

Compliance and Ethics Officer Positioning: A Benchmarking Study

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December 2009

Objective:

The objective of this survey was to determine where Compliance & Ethics (C&E) Officers were positioned within their organizations; specifically in regards to whom they reported to, whether they held other positions in addition to their C&E responsibilities, whether they had regular meetings with the board, the distance between the C&E officer and the CEO, whether they held employment contracts, and whether the board had (oversight) over significant employment changes regarding the C&E officer.

Methods:

The survey contained nine questions and was responded to by a total of 560 respondents. Respondents were from publicly held companies (26%), privately held companies (24%), non-profit organizations (36%), educational institutions (8%), and government organizations (6%). The survey was disseminated by the Society of Corporate Compliance and Ethics (SCCE).

Key Findings:

- Do you have a C&E officer?
 - Yes - 97%
 - No - 2%
 - No, but plan to implement that soon - 1%
- What other position does the C&E officer hold?
 - No other position - 36%
 - Head of internal audit - 12%
 - General Counsel - 12%
 - Member of legal department but not General Counsel - 8%
 - Chief Risk Officer - 4.7%
 - Head of HR - 2.6%
 - CFO - 2.4%
 - COO - 1.1%
 - CEO - 0.6%
 - Other - 20%
- To whom does the C&E officer report?
 - Administratively to CEO - 44%
 - General Counsel - 17%
 - Administratively to board - 11%
 - CFO - 6%
 - COO - 5%
 - Member of legal department but not General Counsel - 1%
 - Head of internal audit - 2%

Head of HR - 1%

Chief Risk Officer - 1%

Other - 12%

- How many levels of reporting are there between the C&E officer and the CEO?
 - No levels - 54%
 - 1 level - 36%
 - 2 levels - 7%
 - 3 levels - 2%
 - 4 or more levels - 1%
- Does your C&E officer have an employment contract?
 - Yes - 30%
 - No - 67%
 - No but plan to implement one soon - 2%
- Does your C&E officer report to the board?
 - Yes—in writing and in person - 79%
 - Yes—in writing but not in person - 8%
 - No- 10%
 - No but will be implementing soon - 3%
- Does the board have oversight on employment of C&E officer (termination, change in salary, change in identity, etc.?)
 - No, no authority and is not notified - 47%
 - Yes, there is an expectation (but no requirement) of notification - 36%
 - Yes, has authority - 11%
 - Yes, is notified but no authority - 7%
- Does your C&E officer meet with the board?
 - Yes, required periodic meetings - 39%
 - Yes, as requested by C&E officer - 23%
 - No - 4%
 - No, but will be implementing soon - 34%

Conclusion:

“According to the survey data, C&E officers currently enjoy a fairly high level of authority and independence. Many C&E officers have no other position at their organizations, report directly to the CEO, provide periodic reports to the board, and meet in executive session with the board or a board committee. However, there is still some room for improvement. Only 30% of respondents indicated that their C&E officer has an employment contract, and at 47% of the organizations, the boards are not informed of significant employment actions impacting the C&E officer” (Walker, 51-52).