



# KPI ENCYCLOPEDIA

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A Comprehensive Collection of KPI Definitions for

## **RISK MANAGEMENT**



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Risk Management KPI Encyclopedia

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# Compliance

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## Risk Management

— Compliance	—	<i>The Compliance Group is responsible for the regulation of all company activities to ensure that they are in line (in “compliance”) with all applicable laws, rules and regulations, as well as internal codes of conduct, policies and procedures. This group works with the Risk Assessment function to identify risk areas, implement controls to protect the organization from those risks (e.g., monitoring incoming and outgoing communications by employees, flagging emails if certain key words or complaints are evident, recording all written correspondences, reviewing transactions or activities of the company, etc.), and set guidelines to handle issues of non-compliance. Additionally, employees within this function typically undergo periodic training sessions to keep up-to-date on ever shifting internal and external regulations and policies.</i>
— Corporate Governance		
— Ethics		
— Internal Audit		
— Risk Assessment		
— Risk Reporting		

# Compliance

KPI Encyclopedia

## Cost

- **Compliance Expense as a Percentage of Total Expense** – The expense incurred by the Compliance Department divided by the total, company-wide expense incurred at the same point in time, as a percentage.
- **Compliance Training Expense per Employee** – The total expense incurred by training employees in compliance policies divided by the number of company-wide employees.
- **Expense per Compliance Employee** – The total expense incurred by the company divided by the number of employees working within the Compliance Department.
- **Financial Non-Compliance Expense as a Percentage of Total Compliance Expense** – The expense incurred through financial non-compliance fines divided by the total expense incurred by the Compliance Group at the same point in time, as a percentage.
- **HR Regulatory Compliance Expense as a Percentage of Total Revenue** – The regulatory compliance-related expense incurred by the HR Department divided by the total revenue generated by the company at the same point in time, as a percentage.
- **Regulatory Compliance Expense per Employee** – The total regulatory compliance-related expense incurred at a certain point in time divided by the number of company-wide employees.
- **Total Expense: Compliance** – The total expense incurred by the Compliance function over a given period of time. Total expense includes labor, benefits, occupancy, and technology costs.
- **Unit Cost: Compliance Investigation** – The total cost of performing compliance investigations divided by the number of compliance investigations performed over a certain period of time.
- **Unit Cost: Compliance-Related Lawsuit** – The total cost of managing compliance-related lawsuits brought against the company divided by the number of lawsuits undertaken over a certain period of time.

## Organizational

- **Compliance Staffing Ratio** – The total number of company-wide employees divided by the number of Compliance employees working for the company at the same point in time, expressed as a ratio (e.g., total employees per Compliance employee).

## Organizational (Cont.)

- **Compliance Training Staffing Ratio** – The number of company-wide employees divided by the total number of employees working within the Compliance function that are responsible for conducting compliance training programs at the same point in time, expressed as a ratio (e.g., total employees per Compliance employee responsible for compliance training).
- **Management Levels: Compliance** – The total number of management levels, or layers, in the Compliance Department.
- **Organizational Structure: Compliance** – Yes/no metric indicating whether the Compliance function is centralized (all employees in a single location) or decentralized.
- **Span of Control: Compliance** – The average number of Compliance employees reporting to each manager working within the Compliance function.
- **Total Employees: Compliance** – The total number of employees working within the Compliance function at a certain point in time. Employee headcount may be segmented by location, product or team.

## Quality

- **Compliance Training Hours per Employee** – The number of compliance-related training hours (for all employees) undergone over a certain point in time divided by the total number of company-wide employees.
- **External Complaints per Employee** – The total number of external (from customers or regulators) compliance complaints filed over a certain period of time divided by the number of company-wide employees.
- **Internal Complaints per Employee** – The total number of internal (from employees) compliance complaints filed at a certain point in time divided by the number of company-wide employees.
- **Number of Compliance-related Complaints Received from Clients (Overall)** – The total number of compliance-related complaints that the organization receives from clients over a certain period of time.
- **Number of Insider Trading Issues Investigated** – The total number of insider trading issues that were investigated over a certain period of time.

# Compliance (Cont.)

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## Quality (Cont.)

- **Number of Instances of Non-Compliance Related to Investment Disclosure Requirements** – The total number of instances of non-compliance related to investment disclosure requirements that are detected over a certain period of time.
- **Number of Notifications Received from Regulators** – The total number of notifications that the organization receives from regulators over a certain period of time.
- **Number of Regulatory Enforcements Performed** – The total number of regulatory enforcements (sanction, penalty, or other punitive action that a regulatory body places on the organization) performed over a certain period of time.
- **Percentage of Compliance Issues in Backlog** – The number of unresolved compliance issues older than 28 days divided by the total number of compliance issues that are unresolved at the same point in time, as a percentage.
- **Percentage of Compliance-Related Lawsuits Won** – The number of lawsuits brought against the company that did not result in an adverse outcome (e.g., won in court, reduced costs through early minimal payout) divided by the total number of lawsuits the company was a part of at the same point in time, as a percentage.

## Quality (Cont.)

- **Percentage of Neglected Compliance Issues** – The number of compliance issues that were identified but have not yet been addressed divided by the total number of compliance issues "in the pipeline" at the same point in time, as a percentage.
- **Percentage of New Regulations Met On-Time** – The number of new regulations that were adhered to by the required deadline divided by the total number of new regulations (that affected the company) issued over the same period of time, as a percentage.
- **Percentage of Notifications from Regulators That Were Not Replied to On-Time** – The number of notifications from regulators that were not replied to on-time as a percentage of the total number of notifications received from regulators over a certain period of time.
- **Percentage of Products in Compliance** – The number of units produced over a certain period of time that are in compliance with government regulations and internal guidelines after the first pass divided by the total number of units produced by the Manufacturing and Production Group over the same period of time, as a percentage.
- **Reported Compliance Violations per Employee** – The number of compliance violations reported at a certain

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