



Managed Compliance Services

Helping compliance functions succeed

Financial Services Advisory

Introduction

If you would benefit from additional support to manage regulatory requirements, we can help.

Our managed compliance services can bolster your internal resources, providing an expert view and an extra pair of hands when you need it the most.

With no let up in the volume and pace of regulatory change, it is no surprise that many compliance functions are stretched. The FCA, for example, had c.140 publications in 2022, filed under policies and guidance alone. Fines from the FCA and PRA totalled c£1.6bn in the period 2018 – 2023. There are also increasing pressures from Boards, regulators, and investors to enhance the effectiveness of the compliance function as a key line of defence for the business.

The rise in the use of artificial Intelligence and other emerging technologies are also presenting new challenges for compliance functions as they seek to understand how these technologies are being deployed and ensure the risks and outcomes arising from their use are monitored. Across risk identification and assessment, monitoring framework design and implementation, culture and training, investigations, and oversight of third parties, the responsibilities of compliance teams are increasing, and required skills evolving.

Finding these skills in one person or even one company is now extremely difficult making strategic partnerships that much more important. BDO's Managed Compliance Services provide solutions to support compliance functions in delivering their compliance mandates. It supports firms in embedding that cultural shift towards having the right compliance mindset across the organisation.

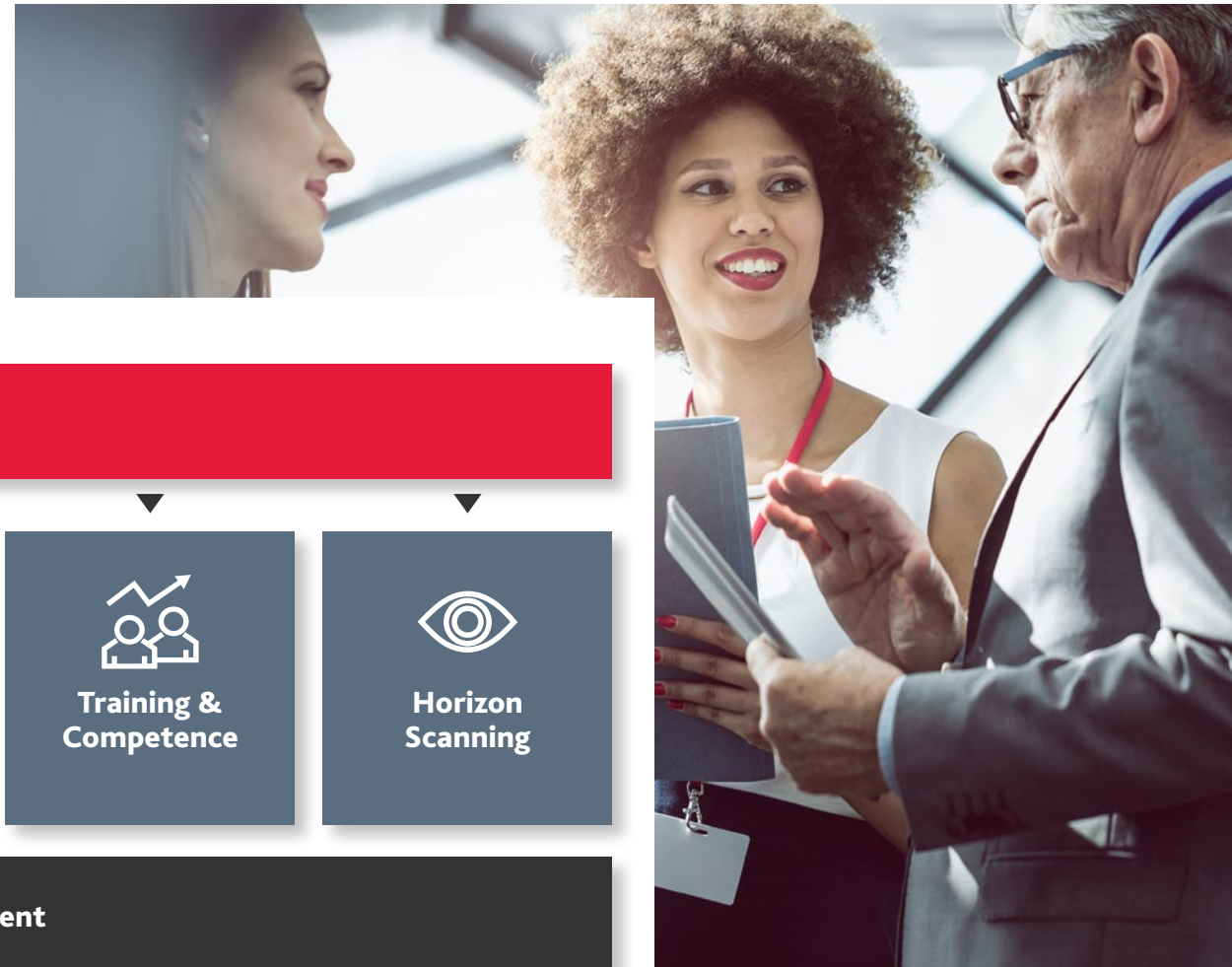


Core services

Compliance effectiveness reviews

What makes an effective compliance function? From a risk management perspective, a compliance function is effective if it keeps compliance risk at or below the risk appetite set by the Board. To do this, it needs to fulfil its risk assessment, advisory, monitoring, and reporting responsibilities efficiently.

We have developed a robust framework to support firms in assessing the effectiveness of their compliance functions. This review assesses the following key components.



Thematic/specialist reviews

Thematic reviews focus on specific areas of concern to the business. These reviews may be driven by regulatory change, specific board requests or interactions with the FCA or PRA. They may also arise due to knowledge or capacity gaps in the compliance function.

Our team of subject matter specialists possess deep and varied experience from regulators, regulated firms or specialist consultancies. These specialists conduct these reviews on a Review and Recommend basis, leveraging industry best practice and experience dealing with the regulators.

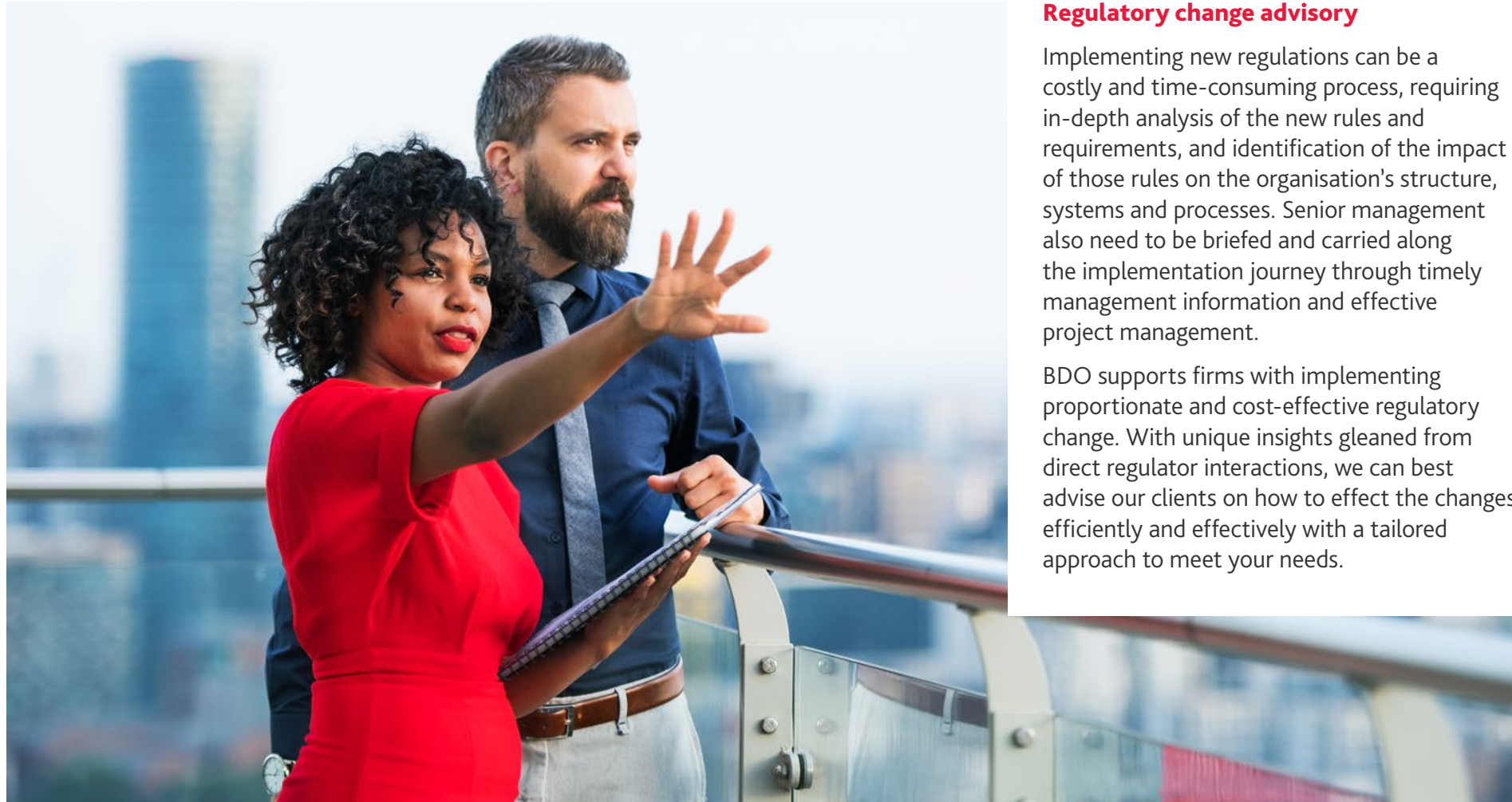
Our specialists have subject matter expertise in all aspects of: governance, conduct, prudential, financial crime, data protection regulation and IT Risk Management.

