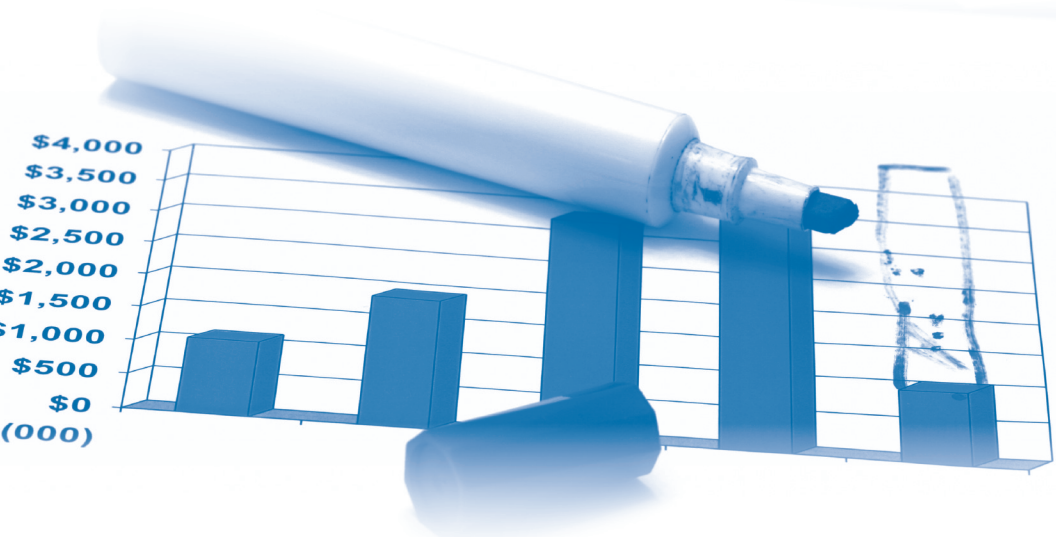


# The Economy, Compliance, and Ethics

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

**December 2009**



Health Care Compliance Association and  
Society of Corporate Compliance and Ethics  
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## **Background**

In December 2008 the economic meltdown was in full swing. To assess the likely impact on compliance and ethics, the Society of Corporate Compliance and Ethics (SCCE) and the Health Care Compliance Association (HCCA) jointly launched a survey of compliance professionals.

The survey showed that 85% of respondents felt that the current economy greatly or somewhat increases the risk of compliance and ethics failures. So pervasive was this perception that only 1% took the contrarian view and felt that the legal and ethics risks might decline in this period.

At the same time, there was great fear that compliance budgets would be reduced. As a result the risks would rise at the same time that the resources to manage them would decrease.

In the Fall of 2009 the SCCE and HCCA conducted a new survey to determine:

- The actual effect of the economy on compliance spending and staffing in 2009, and
- The compliance profession's expectations for 2010 budgets and staffing

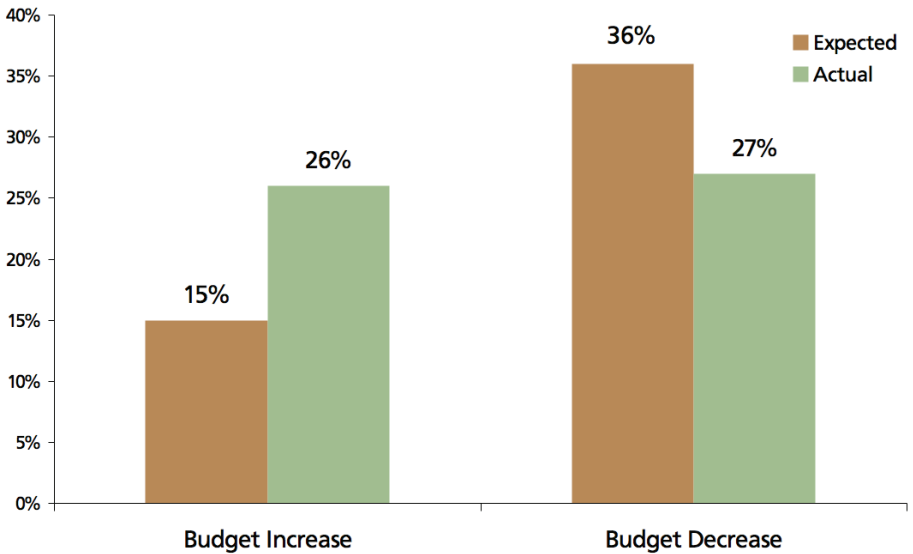
## **Executive Summary**

Tough economic times have had their impact on compliance and ethics efforts, but the overall impact has been less than anticipated. Looking to 2010, 33% expect a budget increase, and 18% expect their staffing to increase.

