

CEP Magazine – July 2019 Practice for a compliance crisis

By Sally March

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Risk teams are being advised to use “war gaming” to identify potential scenarios, test options, and refine strategies for dealing with “unknown unknowns.” Given the impact of a compliance failure, particularly one that involves accounting or operations, ethics and compliance professionals should encourage executives to rehearse responses to compliance challenges, too.

Compliance failures have real financial consequences beyond the costs of remediation and fines. BT’s share price fell 20%, wiping out £8 billion of its value, the day after it revealed accounting fraud. Danske Bank’s share price fell by half after allegations of money-laundering. Rarely is a price put on management distraction or disruption to operations while these matters are being resolved.

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