

# Chief Control Officer

Bringing structure to control



# Introduction

In order to manage the increasing range of operational and conduct risks that financial institutions face, banks have opted for increasing the controls in their first line of defence. Many banking institutions view the role of the Chief Control Officer (CCO) as an effective way to enhance the oversight of non-financial risks and ensure they are managed consistently.

The mandate, operating model and skills of CCOs vary depending on the complexity and geographical footprint of the organisation. We have found that the benefits derived from a CCO function are far-reaching. Undisputedly, the establishment of improved controls and governance reduces the risk of breaches and therefore the possibility of regulatory intervention. Additionally, we have observed notable cost-efficiencies, realised through the rationalisation and alignment of the various control functions. More importantly, CCOs enhance the responsiveness of banking organisations to manage the wide range of ever-evolving non-financial risks effectively.

Organisations thinking of introducing a CCO function across their first line must take into account specific operating considerations to ensure CCOs achieve their mandate in a cost-efficient manner rather than becoming an additional layer of governance in an already disjointed controls environment. Our experience shows that it is essential for the CCO to support risk owners. The establishment of a well-defined and delineated governance framework, in addition to the introduction of unified MI and technology to drive best practices are some of the keys to success.



# Chief Control Officer (CCO)

A Chief Control Officer (CCO) is increasingly viewed by banks as an effective medium to enhance accountability and reinforce control capabilities in the first line of defence. The oversight and supervision of non-financial risk is considered crucial in countering conduct and operational risks, yet the effectiveness of a CCO function is predicated upon the implementation of a control framework across a complex infrastructure of business lines, control functions and multiple jurisdictions.

## Reduced risk of non-financial control breaches

A dedicated CCO, accountable for cross-functional supervision of non-financial risks (both operational and conduct-related) within the First Line of Defence (1LOD), can be a highly effective means to reduce operational breaches, thus enhancing broader risk culture and mitigating the risk of regulatory intervention.

## Enhanced control governance

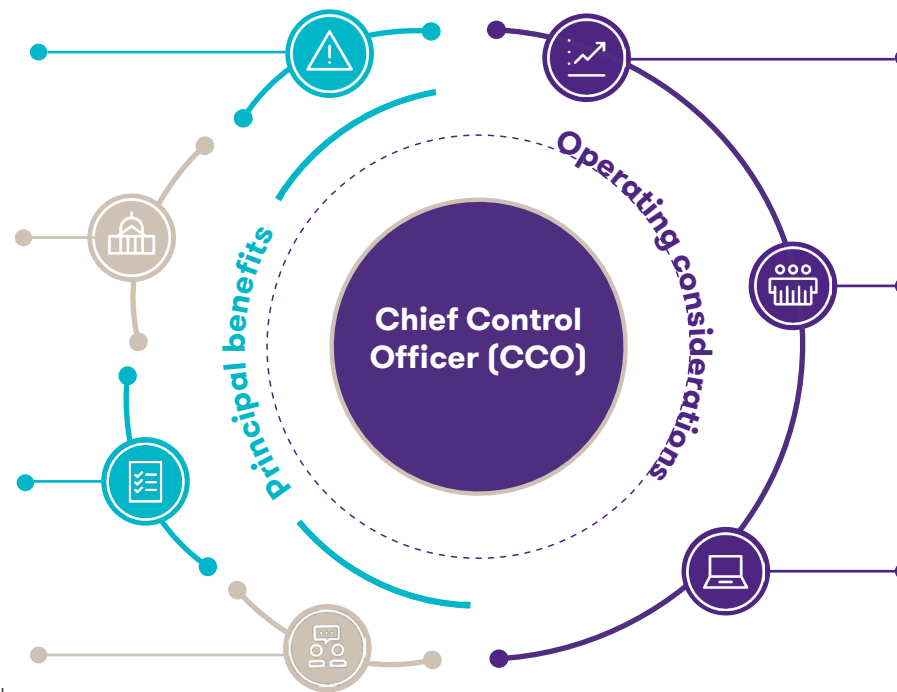
A well-defined governance structure, with exhaustive accountabilities and responsibilities is a key component of an effective control function. CCOs are held accountable for the effectiveness of the controls framework within the business they operate.

## Cost-effective control framework

The simplification and delineation of responsibilities, following the evolution of a disjointed controls framework, has delivered notable efficiencies for financial institutions. Optimising the CCO operating model reduces duplication, streamlines control design and monitoring and simplifies reporting models.

## Improved responsiveness

A standardised CCO function has allowed many financial institutions to pro-actively design, manage and execute their control frameworks to meet the reporting expectations of senior management and regulators. Additionally, an optimised CCO function can enable greater responsiveness to the rapidly evolving market, operational and conduct risk environment.



## Operating model alignment

The mandate of the CCO will vary according to the complexity, operating model and jurisdictional footprint of the organisation. Nevertheless, the CCO should support the business head risk owner and the COO to pro-actively manage and maintain a 'risk-aware' culture, mitigating conduct and operational risks by driving the controls agenda across the organisation

## Drive clarity and collaboration

Enhancing collaboration of CCOs across business is essential, it can be achieved by introducing unified MI and systems that encourage and drive best practice. The alignment of responsibilities will ensure that CCOs have a clear cross-functional and multi-jurisdictional mandate which will drive consistency between CCOs and other control functions.

## Utilise technology to evolve

Digital and technology developments play a central role in the evolution of control functions. It is imperative that CCOs consider the use of enhanced data analytics, technology solutions and, in many cases, third-party associations, to empower the function through enhanced or automated supervision, management and controls testing to mitigate non-financial risk.

# Contacts

At Grant Thornton we have a dedicated team to support CCO's in addressing their competing challenges and supporting them in the design and implementation of their control frameworks.



**Sheila Duignan**  
Partner  
T +353 (0)1 680 5620  
E sheila.duignan@ie.gt.com



**Sara McAllister**  
Director  
T +353 (0)1 680 5716  
E sara.mcallister@ie.gt.com



**Frankie Cronin**  
Director  
T +353 (0)1 646 9044  
E frankie.cronin@ie.gt.com

Offices in Dublin, Belfast, Cork, Galway, Kildare, Limerick and Longford.