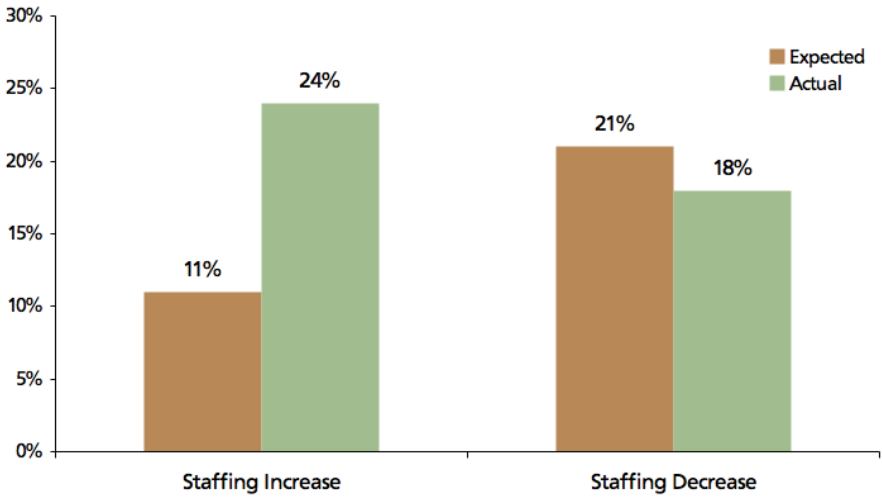
Fears of compliance and ethics failures, however, remained relatively the same with fully one-third believing that the current economy has greatly increased the risk of a failure.

## Detailed Findings

- As a whole compliance budgets fared better than compliance professionals expected. In 2008 just 15% expected their budgets to increase somewhat or a great deal in 2009. But by the end of the year 26% reported that their budget had, in fact, increased. Likewise 36% anticipated that their budgets would decrease somewhat or a great deal in 2009, but by the end of the year just 27% reported that their budgets had decreased.

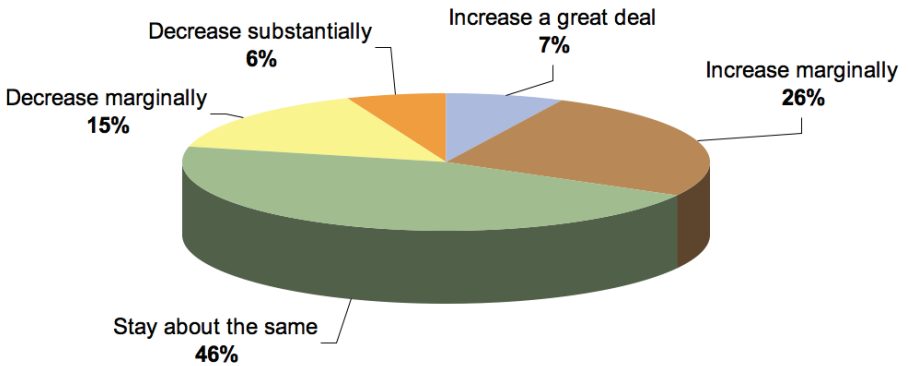


- For staffing the picture was also brighter than expected. At the end of 2008, 21% anticipated a decrease in staffing and just 11% expected the compliance staff to increase. By December 2009 respondents reported that 24% had seen a staffing increase and just 18% saw a decrease in staffing.



- While dark clouds remain, compliance professionals are seeing a sunnier picture when it comes to 2010 budgets. Roughly one third of respondents expect to see a budget increase in 2010, more than twice the number that expected budgets to rise in 2009. Seven percent of respondents anticipate their budgets will increase a great deal, and another 26% expect budgets to increase marginally. Still, approximately 21% anticipate a budget decrease this coming year.

