful step back can allow you to integrate compliance elements and align them throughout the enterprise. The potential benefits of this approach can extend to building a compliance culture that is driven by strategy, focused on competitive advantage and added business value, attuned to multiple stakeholders, and embedded in governance, planning, and operations.**

## **The KPMG advantage**

To meet the regulatory compliance needs of clients, KPMG, through its network of member firms, has built an integrated compliance transformation practice that is notable in global scale, depth of knowledge, and consistency of delivery.

## **Global delivery capability**

From its network of regional service hubs, KPMG can assemble compliance service delivery teams in many locations around the world. At the same time, KPMG firms work flexibly with clients at any scale, from specialized local assignments to wide-ranging multi region engagements.

## **Sector and region specialization**

Organizations can draw upon the seasoned knowledge of KPMG sector and regional jurisdiction specialists, many of them former Chief Compliance Officers and regulators.

## **Consistency**

Common KPMG network professional development standards and standardized KPMG implementation formats can give clients the benefits of a consistent response to their compliance challenges, wherever they are.

# Transformation: destination and journey



For some organizations, compliance transformation will describe the continual evolution and alignment of existing activities with their internal risk profile and tolerance, culture, strategic and financial objectives, and business, operating, functional and human capital models. For others, it may represent significant step-change, with markedly different “before” and “after” states.

Organizations can choose any starting point to initiate compliance transformation. The process can begin with a single component of their program, because of a change in their internal or external environment, or a combination of both. Or, it can extend from an enterprise-wide decision to revisit the entire compliance framework. Regardless of the trigger, organizations need to be able to deploy change and adapt their people, processes, and technology in support of their compliance activities.

## **Boards of directors are asking:**

- How do we know we are complying with all the rules and regulations applicable to our company?
- How do we ensure we have a consistent compliance culture and framework across our enterprise?
- How can we better integrate compliance across our people, processes, and technology in all Three Lines of Defense?
- How effective are our internal systems in holistically supervising our business compliance efforts?



## Compliance transformation framework: the three lines of defense

KPMG's compliance transformation framework includes eight key elements that help drive prevention, detection, and response with governance and culture at the core. Compliance accountability starts with a strong compliance culture, with tone at the top, and reaches across the Three Lines of Defense (LOD). With clearly defined roles and responsibilities, each "line" of defense plays an important role within the organization's overall compliance framework.

Three Lines of Defense models can help promote agility, point the way to emerging compliance risks, and help to clarify an organization's strengths and weaknesses. Organizations that apply the Three Lines of Defense model can reduce risk, strengthen culture and behavior, and enhance governance, organization, and infrastructure.

### Integrated compliance



**"Getting ahead of compliance is not only possible, but part of any forward-looking business strategy. KPMG is here to help, whether an organization wants to begin with a single line of business or operational unit, specific systems and technology, or their entire enterprise."**

— Amy Matsuo  
Principal, Advisory  
Compliance Transformation  
Solution Leader  
KPMG in the US

# Compliance transformation

## Design/build: Planning your compliance transformation framework

KPMG firms work closely with both compliance professionals and with key stakeholders within operations, information technology, and business line leaders to help design and implement customized compliance transformation frameworks.

### Compliance transformation services



#### Compliance risk culture

Assess and help enhance the compliance risk culture as a foundational input to an organization's overall risk strategy and risk appetite. These services span all lines of defense and support transformational strategy and execution activities. Services include surveys and interviews and cut across all components of the compliance transformation framework.



#### Compliance program assessment

This assessment benchmarking exercise can occur in phases and typically includes:

- An assessment of the existing current state of the compliance program for all, or part, of the following: design effectiveness, implementation effectiveness, and operational effectiveness
- Identification of gaps in the compliance program
- Design and/or implementation assistance of recommendations for a compliance target operating model and an enhanced compliance management program and systems
- Assistance executing the transformation to a future target operating state
- Scaling services to address the holistic compliance transformation framework and/or to strategically target any of the fundamental components.



