



Creating a Culture of Compliance

Knights of Columbus

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Presenter

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These are my own views and
NOT the views of the Knights of
Columbus



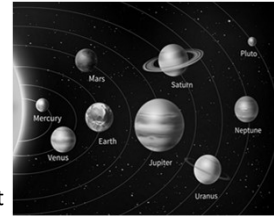
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OVERVIEW

Three Topics to Cover Today:

1. Right-Sizing Your Compliance Function
 - Larger and Smaller Companies
 - Compliance Function Structures
 - The Importance of Teams
2. Creating Cultural Awareness Through Training
 - Each employee's awareness is what you target
 - You'll only get the Universe if you get all the planets
3. Holding Individuals Accountable Through Oversight
 - Using Data Analytics & Tools to See and Be Seen
 - What You do When No One is Looking vs What you do when Someone is ALWAYS Looking!



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Right-Sizing Your Compliance Function

The Knights of Columbus is:

- A **non-profit!**
- A **Fraternal Benefit Society** chartered in 1882
- A small(er) entity with **only 900 employees** and a **Compliance Team of 9 people** including me.
- A large(r) Life Insurer with over **\$100 billion** of life insurance in force
- A charitable enterprise which give hundreds of millions to charity and for disaster relief
- A five-times **World's Most Ethical Company** recipient



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Right-Sizing Your Compliance Function

Polling Question #1

How Many Full-time Compliance Employees Does Your Company Have?

- a. 1-5
- b. 5-20
- c. 20-100
- d. Over 100



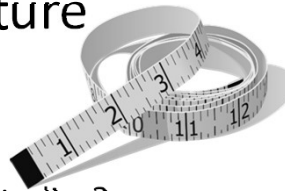
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Right-Sizing Your Compliance Function

Compliance Function – Size and Structure

- One Size Does Not Fit All...
- To Centralize or Not to Centralize?
- Construct Small Teams, Each with a Purpose



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Cultural Awareness through Training...

“Everybody Welcome,
Everything Free”



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Cultural Awareness through Training...

Workforce ETHICS training

- Ethics Training is NOT the same as Subject Matter training- where you need to increase technical proficiency
- You are really seeking to **raise** individual **awareness** through the mechanism of “training”
- You are trying to move something from the back of the mind to the **FRONT-but that’s all.**



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Cultural Awareness through Training...

In-Person Classes: The “What” and the “How”

We encourage employees and producers to get accustomed to talking about the “What” and the “How” at the Knights:

- The **What** is an employee’s Goals, a Team’s goals, targets, aspirations, expectations... and can be as specific as project and initiative deliverables.
- The **How** is our Core Values: Integrity, Professionalism, Excellence & Respect.



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We encourage our staff to do the extra work that comes with caring as much about HOW we work as WHAT we achieve - cutting corners doesn’t get you the “end of the day” satisfaction that you are working with good people who care about others.



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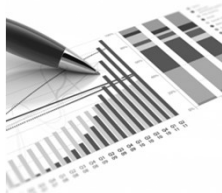
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Individual Accountability through Oversight...

Data Analytics

Analytics/Scorecards

- Recognize outliers
- Prevent bad behavior



Training Analytics/Benchmarking

- How the learner answered questions
- Time to complete each topic
- Number of attempts



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Polling Question #2:

Do You Think Online or Toll-Free HelpLines for Ethical Concerns Work Well?

- a. **YES.** We get actionable intelligence from what gets reported that we regularly put to use.
- b. **NOT SURE.** I question if they give us anything close to a complete picture and I don't put the findings to use in setting company priorities.
- c. **NO.** We've seen evidence (from employee surveys and other sources) that they are not working at our company.



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Individual Accountability through Oversight...

But You Need Attributes to Feed the Scorecard...

What types of datapoints can you gather that might help uncover Ethics & Compliance issues in real-time?

- Again, Ethics Helpline Complaints - (if you get any...)
- Customer Complaints
- Financial/Sales Anomalies

Everyone gets these...



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Individual Accountability through Oversight...

Regulatory Change Management Platform (CODE) & Governance, Risk and Compliance Platform (Compliance360)

- First manages regulatory changes from enactment to company review & implementation;
- Second provides risk and task management through a calendar tool that creates workflows to assign, manage, monitor and validate compliance with licensing, policy review, regulatory reporting.
- Both demonstrate and reinforce Compliance's role as a change agent and authority- which helps establish the Culture of Compliance.



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CONCLUSION

Three Take-Aways:

1. Benchmark against Others But Run Your Own Program
 - The Size of a Compliance function should be risk-driven
 - Centralize- or don't- depending on your company's needs and culture
 - Create small teams with goals that tie to the enterprise mission
2. Create Cultural Awareness Through Training
 - Individual employee awareness is what you target
 - Short courses, repeated often
3. Hold Individuals Accountable Through Oversight
 - Use Data Analytics & Tools to See and Be Seen
 - You can observe behaviors through technology without creating an uncomfortable "police state."



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Thank you!

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