**What do you anticipate will happen to your organization's compliance and ethics program budget in 2010?**



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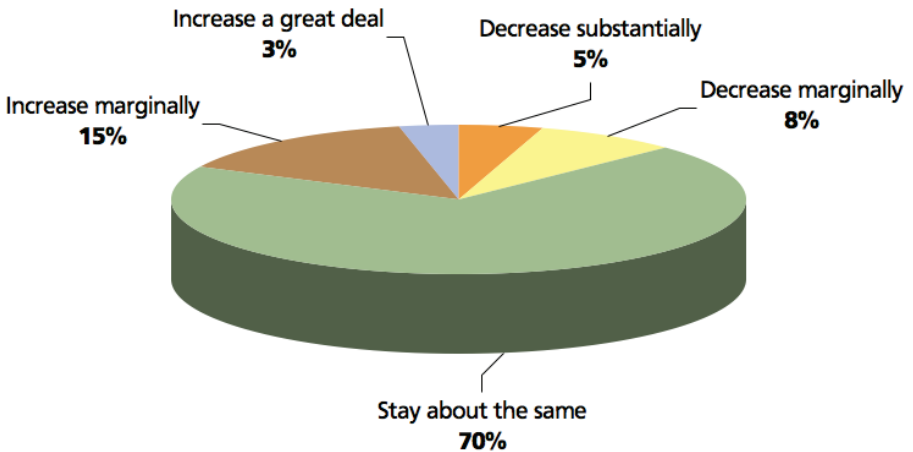
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- Staffing also is showing positive signs, but not quite so positive. As noted above, one third of respondents expect budgets to increase, but only 18% expect an increase in staffing. The good news is that only 13% expect a decrease in staffing in 2010, compared to 18% that saw their compliance program staffing decrease in 2009.

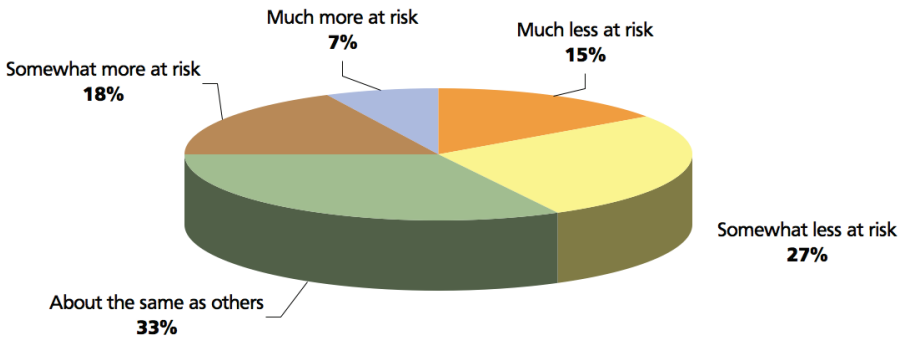
### What is the likely impact on staffing of your compliance and ethics program in 2010?



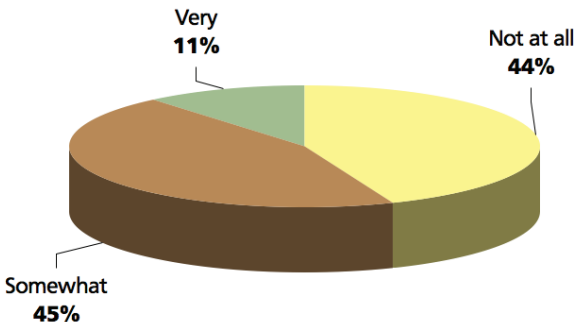
Total = 101% due to rounding

- Personal job security concerns remain, however. When asked if they feel that their position is more at risk than others in their organization, 25% felt that their job is somewhat or much more at risk, virtually unchanged from the 22% who gave the same answer a year ago. When asked in absolute terms as opposed to in comparison with others, 11% reported that they are very concerned about losing their jobs, up slightly from 8% at the end of 2008.