Components of an effective function



Strong compliance culture & digital risk management

Core services



Regulatory change advisory

Implementing new regulations can be a costly and time-consuming process, requiring in-depth analysis of the new rules and requirements, and identification of the impact of those rules on the organisation's structure, systems and processes. Senior management also need to be briefed and carried along the implementation journey through timely management information and effective project management.

BDO supports firms with implementing proportionate and cost-effective regulatory change. With unique insights gleaned from direct regulator interactions, we can best advise our clients on how to effect the changes efficiently and effectively with a tailored approach to meet your needs.

Areas of support include:

- ▶ Gap Analysis of existing operational and IT processes against new requirements
- ▶ Board and Senior Management briefings
- ▶ Project plan design
- ▶ Project Management Office
- ▶ Resource Augmentation
- ▶ Quality Assurance
- ▶ Post-implementation Compliance Monitoring support

Core services

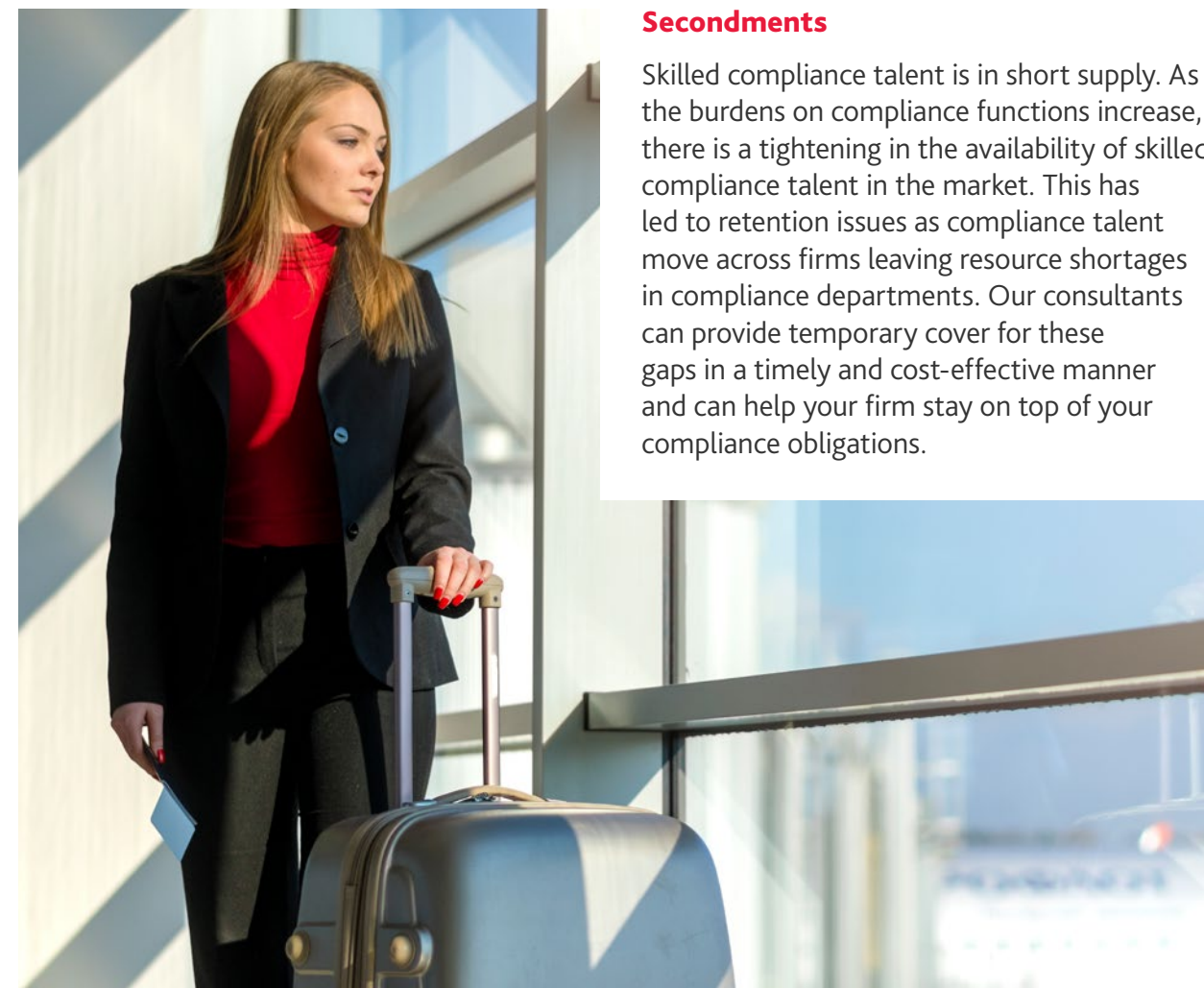


Compliance monitoring

An effective compliance monitoring programme (“CMP”) is indispensable in ensuring that a firm’s regulatory obligations are met and is an integral component of a firm’s risk management framework. A good CMP is risk-based with internal (eg operational risk events, complaints, whistleblowing reports) and external (eg regulatory publications, and news reports) events providing inputs into the design of the programme. A good CMP will leverage data from across the business to identify areas of heightened compliance risk and focus the attention of the compliance resources on those areas. Our services include:

- ▶ CMP design and enhancement
- ▶ CMP execution
- ▶ Quality Assurance on CMP outputs.

The support provided may be structured on an outsourced or co-sourced basis and would be tailored to fit your needs. The structure of the programme of support can be extended to include other areas such as regulatory reporting, policy management, and training as needed.



Secondments

