A blueprint for smarter compliance

The use of technology now plays a central role in helping international companies assess and mitigate risk. But success will depend on good communication remaining at the heart of the solution.

Governance remains the number one priority for international companies as they expand into new markets. Having the right systems and internal controls in place to remain compliant with local laws and regulations is central to a company's ability to both assess and mitigate risk on a global scale.

In particular, the rising exposure to emerging markets and the complexity of global regulation is putting growing pressure on companies to be able to manage their entire global risk profile more efficiently and accurately. It’s no longer sufficient for Chief Financial Officers (CFOs) and top management to focus risk mitigation efforts on major operations. Access to global news and social media means multinationals are highly visible 24/7. An issue in a non-major market increasingly has the potential to impact a company's brand and reputation as an issue in a major market. From a regulatory perspective, top management needs to be able to show it both understands and can explain compliance issues in every subsidiary as it arises.

Harnessing technology to improve governance through better control over information and data flows from global subsidiaries, can enhance visibility reducing the potential for compliance oversights. Yet while technology offers the ability to condense and serve up information quickly, solutions employed can often be disjointed when applied internationally. As pressure mounts on top management to have access to local knowledge at their fingertips, a smarter, more integrated approach to the flow and quality of information from global operations is vital from a compliance perspective.

To achieve this, an efficient workflow process needs to be put in place. The ability to gather and integrate information locally, yet have the capacity for in-depth central analysis is key to ensuring you don’t lose visibility in any part of your global operation, no matter how small. To arrive at this point, there are a number of stages international companies should consider in order to find a compliance solution that is aligned with their business strategy.

by Consuelo Sedney, Partner
Mazars in the Netherlands
#Focus on information interpretation

The availability of data and information is no longer an issue; the game changer is having the ability to interpret information in a way that mitigates risk according to your international business model. In particular, knowledge of local rules and regulations needs to be understood in the context of what risks are attached to the correct interpretation of that knowledge and whether the structure created mitigates those risks appropriately.

#Boost Collaboration

An ad hoc approach to disseminating information is potentially damaging from a compliance perspective. It’s important therefore to give some thought on how vast amounts of global information can be extracted, presented, accessed and used for compliance purposes. Regular interaction with local subsidiaries on compliance issues provides a basis for better interpretation of information, helping to boost collaboration on international compliance tasks and mitigate risk.

#Mirror your operational structure

Good governance relies on the ability to collaborate on global compliance tasks easily, quickly and transparently. Avoid shoehorning operational structures into the technology solution. Focus on a solution that centralises information around the company’s needs rather than the service provider’s. This helps move away from a tick box solution to a more intuitive approach to compliance, providing the opportunity to assess risk before it becomes a compliance headache.

#Consider flexibility

The ability of any compliance system to grow with the client is key. We live in a dynamic world and large companies will often enter new markets rapidly. Solutions need inbuilt flexibility to digest new regulations and understand local compliance bottlenecks. For example, obtaining a tax assessment in the Far East is a more complex and lengthy process than, say, The Netherlands. The ability to tap into local expertise as part of the solution gives the ability to adapt compliance deadlines and tasks accordingly and help support better understanding of local issues at corporate level.

#Reduce miscommunication

As well as the ability to remain flexible, there is the need to ensure any compliance system reduces the potential for miscommunication. This can occur where cultural diversity has not been factored into the communications solution. Having skilled people and partners to correctly interpret information from a range of cultural backgrounds can help reduce levels of potentially damaging miscommunication.

#Improve predictability

It’s important to remember that at the heart of any communication-based solution are people - technology on its own cannot resolve compliance problems. Risk assessment and mitigation requires regular discussions at corporate and local level. In particular, local experts are in the best position to spot risk issues likely to arise and help smooth the path for adjusting compliance timeframes.

So as participation in the global economy requires companies to digest and analyse ever increasing levels of information and data, the big challenge is how to channel and interpret that information effectively in order to remain compliant on a global scale and, ultimately, remain competitive.
Top Five Compliance Portal Requirements

The following five preferences for a compliance portal are based on in-depth discussions between Mazars and a wide variety of international company stakeholders. Based on this research, Mazars created inControl, which is an online portal giving complete oversight of global compliance activities.

1. **Greater transparency**: See at a glance what’s happening locally and when action needs to be taken.
2. **Local support**: Access to local experts, teams and partners that are embedded into the solution at the outset.
3. **Customisable workflows**: Ability to structure the portal to reflect internal organisation and processes.
4. **Improved governance**: Ability to track the progress of activities against KPIs.
5. **Increased efficiency**: Clear workflows identified and managed through one portal, reducing routine communication and e-mail traffic

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About Mazars

Mazars is an international, integrated and independent organisation, specialising in audit, accountancy, tax, legal and advisory services. As of 1st January 2016, Mazars and its correspondents operate throughout 93 countries. 77 of these countries are part of the Mazars integrated partnership and 16 are Mazars correspondents. We draw on the expertise of 17,000 professionals to assist major international groups, SMEs, private investors and public bodies at every stage of their development. The Praxity Alliance offers Mazars operating capacity via professional teams in 21 additional countries.