### Do you feel that your position is more at risk than others in your organization?



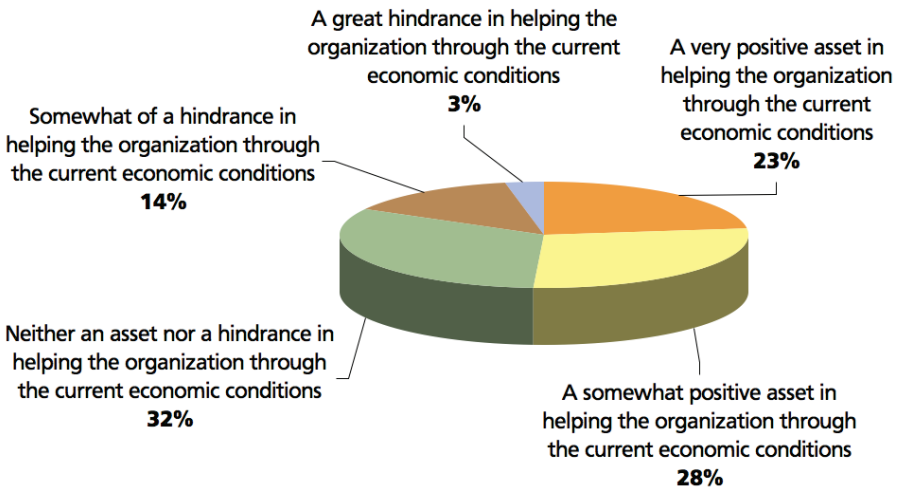
### How concerned are you about losing your job as a result of the current economy?





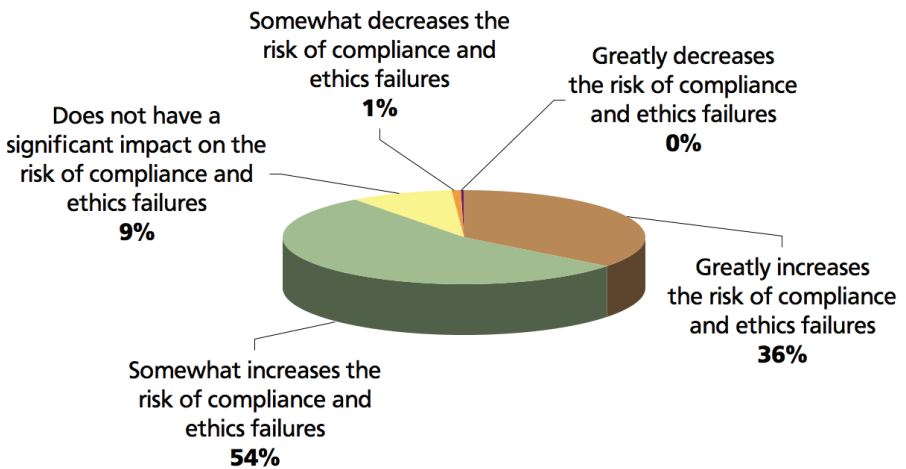
- At the same time as compliance professionals were expressing doubt about their own position, they also were reporting that management's perspective on compliance and ethics is a positive one. 23% of respondents reported that management sees compliance and ethics as a very positive asset in helping the organization through the current economic conditions, and another 28% reported that management felt compliance and ethics were a "somewhat" positive aspect. Those numbers were virtually unchanged from the previous year.

### In your opinion does senior management see compliance and ethics as:



- One other measure that has not changed since the end of 2008 is the perceived risk of a compliance failure. Last year 33% of respondents anticipated that the economy greatly increased the risk of failures, and that number changed only marginally to 36% in 2009.

**Do you think the current economy:**



## **Conclusions**

At the 2009 Compliance and Ethics Institute of the SCCE, Federal Sentencing Commission Member Judge Ruben Castillo admonished the attendees not to cut compliance budgets. That warning was affirmed by Deputy Assistant Attorney General Gary Grindler. As the data indicates, many companies had already received the message. For the most part, compliance has fared better than many other areas of corporate spending, and even better than compliance professionals anticipated.

Companies looking to save money by cutting budgets will, as a result, have two challenges. First, they risk raising a red flag in the eyes of prosecutors and the courts. Second, they will find themselves having to explain why they are cutting budget in this area while so many other businesses are holding or increasing their budgets.

## **Methodology**

Survey responses were solicited during October and November 2009 from compliance and ethics professionals in the database of the Health Care Compliance Association and Society of Corporate Compliance and Ethics. Responses were collected and analyzed using QuestionPro, a web-based third party solution. A total of 387 responses were received.