#### Compliance design and transformation

Develop, evaluate, and assist in implementing a target operating model for the compliance management program and/or systems across all components of the compliance transformation framework or a subset.



#### Compliance integration

As part of future and/or target operating models, identify, design, and assist in enhancing enterprise compliance processes that may be leveraged by multiple stakeholders.

Focal points for compliance integration and value management services may include compliance process and control automation, integration with the Governance, Risk, Compliance (GRC) platform, dashboards/reports, surveillance monitoring, complaints management, and issues management.



#### Information and technology enablement

Assess information and technology to help further automate compliance controls, allow for more timely identification and response of compliance matters, and/or increase data quality and linkages for enhanced analytics and predictive measurement.

Services include linkages to risk integration, GRC platforms and business operational systems, as well as data and analytics solutions.



#### Compliance controls

Assess and recommend ways to strengthen compliance control design, control effectiveness and linkage or "integration" of compliance controls to business and compliance processes, as well as compliance monitoring/testing (see also compliance integration).



#### Compliance transformation management

Support structured, centralized management of the compliance transformation program.



## Compliance transformation tools

**Compliance visualization and analytics** — By leveraging data from a single data source or multiple disparate data sources, KPMG firms design a customized solution that provides data-driven intelligence and actionable insights to more effectively manage and embed key components of a robust compliance and ethics governance capability. Key focus areas include investigations, training and certifications, due diligence, and retaliation monitoring.

**Data NeuroSystem (DNS)** — A proprietary technology that helps clients rapidly integrate, analyze, and manage their data more effectively. Through the use of DNS, clients have the ability to bring together data from across relevant data sources and build the foundation for a sustainable solution that addresses the compliance organization's need for advanced reporting, monitoring, and analytics.

**RCT tool** — A central repository of business processes tied to regulations, risks, controls, policies and procedures. It enables KPMG teams to assist clients in their regulatory obligation mapping, risk, and control assessment through a standardized testing methodology, and helps facilitate process and regulatory change management. RCT can be used to execute a robust testing and monitoring function.

**KPMG assessment navigator** — A Web-based assessment and project collaboration enabler used by KPMG teams to help assess the organizational impact of regulatory, accounting, or operational changes. It assists KPMG teams in evaluating the current state against the desired future state and in identifying gaps in controls, systems, and other business processes.

## Conclusion

**KPMG can help you realize this strategic opportunity by fundamentally reassessing, designing, or assisting in the implementation of compliance program enhancements.**

**Industry relevance:** KPMG firms help organizations further develop and enhance their compliance programs in a number of industries. They help clients align their compliance programs to the current regulatory environment specific to their industry and geographic jurisdictions. They also help them anticipate regulatory change and better understand peer practices in their sector.

**Client-specific target operating models:** Beginning with an understanding of an organization's regulatory requirements, objectives, business, operations, and jurisdictional reach, KPMG assesses compliance programs against regulatory requirements and appropriate peer-group or sector standards.

This customized process helps KPMG to evaluate organizations' compliance risk culture, develop and/or implement an enhanced compliance risk assessment, assess the current state of their compliance program, and arrive at a target operating model using KPMG's proprietary maturation criteria. This incorporates our industry knowledge for either a broad or targeted industry-based benchmarking, which is appropriately sized for the organization.

KPMG creates solutions that can produce increased effectiveness and efficiency over the longer term, expand compliance integration, and also enhance the organization's strategic business decision making.

# Contact us

**Amy Matsuo**

**Principal, Advisory  
Compliance Transformation  
Solution Leader  
KPMG in the US**

**T:** 919-380-1509

**E:** amatsuo@kpmg.com

**Richard Girgenti**

**Principal, Advisory  
US and Americas  
Forensic Leader  
KPMG in the US**

**T:** 212-872-6953

**E:** rgirgenti@kpmg.com

**Julie Gerlach**

**Managing Director, Advisory  
Compliance Transformation  
KPMG in the US**

**T:** 404-222-3389

**E:** jgerlach@kpmg.com

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