



Best Friends Forever: Nurturing the Compliance – Board Relationship

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Polling Questions

Yes or No

1. Does your board (or audit committee) understand what ethics and compliance is all about?
2. Does your board or committee see the connection between ethics and compliance and the bottom line?
3. Is ethics and compliance always on the board or committee agenda?
4. Is there an executive session every quarter between the board or committee and the CEO?
5. Are the ethical expectations for the board the same as for all employees?
6. Should directors be held to a higher standard?

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THE FINDINGS IN THIS STUDY CORROBORATE WHAT WE'VE FOUND IN OTHER RESEARCH.

In particular, they closely match the results of the [LRN 2018 E&C Program Effectiveness Report](#), which found that:

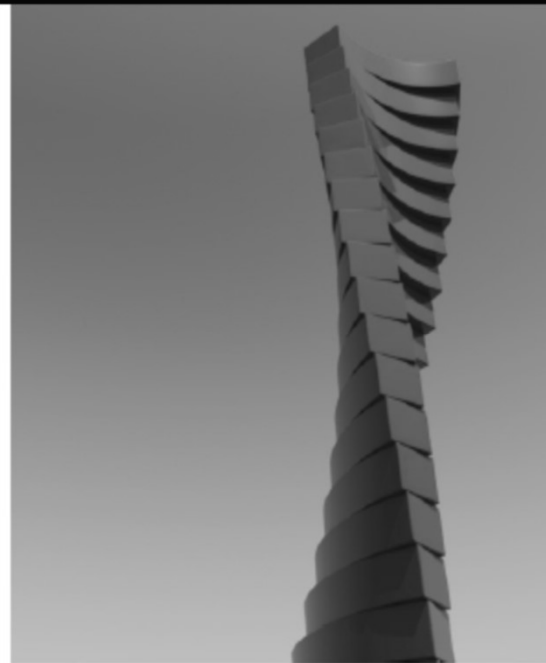
- Only 36% of boards have received education and training on ethics and compliance issues
- Only 25% of CECOs report their boards review the ethics and compliance budget to ensure adequacy and sufficient risk remediation
- Only 34% of boards review results of employee surveys and/or cultural assessments pertaining to ethics
- Only 40% of boards hold senior executives accountable for misconduct and implementation of remedial controls
- Only 25% of boards review the ethics and compliance budget to ensure adequacy and risk remediation
- Only 43% of boards institute a direct reporting channel from CECO to the board



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ENGAGED BOARDS:

- Ask probing questions
- See ethics and compliance as foundational to the business
- Ensure the E&C program has the right amount of resources and support
- Focus on values and culture
- Provide guidance on metrics
- Involve leadership in ethics and compliance
- Seek to fully understand the ethics and compliance program
- Participate in robust training



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So How Do We Get From Here to There?

- Creating better understanding
- Connecting to the bottom line
- Getting agenda time
- Setting ethical expectations

