

Stop!

Clarifying a few things on Outsourced Compliance

Author: Audrey Milesi, Sept 2023



Today, businesses are increasingly turning to outsourced compliance officers to navigate the complex realm of legal and ethical obligations. The strategic decision to engage an outsourced compliance officer can yield numerous benefits, such as specialized expertise (be it on an ad-hoc or more permanent basis) and cost-effective solutions. However, it is imperative to establish clear expectations to ensure a successful partnership and prevent any misunderstandings and frustrations.

When it comes to outsourcing, be aware of what the outsourced Compliance Officer IS NOT:

A scapegoat: The position of a Compliance Officer is always a tricky one. In the Compliance world, it is hard to quantify what could be successfully avoided (fines, frauds...). After all, we are all humans and humans tend to react after the fact. More often than not, Compliance is still perceived as a cost and barrier to business instead as a licence to operate. As a result, people in charge of governance would either ignore warnings or blame the Compliance officers when things turn sour for not having been more proactive. Either way, it is a frustrating situation for the Compliance Officer as internal leaders are not giving too much attention or giving it too late.

A cheap temporary solution: Outsourced Compliance Officers provide a service which comes with a cost. Yes, they are experts; no, they are no interns or cheap temps. While the costs must obviously be agreed upon before starting any collaboration, business leaders should be aware of the saying "if you pay peanuts, you get monkeys".

A magician: The Compliance Officer can only perform an adequate job if he/she has access to information in a free and unhindered way. Again and unfortunately, more often than not, Compliance Officers find themselves in a position where they discover that important facts were being kept away from them, deliberately or not. Information and clear, open communication are key.

A rubber-stamp: It is important to recognize that an outsourced Compliance Officer cannot guarantee complete immunity from regulatory enforcement or legal action. Their role is to help establish and maintain compliance systems, but the organization remains responsible for adhering to regulations and addressing any potential violations.

Finally, leaders must keep in mind that, when it comes to Compliance, there is no One-Size-Fits-All Solution: Every business operates within a distinct industry and regulatory context. An outsourced compliance officer is not expected to apply a cookie-cutter approach to compliance. Instead, their role is to tailor strategies and solutions to fit the specific needs, risk profile, and culture of the organization.

About the author



Audrey Milesi, ACCA, ACFE, ACAMS and President of the ACAMS Switzerland Chapter (audrey.milesi@amc-advisory.com)

Founded AMC Advisory (www.amc-advisory.com), a consultancy specialized in Compliance Advisory and Outsourcing, AML, internal and regulatory audits as well as AML and Data Protection trainings.