

Compliance Training and the Board

September 2017

*A survey by the Society
of Corporate Compliance
and Ethics & Health Care
Compliance Association*



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Executive Summary

The relationship between the board and the compliance and ethics department has changed dramatically over the last several years, with more compliance professionals having at least a dotted line between them and the organization's governing body.

This is not coincidental, as several factors have converged to create a strong incentive for the board to grow more active in its oversight of compliance. First, the seemingly never-ending series of large settlements has underscored the risk to the organization for non-compliant and unethical behavior. Second, as more and more boards work directly with compliance, it's more difficult for those who do not to justify their current practice.

Finally, the new evaluation criteria from the Fraud Section of the Criminal Division at the United States Department of Justice has upped the ante by asking what compliance expertise is available *on* the board, not just *to* it. This argues both for greater interaction with compliance as well as more training for board members.

To better understand what compliance training is made available to the board, the Society of Corporate Compliance and Ethics & Health Care Compliance Association conducted a survey in 2017. The results indicated that training is very much the norm, and while overall compliance professionals are at least partially satisfied with the amount of training done, there is significant room for improvement.

Key Findings

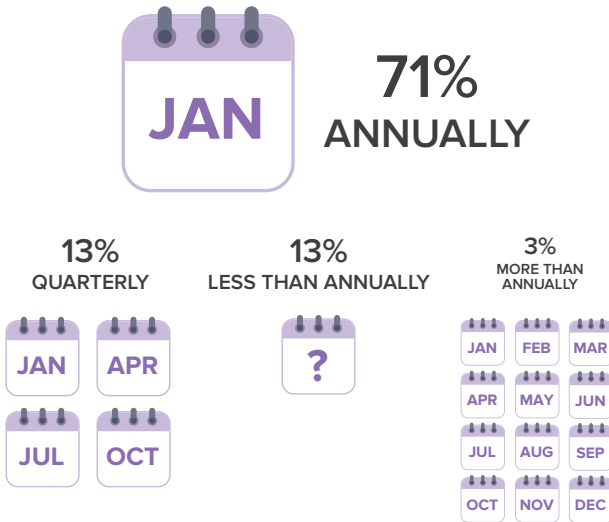
- **While board training is the norm, a significant minority of companies do not offer compliance training to board members.** Overall 28% report that the board does not receive compliance and ethics-related training, and for publicly traded companies, 34% of respondents indicated no training is provided. This is surprising given the complexity of issues facing public companies.



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- **For those organizations providing compliance-related training to the board, it is typically done on an annual basis (71%).** Another 16% reported training more frequently than that, and just 13% reported the training was done less than annually.

For those organizations providing compliance-related training to the board, it is typically done...



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- **The majority of respondents reported that four topics were addressed: the board’s role in compliance (78%), conflicts of interest (71%), overall government expectations for compliance programs (67%), and specific legal issues (59%).** There were notable differences, though, based on organization types. Publicly traded companies were much more likely to offer ethical decision making (60%). Healthcare firms were more likely to emphasize government expectations for compliance programs (75%) and the board’s role (86%) than other industries were (56% and 68%, respectively).

Topics addressed in compliance-related board training



**Board’s Role
in Compliance**



**Conflicts
of Interest**



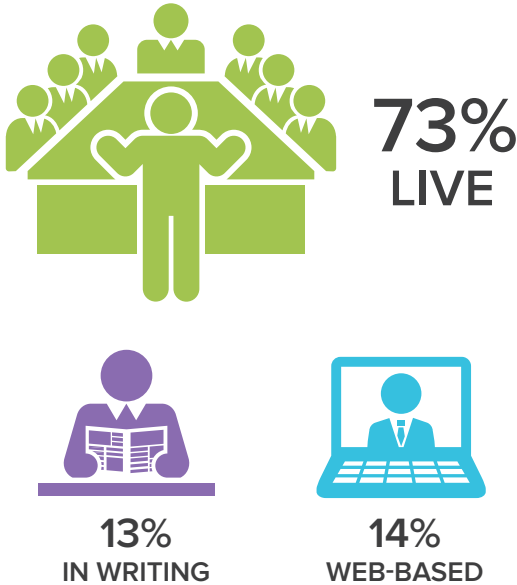
**Overall Government
Expectations for
Compliance Programs**



**Specific
Legal
Issues**

- **Live training was by far the most popular, with 73% reporting this was how they educated the board.** Survey respondents from publicly traded companies were much more likely to report using web-based training (41%) for their board.

Methods of board training included...



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- **The level of satisfaction with training was far from a ringing endorsement.** Overall just 18% of survey respondents were very satisfied with the amount of training given, compared to 42% as being somewhat, 18% being slightly satisfied and nearly a quarter at 23% being not at all satisfied.

Level of satisfaction with compliance-related board training



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Conclusions/Implications

- **Organizations not providing training to their board on compliance and ethics issues are clearly in the minority, and that may carry some risk.** The lack of training may be difficult to explain to a prosecutor after an incident, especially now that the Fraud Section in the Criminal Division of the US Department of Justice has indicated that, should an incident occur, prosecutors may be asking what compliance expertise is available on the board.

- **Likewise, organizations providing training less than annually are clearly deficient as compared to their peers.** Given the responses to this survey, it is clearly the norm to provide training at least once a year if not more. That would be expected with the changing enforcement environment and the ever-increasing number of legal and regulatory risk areas facing organizations. Providing less than annual training may be perceived as deficient.
- **There appears to be significant room for improvement, even for organizations training their board annually.** Compliance professionals surveyed were generally not fully satisfied with the level of training provided to the board. This suggests that likely more could and should be done. However, given the limited time of the board, it is also likely that there will always be tension between the amount of training desired and the time available for that training.

Methodology

This survey was fielded in September 2017 by the Society of Corporate Compliance and Ethics and the Health Care Compliance Association. Responses were solicited via an email to contacts in the organization's database and using social media. Responses were collected anonymously using SurveyGizmo, a third-party, web-based survey provider.