



36. Improving cooperation 1st and 2nd line

Challenge

The cooperation between the first and second line can be difficult in a number of organizations in the field of compliance themes. The challenge is to improve the cooperation between the first and second line in order to strengthen the honest organization.

Please note: First and second line refers to the lines from the three lines model. The first line refers to the management and the board. They are responsible for being compliant. In addition to the compliance function, the second line also refers to the risk function (and in the case of insurers also the actuarial function holder). The second line facilitates, advises and monitors the first line. Finally, there is a third line, the internal audit service. They check the operation of the first and second lines.

Solution

Several solutions are conceivable to improve the cooperation between the first and second line. The choice of the best solution depends on the type or maturity of the organization in terms of compliance themes.

Align compliance activities

Many compliance activities can be planned well in advance. Think of implementation of laws and regulations, awareness processes and monitoring activities. When a compliance department annually gives a preview of the coming year and the years after, the first line can take into account the use of capacity. Where possible, the compliance function could align the planned activities with the first line and other second line functions to prevent the first line from being overloaded at times by different activities of different second line functions.

Appointing compliance coordinators

For each department, a coordinator or an ambassador is appointed who is fed by the compliance department with compliance messages. This coordinator translates these messages to his own department. Conversely, this coordinator receives signals from the department and submits them back to the compliance department.



Explore resistance to new compliance obligations

Change is a constant factor. And so is our resistance to change. Humans are creatures of habit and don't like change. Certainly not if it is imposed from the outside. By paying more attention to resistance, it enables people to better distinguish between 'habitual resistance' and 'justified objections'.¹

Compliance professionals are often the ones who announce externally imposed changes to the front line officers. This logically provokes resistance. It is useful to dwell on this resistance, name it and explore it. Is it 'habitual resistance' or does it stem from 'justified reservations'? You can then discuss this with the managers from the first line. By taking the time for a real conversation, the resistance disappears to a certain extent and there is clarity about the improvements that may be possible.

Compliance from the intention

Do you recognize the following? "The first line feels overwhelmed by all the laws and regulations that are poured out on them. It distracts from their work, and does not contribute to the realization of their own goals."

When compliance does not speak the language of the first line and overwhelms the first line with new requirements from external laws and regulations, this can be a logical response. When compliance ties in with the language of the first line and translates the obligations from legislation into the objectives of the organization, the first line is less likely to be overwhelmed. Examples of this are: 'Ensuring that the customer is well served' instead of 'Do we comply with Article 188 of decision x'?

Increasing first line responsibility

Because the compliance officer was (or perhaps still is) seen as an expert on the rules, he was the one who drafted the policy, explained the policy, then monitored compliance and reported on this compliance. The first line was a suffering object instead of leading in the process.

Although the responsibility of compliance has been with directors from the beginning, this has not always been experienced by directors and compliance officers. And perhaps compliance officers themselves were to blame for this. Because the work originated in our

¹ Rasmus Hougaard, 'Lead through focus', 2015.



position, or worse, that we have attracted a lot of the work (perhaps out of good intentions to help). How can you still expect someone else to feel the responsibility? Often it doesn't work that way. Over the past decade, many compliance officers have been working to bring responsibility back to the first line. This is a difficult process, especially when the compliance function has been doing some of the work itself for years.²

We can only leave the responsibility in the first line when we no longer 'close the gaps' from the compliance function. This means that the compliance officers:

- do not carry out the SIRA yourself, but facilitate the process;
- do not write the policy yourself, but only advise on policy (apart from '*compliance owned policies*');
- do not organize the awareness trajectories themselves, but only advise on the awareness and influencing of behavior.

Actors

- Compliance professional
- Executives
- All employees

Techniques

The most important techniques for these solutions are: taking the time for the right conversation and empathizing with the leaders from the first line.

Role Compliance Professional

Depending on which solution is chosen:

- Initiator of a consultation to coordinate second-line activities with the first line.
- Initiator to be able to appoint compliance coordinators.
- Taking the time to have the right conversation.
- Dare to take a step back to give the first line officers a chance.

² Compliance yearbook 2019.