Skilled compliance talent is in short supply. As the burdens on compliance functions increase, there is a tightening in the availability of skilled compliance talent in the market. This has led to retention issues as compliance talent move across firms leaving resource shortages in compliance departments. Our consultants can provide temporary cover for these gaps in a timely and cost-effective manner and can help your firm stay on top of your compliance obligations.

Why BDO?



Independence

The regulatory expectation is that compliance will be independent from the business so that it can effectively challenge and monitor the activities of the first line of defence. BDO's team of consultants bring that independent lens to the delivery of reviews and other regulatory projects.



Specialist knowledge

BDO's FS Advisory practice comprises over 170 professionals with expertise across multiple specialist areas such as Market Abuse, Consumer Duty, Financial Crime, ESG, Prudential regulation, Diversity and Inclusion, and Culture. As a global network, we can also leverage complementary skillsets from our Digital, Cybersecurity and Transformation teams to support regulatory projects.



Cost efficiencies

Notwithstanding the increasing demands on the compliance function, there is often limited budgets for headcount and overall spend for the department. It therefore demands a strategic view to get the best value out of the available budget. By partnering with BDO, firms can achieve their objectives at a more cost-effective price point without compromising on quality.



Benchmarking

BDO consultants support hundreds of firms across the financial services sub sectors. Our consultants are also involved on s166 engagements with the regulator and speak regularly at industry forums. We are therefore able to leverage experience from these engagements to ensure compliance programmes are in line with peers and industry best practice.



Global practice

As the world's fifth largest accounting firm, the BDO global network provides business advisory services in 164 countries and territories, with 111,300 people working out of 1,803 offices worldwide. We are therefore able to support groups with operations and compliance obligations across multiple jurisdictions.

Contact us

If you would like to find out more about BDO's Managed Compliance Services please get in touch with:



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